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Multi- Stakeholder Platform

Contribution to Value Chain
Development

The Honey & Beeswax, Milk & Milk Products,
Pineapple and Edible Oil & Oilseeds
Value Chains in Ethiopia

Synthesis Report

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Executive Summary

Multi-stakeholder platforms are increasingly recognized by researchers and practitioners as promising mechanisms for stimulating economies in developing countries. An increasing number of non-governmental organisations (NGOs) and private enterprises are participating in such platforms, however systematic research on their effectiveness and impact is scarce. Therefore, the NGO SNV initiated this study to learn from a number of MSPs which SNV started in 2005 in Ethiopia under the Business Organisations and their Access to Markets (BOAM) program, financed by the Embassy of the Kingdom of the Netherlands. The Maastricht School of Management (MSM) / Partnerships Resource Centre (PrC) were contracted to study the contributions of four selected MSPs to the development of value chains for the Ethiopian honey and beeswax, dairy, oil seeds and pineapple sectors. In total 437 organizations participated in at least one of the 66 CG meetings that were organized in the period 2005-2010.

The overall objective of the study is to gain insight in and generate knowledge on how, and under which conditions multi-stakeholder platforms contribute to the development of value chains, resulting in the following research questions:

1. What are the conditions for fruitful collaboration?
2. What changes are required to facilitate agricultural value chain development in developing countries?
3. In what way can MSPs create opportunities needed for value chain development?
4. In what way have the four SNV-supported MSPs created opportunities needed for the development of value chains in respectively the honey, dairy, oil seeds, and pineapple sectors in Ethiopia?
5. How could SNV BOAM improve the promotion of multi-stakeholder processes to increase their contribution to value chain development?

Three streams of literature have been explored to guide this research project: agricultural value chain development literature, collaboration literature, and institutional theory. To examine the MSPs, both their internal, organisational dynamics and their external dynamics, i.e. the changes facilitated in key areas of the institutional business environment, were analysed. Agricultural value chains in developing countries can only be developed by mitigating or removing a number of institutional barriers to upgrading by value chain stakeholders. Key barriers that are commonly mentioned in the academic literature include the lack of access to knowledge, to capital, to predictable markets, and to organisations. Therefore, value chain MSPs are supposed to create opportunities conditional to value chain development by addressing these four key barriers. We posit that internal dynamics and external dynamics are positively related; MSPs that better meet the conditions for fruitful collaboration can generate more effects leading to institutional change.

A mixed-method design is used for the data collection and -analysis, including in-depth interviews with 67 CG stakeholders (18 honey, 18 dairy, 18 oilseeds, and 13

pineapple) participating in the CG meetings, a social network analysis and document analysis (program documents and meeting minutes of 66 meetings). The social network analysis is mainly used to verify the qualitative data. All primary data were collected in Ethiopia from August to November 2010, both in Oromia and the Southern Nations, Nationalities, and People's Regional States. All interviews were transcribed and data were analysed with the qualitative analysis software program MAXQDA. Finally, outcomes are cross checked, compared to and extended with information provided by several key informants to ensure triangulation. Inter-rater agreement was taken into account to assess the degree of agreement between the three researchers.

Interviewees highly appreciate the four CGs under study that served as new, horizontal platforms where stakeholders from different societal sectors in the Ethiopian four value chains could meet and discuss in a rather open atmosphere on pressing issues in their sectors. A considerable contribution of the CGs is that they enabled the creation of *linkages* between organisations that did not exchange information before the start of the meetings. Private sector actors, also from remote areas, were enabled to meet, establish contracts, exchange knowledge and learn from one another in a rather open atmosphere. The four CGs also enhanced the governments' appreciation of the four sectors as well as of the importance of the role to be played by private businesses. Hence, the CGs created a 'window of opportunity' for the four sectors. Moreover, SNV BOAM thoroughly considered the process of setting up the multi-stakeholder platforms.

Findings suggest that all CGs have played a role in addressing value chain stakeholders' access to knowledge, markets and organisations, but to variable degree. All CGs contributed largely to value chains stakeholders' access to knowledge (technical, market, organisational) through information exchange and trainings facilitated through the CGs.

The CGs have facilitated access to (new) (stable) markets by opening export markets (honey), stimulating the establishment of business to business relations, generating market information, promoting contractual agreements, and increasing quality awareness and quality based pricing systems. But especially in the pineapple and dairy sectors, oligopsonic market structures exist that limit the changes that are promoted in the CGs and their operations. Therefore, it remains a challenge to make local markets more predictable for smallholder farmers and small and medium sized enterprises. Nevertheless, the CGs have been able to attract several investors, wholesalers, and processing companies to the meetings who have the potential to reduce the market oligopsony that exists in the Ethiopian pineapple and dairy sectors.

Except for pineapple, in all CGs stakeholders' access to new organisations rather improved, but only the honey CG did succeed in facilitating active membership in external organisations that did not originate in or through the CGs. In the pineapple sector the situation differs due to the absence of relevant professional organisations.

In general access to affordable capital for smallholders and small and medium sized enterprises remained an issue of concern despite the fact that the CGs contributed to the participation - and sometimes even provision of capital - of several

Banks and MFIs in the meetings. It is likely that causes for the limited effects should be attributed to the general macroeconomic- and political climate of developing countries and of Ethiopia in particular, resulting in a reluctant financial sector. Still, more than in the other sectors, the honey CG was able to generate capital from within the value chain.

We identified four internal collaboration themes that have the greatest explanatory power in describing the differences in effects we found for collaborative multi-stakeholder initiatives: goal alignment, stakeholder involvement, governance, and embeddedness. Conform our hypothesis, the four case studies show that the relationship between internal dynamics and external dynamics is rather linear; horizontally organised CGs with strong goal alignment and committed network leaders, high stakeholder involvement and -embeddedness are preconditions to durable change in the institutional business environment. The honey CG managed to develop a strong export-orientation, tie a core group of committed stakeholders and 'sector leaders', and highly involved government authorities that previously had little interest in the sector. Relationships with the government were instrumental in opening up access to international honey markets.

The dairy CG on the other hand, initially lacked both stakeholder involvement from the two main private key players as well as embeddedness in relevant and strong third organizations. This is however recently improving with stronger anchoring in the government through the establishment of the dairy board steering committee and upcoming Dairy Board. Furthermore, one of the key private processors in the dairy sector that was initially reluctant to communicate with any producer organisation is now a member of this dairy board steering committee. Still, the dairy network was found to be most hierarchal compared to the other CGs and until now, no dairy chain actor has emerged as a *primus inter pares* capable of organizing the dairy chain actors into a more powerful sector. Moreover, goal alignment has remained a weak element as divergent stakeholders' interests and low confidence and distrust among dairy stakeholders, particularly between producers on the one hand and processors on the other, was a major constraint to the performance of the dairy CG.

Nevertheless, stakeholders' trust development was deliberately stimulated in the CGs, especially in those of dairy and pineapple, increasing their potential to have a substantial effect on changing the institutional environment of the sectors' business. But in the pineapple CG, absent private sector leaders, an unclear focus in strategic intervention plans, and a too dominant public sector influence slowed down the pace of institutional innovation in the pineapple sector.

Finally, in the oilseeds CG, promising relationships with the government, also through the Public Private Partnership on Oilseeds (PPPO), have improved the interest in and attention given to the oilseeds sector. The oilseeds CG did facilitate trust-building, but this was not sufficient for an efficient transaction between the chain actors. Members and the central private company were discouraged in investing time and resources in the oilseeds value chain, because of the absence of a willing and committed nucleus group of participants, the high CG member rotation and long procedures for acquiring the SNV BOAM funds.

Although the development of the four sectors still has a long way to go, the case studies found sufficient evidence that the multi-stakeholder platforms have been critical elements in the SNV-BOAM program that aims at creating linkages needed for value chain development. In developing countries, such as Ethiopia, linkages between private sector actors are often weak due to vast geographical distances, vulnerable communication systems and the mutual lack of trust and confidence. Moreover, cross-sector linkages are often even weaker due to historical divides that exist between the state sector and the private sector; and between both sectors and civil society. In this environment, SNV successfully facilitated a tri-sector multi-stakeholder approach under the BOAM program in Ethiopia.

In the future however, much effort remains necessary to a) further involve key-decision making government authorities and (lead) private firms in public-private dialogues; b) move earlier and faster with these decision makers; c) facilitate access to affordable capital for smallholders and small and medium sized enterprises; d) attract domestic and foreign investors; and to e) develop professional services to stimulate the four sectors in their continuous process of sustainable development.

The synthesis report ends with twelve lessons learned and recommendations to SNV BOAM in order to improve the promotion of multi-stakeholder processes to increase their contribution to value chain development.

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Abbreviations and acronyms

B2B	Business to Business
BCaD	Consulting Management Business Creation and Development Services
BDS	Business Development Services
BOAM	Business Organisations and their Access to Markets (program)
BoARD	Bureau of Agriculture and Rural Development
BoFED	Bureau of Finance and Economic Development
CG	Coordination Group
DSA	Daily Subsistence Allowance
EAB	Ethiopian Apiculture Board
EBA	Ethiopia Beekeepers Association
ECCSA	Ethiopian Chamber of Commerce and Sectoral Association
ECOPIA	Ecological Products of Ethiopia
EHBPEA	Ethiopian Honey & Beeswax Producers and Exporters Association
EMDTI	Ethiopian Meat and Dairy Technology Institute
EMPPA	Ethiopian Milk and Milk Products Producers & Processors Association
EPOSPEA	Ethiopian Pulses, Oilseeds, and Spices Processors and Exporters Association
ESBA	East Shoa Beekeepers Association
ETFRUIT	Ethiopian Fruit and Vegetable Marketing Share Company
FBO	Farmer Based Organisation
HBRC	Holeta Bee Research Centre
ILRI	International Livestock Research Institute
JARC	Jimma Agricultural Research Centre
LOL	Land O'Lakes
MFI	Micro Finance Institute
MoA	Ministry of Agriculture
MoTI	Ministry of Trade and Industry
MoU	Memorandum of Understanding
MSEDA	Micro and Small Enterprise Development Agency
MSM	Maastricht School of Management
MSP	Multi-Stakeholder Platform
NGO	Non-Governmental Organisation
OCPC	Oromia Cooperative Promotion Commission
PLC	Private Limited Company
PrC	Partnerships Resource Centre
PPPO	Public Private Partnership on Oilseeds
SDC	Sustainable Development Center
SIP	Strategic Intervention Plan
SME	Small and Medium Enterprises
SNNPRS	Southern Nations, Nationalities, and People's Region State
SNV	Netherlands Development Organisation
QSAE	Quality Standard Authority of Ethiopia
TA	Technical Auditor
TC	Tissue Culture
VCD	Value Chain Development

1. Introduction

Multi-stakeholder platforms¹ (MSPs) are increasingly recognized by researchers and practitioners as promising mechanisms for stimulating economies in developing countries. The so-called chain platforms can help to bring actors, operating directly or indirectly in the chain, together and realise common objectives through dialogue and cooperation (Vermeulen et al. 2008). An increasing number of non-governmental organisations (NGOs) and private enterprises are participating in such platforms, however systematic research on their effectiveness and impact is scarce. Therefore, the NGO SNV initiated this study to learn from a number of MSPs which SNV started in 2005 in Ethiopia under the Business Organisations and their Access to Markets (BOAM) program, financed by the Embassy of the Kingdom of the Netherlands. The Maastricht School of Management (MSM) / Partnerships Resource Centre (PrC) were contracted to study the contributions of four selected MSPs to the development of value chains for the Ethiopian honey and beeswax, dairy, oil seeds and pineapple sector. SNV² is a non-profit, international development organisation, with extensive hands-on experience in their value chain approach. MSM's Sustainable Development Center³ stands for expertise on sustainable economic development in emerging markets. MSM is partner in the Partnerships Resource Centre⁴, an open centre where academics, practitioners and students can create, retrieve and share knowledge on cross sector partnerships for sustainable development.

1.1 Research objective and questions

This synthesis report examines the effects of four multi-stakeholder platforms that were established by SNV BOAM to improve access to (quality) markets for stakeholders in the honey and beeswax, milk and milk products, edible oil and oilseeds and pineapple value chains in Ethiopia. The core of SNV BOAM's approach is to bring primary and secondary value chain actors and other stakeholders together to find solutions for identified bottlenecks in the four value chains. These actors join forces in the so-called Coordination Groups (CGs), which have a multi-stakeholder nature⁵.

The overall objective of the study is to gain insight in and generate knowledge on how, and under which conditions multi-stakeholder platforms contribute to the development of value chains, with a focus on SNV's BOAM program (agriculture, horticulture) value chains in Ethiopia. In terms of contribution the synthesis report of the overall study has three aims. First, the study should generate learning for practitioners and value chain developers on the role of MSPs in the development of value chains. This synthesis report will therefore end with lessons learned and

¹ Comprising of dialogues, policy making, and implementation, the term 'multi-stakeholder' is often attached to, platforms, processes, and partnerships (Warner, 2006). In this research we refer to multi-stakeholder *platforms* when discussing MSPs.

² SNV BOAM Ethiopia: www.SNV_BOAMworld.org/en/countries/ethiopia/Pages/default.aspx

³ MSM - SDC: www.msm.nl/1/1/uk/research/sustainable_development_center/

⁴ PrC: www.erim.eur.nl/ERIM/Research/Centres/SCOPE/Partnerships_Resource_Centre/About

⁵ Website SNV BOAM & Annual Report 2008

recommendations on how SNV BOAM can improve its multi-stakeholder processes to increase their contribution to value chain development. Second, the study should contribute to the learning process of MSP members and other local Ethiopian stakeholders through verification of results and knowledge dissemination. Finally, the study should contribute to the academic debate on how value chain partnerships can facilitate sustainable competitiveness in developing countries.

