

Guiding Questions for Practitioners

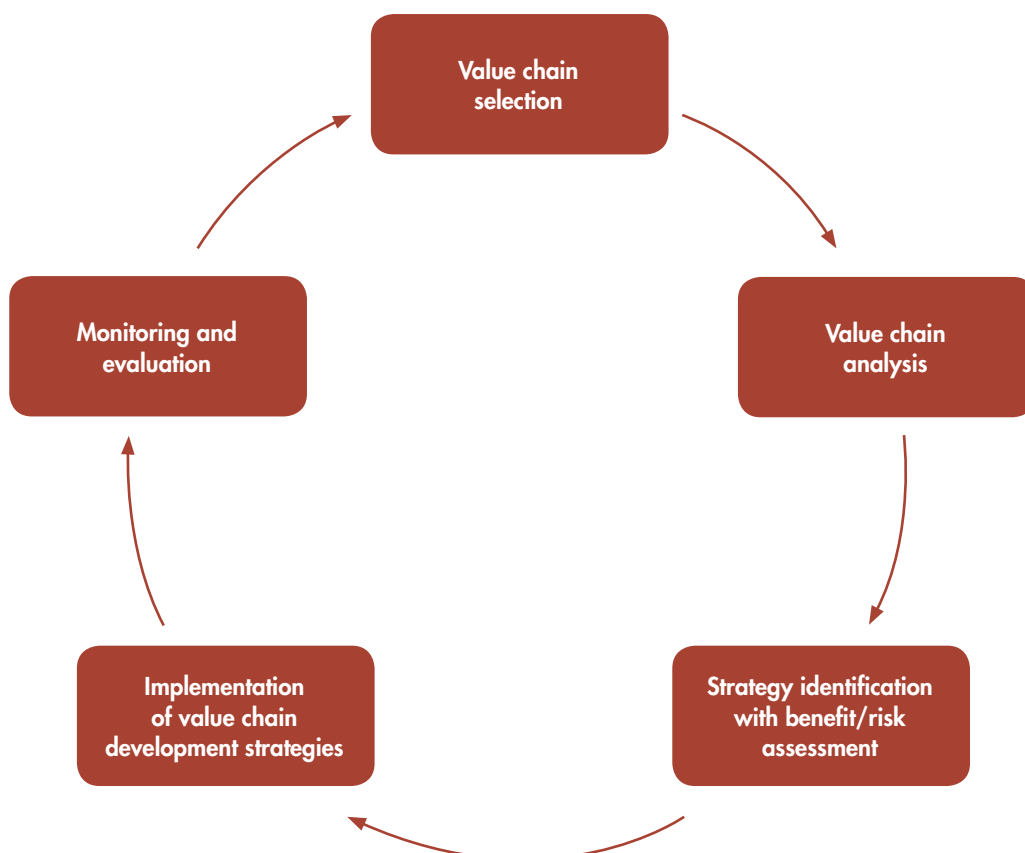
The following guiding questions support the design and implementation of value chain development projects in mountain areas. They are based on the work of Riisgaard et al. (2008) and enhanced by the mountain perspective. A step-by-step approach is outlined for the value chain development process (Figure 8) and guiding questions are provided for practitioners.

Value Chain Selection

The selection of a value chain is described in detail above under the subheading 'Choosing the right value chain by examining its mountain specificity'. The following questions add to the previous description:

- Is the product produced by the mountain poor? How will upgrading benefit them?
- What are the market characteristics: size; stability of market; scale of local, domestic, regional, and international demand; development of markets over past years and prospects for coming years?
- What is the overall chain structure: stakeholders; flows of products, information, and finance; product transformations and value added; and competition and trade policies? How transparent is the chain?
- What are the roles of the mountain actors in the value chain? What is the potential for improving their role and benefits in the chain? What local value addition options are feasible? Can they be achieved within the given time, and with the financial and human resources of the underlying project/programme? Does the value chain bear potential benefits for those outside the value chain, e.g., landless or land-poor, through employment creation?

Figure 8: **Basic steps in the value chain approach**



Special Note: Gender Analysis in Value Chain Development

Gender analysis needs to be embedded in every value chain analysis and particularly for value chain stakeholders in mountain areas. Gender is not a separate, independent chapter of the value chain approach, but rather an aspect that needs to be integrated from the beginning to the end of the value chain approach.

The gender lens points to the need to (i) disaggregate gender in all economic data; (ii) ensure gender inclusive language; (iii) include non-market activities for a full picture of the value chain; (iv) analyse inequalities in power relations and, hence, capabilities; (v) consider the effects of gender inequalities driven by meso- and macro-levels.

