

Promoting sustainability of Char Business Centres

Background

Through asset transfer and the provision of cattle husbandry training, the Chars Livelihoods Programme has helped participants to move from reliance on labouring to earning an income through selling livestock products. However, the challenge now is to help these individuals to further increase their incomes in order to continue their journey out of poverty.

To achieve this goal, CLP recognised that it is necessary to go beyond the direct provision of further assets and training and look at the whole system which poor livestock producers are part of. To maximise productivity and profits, poor livestock producers need to be able to purchase inputs such as feed and vaccines for their cattle. They also require credit in order to purchase these inputs. They need to continue learning better production practices and they need to know what people want to buy and when. To make this possible, they rely on various other actors. There must be people selling inputs, people they can learn production practices from and people who will buy their products and sell them to the final consumers.

The actors, functions and relationships described above are all part of what is known as a 'market system'. A market system can either help livestock producers to increase their profits, or fundamentally constrain them. **To ensure that these systems work to benefit the poor, CLP initiated three market development projects which aim to facilitate change in milk, meat and fodder market systems on the Chars.** The programme aims to play a 'facilitative role'. This involves helping different actors to identify market opportunities for char livestock produce, creating new linkages between different actors and helping actors to coordinate themselves so that they work together effectively.

A central component of the market development strategy is to foster the development of two institutions - business groups and Char Business Centres (CBCs).



Livestock Service Provider attending to cattle

Business groups

Business groups operate at village level and are made up of producers from a single sector (milk, meat or fodder). Business group members meet regularly to learn from each other, solve common problems and increase bargaining power with other market actors, such as buyers. Typically, there are 2 per char and they contain 25 members. In total, 312 business groups have now been formed.

Char Business Centres (CBCs)

Char Business Centres (CBCs) are committees whose members include:

- Milk, meat and/or fodder producers from the business groups
- Input service providers
- Buyers

Typically, there is one CBC per char, the CBC has 10-20 members and they meet at least once per month. In total, 70 CBCs have now been established.

Purpose of the CBCs

The high level objective of the CBCs is to provide a **functional institution where different market actors can interact for mutual benefit.**

More specifically, it was envisaged that CBCs would:

- Facilitate the development of new **relationships** between different market actors
- Promote **dissemination of information** about improved **production** practices
- Promote **sharing of market information**, such as buyer requirements
- **Plan business activities** together to ensure production meets market requirements
- **Solve problems** which affect all actors, such as improving the efficiency of char-to-mainland supply chains
- Work together to **attract investment** from larger businesses

Project activities to develop the CBCs

The programme has carried out a variety of activities to promote the development of the CBCs, including:

- Facilitating the process of committee formation
- Committee member capacity building training, which covered: leadership, networking and negotiation skills, joint decision-making, roles and responsibilities
- Market literacy workshops
- Linkage meetings with other private sector actors

Workshop to promote sustainability of CBCs

On 9th June 2014, a workshop was held to review and improve the strategy for making CBCs sustainable. Staff from milk, meat and fodder market development projects participated in the workshop, which included presentations, group analysis and planning activities. The points listed below present the key conclusions made during the day and afterwards through additional input from a consultant.

Workshop conclusions

What does sustainability mean for CBCs?

During the workshop, participants discussed the fact that sustainability can mean different things for different institutions. As such, it was agreed that it is crucial to decide what sustainability means in the case of CBCs, prior to formulating a strategy to

promote sustainability. As a result, the following definition of sustainability of the CBCs was agreed:

Sustainability means that CBCs: *'Continue impactful business operation for Char market development by adding value to its stakeholders without any external support, particularly funding, even after phasing out of CLP.'*

The key components of sustainability which this definition highlights are that:

- CBCs **continue operations**
- CBCs **continue adding value**
- CBCs can do the above **without external support**, after CLP ends

What makes CBCs sustainable?

It was also agreed that, in order to plan effective interventions to promote sustainability, it is first necessary to identify what makes CBCs sustainable. Many drivers of CBC sustainability were identified during the workshop. The most significant of these are detailed below:

'Mind-set' (vision, attitudes and motivation)

CBC members must want the group to continue functioning and be willing to put effort in to achieve this. These positive attitudes and motivations are often driven by a clear vision of what the CBC will achieve and the benefits that these achievements will generate.

Organisational management and self-governance

CBCs must have the capacity to manage themselves and their own development. This includes the capacity to identify human resource requirements and assign roles; the capacity to set rules and to enforce them; and the capacity to develop effective operational procedures.

Business-management capacity

CBCs must be able to identify market opportunities and to plan and manage business activities in order to access these opportunities.

Funding

To operate, CBCs require funds to pay for costs such as infrastructure, transport and meetings. As

CBCs grow and develop, they require increasing amounts of funding.

What strategy should be used to promote sustainability of CBCs?

Through the workshop activities and subsequent work by the consultant, a strategy was formulated for promoting the sustainability of CBCs. The strategic priorities, together with a process for designing activities to achieve these priorities, are detailed below.

Strategic priorities

Develop individualised CBC strategic plans

At present, none of the CBCs has made a strategic plan for its future development. This was identified as a crucial step to ensure that CBC members have thought through and agreed upon what they want to achieve and how they will achieve it. At a minimum, this will include planning:

- Short and long term vision and objectives
- Organisational structure, roles, constitution, codes of conduct and operational procedures
- Human resource requirements
- Infrastructure requirements

Developing business management skills

The sustainability of the CBCs is dependent on the business success they generate for members and key stakeholders. In turn this success is dependent on the development of business skills by the CBC members. Developing skills in the following areas was identified as a particular priority:

- Identifying service needs of stakeholders
- Deal-making with private sector actors
- Facilitating access to finance
- Development and operation of 'market hubs' (eg. collection points)

Developing revenue generation, planning and management skills

Revenue generation is essential to the sustainability of the CBCs. Sound planning, documentation and management of revenues is also crucial. With this in mind, developing the skills below was identified as crucial:

- Identifying key cost types
- Producing revenue generation plans
- Book-keeping and accounting
- Financial analysis and planning

Process for designing activities

CBC assessment

There are significant differences between the 70 CBCs which have been created so far. They vary in age between 6-18 months, they have different opportunities open to them and different internal strengths and weaknesses when attempting to access these opportunities. With this in mind, it is envisaged that it will be necessary to carry out an assessment of each CBC, particularly its capacities, in order to plan activities to promote development and sustainability.

Tailored design of interventions

Activities will be designed to develop the priority needs of the groups. The activities planned will fall broadly within the strategic priorities mentioned in the section above, but will be tailored to meet the needs identified by the CBC assessment.

These interventions will not be tailored to exactly meet the needs of each individual CBC. Rather, grouping of CBC needs and corresponding support activities will be necessary. The most probable of these groupings is the design of support activities tailored to CBCs at different stages of development. For example, the first 18 months of development could be divided into three stages, each six months in duration: 1. Initiation and start-up, 2. Establishment and maturity, 3. Expansion and sustainability. Different support activities could then be planned for groups at each of these stages.

Key learnings

- Clear definitions of sustainability, together with analysis of what drives it, help guide design of interventions to promote sustainability
- Building capacity is key to promoting sustainability
- Tailor interventions to needs, but try to group needs and corresponding interventions