Two sets of questions have guided this research project, relating to (a) our theoretical approach, and (b) the multiple case studies:

(a) Theoretical questions

- What are the conditions or fruitful collaboration?
- What changes are required to facilitate agricultural value chain development in developing countries?
- In what way can MSPs create opportunities needed for value chain development?

(b) Case study questions

- In what way have the four SNV BOAM-supported MSPs created opportunities needed in the development of value chains in respectively the honey, dairy, oil seeds, and pineapple sectors in Ethiopia?
- How could SNV improve the promotion of multi-stakeholder processes to increase their contribution to value chain development?

1.2 Theoretical background

Multi-stakeholder initiatives are generally characterised as horizontally organised, with a greater degree of flexibility and openness as traditional forms of governance. In policy-related documents, MSPs are often considered as highly promising alternative forms of governance. They are based on the “recognition of the importance of achieving equity and accountability”, involving equitable representation of stakeholder views, and are “based on democratic principles of transparency and participation” aiming to develop “partnerships and strengthened networks among stakeholders” (Hemmati, 2002:2).

Three streams of literature have been explored to guide this research project: agricultural value chain development literature, collaboration literature, and institutional theory. Relevant contributions have been used to gain insight and generate knowledge on how, and under which conditions partnerships (including MSPs) can contribute to the changing of institutional business environments to facilitate the inclusion of (smallholder) farmers and small and medium sized enterprises (SMEs) into value chains. We make a distinction between MSP internal and external dynamics. We identified four internal collaboration themes⁶ that have the greatest explanatory power in describing the (differences in) effects for collaborative multi-stakeholder initiatives: goal alignment, the governance of the MSP, the degree of involvement of the members in the MSP, and the extent to which the platform and its members are embedded in society. These collaboration themes are referred to in this report as the MSPs’ ‘internal dynamics’. External dynamics are defined as the effects the CGs has had on the institutional environment and that facilitate farmers and other chain actors to become more viable players in their respective value chains. We posit that internal dynamics and external dynamics are positively related; MSPs that better meet the conditions for fruitful collaboration can generate more effects leading to institutional change. The theoretical model is visualized in *appendix 1*. The remainder of this section briefly explains the theoretical concepts that make up both the MSP’s internal and external dynamics.

(a) Internal dynamics

A brief review of relevant academic collaboration literature reveals that a high level of engagement of stakeholders, formalised goal alignment, risk- and resource-sharing, trust and transparency, shared learning, formalisation and joint decision making processes and activities are critical factors for successful multi-stakeholder partnerships, particularly when these deal with more ambitious and complex issues (Ansell & Gash 2008; Springer-Heinze 2007; Bitzer et al. 2010, Kolk et al. 2008).

⁶ In the interviews and four case studies a large variety of key critical collaboration factors were included. In the process of synthesizing the findings, four collaboration themes were abstracted that have the greatest explanatory power in describing the differences we found.

In the four case studies we found that goal alignment, governance, involvement and embeddedness are particularly relevant in the context of this research and for this synthesis report, as well as trust building. The latter is presented as a moderating factor between internal and external dynamics in textbox on page 23.

Formalised **goal alignment** is a basic requirement for successful collaboration (Kolk et al., 2008). Stakeholder goals are related to their ‘Theory of Change (ToC)’. Unlike substantive theories that are linked to scientific disciplines, a ToC is a program theory that is underlying an intervention strategy (Westhorp 2011). A clear ToC by the MSP initiator (in this research: SNV’s ToC under the BOAM program) and a strong alignment with the ToCs of individual MSP members are expected to contribute to enhanced effects of the MSP. Weiss (1995) defines a theory of change quite simply as a theory of how and why an initiative works. The value of partnerships lies in the potential to create win-win situations if all stakeholders are willing and able to contribute to the achievement of goals (Bitzer et al. 2010a).

Collaboration presents the highest strategic level of engagement and implies that the partners share risks, resources and rewards. This also entails a formalisation of **governance** structures, including contractual arrangements to specify objectives, activities and responsibilities (Austin 2007). Shared (decision making) processes and activities, trust, risk- and resource-sharing and transparency are indispensable in here (Kolk et al. 2008), as well as notions on power distributions in the value chain MSPs.

In a four-year study of the collaborative activities of a small NGO in Palestine, Lawrence et al. (2002) found that inter-organisational collaboration leads to the development of new institutions (defined as ‘rules for behaviour’). Collaborations that are both highly embedded and have highly involved partners, are the most likely to generate “proto-institutions”: new rules, technologies and practices that arise and are diffused beyond the boundaries of the specific MSP contexts, and that are adopted by other organisations in the field. These proto-institutions “represent important first steps in the process of institution creation, thus potentially forming the basis for broader, field-level change” (Lawrence et al. 2002: 283). They may become new institutions if they diffuse sufficiently.

Embeddedness describes the degree to which a collaboration is enmeshed in inter-organisational relationships (Dacin et al 1999; Granovetter 1985). Highly embedded collaborations involve (1) interactions with third parties, (2) representation arrangements, and (3) multidirectional information flows (Lawrence et al. 2002). In order to examine whether the four MSPs have facilitated changes in institutional fields we investigate not only the relationships among collaborating MSP members, but also how the collaboration embeds them in the wider institutional field.

Involvement focuses on the way in which participating organisations relate to each other. According to Lawrence et al. (2002), high levels of involvement entail “deep interactions among participants, partnership arrangements, and bilateral information flows”. A high level of involvement among participants is necessary for

institution creation. Involvement is investigated through commitment, motivations and participation.

The internal dynamics are verified and complemented with a **social network analysis**. The network approach “allows researchers to capture the interactions of any individual unit within the larger field of activity to which the unit belongs” (Kilduff & Tsai, 2003: 13). A social network analysis describes network characteristics and concepts such as embeddedness, social capital, and network centrality. Moreover, a social network analysis has the ability to address important aspects of the social structure of a network: the sources and distribution of power (Hanneman & Riddle 2005). *Table 1* exhibits the MSP internal dynamics.

Table 1. Basic collaboration conditions

MSP Internal dynamics	Key factors
Goal alignment	a) Convergence of Theories of Change b) Compelling case c) Collective goal setting process
Stakeholder involvement	a) Commitment b) Motivations c) Participation
Governance	a) Selection of stakeholders & agenda setting b) Decision making c) Role network leaders d) Distribution of benefits e) Transparency and accountability
Embeddedness	a) Embeddedness of organisations b) MSP embeddedness c) SNV BOAM embeddedness

Source: Compilation based on Kolk et al. (2008), Van Tulder & Pfisterer (2008), Bitzer et al. (2010), Lawrence et al. (2002).

(b) External dynamics

The external dynamics refer to the (perceived) changes in institutional business environment that facilitate inclusion of farmers and SMEs into the four value chains. The fragmented nature of Africa’s agricultural sector is one of the limiting factors to its development. The majority of farmers and SMEs face huge barriers to link themselves to national and global markets, while access to these markets is considered critical to growth in developing countries (OECD, 2006; World Bank, 2008). The most important institutional challenges to inclusion in commercial value chains concern those formal rules, inter-organisational arrangements, and informal customs that prevent farmers and SMEs from having access to knowledge & technology, credit, markets, and professional organisations (Bitzer et al 2010b; Van Wijk and Kwakkenbos 2011).

Lack of **access to capital** or credit is a major constraint for many smallholders (Altenburg 2007; Kaplinsky and Morris 2001). Broader access to financial services would expand their opportunities for technology adoption and resource allocation

(World Bank 2008). The lack of **access to knowledge** often hampers agri-food enterprises to adopt new practices that build trust and confidence of buyers in the quality and safety assurance mechanisms for their produce (Henson and Jaffee 2006; Garcia Martinez and Poole 2004). Farmers are exposed to highly volatile markets, which hinder investments in the agricultural sector. A more **stable market** for suppliers through buyer commitment and price stability would motivate farmers and SMEs to invest in production capacity and quality improvement (Gibbon and Ponte, 2005). Finally, chain actors, particularly farmers need to be organized to develop capacity in terms of supplying volumes and quality, and guaranteeing regular supply. **Access to organisations** facilitates risk sharing, the pooling of resources, enable collective learning, and developing market power (KIT *et al.* 2006).

1.3 Methodology

We used a **mixed-method design** for data collection and -analysis, including in-depth interviews, analysis of existing documents (field documents), group discussions with SNV BOAM in Ethiopia and a social network analysis.

All **primary data** were collected in Ethiopia from August to November 2010, both in Oromia and the Southern Nations, Nationalities, and People's Regional (SNNPR) States. Research was executed in collaboration with a team of local consultants that was especially responsible for the interviews in the oil seeds value chain CG.

A sample of 67 CG stakeholders (18 honey, 18 dairy, 18 oilseeds, and 13 pineapple) was drawn for the **interviews** in the following manner. We selected candidates in each value chain from participant lists of five Coordination Group Meetings (begin, end and middle) who played specific roles in the concerning value chains, such as *chain actors*, *chain supporters*, *chain influencers*, and *chain facilitators*⁷. Some critical and reluctant stakeholders were explicitly included. Eventually, interviews were held with all relevant value chain stakeholders, including the leading honey processing company and two large scale dairy processors operational in the country. See *appendix 3* for an overview of interviewees per stakeholder group in the four value chains. The researchers also made field visits, for instance to households engaged in backyard beekeeping, private pineapple farms in Didiche, a private nursery site (capacity: 43,000 pineapple seedlings) in Genbela (both in SNNPRS), and enterprises engaged in dairy farming and processing. For a complete overview of the interviewees, see *appendix 4*. For confidentiality reasons, they are made anonymous in the report.

Four **databases** were constructed that scored the participation of each organisation in each Coordination Group meeting, the type and subtype of the organisation and its role in the value chain⁸. Finally, a Coordination Group meeting

⁷ For a complete overview of stakeholder roles in the value chain, see *appendix 2*.

⁸ The classification of organisations in type (private sector, public sector, civil society and education), subtype (e.g. processing company, producer, consultant, research institute etc.) and value chain role (chain actor, supporter, influencer and facilitator) has to be regarded as an analytical tool. In reality, there is not such strict distinction, as for example many producer cooperatives (now classified as a

of each value chain was attended to a) have an idea of the working of the CG in practice, and b) to introduce the researchers to the relevant stakeholders in order to promote interview response. The questionnaire can be found in *appendix 5*.



Picture: pineapple farm in Didiche and pineapple nursery in Genbela (both in SNNPRS)

On the basis of the databases, a **social network analysis** was executed with the program UCINET 6.303 which is a comprehensive program for the analysis of social networks and other proximity data. A social network analysis allows for linking micro and macro levels, and an integration between qualitative, quantitative and graphical data. In this research, the social network analysis is mainly used to verify the qualitative data. In *appendix 6* the results of the social network analysis are presented. In the report, qualitative descriptions are presented, and -if applicable- followed by a brief quantitative check resulting from the network analysis.

Not all **interview questions** were proposed to all 67 interviewees. Since we were interested in the social mechanisms at work rather than in statistical realities, only those having expertise or being knowledgeable on a certain subject were questioned on that subject. For example, a financial institute might be less knowledgeable on the (technical) varieties that exist in the value chain product, or a research institute that has no expertise on the contractual agreements that exist between suppliers and buyers. In other cases, the respondent had only attended one CG meeting and therefore lacked knowledge of CG internal processes over time. Moreover, time pressure indicated by the respondent was taken into account during the interviews that lasted on average 1.5 hours. Although effort was made to propose as many questions as possible to all stakeholder groups, conclusions are often based on the views of less than all respondents of each value chain.

business representative body in the private sector) are also involved in civil society activities. However, their main aim is to represent an economic active producer group and most of the time, the cooperatives engage in chain actor activities (e.g. collecting milk or processing tasks). This is the reason to classify them under the private sector. Another example is a university (classified under Education) who acts as a BDS provider as well.

The **secondary data** included content analysis of the BOAM program, with relevant documentation including Coordination Group meeting minutes of 66 meetings in total and impact data on production, income and employment areas provided by SNV Ethiopia. Furthermore, the secondary data include descriptions of the honey, dairy, oilseeds and pineapple value chain national and international markets, and relevant aspects of network-, collaboration literature and institutional change theory. They can be found in each case study report. The CGs are set up and studied in various sectors (agriculture, apiculture, horticulture) to enable comparison between the various platforms, and to provide lessons learned.

All interviews were summarized and **data were analysed** with the qualitative analysis software program MAXQDA. Network analysis has been executed for the two-mode database containing organisations which have attended the dairy, honey, oilseeds and pineapple CG meetings in Ethiopia.

Finally, all outcomes are cross checked, compared to and extended with information provided by several key informants to ensure triangulation (e.g. SNV BOAM staff, experts, chain Lead Advisors). Moreover, **inter-rater agreement** was taken into account to assess the degree of agreement between the three authors.

1.4 Outline of this report

The report is structured as follows: chapter 2 clarifies the context of this study by providing a short background on the Ethiopian business climate and -markets and SNV BOAM's strategy of establishing the Coordination Groups. In chapter 3, the internal dynamics of the Coordination Groups are represented by four identified themes while chapter 4 analyses the (perceived) changes in the institutional business environment of the four value chains, as a result of the MSP (external dynamics). Chapter 5 presents our main conclusions on the relationship between internal and external dynamics continued by a presentation of twelve lessons learned and recommendations to SNV BOAM in chapter 6. Finally, chapter 7 ends with a description of limitations of the study.