Much effort has already been made to integrate gender aspects more strongly into value chain thinking (McCormick and Schmitz 2001; Lilja et al. 2001; Vainio-Mattila 2001). Mayoux and Mackie (2008) offer a very comprehensive set of guidelines. The main elements of their gender lens and checklist are briefly summarised here and should be taken into account throughout the subsequent steps of the value chain guideline (Mayoux and Mackie 2008, p.22):

- Is all the information gender-disaggregated and are gender differences included as a dimension of analysis and monitoring throughout?
- What gendered assumptions are made in language and terminology? For example, in definitions of 'enterprise', 'worker', 'head of household'?
- Are women's 'invisible' and non-market activities part of the analysis and recommendations throughout?
- Are gendered power relations within and between enterprises part of the analysis and recommendations throughout? Within households? Within markets? Within communities? Within development institutions?
- Are the gender implications of macro- and meso-level policies included in the analysis and recommendations?
- Has the full range of female stakeholders not only been included throughout the process, but given a voice?
- Have the gender dimensions of men's attitudes, behaviour, and experiences also been included in the analysis and recommendations?
- What are the implications for the gender skills and gender composition of the management team and/or steering committee?



- Who are the most powerful actors in the chain? What is their role in increasing the benefits for mountain producers?
- Rate the potential value chains according to their manifestation of mountain specificities: uniqueness/niche, inaccessibility, fragility, marginality, and diversity (see Tables 2 and 3). Through the rating, the mountain specificity of a value chain becomes clearer and the effects of any value chain intervention on the mountain system can be better understood, for example:
 - Does the potential chain have a comparative competitive advantage? Can mountain producers meet potential quality/certification standards?
 - Do additional expected benefits outweigh transportation costs? Are goods perishable or easy damageable during transportation? What obstructions does the product/service face while being transported from the mountain area to the next main market centre (illegal tax posts, bribes, conflicting parties, and so on)?
 - What is the capacity of the fragile ecosystem to meet increased demand and what are the potential long-term effects thereof? What is the influence of changing climate patterns: e.g., reduced and irregular water supply at the upstream and downstream level?
 - Do mountain communities have sufficient human capacity to independently engage with markets? If this is lacking, then how can this capacity be built sustainably within the project time?
 - Does the value chain offer opportunities for economies of scale or scope? What are the potential price effects if large volumes are produced?
 - Would the commercialisation of one value chain crowd out subsistence products and thereby increase the risk of food insecurity?

Value Chain Analysis

Value chain analysis, i.e., the thorough understanding of the structure and dynamics of a value chain to identify leverage points for intervention, is the central part of any value chain development initiative. Value chain analysis can be an exhaustive process of academic rigour that lasts over several months and requires much expertise and financial resources. It can also be a very quick and straightforward process by which key elements of a chain are quickly understood through a multi-stakeholder discussion or rapid market appraisal. While the former process is mostly externally driven, the latter involves the value chain stakeholders more strongly and, thereby, increases participation and eventually ownership. The key elements that should be addressed in the analysis are as follows. (For a special comprehensive checklist for value chain analysis of livestock and wild harvesting of common pool resources see Riisgaard et al. 2008).

- Map the overall chain structure: different strands; key steps and actors; flows of products, information, and finance; and product transformations and value added (functional division of labour).
- What is the structure of rewards along the chain?
- Who are the lead firms in the chain (most powerful actors)? What constitutes their power over the chain? What contractual arrangements, other business linkages, or entry barriers (e.g., quality standards, certifications) are in place?
- What are the characteristics of the mountain value chain stakeholders? What are the opportunities they may benefit from and risks they are exposed to?
- Who controls key productive resources, e.g., land, water, access to employment at the community level? Who controls local political power? Does this link to institutions that have an impact on value chain governance?
- Which attributes (e.g., skills, assets, gender, ethnicity, location, age) are decisive for chain participation, and what are the implications for different social groups?
- What are the socio-environmental risks linked to commercialisation in the area, e.g., soil erosion; deforestation; loss of biodiversity; effects on wetlands and communal grazing areas; insufficient supply of food for own consumption?
- Are water reservoirs (lakes, ponds, streams) consumed for commercial use (e.g., irrigation/livestock)? What are the effects on water supply for drinking/cooking and what are the effects on downstream water supply?
- Where are potential leverage points along the value chain that, if addressed, will yield improved and sustainable benefits for mountain producers?

Identifying Strategies and Assessing Risks and Benefits

Based on the value chain analysis, the most promising (3-4) value chain development strategies or upgrading strategies are formulated. In certain cases these might be downgrading strategies (see discussion in Part I). The central objective of the analysis is to identify leverage points which, if addressed, will yield a high positive impact for mountain value chain stakeholders. The strategies which are identified to stimulate these leverage points can be described with respect to the following:

- Expected changes in the form of
 - chain coordination both horizontal and vertical,
 - upgrading or downgrading functions,
 - performance such as quality, volume, compliance with delivery time and stability, production cost, certification,
 - reward structure (including social and environmental dimensions of potential benefits), and
 - risks in chain participation
- Who will benefit the most and who the least? Specify in terms of major socioeconomic groups within the mountain community.
- Does the upgrading strategy go against the interests of other chain actors or local economic or political interests? Is it realistic to overcome the resistance expected as a result of such conflicts of interest? If yes, will it be sustainable once the project exits?
- To what extent will these benefits help address the poverty, environment, and gender issues identified during the value chain analysis?
- How feasible is this strategy in terms of having sufficient resources (human, financial, and time)?
- How is sustainability of value chain development assured? How stable are new or modified business relationships such as contracts? What would prevent either party from ending the relationship or changing its terms?
- What kind of exit strategy is envisaged?