2. Context

This chapter describes the (2.1) general business climate and market opportunities and -constraints in Ethiopia. Specific descriptions of the Ethiopian and international markets and constraints for honey and beeswax, dairy, pineapple and oilseeds and edible oils can be found in the four case study reports. This is followed by a brief clarification of the (2.2) SNV BOAM approach and strategy of establishing the (2.3) Coordination Groups.

2.1 The Ethiopian business climate

As in many African countries, agricultural marketing systems in Ethiopia are generally weak and inefficient. High transaction risks and costs, asymmetric or absent market information, and commitment failures are among the main problems in African market institutions. Moreover, surplus production hardly matches between adjacent areas, there is no effective transport network, imported food items (i.e. edible oils) distort local markets and processing of agricultural produce is poorly developed, resulting in very little added value being created.

Linkages between private sector actors are often weak due to vast geographical distances, vulnerable communication systems and the mutual lack of trust and confidence. Moreover, cross-sector linkages are often even weaker due to historical divides that exist between the state sector and the private sector; and between both sectors and civil society.

Although there was substantial market potential for all four sectors under study, value chain stakeholders perceive a multitude of constraints to sector development including discouraging financial policies and long procedures to access bank loans, the minimal infrastructure in the production regions, the absence of mandatory quality standards, low quality awareness, barriers to acquire arable land, inadequate extension services, lack of supporting government policies, the traditional small scale and poor production processes, lack of technological inputs, distrust in the chain, and finally the presence of dominant market parties.

2.2 The SNV BOAM program

To tackle these problems, SNV developed the ‘Support to Business Organisations and their Access to Markets’ (BOAM) program⁹. Under this program, a Value Chain

⁹ SNV BOAM’s program, financed by the Embassy of the Kingdom of the Netherlands in Addis Ababa and until the end of 2009 by the Irish Embassy, contributes to sustainable poverty reduction in rural Ethiopia through value chain development. The overall BOAM program period is five years, and started from September 2005. The program aims at improving the access to markets for small and medium agribusiness players along selected value adding chains (SNV BOAM program proposal 2005-2010). In 2009 a transformation process of the BOAM program into a centre of excellence for value chain development has started in the form of BOAM2 scaling up phase. Some key changes are the emphasis on Business to Business (B2B) value chain development and the up-scaling of both production as well as a new fund structure. The additional target of the BOAM program up-scaling phase is to develop, test and introduce innovative approaches that aim to improve business to business relations in selected value chains (SNV BOAM annual report 2009). A one-year extension of the BOAM program was requested and approved, until August 31, 2011, to maximize the results to be obtained from the BOAM program (BOAM 2 program proposal 2010-2011).

Development (VCD) approach was developed. It is “characterized by (i) a combined sector and business to business (B2B) orientation” (IOB Inception Report, 2009: 27), (ii) a focus on ‘pull’ factors; working from the middle of the value chain at both ‘up-stream’ and ‘down-stream’ levels (*pers. comm.* SNV BOAM, February 2011), (iii) “a firm direction towards the private sector (private businesses) and the middle of the value chain as the entry point, (iv) the use of multi stakeholder processes in the form of Coordination Groups as the platform for decision making and anchoring of the local ownership, (v) the use of local consultants or capacity builders to increase outreach, sustainability and ownership and (vi) the use of leverage and innovation funds” (IOB Inception Report, 2009: 27). Therefore, the MSP approach is only one part of the whole ‘holistic’ SNV BOAM value chain approach. Apart from BOAM, SNV runs two other value chain programs (PSNP plus & RAIN)¹⁰. The four case studies under study are only part of the impact areas, sectors and programs of SNV BOAM Ethiopia.

SNV’s Theory of Change for general value chain development and pro-poor development through Private Sector Development comprises three stages: (a) *From Conception to Embryo*, when a network structure is developed where value chain development can flourish. Focus is on MSP-like structures, and on the development of professional associations. The MSP network develops a strategic and operational Intervention Plan, and is responsible for sector development. The ToC assumes there is “no hindrance of old institutions”; (b) *From Embryo to Infant*, where the intervention plans materializes. Several business-driven value chains are developed, with actors willing to share ideas and experiences in the “network”. The intervention plans should be revised regularly to keep up with developments in the network and the market. Businesses are expected to take more responsibility for the further development of the chains; (c) *From Infant to Mature*. During this last stage, an institutional environment and specifically sector or branch associations are able to support the development of value chains. Services are provided by professional organisations in a commercially sustainable manner and the mismatch between demand and supply as identified in each intervention plan is addressed. Investors have access to a professional network of service providers and financial services (access to investment and working capital for value chain actors) are available and used by value chain actors. Research institutes provide in-demand research. The resulted up-scaling of value chains and individual businesses generates sector growth and increased competitiveness.

The BOAM program is based on the idea that change can only be induced if it builds on knowledge and experience already present in the concerning sectors. In total 29 agricultural value chains were surveyed on the basis of ‘what was already there in the sector’. On the basis of a set of criteria, eventually six priority chains were chosen out of these 29, including the dairy, honey and beeswax, oil seeds, pineapple, mango and apple value chains.

¹⁰ SNV BOAM Annual Report 2009

2.3 The Coordination Groups

Establishing the four CGs in 2005 was one of SNV's strategies under its BOAM program and was only a logical step in the process of bringing together all the relevant knowledge and experience of stakeholders in the concerning value chains¹¹. The CGs aim at promoting efficient and equitable linkages for the economically active poor along the four value chains.

From the network analysis we found that in total 437 different organisations attended the four value chain CGs from 2005-2010¹²:

- Dairy database: 125 organisations, 18 meetings
- Honey database: 127 organisations, 18 meetings
- Oil seeds database: 101 organisations, 17 meetings
- Pineapple database: 80 organisations, 13 meetings



Characterization CGs

The interviewees appreciate and characterize the four CGs as 'exchange forums' where value chain stakeholders exchange information on market and technologies, i.e. on where to find appropriate buyers, who pays the best prices, what is the best shop to sell, on quality issues. Members learned not only from the exchange of their experiences but also from presentations on agronomic innovations, e.g. oilseeds members learned about growing olive trees and producing olive oil. In addition, the CGs are 'relation platforms' that bring multiple actors and sectors together and stakeholders learn about each others' (sector) problems. As such it contributes to sector coordination, relationships improvement and trust building. The CGs created linkages and collaborations between organisations that did not exchange information before the start of the meetings. They are characterised by a voluntary set-up, absent formal frameworks, and a non-binding character. The CG is also considered to be a 'neutral' meeting place with tough but open discussions.

On the other hand, the interviewees are critical in their characterization as well. Looseness of the group and frequent rotation, absence of key decision makers resulting in slow implementation of decisions and limited policy impact are point of discussion. Moreover, interviewees pointed to a lack of follow-ups of the agreements that were made in the meetings. These are discussed in detail in *chapter 3*.

¹¹ Clarification meeting SNV BOAM, 8 November 2010.

¹² By the end of 2010, already 19 meetings took place for the honey, oil seeds and dairy value chain CGs. The pineapple CG counted 14 meetings by the end of 2010. Nevertheless, the social network analysis was based on fewer meetings due to the participation lists in the meeting minutes that were made available to the researchers at start of the research project in June 2010.



Picture: (upper): Pineapple CG meeting 14 in Awassa (SNNPRS, Ethiopia), November 9, 2010 and (below) Honey Coordination Group Meeting, 11 February 2010, Kings Hotel Addis Ababa

The CGs consist of representatives of key actors in the four value chains (regional, national and sporadically international), including input suppliers, private farmers/beekeepers, producer cooperatives and –unions, business associations, collection centres, private processing companies, wholesalers, exporters, NGOs, women’s organisations, government agencies and ministries, private researchers and consultants, research institutes, universities, microfinance institutes and banks, Chambers of Commerce, and private investors¹³.

The BOAM program prescribes the selection of both a *Value Chain Leader* and a *Value Chain Facilitator* for each value chain CG. The Value Chain Leader is chosen by the CG and acts as the focal person who should guarantee the local ownership of the CG and who is representing the CG. Ideally for SNV BOAM, a Chain Leader represents a key private sector organisation in the chain. The Chain Leader is supported by *value chain development advisors* or *coaches*, who add distinct expertise to the program (agro-processing, organisational strengthening, women entrepreneurship/gender and monitoring and evaluation). In addition, SNV BOAM makes available a Value Chain Facilitator to facilitate and activate communication amongst CG members and to disseminate information.

From September 2005 onwards the dairy, oilseeds and honey CG meetings have taken place every three months (four times a year). The pineapple CG meetings have started to take place bi-annually, but from May 2007 every three months. In general, the meetings have the following pattern: the CG Facilitator opens the meeting with a recap of the previous meetings, participants introduce themselves, fund utilization reports are discussed, experts present about new researches and technologies related to the dairy sector and Question and Answer Rounds are held in between. The first CG meeting started in English, but currently Amharic is the main language used in the meetings. The Facilitator translates if necessary.

Following the recommendations of the Mid Term Review (Aleme et al. 2008) CG Executive Committees for the evaluation of concept notes for the BOAM designated funds were established. Next to this, SNV BOAM has assignment contracts indicating capacity building interventions with all clients (i.e. processors, farmer organisations, business associations, and government). Finally, a new funding structure was introduced.

¹³ This list is not exhaustive.

3. Coordination Group dynamics: four themes

This chapter analyses the CG internal dynamics, based on the findings of the in total 66 meetings organized by the four value chain CGs (2005-2010). Four main themes were identified with regard to the workings of the MSPs and stakeholder participation in the four network platforms. They have great explanatory power in describing the (differences in) effects we find in the four CGs. They are (3.1) goal alignment, (3.2) stakeholder involvement, (3.3) governance and (3.4) embeddedness.

3.1 Goal alignment

The first theme identified in the research is ‘goal alignment’. Goal alignment by stakeholders is considered to contribute to the effectiveness of collective goal-setting processes, which, in turn, positively influences the success of the MSPs. Stakeholder goals are related to their ‘Theory of Change’. To measure goal alignment, the (a) convergence of Theories of Change, the (b) compelling case as a driver of each value chain CG and the (c) collective goal setting processes were examined.

(a) Convergence of Theories of Change

It is expected that a strong alignment with the *implicit* ToCs of individual MSP members contributes to enhanced effects of the MSP. Whereas SNV BOAM has specified a vision on why and how private sector development can stimulate economic growth that reduces poverty, this theory is not very explicit about the role of the CG in this process. The “MSP-like structures” should operate as a network until, in the second or third phase, new professional associations take over the strategic and communication roles of the CGs. With the formulation of joint strategic intervention plans (SIPs) in the MSP network, convergence of the ToCs for the development of the sectors is one step closer, nevertheless, not guaranteed.

(b) Compelling case

Was there a ‘compelling case’ as driver of each value chain CG? Are the CGs driven by an important need that can be best fulfilled through an MSP (CG), and that is recognized and accepted by all members?

Findings suggest there was a compelling case for each CG. The four sectors under study were in ‘disarray’ before the establishment of the CGs. They were characterized by fragmented and backward production-, processing- and marketing systems. Since all sectors initially received little recognition and support from the government and the private sector could not organise the sectors, there was a compelling case in all value chains to initiate a multi-stakeholder platform where actors from the three different societal sectors (private sector, government, and civil society) meet and work together to better link smallholder producers and processors to (international) markets. SNV BOAM successfully facilitated this tri-sector approach (see also *section 3.4*). Moreover, the collaboration in a multi-stakeholder platform is considered necessary to exchange information, tackle the problems in each sector and to create change in the whole country.

(c) Collective goal setting process

The four CGs devoted proper attention to a collective goal setting process through the formulation of common objectives, joint SIPs and operational plans. The clarity and focus in upgrading strategies differs per CG. In the honey and oilseed CGs they were clear from the onset, but less in the pineapple CG. Although the upgrading strategy in the pineapple value chain is the introduction of Smooth Cayenne for the fresh and processed domestic and regional export markets, initially, retaining to this strategy required too many changes in the support environment and business relations and therefore focus is presently more on the domestic markets. Although the common goal and upgrading strategy in the dairy CG -improving the quality of dairy products- has been clear from the onset, stakeholders initially hardly operated on these shared goals as distrust, mainly between producers and processors, persisted. Trust building is a key issue in an effective goal setting process (see also *textbox* below). The honey CG is highly export-oriented. SNV BOAM heavily supported a prominent export company, promoted the producers/export organisation and then established the CG. With the oilseeds SIPs, SNV BOAM and CG members fine-tuned the CG's overall focus on improving the scarcity of improved seeds and supply of oilseed for oil extraction and export business¹⁴.

In sum, goal alignment in the CGs is clear. SNV BOAM has specified a vision on why and how private sector development can stimulate economic growth that reduces poverty. This resulted in private sector development promotion of the four selected value chain CGs under study, driven by an important need that could be best fulfilled through the CGs (compelling case). In all four CGs there was a collective goal setting process through the formulation of common objectives, SIPs and operational plans. Nevertheless, it is likely that divergent stakeholders' interests and prevailing distrust among several stakeholder groups the pineapple and dairy CGs have obstructed their facilitation more compared to the other CGs.

¹⁴ SNV BOAM2 Program Proposal, 2009

A matter of trust: improved relations, transparency and trust building

Trust building was identified as a key process in the CGs, and found to influence both conditions for collaboration (i.e. distrust obstructs the process of identifying common and shared goals) as well as outcomes of the collaboration (i.e. facilitating the establishment of business to business relations). Ideally, stakeholders meet and collaborate in the stakeholder platforms, and develop a sense of trust as a result of these interactions.

Generally, all four CGs are valued for their contribution to improved relationships, transparency and trust building between stakeholders in the four value chains. The platform is appreciated as a 'neutral' meeting place where participants can discuss informally (especially during the coffee breaks). "Without the CG we would never have these open discussions on delicate subjects" (*interview 9, pineapple case study*). Furthermore, a considerable contribution of the CGs seems to be that it enabled the creation of linkages between organisations that did not exchange information before the start of the meetings. CG members are also deliberately encouraged by the chain Facilitators and Lead Advisors to have bilateral discussions and to exchange contact addresses during lunch and coffee breaks. More than in the other value chain CGs (oil seeds, honey and dairy) the pineapple agenda is directed towards "the action groups or action approach" and "(bilateral) grouping". The facilitation tool has the potential to actively engage stakeholders and to strengthen the dialogue and trust relations between the different chain actors, supporters, influencers and facilitators. It is action oriented and has the potential to create commitments (*pers. comm. SNV BOAM, February 2011*). In the pineapple CG, SNV BOAM plays a larger and active role in establishing relationships, recognizing that strengthening different relationships contributes more to solving constraints than "focusing on experts telling how it should be done" (*pers. comm. SNV BOAM, April 2011*). As such SNV BOAM plays the role of 'broker' and is actively linking actors and stakeholders in and outside the CG. Interviewees appreciated the role of these interactive processes in promoting trust and a 'sense of complementarities' between stakeholders.

Although all value chain CGs facilitate (the creation of) business relations, the degree of trust is in most cases not yet sufficient for an efficient transaction between the chain actors. Often, cooperative unions, processors and exporters are not yet comfortable with farmers. Especially in the dairy CG, trust is a major issue. Particularly the problematic relationship between dairy producers and processors was discussed in several meetings. The majority believed there was limited or no mutual trust and cooperation and the "vertical relationships between processors and producers are not based on a partnership" (*dairy CG17 meeting minutes: 15*). The two main dairy processing companies are reluctant to become a member of the EMPPA as they mistrust and do not acknowledge the association. According to SNV BOAM, the frictions are partly caused due to the limited life span of the dairy products. As the conservation period is limited, daily selling and buying processes cause higher dependency on buyers. Cooling mechanisms are expensive, and the products are under the influence of the dairy fasting seasons in Ethiopia. Another explanation could lie in the limited capacity in the dairy sector. An attempt, supported by SNV BOAM, to ameliorate the relationship between producers and processors through a series of consultancy meetings in 2009-10, rendered little at the outset as the number of processors and producers participating in the series of consultancy meetings are thus far out of proportion. Eleven producer organisations were present at the first meeting compared to two processing companies. Even more critical, processors were not present in the second meeting of the consultation process.

Finally, there are cases in which mistrust in other elements of the general BOAM program, for example on application procedures for funds, have had an impact on the participants' interest and commitment to the CG.

3.2 Stakeholder involvement

To measure stakeholder involvement, (a) stakeholders’ commitment, (b) their motivations to join and (c) participation in sub-commissions of the CGs was assessed.

(a) Stakeholder commitment

Table 2. Level of stakeholder commitment evaluated in four value chain CGs (%)

Commitment	Honey N=12	Dairy N=15	Oilseeds N=15	Pineapple N=10
Low	8	31	8	10
Medium	42	38	92	72
High	50	31	0	18
Total	100	100	100	100

The level of commitment in the four CGs varies from low to high according to the interviewees (Table 2). If we compare the four cases, honey CG participants are most committed, followed by the oilseeds and pineapple CG. In the honey CG, there is a highly committed nucleus group, including a committed Chain Leader and Ministry. With 31 %, the dairy CG had the highest score on a low level of commitment. Commitment in the dairy CG could be flawed due to the general low capacity in the sector and the initial reluctance of the country’s main dairy processing companies to join. At the start, they saw few concrete achievements and little change in government’s commitment to the sector. They became interested however, in the process of setting up a Dairy Board. In the pineapple CG, the level of commitment is modest as participants are only very active during the meetings and in specific committees, but not outside the meeting room. This attitude is possibly related to the persistence of the existing, oligopsonic¹⁵ market structure that hinders the CG to facilitate the upgrading in the sector, as well as with CG members’ doubt about the commitment of SNV BOAM itself. SNV has been reconsidering the continuation of the pineapple CG in 2008 because of the lack of private investors (Aleme et al 2008).

A common problem in all four value chain CGs is the high rotation of participants in the CG meetings. The social network analysis confirmed high rotation and irregular attendance of participants (appendix 6). According to the majority of the interviewees, the frequent rotation and irregular attendance are indications of low or modest commitment. Moreover, this rotating group lacks knowledge of the previous meetings and questions are repeated every meeting. Rotation is related to both variable organisations present at the meetings, as well as to different representatives of one organisation. In fact, the CG meetings are made up of two groups of participants. An active nucleus-group is very commitment, with another, rotating group that is not “joining the meetings to contribute, but they are there to get something (i.e. SNV BOAM funds)” (interview 1, honey case study). Typically, none of

¹⁵ An oligopsonic market refers to a situation of a small number of buyers dealing with a large number of sellers. An oligopolistic market is the opposite: few sellers and many buyers. In a monopoly the market is dominated by one seller, whereas in case of a monopsony the market is dominated by one buyer.

the interviewees in the oilseeds CG believed there is such as a highly committed group in the oilseeds CG ‘to steer the wheel’ and an overwhelming majority complained on the high rotation and early exit of participants. The social network analysis revealed that the oilseeds CG indeed scored highest on the percentage of exits (71.2 %). Possible reasons brought forward by several interviewees are the absence of a strong and committed private sector company that is willing to invest, long procedures for acquiring SNV BOAM funds resulting in discontent and flawed commitment in the oilseeds CG¹⁶, influence in the CG decision making¹⁷, and lack of interest to include agendas other than those in the BOAM framework¹⁸. The high rotation is also related to the fact that –mainly- public officials/experts migrate to other positions and organisations in the private sector and civil society¹⁹. SNV BOAM responded to the high rotation by sending invitation letters that stated:

“We would highly appreciate if your good office could send the same representative who has been participating in previous MSPs”²⁰.

(b) Stakeholder motivation

The motivations to join the CGs are diverse although for most interviewees in all four CGs linked to incentives provided by SNV BOAM (technical, financial and organisational support) and to the business opportunities it offers (i.e. meeting new suppliers or buyers, unemployment relief). Sharing knowledge and experiences was also several times mentioned as a motivational factor to join the CGs. Motivations are never solely intrinsic. In reality, interviewees have to see the link with and benefits for their own program and goals in order to be motivated to join a multi-stakeholder platform. Moreover, there is need for technical and financial assistance in all four sectors in Ethiopia.

SNV BOAM has paid CG participants a Daily Subsistence Allowance (DSA) covering transportation costs and/or accommodation for those from far to level the playing field for stakeholders to participate. Although this financial incentive could be a motivation for participation in itself, it is not seen this way by the interviewees and by SNV BOAM. Despite the gradual decrease in SNV BOAM’s DSA there has been no major drop-out of participants in the dairy, honey and pineapple CGs. The number of oilseeds participants halved in the 19th oilseeds CG meeting, nevertheless, this is probably not related to a decrease in DSA. In general, DSA has been an important factor to allow for the participation of organisations from remote areas.

(c) Participation in CG sub-commissions

The establishment, membership and participation in (steering, ad hoc) committees and working groups are indicators of actors’ involvement. Although in each CG sub-organisations were established (including the Executive Committee), successes were not crystallised in every CG. Only in the honey case, the CG generated a high rate of successful sub organisations, such as the quality working group, that was successful in adding Ethiopia to the list of countries which have approved residue monitoring

¹⁶ Clarification interview with SNV BOAM’s Lead Advisor for Oilseeds Value Chain, 22/03/2011

¹⁷ Clarification interview with a representative of an oilseeds private company, 23/03/2011

¹⁸ Clarification interview with a representative of a oilseeds processors association , 23/03/2011

¹⁹ Clarification interview with SNV BOAM’s Lead Advisor for Oilseeds Value Chain, 08/04/2011

²⁰ Source: Invitation letter 18th CG meeting (honey)

plans. The honey CG also established the Ethiopian Apiculture Board (EAB), which proved itself successful in taking over the sector-wide facilitating role of SNV BOAM. The investment of time and resources of the honey CG Leader played a role in this regard.

3.3 Governance

MSPs are often considered as highly promising alternative forms of governance. They are inclined to be horizontally organised, with a greater degree of flexibility and openness than traditional forms of governance. “Although MSPs may create more understanding between various parties sitting at the same table, it is questionable whether MSPs are in reality horizontal processes in such contexts [i.e. culture, kinship, political], or is there a degree of verticality present, related to internal power sharing and leadership” (Warner, 2006:22). Actors participating in multi-stakeholder platforms do not necessarily have equal powers to negotiate, and influence the process of agenda setting, selection of stakeholders and decision making. Therefore, we analysed both formal and informal arrangements of CG governance, including a) selection of stakeholders and agenda setting; b) decision making processes; c) the role of network leaders, and d) transparency and accountability. The social network analysis verified and complemented the qualitative findings with identifications of central actors and information on ‘network brokers’.

a) Selection stakeholders and agenda setting

The CGs operate under leadership of a trio consisting of the CG Chain Leader, the CG Facilitator who is contracted by SNV BOAM, and the SNV BOAM value chain Lead Advisor. They play a key role in selecting and inviting new members, agenda-setting, and preparing the meetings. The invitation database builds on the previous meetings attendants, and when new organisations wish to be invited the trio decides on approval taking into account the participants’ potential contribution to the concerning value chain. Changes in the SNV BOAM program coordinating staff considerably influenced the new CGs invitation policy. The first BOAM coordinator insisted the number of participants should not exceed 30-35. However, from meeting nine (end of 2007/beginning of 2008) the value chain Lead Advisors -headed by the second BOAM coordinator- started inviting many participants (often over 60 participants), aiming at broad based information dissemination. This prompted SNV BOAM to look more critical at the engagement processes within the coordination groups²¹. Invitation became more regulated with only one participant from each organisation receiving DSA. Less relevant and non-motivated participants were removed from the participation lists, although this did not happen often according to the CG Facilitators.

About one or two weeks in advance of the next CG meeting, the CG Facilitator sends out a package per email or fax (no regular post mail) to the participants that includes the invitation letter, the agenda of the meeting, and a summary of about two pages on the previous meeting (not the full meeting minutes as MSM received them). Only those CG members who push their issues through in

²¹ SNV BOAM Annual Report 2009

previous meetings can influence the CG agenda. Often, this is related to their capacity.

Although stakeholder selection and agenda setting procedures are generally similar in all four value chain CGs, members' appreciation differs. Satisfaction varies from modest to high, and solely in the dairy CG, members are only low to modestly satisfied. This is related to perceived inaccuracy in invitation, failure to invite key players to the meetings, boring meeting formats, and lack of influence to prioritise the agenda setting. The latter was also endorsed by an oilseeds CG interviewee. In all four case studies interviewees indicate that organisations that lack email addresses to receive the meeting agenda in advance miss the opportunity to anticipate and prepare on the meetings' agenda.

b) Decision making processes

Apart from the leading trio, SNV BOAM has made attempts to share some of its own responsibilities in respect of the four value chains to create more ownership in the CG process with stakeholders. An observation out of the secondary data is that the formal aim of the CG has gradually been shifting from 'creating linkages' towards 'creating ownership in the sector'. The second BOAM program coordinator endorses this strategy towards a long term vision for the CG. Its main initiatives were the establishment of the Executive Committee in 2009 for the evaluation of concept notes regarding BOAM designated funds and the assignment of contracts between SNV BOAM and its clients (including CG members) on capacity building interventions. The Executive Committee, with five key actors from each sector, could evaluate, approve or reject funding proposals, although the SNV BOAM program manager takes the final decision²². Nevertheless, after 2009, SNV BOAM only contracted CG organisations with approved concept notes by each value chain CG Executive Committee. According to what was recommended in the Mid-Term Review, the CG Executive Committee should empower the sector in general and the CG in particular by giving stakeholders a say in the allocation of its industry related funding as was the case in the four CGs.

Although the four CGs were set up as informal governance structures, moments of more formal (non-financial) decision making could be identified, and these were predominantly related to the election of nominees for certain positions in committees or boards. Examples are the election of the CG Leaders and of the members for the Executive Committees and the Apiculture Board in the case of honey. In the oilseeds CG members voted on the candidacy for a future steering organ. In general, these decisions are being made by those present in the meeting, on the basis of the 'one man-one vote' principle. No single interviewee indicated this process is unequal. Moreover, almost all respondents interviewed believed members have an equal opportunity to speak out without discrimination (*Table 3*). This situation is likely to be different in case of more formal governance structures.

Finally, common objectives, joint Strategic Intervention Plans (SIPs) and operational plans were formulated in the meetings (*see also 3.1*). They were adjusted in response to CG members several times, although they were already prepared in preliminary stakeholder workshops with value chain representatives identified by

²² I.e. dairy CG13 meeting minutes.

SNV BOAM. Interviewees sometimes felt that certain issues, such as land policy issues, were (initially) not included in the SIPs despite the stringent problems they cause for many stakeholders in the four value chains. Still, in the SIPs revisions by stakeholders in 2009, stakeholders had new opportunities to include pressing issues in the SIPs, such as input supply issues in the dairy value chain.

Table 3. Perceptions on ‘equal say’ evaluated (%) in four CGs

Equal say	Honey	Dairy	Oilseeds	Pineapple
Yes	93	92	100	78
No	7	8	0	22
Total	100	100	100	100

(c) The role of network leaders

Network leaders and their role in CG governance are central in the CGs. CG members elected a Chain Leader for each CG. SNV BOAM prefers a private processing company as a Chain Leader because such a central player has strong interests in linkages “both upstream and downstream in the chain”²³. A central Chain Leader who operates as a *primus inter pares* and who encompasses a sector-wide vision can fulfil the role of leading an entire industry sector towards modernization, as was the case in the honey CG. In this coordination group, the president of a prominent honey processing company was elected as a CG Leader. The CG Leader proved himself to be pro-active and a model example of blooming business in his own honey processing company with 50 % production increase and 150 % farmer income increase as a result of trainings provided to farmers. He provides CG members with Chain Leader reports and summaries of each meeting, and he was always present. Finally, he is president of a leading producer and exporter association, the EHBPEA.