Interference in mountain value chains is interference in a complex system. Any action will have both planned and unplanned reactions and effects. Hence, it is important to assess the risks and benefits of value chain strategies:

- What financial, environmental, health, and social risks will the strategy expose mountain communities to?
- What are potential causes of risks (e.g., price instability, unreliable buyers, yield fluctuations due to pests or changing weather patterns, civil unrest, transportation obstruction due to natural hazards, corruption, and open access resource management)?
- Which social group will be most vulnerable to these risks (the asset poor, women, landless, and so on)? Will the target group generally be able to bear these risks?
- What are the major risks of failure? How do the expected costs and risks compare to the expected benefits?

By performing an ex-ante evaluation of each pre-selected strategy, the most feasible strategies can be selected for implementation, ideally through a multi-stakeholder meeting. The participation of all key stakeholders will increase their ownership and commitment, bring visibility to roles and responsibilities, and give a platform to unheard voices and demands of mountain value chain actors.

Implementation of Value Chain Development Strategies

The implementation of the defined and agreed upon value chain interventions requires a concrete action plan. Who does what, when, where, with whom, and with which resources? The plan needs to list activities against available resources, be it human, financial, or time. Risks and assumptions that can hamper implementation need to be considered. Table 4 shows a simple log frame that can be used for each development strategy.

Outcome and output are formulated on the basis of the target and objective of the value chain development strategy. Activities represent those steps that are necessary to achieve the output and, subsequently, the outcome. The timetable is organised in quarter years (Q) for a better overview. The human and financial resources of the project or other available resources are listed. The listing of activities against available time, human resources, and financial resources allows a rapid understanding of

Table 4: Action plan for value chain development

Value chain development strategy**Expected outcome of the intervention****Expected output of the intervention**

Activities	Timetable (in yearly quarters)								Human resources	Financial resources	Risks/ Assumptions
	Year 1				Year 2						
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q...			
Activity 1											
Activity 2											
Activity ...											

whether or not the objectives are achievable within the given constraints. Risks and assumptions also need to be listed in order to recognise constraints that may jeopardise the project's objectives. In the Hindu Kush-Himalayas, particularly natural hazards like landslides or weather conditions, and political and civil conflict, continually interfere with planned activities. Thus, a degree of flexibility needs to be built into the action plan to allow sufficient room for alternative activities or even strategic orientation. The plan also needs to remain responsive to lessons learned, which can be captured from the continuous monitoring process.

Monitoring, Evaluation and Dissemination

Monitoring and evaluation starts right from the beginning of any project. One of the first steps is to formulate a baseline with relevant indicators, which can be measured again at the end of the project to observe the change achieved. Gender, environment, and poverty dimensions in mountain areas need to be considered. Indicators should focus on the selected strategic interventions to capture the change the project is aiming for. The following main elements should be considered:

- What are the major benefits or results in terms of changes in
 - the role of value chain stakeholders through, e.g., vertical or horizontal integration, function or product upgrading, market access, alliances/linkages among chain actors,
 - poverty through sustainable income and resources, livelihood strategies, employment, and resilience,
 - the environment, considering both local and global dimensions, and
 - gender equity.
- How are the additional benefits distributed among upstream and downstream actors? How are they distributed among the mountain stakeholders and communities?
- Were the skills of the upstream actors improved (market knowledge such as visibility of the value chain structure; negotiation and business development skills; technical competence for stronger upstream production, processing, and marketing)? Did a feeling and capacity for ownership of the chain develop among mountain stakeholders?
- What role did the local or national government play? What was the role of community-based organisations or local cooperatives?
- Who are the losers from the intervention, if any? Why and what are the potential consequences for, or reaction of, these individuals or groups?
- To sum up: What were the critical success factors in the value chain development? What kinds of investments (physical, cash, labour, expertise, network, time) were critical to success? What were the major hurdles in reaching set targets?

Once the evaluation results are clear, the dissemination process requires attention. Various dissemination channels are feasible depending on the scope of the project and the objective of the dissemination. First and foremost, a sharing at the community level and among stakeholders of the value chain is essential. Those involved or indirectly impacted by the chain development need to be aware of the overall results and learning to take up ownership. Policy briefs and larger meetings with government representatives should be considered for stronger public and institutional involvement. Finally, the experience should be captured for a wider audience in the form of a video documentary, brochures, or articles.