Also in the oilseeds CG a stable and committed leadership manifests; the Chain Leader elected at the first CG meeting is still willing and committed to lead the oilseeds CG. As former President of a sector wide association (EPOSPEA) he has a clear vision on the direction of the development of the oilseeds sector. Nevertheless, he experiences disincentives to exert extra efforts since he believes that neither CG members are highly committed to carry out assigned responsibilities effectively, nor are EPOSPEA and the Oil Millers’ Association strong and active to support the CG (*interview 12, oilseeds case study*). In the social network analysis, the centrality and broker role of both the honey and oilseeds CG Leaders was confirmed (*appendix 6*).

In the pineapple and dairy CG, CG leadership is an issue of concern. In the social network analysis, both the dairy and the pineapple CG Leaders are not visible as central actors and/or network brokers (*appendix 6*). In the dairy CG, no single member was willing to take up the CG leader tasks in the first meeting; a symptom of poor commitment according to the dairy Facilitator. After the retreat of the first CG Leader in the fifteenth meeting (due to his retirement), another manager of a private dairy producing and processing firm was elected as the new CG Leader. Although

²³ Discussion Group SNV BOAM, August 12, 2010.

representing a blooming business, the dairy Leader's company proved to be too small to fulfil the role of leading an entire industry sector towards modernization. The dairy platform is currently in the process of electing a new CG Leader, but there is not an obvious new candidate that is supported by the far majority of CG members. One candidate, EMPPA, is a producers and processors association and apparently considered not yet strong enough to fill the leadership vacuum by at least nine interviewees (more than half of the dairy interviewees). They, including SNV BOAM, have a preference for a more powerful processing company or the Dairy Board that could more forcefully promote the market and quality requirements throughout the sector. Meanwhile, SNV BOAM takes over leadership responsibility (opening meetings, summaries of the last meetings etc.).

Also the pineapple CG, finding a private sector buyer that could lead the CG with the unanimous support of the CG members was difficult. Furthermore, no strong sector association is expected to have emerged in the fruit sector by August 2011 (phase out of SNV BOAM)²⁴. Therefore SNV BOAM explores other forms of sector steering, such as decentralization through the development of local action groups that focus on specific local issues. Also, the strengthening of the southern regional Micro and Small Enterprise Development Agency to steer value chain development in the fruit sector is explored. Nevertheless, there is no unanimity on a future body to steer the pineapple value chain and CG.

Apart from the Chain Leaders, individual stakeholders can fulfil network leading roles as well through participation in the CGs. Simply stated, those members participating more often, have higher control of and access to information and resources shared in the meetings. In *appendix 6*, the roles and names of the CGs information brokers are discussed, derived from the social network analysis. Although differences in numbers were not spectacular, it was found that the dairy CG is most hierarchal compared to the other CG's; fewer participants control information (and possibly resource) diffusion.

d) Transparency and accountability

Judging from the comments of interviewees, the overall transparency of CG activities in all four chains can be rated as medium-high. The meetings are open to public (although more restricted towards the latest meetings), and meeting minutes, agendas and other documents are shared with stakeholders. Nevertheless, the process of CG succession in all value chains -except for the honey CG- has been confusing. Members have different ideas on who will take over the CG governance after the final CG meetings will be organised by SNV BOAM in August 2011.

The four CGs were set up as informal network platforms, therefore, formal accountability mechanisms are absent in all four value chain CGs. Still, informal forms of accountability are there. For example, CG members only receive SNV BOAM funds if their proposals are in line with the SIPs identified by stakeholders in the value chains. In addition, members need to present their fund utilization reports in the CG meetings, in front of all other critical and reflecting stakeholders. The CG is challenging assumptions in an open and transparent way. Still, organisations do not fulfil agreements reached in the meetings. In general, this is related to a modest

²⁴ SNV BOAM 2 proposal.

interest of certain key stakeholders and monopolists in the value chains (i.e. government decision-makers, pineapple investors, pineapple wholesalers, and dairy processors) to bring about fundamental change in the concerning markets, which was predominately apparent in the pineapple CG.

Overall, the data gave the impression that the four CGs are horizontally organised. The CG Executive Committee gave stakeholders a say in the allocation of its industry related funding. The four CGs were set up as informal governance structures, and members felt they have an equal say. Members, committees and future steering organs were elected by CG members. After the Mid-Term Review in 2009, SIPs were revised and stakeholders were often able to change the SIPs in the direction they preferred.

Yet, a degree of useful verticality was present, related to CG leadership, organisational capacity and internal information sharing. Although horizontal organised MSPs offer a greater degree of flexibility and openness, central network leaders (actors or organisations) who operate as a *primus inter pares* can fulfil the role of leading an entire industry sector towards modernization. In both the honey and oilseeds CG leading organisations and -associations were central in the network, although the oilseeds Chain Leader felt discouraged to invest sufficient resources and time. Not all stakeholders have been able to articulate their needs/demand; only those with the ability to push their issues through in previous meetings can influence the CG agenda and discussions. Moreover, benefits depend on stakeholders' proactive attitude and the capability to articulate interests. Nevertheless, the overall BOAM program contributes by building the overall collective capacity in the sectors.

CG governance in the dairy CG was regarded most difficult with the lowest appreciation of agenda setting and selection of stakeholders, problematic leadership capacity and the most hierarchal configured network (information is diffused through a limited number of network brokers). In the pineapple CG, finding a sector steering actor or organisation is difficult.

3.4 Embeddedness

This theme is on the embeddedness of the four MSPs in the wider institutional field, at different levels (organisational-, MSP-, and SNV BOAM level). It assesses the a) embeddedness of participating organisations, b) the embeddedness of the MSPs and Boards and public private partnerships -formed in the MSP- in society. Finally, c) SNV BOAM's inter-organisational embeddedness was assessed.

a) Embeddedness of participating organisations

Several participating organisations joined the CGs as a result of being tipped by other organisations. Especially in the honey and oilseeds CG these inter-organisational relationships have been supportive in linking and motivating stakeholders to become a member of the CG. Furthermore, strong sector associations can be instrumental in inviting new members to the meetings. In the pineapple and dairy value chain CGs a strong association like the EHBPEA does not exist.

Embeddedness of participating organisations in multiple MSPs is also regarded. Several organisations are participating in all four MSPs²⁵. Among these organisations are the Ministries of Agriculture and Trade & Industry; the Chamber of Commerce; a BDS service provider (Facilitators in the pineapple, honey and oilseeds CG), several financial institutes and banks, governmental implementing agencies, NGOs and a women association. See *appendix 6* for a complete overview of central members participating in the meetings. Most of the government agencies focus on the honey CG however. In the pineapple CG, most of these organisations are regional (SNNPRS). The actors involved in multiple MSPs transfer information and contacts from one MSP to the other to the benefit of the members, and enhance the general networking opportunities for them. In this way they contribute to the effects of the each MSP.

b) MSP embeddedness in society

The core of SNV BOAM's approach is to bring key value chain stakeholders together to find solutions for identified bottlenecks in each value chain. Embeddedness of the four MSPs in all three societal sectors is therefore considered necessary. As stated before, the VCD approach developed under BOAM program is directed towards the middle of the chain (private businesses) as the entry point. This approach is confirmed in the social network analysis; the majority of the participants in the value chain CGs represent private sector organisations (*appendix 6*). In addition, the embeddedness of the four CGs in the public sector is a specific issue that SNV BOAM considered from the outset.

The research found that fruitful relationships with the government are indispensable in the overall development of the horticulture-, agriculture- and apiculture sectors. The sectors' performances are destined to linger when there are no government agencies aboard to adopt, implement and enforce, for example, basic food security standards. None of the four sectors were clearly on the government's radar screen, but during the CG process the government of Ethiopia has developed an interest in all four value chains-to variable degree. For instance, the oilseeds CG has promoted and demonstrated the role of the sector in the fight against poverty and in ensuring sustainable development. This encouraged policy makers to increase interest and attention to the edible oil and oilseeds sector, for example through market promotion and -research.

In the dairy CG, the commitment of the Ministries was initially limited to their participating in the CG meetings²⁶. The required significant restructuring of the Ethiopian dairy sector cannot take place without supportive governmental policies, but the government did not prioritize the dairy sector after the liberalization of the economy. Nevertheless, mid 2010, the government choose dairy as one of the four agricultural products in its five years Agricultural Growth Program of 250 million dollar.

²⁵ In the pineapple CG, there are also links with the mango and apple CGs, but they are no part of this study.

²⁶ SNV BOAM 2 proposal.

In the pineapple CG, relationships with the public sector are evident. Out of the four value chains under study, the government is best represented in the pineapple CG. There is even a *relative* overrepresentation (compared to the other CGs) of the public sector (confirmed in the social network analysis, *appendix 6*) as “they fill the void of the absent private sector” (*interview 11, pineapple case study*). But having intensive relationships with the government runs the risk of slowing down external dynamics and progression, because decision-making must pass the governmental hierarchy first (*pers. comm. SNV BOAM, September 7, 2010*). Although SNV BOAM is critical on the role of the government in several MSPs as government agencies do not always offer reliable public services²⁷, they do recognise the need for state support as it remains vital and necessary for the durability of the changes achieved.

Only in the honey CG representation of all sectors and stakeholders is considered rather complete by the interviewees (*Table 4*). The Ministry of Agriculture plays a prominent role in the Ethiopia Beekeepers Association (EBA) (presidency), played an active role during the process of EU Third Country Listing, and will probably offer a location for the CG meetings after SNV BOAM has phased out in August 2011. The network analysis confirms the central network roles of both EBA and MoA. MoTI and the company of the honey CG Chain Leader seem to have developed rewarding relationships as well. Nevertheless, MoTI’s primary attention is directed towards export of honey and oilseeds products rather than to the overall development of the sectors.

The absence of *key decision makers* of government and financial agencies is explicitly deplored in all four value chain CGs because they could significantly help solving the problems of each sector. A pineapple investor responded: “I appreciate the learning possibilities from other stakeholders in the pineapple value chain; however, they have no authority to make the necessary decisions” (*interview 4, pineapple case study*). Although key government agencies are often well represented in the meetings, several interviewees indicated their participation is characterised by frequently rotating experts who do have little or no influence in government decision making and policy processes. Also the CGs have proactively invited banks and MFIs to the meetings, but if participating, often non-influential bank clerks were sent to the meetings instead of financial key decision makers (i.e. bank manager) (*interview 14, dairy case study*). The social network analysis confirmed the absence of financial organisations (i.e. banks, MFIs) as central network players in every CG (*appendix 6*). Finally, the social network analysis confirmed the absence of the two main dairy private processing companies in the country as a central network player.

Table 4. Stakeholder representation according to participants of the four value chain CGs in percentages (%)

Representation	Honey	Dairy	Oilseeds	Pineapple
Complete	83	27	13	30
Incomplete	17	73	87	70
Total	100	100	100	100

²⁷ SNV BOAM Annual Report 2009.

Last, the embeddedness of Boards and PPPs (formed in the MSP) in the wider institutional field can augment the effects of an MSP. For instance the Office of Public Private Partnership on Oilseeds (PPPO)²⁸ initiated in the oilseeds CG is said to be the “brain child of the oilseeds CG” to complement its efforts, particularly in the policy area in which the oilseeds CG is less competent. The PPPO has improved the interest in and attention given to the oilseeds sector as well. Both MoTI and MoA are participating in the forum. Another example is the embeddedness of the Apiculture Board in the honey value chain in the international civil society community, i.e. Apitrade Africa and Bees for Development (see also *section 4.4*).

c) SNV BOAM’s inter-organisational embeddedness

Finally, SNV BOAM’s inter-organisational embeddedness as a result of its MSP activities was assessed. SNV BOAM is not the sole donor involved in the VCD approach, but is embedded in a broader international development network. The most prominent organisations with value chain development programs are the German GTZ, Oxfam GB, and the Royal Netherlands Embassy (RNE), which supports the dissemination of best practices among donors, government institutions and practitioners. The government of Ethiopia has adopted the sectoral and value chain approach. These links of SNV BOAM also embed the CG members in the wider institutional field.

In sum, all CGs are embedded in society and have been supportive in creating linkages between public- and private sector and civil society, nevertheless, with varying results. The data give the impression that sector representation arrangements and relations with the government are strongest in the honey CG, followed by the oilseeds and pineapple CGs, and finally the dairy CG. Of main importance is who is representing the key sectors. For example, governmental agencies may be participating in the four CGs, however, if they do not send key governmental decision representatives, the effects will be imperfect according to several interviewees. Moreover, a strong private sector is necessary for value chain development. In the network analysis, the private sector approach was confirmed. But the capacity and quality of the central private sector players showed great variety; for example the key private sector players in the dairy CG (e.g. Selale Dairy Cooperative and Adama Woman Entrepreneurs Association) are less capacitated than the honey key private players (e.g. Beza Mar, Comel PLC). Embedded MSPs, inter-organisational relationships, and embeddedness in multiple MSPs result in multidirectional information flows and transfer of information and contacts to the

²⁸ The Office of Public-Private Partnership on Oilseeds (PPPO) is a multi-stakeholder platform established by public and private actors namely: The Royal Netherlands Embassy; the Ministry of Agriculture; the Ethiopian Pulse, Oilseeds, and Spice Processors Exporters Association; and the Dutch Product Board for Margarine, Fats and Oils (an MVO). The partners signed a memorandum of understanding on March 5, 2008 and the Office started its activities in early 2009. The partnership is usually referred to as the Ethiopia-Netherlands Public Private Partnership on Oilseeds. The PPPO, initiated in the oilseeds CG, is engaged in high level policy interventions, which are believed to complement the efforts of the CG in implementing the five SIPs it had endorsed (Minutes of the 13th Oilseeds CG Meeting, March 12, 2009).

benefit of the members, and enhances the general networking opportunities for them. In this way they contribute to the effects of the each CG. Finally, linkages of SNV BOAM also embed the CG members in the wider institutional field.

4. Institutional Change

This chapter elaborates on the CG's external dynamics, the institutional changes in the value chain's business environment facilitated by the CGs. We address the question to what extent the CGs have generated effects that improved the conditions for upgrading for farmers and SMEs in the four value chains. The focus is on opportunities for value chain actors to acquire knowledge and technology, capital or credit, opportunities to stabilize and/or access (new) markets, and to become part of professional associations. Both meeting minutes as well as perceptions of interviewees on changes in the institutional environment (*appendix 7*) were examined.

4.1 Access to knowledge

Access to knowledge refers to market, technical, or organisational information that value chain actors can acquire either by themselves or by hiring affordable service suppliers. To what extent have the CG meetings facilitated oilseeds, honey, dairy and pineapple chain actors in their access to such knowledge? Has the CG been indispensable in this respect?

The answer is yes. All CGs contributed largely to value chains stakeholders' access to improved technologies and knowledge. For instance, information shared in the CGs (i.e. where to buy seeds, who offers the best prices) and trainings (indirectly funded through the CGs) on production agronomy, new varieties, quality based pricing systems, and diversification of products improved awareness on quality issues and the value of the products. It is through the CGs that stakeholders meet with their Business Development Services (BDS) providers (i.e. BCaD), and cooperatives and processing companies acquire the resources to train their suppliers. For example, the Holeta Bee Research Center received an increasing number of requests for advice and training during the meetings (from trainers, advisors, processors, and NGOs) and their service work expanded considerably. In addition, in the CG meetings, site visits were organised to for example research centres, processing companies and a nursery site, contributing to knowledge exchange and information sharing. Interviewees furthermore pointed to (see also *appendix 7*): the availability of new types of beehives, new means of production (tissue culture in pineapple), dairy product diversification, the uptake of processing activities, general upgrading of research in Ethiopia, and the introduction of quality based pricing systems and new pineapple varieties. On the other hand, interviewees saw little or no improvement in access to new animal breeds and –feed, new bee colonies, and a reduction of animal diseases.

Interviewees highly appreciate the trainings and information they received, therefore several interviewees expressed their concern for the moment the BOAM program phases out (August 2011). They expect that technical, financial, and organisational service support will remain necessary for the sectors in the future, especially as local government agencies often fail to provide regular trainings and support. Furthermore, although CG members receive information on proper

technologies, there are often no means to access the expensive technologies (see also *section 4.2*).

Pictures: Dairy value chain in Ethiopia

The cows are indispensable in the dairy sector



Introducing a quality based pricing system: milk quality testing (fat content & sourness) in Sululta



Milk collection centre and dairy products diversification (cream, cheese, ricotta)



Source pictures: own compilation first author

4.2 Access to capital

Access to capital involves the possibilities for value chain actors to acquire a credit, loan or budget for their commercial activities. Changes in the access to capital were assessed through interest rates, duration, collateral requirements, pay-back conditions, and characteristics of the funding organisation. It was also verified whether the CGs were indispensable in facilitating stakeholders' opportunities to access capital/credit.

In developing countries -including Ethiopia- Banks rarely lend money to small scale suppliers, and farmers/beekeepers have only access to MFI's and informal lenders. However, both individual farmers as well as cooperative members are exposed to high interest rates (16-20 percent) charged by MFIs. In addition, MFIs do not provide large amounts of credits. The interviewed Development Bank of Ethiopia is mandated to finance (agricultural) development projects. Clients of the Development Bank are private investors and farmer cooperatives and they can receive loans against a 7.5 % interest rate per month. However, criteria of the Bank to obtain loans are often not met²⁹.

Access to capital/credit was therefore a point of discussion in the CG's. The CGs channelled and partly accounted for considerable amounts of innovation- and sector funds (3 million Euros) being pumped into the four sectors, which were made available through the overall BOAM program. More than the other CGs, the honey CG was able to generate capital from within the value chain through the investments of the lead private processing company. Moreover, the CGs contributed to the participation - and sometimes even provision of capital (dairy) - of several Banks and MFIs in the meetings and in the honey CG access to inputs and finances was identified as one of the SIPs. Finally, capacity building through the CGs improved the creditworthiness of several participating organisations and increased attention to the various sectors.

Despite these efforts, access to affordable capital for smallholders and small and medium sized enterprises remained an issue of concern. The majority said the CG did not positively affect the willingness of Banks and MFIs in Ethiopia to lend any money to stakeholders in the value chains. So far, the credits have been "untouchable" (*interview 6, honey case study*). Several interviewees pointed to lack of access to capital or credit services as a major bottleneck to the development of their sector. However, it is likely that causes for the limited effects should be attributed to

²⁹ Criteria mentioned are: 1) the product should be in the priority list of bank; 2) the recipient is not capacitated sufficiently according to a feasibility study carried out by the Bank 3) the recipient needs a business license (secure licence of Bureau of Trade and Investment or MOTI or any other authority that provides licences to operate); 4) it has to secure an investment certificate from the regional or federal investment authority; and an 5) equity contribution has to be met (30 % own contribution of client). Products appear in the priority list if they operate on a commercial scale and have an export potential. Investors are having problems meeting the equity contribution criterion and to obtain the investment certificate that is often delayed.

the general macroeconomic- and political climate of developing countries and of Ethiopia in particular, resulting in a reluctant financial sector.

Initially, BOAM discussed whether or not to include loan guarantees in the program; however donors of SNV BOAM were not willing to finance that (as recipients are not effective presently due to their financial incapacity). Main problems are that currently only established clients receive loans, not starters. Also, the Ethiopian financial sector is heavily state regulated, even for the private farms, and agriculture is seen as a high risk investment.

Picture: backyard beekeeping and beekeepers women's association in Akaki Kaliti, Addis Ababa.



Source: private collection first author

4.3 Access to markets

Changes on the access to (new) markets were examined by gathering information on prices, context exchange in the meetings, and buyer and farmer commitments (advance payments, contractual arrangements and quality standards).

The findings suggest that all CGs have played a role in addressing smallholders and small and medium sized enterprises' access to (new) markets, but to variable degree. Noteworthy is the contribution of the honey CG in legitimately **opening access to export markets**. All interviewees believed the honey CG had effectively promoted the shift from domestic to export honey. A major success was the opening of the international honey market when the CG's Quality Working Group managed to have Ethiopia registered in the EU Third Country Listing³⁰. The first high quality Ethiopian table honey was exported to the European market in 2008. Furthermore, the prices in the Ethiopian honey sector have tripled in the past five years, and in the period from 2004/05 to 2008/09 prices of honey even quadrupled; from ETB 4.00-5.00 to ETB 18.00-20.00 per kg³¹. This success attracted other honey processors to the meetings as well.

But also the other three CGs did manage to facilitate a number of positive changes in respect of market institutions. The main step forward is that all CGs have effectively served the function of a contact platform, enabling the establishment of new **business to business (B2B) relations** (see also *textbox*). Facilitators and Chain Lead Advisors

³⁰ Registration is conditional for the import of any product of animal origin into EU countries.

³¹ Sources: MinBuZa, 2010; *pers. comm.* MOTI, August, 2010

SNV BOAM aims at delivering B2B support to guarantee that a reliable supply and market outlet is assured. In their opinion, facilitating the development of business relationships and arrangements between downstream traders, processors and farmer organizations on one side and small farmers and their organizations on the other side is essential for business development.

Source: SNV BOAM's value chain approach.

deliberately encouraged stakeholders to have bilateral and group discussions and to exchange contact addresses during the meetings' lunch and coffee breaks. In the pineapple CG, SNV BOAM organized bilateral sessions to unite actors with similar business interests. The sessions link for example clients to their BDS providers.

Document analysis and interviews indicated the following examples of such relations³²:

- The leading research institute in the honey sector has attracted an increasing number of requests for advice and training from organizations it met during the CG meetings.
- The leading honey processing company currently acquires its modern beehives from Kindu, a modern and appropriate technology and equipment manufacturing centre, because the company met Kindu representatives in the CG meetings.
- The dairy Chain Leader and a dairy Cooperative Union received credit from a Bank and MFI they had met in the CG.

- In the pineapple CG, cooperatives were linked with wholesalers and processors and an Ethiopian University provided input material for the Tissue Culture Laboratory.
- In the oilseeds CG an attempt was made to link Ethiopian oilseeds companies with European companies operating in the oilseeds value chain to facilitate access to market and technology information.

Another positive effect of the CGs lies in **generating information** to better employ the SNV BOAM funds on markets and certification. For some interviewees the CGs helped identifying who is working on what in the sector. For others, the CG facilitated access to the funds to finance experience-sharing visits to and/or participation in international trade fairs (e.g. Dubai Gulf Food Trade Fair in 2009 and 2010), or exchange visits to Kenya, to the Africa Dairy Farmers' Exchange Forum³³. Others used the funds for the facilitation of HACCP certification.

³² See case study reports for more detailed examples.

³³ Dairy CG 12 meeting minutes.



Picture: Group sessions in pineapple CG, Awassa (Ethiopia)

Furthermore, information exchange on **quality issues and quality based payment systems** improved farmers and SMEs awareness and valuation of their products. For instance, beekeepers were initially not aware of the value of beeswax. “They even threw it away in the production process. From the meetings they learned to appreciate its value” (*interview 1, honey case study*). Moreover, it puts pressure on the government to develop mandatory quality standards for the sectors. The adoption of quality standards is still voluntary in most Ethiopian value chains. Although the Quality and Standards Authority of Ethiopia (QSAE) drafted quality standards, monitoring and enforcement are often absent. In the honey and beeswax value chains, producers have to comply with the QSAE standards for honey, beeswax and beehives, which are equivalent to the Codex Standard (EU/FAO/WHO). But the government body is not internationally accredited to certify honey products. On top of this, adulteration is a common practice, and testing laboratories are absent in Ethiopia. In the case of honey, certification can only be done abroad and handled through the EHBPEA. Despite this complicated process, seven Ethiopian honey companies have managed to become ISO9001 & HACCP certified. The other CGs also have been promoting the concept and practice of quality for a better market share. For instance, the introduction of quality based pricing schemes, an idea raised in the CGs, inspired the manager of a dairy collection center to introduce such a scheme. It helped him “to think differently” (*interview 11, dairy case study*). Moreover, the CG has also promoted consumers’ awareness on the quality of edible oils through the involvement of an active Consumers’ Protection Association (*interview 17, oilseeds case study*).

In developing countries, it is a challenge to make local markets more predictable for smallholder farmers and SMEs. Particularly in the Ethiopian dairy and pineapple chains **oligopsonic market structures exist** where a small group of buyers dominates the market and hence limit the changes that are promoted in the CGs in their operations. For instance, in the dairy market, the two main processing companies are believed to set price at unfair low levels and to obstruct the possibility of price negotiations. Nevertheless, the CGs have been able to attract several investors, wholesalers, and processing companies to the meetings who have the

potential to reduce oligopsonic market structures. For example, the engagement of two larger fruit wholesalers participating in the pineapple CG reduced the dependency of the cooperatives on the fruit “*Piazza* wholesalers”. “Already by 2010 the position of the *Piazza* wholesalers in the low-quality fresh fruit value chain had weakened. Farmer organizations, processors and regional traders are by-passing the main centres for wholesale distribution, resulting in higher margins” (Visser et al., SNV BOAM, 2011). In the dairy CG, processing companies are willing to pay better prices for quality dairy products since more processing companies have entered the market and competition between buyers is increasing. SNV BOAM attributes this increase in private processors partially to its support to private processors and the establishment of the EMPPA (*fact sheet SNV BOAM*). Finally, the considerable demand for export honey enables beekeepers to shift to other buyers. As such, “the CG contributed to a reduced dominance of the local buyers” (*interview 1, honey case study*).

The formulation of **contractual agreements** was stimulated in all four CGs by means of contract promotion and, indirectly, building trust. Direct linkages and contractual agreements between producers and processors/exporters offer another ‘way out’ to improve ‘monopolists’ markets. But most processors and exporters still depend on middlemen since they distrust smallholder producers and cooperative unions in ensuring predictable and regular supply of oilseeds or raw milk. Currently, several exporters/processors and cooperatives in the pineapple, oilseeds and dairy value chains are participating in such contractual negotiations, facilitated by SNV BOAM even though hardly any change has so far been perceived. For example, the fruit wholesalers ETFRUIT and ELFORA are exploring the purchase of “Red Spanish” pineapples directly from the cooperatives³⁴, but the weak capacity of the cooperatives and the ‘*Piazza* monopoly’ appears to be a hindrance. Cooperatives lack the ability to tie farmers to them since they are “incapacitated and cannot offer sufficient support to their members”. According to SNV BOAM, contracts were established once or twice in the pineapple CG process, however they failed due to farmers’ side selling practices to merchants that encouraged the farmers to sell their products directly to them³⁵ (*interview 11, pineapple case study*).

In short, the CGs have facilitated access to (new) markets by opening export markets (honey), stimulating the establishment of B2B relations, generating market information and -exchange visits, promoting contractual agreements, and increasing quality awareness and quality based pricing systems. Nevertheless, especially in the pineapple and dairy sectors, oligopsonic market structures exist that limit the changes that are promoted in the CGs in their operations.

³⁴ SNV BOAM Annual Report 2009.

³⁵ Pineapple CG10 meeting minutes.

Examples of successes in the Ethiopian honey, dairy, pineapple and oilseeds sectors:

- The first high quality Ethiopian table honey was exported to the European market in 2008;
- Honey production has expanded with more than 60% in four years time, from 24.600 tons in 2004/05 to 39.660 tons in 2008/09;
- Good Agricultural Practice (GAP) training was provided to numerous farmers and beekeepers in all four sectors; for example, to 2,600 pineapple farmers and to 15,000 oilseeds smallholder farmers;
- The task group on infrastructure resulted in the improvement of 27 km of road by the government to make pineapple investment lands accessible;
- A business pilot venture between a private pineapple processing company and 2 farmer organizations was initiated. 6 new pineapple processed products were developed (jam, compote, wine, sun dried, vinegar, juice) and 160 pineapple producers, majority women, were trained in processing of the pineapple products. The new products were promoted and supplied in two towns under the companies' label;
- A private oilseeds company is working with 5000 oilseeds smallholder farmers and started piloting cosmetic olive oil extraction out of indigenous olive seeds and establishing exotic varieties olive trees for food oil extraction;
- The government to Ethiopia is considering the oil value chain as a priority and oilseeds and edible oils are included as part of the 30 years agro processing master plan;
- The upcoming establishment of the Dairy Board has attracted government attention to the dairy sector in Ethiopia;
- Monopoly of dairy processors was broken with support to private processors and the establishment of Ethiopian Milk Producers and Processors Association.

Sources: SNV BOAM's factsheets, biannual report 2010, annual reports.

4.4 Access to organisation

Access to organisations is an important condition for farmers and SMEs to share risks, pool resources, enable collective learning and develop negotiation power in value chains. All four CGs have been successful in this respect; the very function of the CG meetings has been serving as a platform where stakeholder groups could meet, learn, share, and collectively undertake actions. However, the CGs differ in their success of facilitating members' access to new professional organisations. Three of the four CGs have supported some individual members to access new professional organisations, for instance the EMMPA (dairy) and EHBPEA (honey). The oilseeds CG has played an important role in the establishment of a parallel MSP –PPPO, which is involving multiple organizations. But only the honey CG did succeed in facilitating active membership in external organisations that did not originate in or through the CGs. For instance, the honey CG facilitated the EAB in becoming member of Apimundia, Apitrade Africa and Bees for Development. In pineapple the situation differs due to the absence of relevant professional organisations in the pineapple sector. Only the fruit wholesalers of the Addis Ababa market are organised, but they have no interest in the pineapple CG.

5. Conclusions

This study assessed the effects of four multi-stakeholder platforms, known as Coordination Groups (CGs) that were established by the NGO SNV in 2005 to improve the access to the value chains for stakeholders in four Ethiopian markets: honey, dairy, oilseeds, and pineapple. In total 437 organizations participated in at least one of the 66 CG meetings that were organized in the period 2005-2010. What lessons can be drawn from this experience? What are critical conditions for success? What can be said about the way ahead?

As a response to pressing issues in the previously neglected sectors, the four Coordination Groups were established under SNV's Support to Business Organisations and their Access to Markets' (BOAM) program. It was felt that there was a need for an instrument that could create awareness and set priorities around these issues, facilitate public-private dialogue, increase stakeholder engagement and strengthen the capacity of the sectors. Contact building and networking among chain stakeholders is considered a necessary condition for a value chain to develop. Stakeholders highly appreciate the four CGs under study that served as new, horizontal platforms where stakeholders from different societal sectors in the Ethiopian four value chains could meet and discuss in a rather open atmosphere on pressing issues in their sectors. A considerable contribution of the CGs is that they enabled the creation of linkages between organisations that did not exchange information before the start of the meetings. SNV BOAM played the role of independent 'network broker' and facilitated the establishment of Business to Business relations between stakeholders in the Ethiopian context. Moreover, it created a learning platform generating general and sector specific technical- and market information.

The process of setting up the multi-stakeholder platforms was thoroughly considered: SNV BOAM has specified a vision on why and how private sector development can stimulate economic growth that reduces poverty; the four CGs devoted considerable attention to a collective goal setting process and CG participants could adjust common objectives, strategic intervention- and operational plans; the CGs are horizontally organised and from 2009, stakeholders had a say in the sector allocated funding through the CG Executive Committees. Moreover, a number of SNV BOAM initiatives have been supportive in 'levelling the playing field' for stakeholders. First, the meetings in all four CGs are currently in Amharic, the language that all stakeholders understand. Therefore, all stakeholders, including farmers, had a (equal) say in the meetings. Second, the DSA reimbursement has been functional in ensuring participation of poorer organisations and actors from remote areas for whom travel and accommodation costs were a real barrier to participation. Third, in principle, every stakeholder is welcome to participate in the open and transparent CG meetings. Finally, the CGs channelled and partly accounted for considerable amounts of innovation- and sector funds being pumped into the four sectors, which were made available through the overall BOAM program.

Next to these contributions, CG participants also pointed to insufficient involvement from key- private players and government decision makers, high rotation, distrust, and absent leadership in the meetings. In what way did this effect change processes in the four value chains?

Conform our hypothesis - that MSPs that better meet the conditions for fruitful collaboration can generate more effects leading to institutional change- the four case studies show that the relationship between internal dynamics and external dynamics is rather linear; horizontally organised CGs with strong goal alignment and committed network leaders, high stakeholder involvement and -embeddedness are preconditions to durable change in the institutional business environment.

Trust was identified as a moderating factor between internal and external dynamics. Ideally, stakeholders meet and collaborate in the stakeholder platforms, and develop a sense of trust as a result of these interactions. Trust built then, positively relates to, for example, improved access to markets as buyers and suppliers engage in trusted relationships. On the contrary, lack of trust can have the opposite effect.

The findings suggest that all CGs have played a role in addressing smallholders and small and medium sized enterprises' access to knowledge, markets and organisations, but to variable degree. All CGs contributed largely to value chains stakeholders' access to knowledge (technical, market, organisational) through information exchange and trainings facilitated through the CGs.

The CGs have facilitated access to (new) markets by opening export markets (honey), stimulating the establishment of business to business relations, generating market information and -exchange visits, promoting contractual agreements, and increasing quality awareness and quality based pricing systems. In the pineapple and dairy sectors, oligopsonic market structures exist that limit the changes that are promoted in the CGs and their operations. Therefore, it remains a challenge to make local markets more predictable for smallholder farmers and SMEs. Nevertheless, the CGs have been able to attract several investors, wholesalers, and processing companies to the meetings who have the potential to reduce the (black) market oligopsony that exists in the Ethiopian pineapple and dairy sectors.

In all CGs except for pineapple, stakeholders' access to new organisations improved somewhat, but only the honey CG facilitated access to new professional organisations -formed externally from the honey CG- for honey stakeholders. In the pineapple sector the situation differs due to the absence of relevant professional organisations.

In general access to affordable capital for smallholders and small and medium sized enterprises remained a major issue of concern. Some results were visible: the CGs contributed to the participation - and sometimes even provision of capital - of several Banks and MFIs in the meetings, and capacity building through the CGs improved the creditworthiness of several participating organisations and increased attention to the various sectors. Particularly the honey CG was able to generate some capital from within the value chain. Nevertheless, the overall outcome is rather limited. However, it is questionable whether that should be attributed to the CG organization. Finance institutions are highly dependent on the general, national macroeconomic- and political climate which may be far beyond the scope of an agricultural multi-stakeholders platform.

Collaborations that are both highly embedded and have highly involved partners, are the most likely to generate an intermediate institutional change that may become more widely adopted and hence established practice. The honey CG managed to

develop a strong export-orientation, tie a core group of committed stakeholders and 'sector leaders', and highly involved government authorities that previously had little interest in the sector. Relationships with the government were instrumental in opening up access to international honey markets.

The dairy CG on the other hand, initially lacked both stakeholder involvement from the two main private key players as well as embeddedness in relevant and strong third organizations. The dairy network was found to be most hierarchal compared to the other CGs and until now, none has emerged as a *primus inter pares* capable of organizing the dairy chain actors into a more powerful sector. Moreover, goal alignment has remained a weak element as divergent stakeholders' interests and low confidence and distrust among dairy stakeholders, particularly between producers on the one hand and processors on the other, was a major constraint to the performance of the dairy CG. Despite these obstacles, the dairy sector is recently stronger anchored in the government through the establishment of the dairy board steering committee and upcoming Dairy Board. Furthermore, one of the key private processors in the dairy sector that was initially reluctant to communicate with any producer organisation is now a member of this dairy board steering committee. And mid 2010, the government choose dairy as one of the four agricultural products in its five years Agricultural Growth Program.

The CGs deliberately stimulated stakeholders' trust development, especially in those of dairy and pineapple, increasing their potential to have a substantial effect on changing the institutional environment of the sectors' business. Only in the pineapple CG, the pace of institutional innovation slowed down due to the absence of private sector leaders, an unclear focus in strategic intervention plans, and a too dominant public sector influence.

Finally, in the oilseeds CG, promising relationships with the government, also through the PPPO, have improved the interest in and attention given to the oilseeds sector. The oilseeds CG did facilitate trust-building, but this was not sufficient for an efficient transaction between the chain actors. Members and the central private company were discouraged in investing time and resources in the oilseeds value chain, because of the absence of a willing and committed nucleus group of participants, the high CG member rotation and long procedures for acquiring the SNV BOAM funds.

SNV BOAM, in 2005, initiated four value chain multi-stakeholder platforms from scratch. Although the development of the four sectors still has a long way to go, the case studies found sufficient evidence that the multi-stakeholder platforms have been critical elements in the SNV-BOAM program that aims at creating linkages needed for value chain development. In developing countries, such as Ethiopia, linkages between private sector actors are often weak due to vast geographical distances, vulnerable communication systems and the mutual lack of trust and confidence. Moreover, cross-sector linkages are often even weaker due to historical divides that exist between the state sector and the private sector; and between both sectors and civil society. In this environment, the international NGO SNV -who implements the BOAM program-, successfully facilitated a tri-sector multi-stakeholder approach in Ethiopia. Private sector actors, also from remote areas, were enabled to meet, establish contracts, exchange knowledge and learn from one another. The four CGs also enhanced the governments' appreciation of the four sectors as well as of the

importance of the role to be played by private businesses. Hence, the CGs created a 'window of opportunity' for the private sector.

In the future, considerable effort remains necessary to a) further involve key-decision making government authorities and (lead) private firms in public-private dialogues; b) move earlier and faster with these decision makers; c) further facilitate access to affordable capital for smallholders and small and medium sized enterprises; d) attract domestic and foreign investors; and to e) develop professional services to stimulate the four sectors in their continuous process of sustainable development.

6. Twelve lessons learned

We finish off the report of this multiple case study with a series of lessons learned and recommendations to SNV BOAM in respect of the continuation of the program. The majority of the 'lessons' are directly related to the further facilitation of the CGs, while the latter few are also meant to provoke a broader discussion on the CG's role in the BOAM project and the direction of the project itself.

Lesson 1: Keep the momentum of what has been started

Stakeholders very much appreciated the Coordination Groups as an additional vehicle to organize the business environment of their respective industry sectors. But the social transformation processes that drive institutional change are slow. To effectively facilitate change in neglected industry sectors in developing countries requires time, investments, and long-term commitment of value chain stakeholders to ensure genuine improvement. Opportunities created in the CGs can function as a catalyst for further development of the sectors. Therefore it is important to keep the momentum and to continue with what has been started to enhance the chances for success. Therefore, the first recommendation is to:

- ❖ *Continue support (create linkages) to at least three of the four value chain CGs under study – those of the dairy, pineapple and oilseeds sectors- as the CGs have proved their value in creating linkages for value chain development. The honey CG already reached a sufficient amount of autonomy to continue on its own.*

Lesson 2: Find the champions

Horizontally organised MSPs offer a greater degree of flexibility and openness compared to traditional, more hierarchical forms of governance. Nevertheless, there should be leadership. If certain actors or organisations are in the position to bring in their own networks and resources and if they possess the capability to bridge (existing) divides, they can fulfill the leading role of network broker. Searching for such a 'credible leader' (who can drag and push) is recommendable, but only if he or she can act as a *primus inter pares*. If such an actor does not exist, than the leadership issue is likely to continue to be a hot issue. This is especially true in cases where the divides among stakeholders are wide.

- ❖ *Find 'the champions'; the credible local leaders that can act as network brokers. If they seem absent in a sector, potential local leaders could be identified and supported in developing leadership qualities. The involvement of a relative outsider, such as the sector's global lead multinationals or their first-tier suppliers might be another option.*

Lesson 3: MSPs intend to change but also depend on their economic and political context

Although it seems evident, change only occurs if the value chain stakeholders are willing to change. In the pineapple CG several key stakeholders have no interest in

changing the subsector. The Piazza wholesalers and traders disengaged from the pineapple CG since they were unwilling to compromise their oligopoly position. Also in the dairy value chain CG we see reluctance to change due to favored oligopoly positions of the few large scale processing companies. The success of changing the institutional environment also depends on the willingness of private enterprises to invest, and in the dairy and pineapple CGs initially little interest has been forthcoming. Pineapple investors even withdrew their commitment. Banks and MFIs were generally not willing, or able, to lend any money to stakeholders, mainly smallholders, in the four value chains. This could seriously limit the effects of any value chain MSP trying to facilitate change in institutional environments. In Ethiopia, only value chain stakeholders in the more regular sectors, such as coffee, generally have better access to investment capital. The value of partnerships/multi-stakeholder platforms lies in the potential to create win-win situations if all stakeholders are willing to contribute to the achievement of goals. In all sectors, least in honey, stakeholders are struggling with existing institutional structures and market domination defended by other stakeholders. This issue has probably limited the effects of the oilseeds, pineapple and dairy CGs on actual changes in the institutional business environment. The honey value chain, a rather simple and new value chain, is experiencing fewer hindrances from 'old, established institutions'. To induce change MSPs require contextual strategies. Therefore, the third recommendation is to:

- ❖ *Continue to define well suited MSPs fitting the context of each sector in future MSP projects. There are inherent restrictions for every MSP, related to for example macro economic and political issues, weak business infrastructures and unwilling (dominant) market parties and/or governments. MSPs cannot solve these issues on their own but they can contribute to creating linkages needed for value chain development as the four SNV BOAM supported MSPs did. Every MSP requires a unique approach and set-up fitting the dynamics of each sector and taking into account the number of participants and frequency of meetings, stakeholder representation, accountability and quality embeddedness in society.*

Lesson 4: Balance the number of participants and meeting frequency

In principle, every stakeholder is welcome to participate in the open CG meetings. Only later on in the MSP process, invitations became more regulated with only one participant from each organisation receiving DSA. Within the SNV BOAM team discussions emerged on engagement processes and who to invite in the coordination groups. At times there were too many participants in the meetings according to the interviewees. It was impossible to 'hear all stakeholders' voices' with 76 participants present in the fifteenth honey CG meeting. In addition, it triggers high levels of rotation of non-contributing members. A related point of discussion was the frequency of the MSP meetings. The dairy, oilseeds and honey CG meetings have taken place every three months (four times a year), whereas the pineapple CG meetings have started to take place bi-annually, but later on every three months. The question rises what size and meeting frequency MSP-like structures should have in order to generate more effects that could lead to institutional change. The lesson learned is that it is necessary to balance the number of participants and meeting frequency in each context to level the playing field.

- ❖ *Find other ways to ensure stakeholders' voices are heard, e.g. by visiting and interviewing them;*
- ❖ *Consider a format where the first meetings are open to all interested stakeholders to ensure a broad based representation and to identify the main issues at stake in the sector(s). In the following meetings, participation could be organized on the basis of invitation, focused on representations of stakeholder groups and prominent firms (domestic or abroad), and taking into account the agenda relevance for the various organizations. Stakeholders do not necessarily have a stake in all these issues and can more selectively attend meetings. It is advisable to repeat this format every year to identify new issues and stakeholders.*

Lesson 5: Ensure quality embeddedness in society

Key to durable changes in the institutional business environment are high stakeholder involvement and embeddedness. The social network analysis revealed that the four MSPs are embedded in all sectors of society and are to some extent anchored in the ministerial level. A second step is to attract competent, high level representations of stakeholder groups. Interviewees, for example, explicitly deplored the absence of key governmental decision representatives in the meetings. Also the capacity and quality of the central private sector players showed great variety. MSPs should be aware that there may be too many organisations that have little or nothing to add. On the other hand, deep embeddedness has a flip side. Having an intensive relationship with the government runs the risk of becoming too dependent from certain agencies. In the pineapple CG we found that strong governmental involvement slowed down change and progress in business environments, because any decisions had to pass the governmental hierarchy first.

- ❖ *Ensure embeddedness of the MSP in all societal sectors. One way of ensuring a public-private dialogue is to have high level ministerial representation in an Advisory Committee or Board, such as SNV BOAM already did under the BOAM program;*
- ❖ *Consider stepping-up efforts to have key decision makers at the relevant state-levels and the lead private firms or private sector associations aboard in the MSPs. Even if they are initially not willing to participate, keep the door open as their interest might grow. Invitation on personal basis (letters, visits) and meetings organised on specific issues will increase response.*

Lesson 6: Develop a Board as soon as stakeholders develop 'a voice'

CG members pointed to lack of implementation and follow up of agreements in the meetings. This relates to limited commitment of several members in the meetings as well as to the lack of formal accountability mechanisms in the MSPs. At the start, a MSP is a vehicle to coordinate common interests and goals. For continuity purposes one could consider formal support mechanisms, such as a Board, as soon as members start to see the benefits of a MSP and start to represent their stakes ('having a voice'). The Board ensures embeddedness at the ministerial level since the government is part of this supervisory body. Establishing Boards in the CGs, such as the Ethiopian

Apiculture Board and the upcoming Dairy Board, is one of the successful strategies under the BOAM program to promote public and private sector dialogue.

- ❖ *As soon as core and regular visitors start to develop ‘a voice’, establishing a Board, a supervisory body elected by stakeholders with defined stakeholder roles and formal contracts, is advisable. Vital for the Board is the role of the government who ideally acknowledges the importance of the development of the sector and who embraces a coordinating task.*

Lesson 7: Subgroup discussions help building trust

Trust building in meetings is essential. Trust positively relates to, for example, improved access to markets as buyers and suppliers engage in trusted relationships. Moreover, trust building is a key issue in an effective goal setting process. The lack of trust can have the opposite effect. Generally, all four CGs are valued for their contribution to improved relationships and trust building between stakeholders in the four value chains. CG members are also deliberately encouraged by the chain Facilitators and Lead Advisors to have bilateral discussions and to exchange contact addresses during lunch and coffee breaks.

- ❖ *Continue to play the role of trusted ‘broker’ by actively linking actors and stakeholders in and outside the CGs. The “action groups or action approach” and “(bilateral) grouping” followed in the pineapple CG could serve as a model.*

Lesson 8: Goal alignment is a continuous process

The CGs cannot address all high and different expectations of the stakeholders. A discrepancy between expectations and outcomes is therefore likely, especially when the rotation rate among participants is relatively high with new participants attending the CGs almost every meeting. Oilseeds processors for example, expect the oilseeds CG to play a key role in technology transfer (financial support to buy a modern edible oil refinery) while producers expect the oilseeds CG to create sufficient access to improved seeds and markets. Making expectations more explicit to enhance goal alignment is advisable, not only in the first meeting, but also at later stages. Therefore, in future MSP programs SNV BOAM could:

- ❖ *Consider to reserve more time for specifying the expectations of and benefits for each individual member or actor group. Such a goal alignment process could be repeated regularly with newcomers.*
- ❖ *Clarify and define roles, responsibilities and benefits for each MSP member. Clearly link individual contributions to the benefits members receive. Contracts with each participating member and follow-up sheets could improve follow up of agreements.*

Lesson 9: Elaborate on the program's Theory of Change

SNV BOAM has explained its rationale for engaging in multi-stakeholder platforms in support of value chain development in a specific document.³⁶ According to the document MSPs can be seen as new governance structures that can reconcile value chain stakeholders' interests through dialogue, that promote inclusiveness when addressing sustainability issues, and that enable problem solving at a decentralized level. "MSP-like structures" should operate as a network until new professional associations take over their strategic and communication roles. In its ToC, SNV BOAM distinguishes three stages of value chain development: embryonic, infant, mature. The MSP networks are particularly relevant during the first stage, 'from conception to embryo', when they are to be succeeded by professional associations.

A program Theory of Change is helpful in guiding and monitoring the program, but it is also an interesting type of theory because it is practitioner-based and may be very useful for integration into broader scientific theory formation. In this context SNV-BOAM is encouraged to elaborate on its ToC, especially in respect of the distinction of phases in value chain development. It is not yet clear when the value chain moves from one stage to the other, and how the concepts "infant" and "mature" are defined in terms of their pro-poor or economic development content. For example, do the concepts still apply when a foreign investor develops an integrated new value chain by investing in a new pineapple plantation, transportation and export facilities?

- ❖ *Elaborate on the Theory of Change and clarify the definition of stages of value chain development and make more explicit what MSPs could contribute to in the various stages.*

Lesson 10: Reach out to obstructing, non-participating stakeholders

Particularly in the dairy and pineapple chains oligopsonic market structures exist where a small group of buyers dominates the market and hence limit the changes that are promoted in the CGs, much to the frustration of CG members and SNV BOAM itself. The CGs and SNV BOAM saw no other option than to circumvent and neutralize the "monopolists" as they are commonly labelled in documents and interviews, although the CG meetings remained open to them. The question is what would be a fruitful strategy to reach out to obstructing non-participating stakeholders. It is not obvious for any foreign NGO that facilitates value chain developments to challenge dominant market parties. The support from the government for such a strategy may remain weak because of the established interests of the targeted firms and traders. It may put both the MSP and the NGO in a vulnerable position. Further, value chain MSPs, by definition, may not work as countervailing power to "monopolies". MSPs are symbolic spaces to bridge divides among stakeholders, not to broaden them.

³⁶ SNV BOAM, 'Theory of Change for general VC development and ToC for pro-poor development through Private Sector Development'. Undated document; SNV and IFAD (2010). 'Brokering Knowledge for scaling up Best Practices in Inclusive Market Access in East and Southern Africa.' Report of a Conference held 23–24th June 2010, Nairobi, Kenya.

- ❖ *Consider a strategy vis-à-vis established dominant chain stakeholders in case they significantly hinder necessary changes in the sector's business environment. One option is to start a process of scenario thinking about the future of the respective industry sectors in Ethiopia. Scenarios for Ethiopia's 'pineapple sector in 2020' or 'dairy sector in 2020' could be developed as a tool for thinking creatively about common grounds and the future with MSP-opposing stakeholders. Such a process could make stakeholders realize that the continuation of a business-as-usual strategy may end up in an 'everybody is losing' scenario, while several innovative 'win-win' or 'no-lose' paths may be discovered. If SNV BOAM would facilitate such a scenario-thinking process, it should appreciate its independent position towards all stakeholders.*

Lesson 11: Beware for supply-side elements in demand-driven approach

SNV has undergone a significant paradigm shift from a development NGO supporting farmers and production increase towards an organization with a more commercial approach based on the assumption that the private sector can become an engine for development. SNV BOAM therefore proactively aims at a private processor or exporter as “Chain Leader” who is also chairperson of the CG. The support for such a leader is a relevant and important aspect of SNV BOAM's demand-driven approach in the CGs. However, the scope of value chain development remains confined to the national borders of the host country. This element in its private sector development program may hinder SNV BOAM in conceiving the global market context of the local value chains and CG dynamics. For example, honey and oilseeds are partly export commodities and therefore part of global value chains. The lead firms in both chains are foreign retailers or processing companies that have the market power to impose its quality standards on all suppliers upstream in the value chain. In local chains, foreign companies may also play a more prominent role in restructuring local supply chains when they get interested in local market opportunities, for example in the case of dairy or pineapple.

- ❖ *Consider a more radical implementation of the paradigm shift towards facilitating the private sector in its role as an engine of economic development. Local value chain development initiatives require a global approach that identifies the main global players, in respect for both the domestic and foreign markets. The identification of the global lead multinationals or their first-tier suppliers may improve opportunities for a knowledge transfer concerning international quality standards, may raise the interest of the lead firm to source from Ethiopian producers, may raise interest among lead multinationals to invest in local market development in Ethiopia, and may increase the interest of Ethiopian producers to invest in branding activities in the markets of the lead firms.*

Lesson 12: Access barriers to affordable capital require closer investigation

The study shows that none of the four CGs have generated substantial effects that make rural banks or buyers more willing to loan to farmers or SMEs. SNV BOAM has proactively invited banks and MFIs to the meetings, but with little result. Most Banks and MFIs abstained from participation in the meetings, and those who were

present were hardly more willing to loan. Apart from the funding of SNV BOAM itself and apart from some encouraging developments from within the honey value chain, there is little long-term improvement in the access to external capital, a key condition for upgrading by value chain actors. How come? It is likely that causes for the limited effects should be attributed to the general climate of doing business in Ethiopia, which is beyond the scope of the CGs and the entire BOAM project. Nevertheless, whatever the reasons may be, capital providers apparently doubt the market opportunities for Ethiopian producers in the dairy, oil seeds, pineapple, and honey sectors. Could this be an indication that the development of value chains for local markets requires long-term, supply-oriented support in order to create a demand?

- ❖ *Consider additional research on the barriers to capital and credit provision for SMEs and smallholder farmers in the four sectors in the context of assumed market opportunities of the four commodities.*

7. Limitations

The inherent problem of evaluation research is **how to attribute** changes observed to the intervention, in this case the multi-stakeholder platforms or CGs. This problem was prominent since the CG approach was part of the far larger SNV BOAM program. Especially when organisations already have established long term relationships with SNV BOAM, the clear cut distinction between services provided by SNV BOAM or through the CG is not easy. It was therefore crucial that we remained aware on this challenge throughout all research phases, especially also during the interviews when interviewees regularly mixed up CG activities with other BOAM program elements.

Second, during the field work the researchers operated in close collaboration with SNV BOAM and were partly dependent on SNV BOAM for their selection of interviewees. Though this substantially facilitated logistics and minimized non-response, such embeddedness holds the risk of **losing independency** in the eyes of interviewees. Organisations might shy away from reflecting critically on the CGs as they fear the continuity of their good relationship with SNV BOAM. To avoid bias, stakeholders that had exited the CGs as a result of a conflict or those unwilling to participate were explicitly incorporated in the interview sample. Furthermore, the researchers constructed a list of relevant stakeholders in advance to ensure independent sampling.

Third, we have not explicitly taken into account whether and how the **political context** of Ethiopia has impacted on the way MSPs are organised and functioning.

Finally, **further research** is necessary if one wishes to explain several observed trends in the social network analysis, for instance on the underlying reasons for the civil society being mainly involved in the honey CG and oilseeds CG and less in the dairy and pineapple CG.

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