

# Char Business Centre lesson-learning workshop report

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## Executive summary

The Market Development component of the Chars Livelihoods Programme applies the Making Markets work for the Poor (M4P) approach to facilitate change in three livestock-related market systems- milk, beef and fodder- on the Chars (silt river islands) of north-west Bangladesh. A workshop was held between programme staff to share lessons learned about the Char Business Centres (CBCs), which are committees formed of different actors from the market system, including input sellers, producers and buyers. Key findings from the workshop were:

### 1. What improvements have the CBCs achieved for producers, input sellers and buyers?

The following improvements were cited as being caused by the CBCs: **linkage and relationship building** between all actors, improved producer **business knowledge**, improved producer **business planning**, development of **input supply**, improved producer **access to finance**, better flows of **market information** between all actors.

Analysis of whether these could have been achieved without the CBCs suggests that CBCs were essential to accessing finance through United Leasing Company and to successful engagement of larger private sector actors for training producers. It also suggests that they added some unique value (ie. over and above that which other activities could have achieved) to linkage and relationship building, sharing of business knowledge, the successful development of char-based input dealers and to improving flows of market information.

### 2. What factors make a CBC function well?

The key factors mentioned were **motivation**, positive **group dynamics**, **understanding about roles and responsibilities**, **understanding about business**, **meeting regularly**, **active participation** at meetings and **regular exchange of information** between actors.

### 3. What support do CBCs need from the programme in order to succeed?

(i) **Challenges** faced by CBCs: challenges were reported about **infrastructure** (meeting place), **logistics** (especially during floods), **finance**, **participation** (at meetings), **documentation** and difficulties **engaging with bigger actors**

(ii) Analysis of **support activities**: see 3 (ii) for strengths and challenges relating to main CBC support activities

(iii) **Ideas** for **other activities** to support the CBCs: new ideas included **exposure visits to other CBCs** and to **other private sector actors**, **sharing** of learning **between CBCs** and more **livestock fairs**

### 4. What capacities do BDOs need to have in order to provide effective support to CBCs?

The qualities mentioned included **motivation**; **understanding of business and market sustainability**; **facilitation skills**, capacity to **provide advice**, **linkage skills** and capacity to **work with private sector actors**; **organisational development skills**; **problem-solving skills**, **organisational skills**; **self-control** and the ability to **understand other people's point of view**

### 5. Should we continue using CBCs?

- **All participants voted in favour** of continuing to use the CBC model
- There was agreement that the CBC model is **essential for all sectors**
- There was also agreement that it is **necessary in all cases** (ie. on all chars)

## Workshop background and aims

The Market Development component of the Chars Livelihoods Programme applies the Making Markets work for the Poor (M4P) approach to facilitate change in three livestock-related market systems- milk, beef and fodder- on the Chars (silt river islands) of north-west Bangladesh. A central component of the market development strategy is to foster the development of two institutions - business groups and Char Business Centres (CBCs).

### Business groups

Business groups typically operate at village level and are made up of producers from a single sector (milk, beef or fodder). On average there are 2 per char and they contain 25 members. The purpose of each individual business groups depends on the constraints faced by its members. However, in general they aim to increase learning and innovation, help producers to solve common problems and increase bargaining power with other market actors.

### Char Business Centres

Char Business Centre (CBC) are committees whose members include producer representatives from the business groups, but also buyers, input service providers and other relevant private-sector actors. The high level objective of the CBCs is to facilitate the development of new relationships between different actors in the market system and to provide a functional institution where they can interact for mutual benefit. More specifically, it was envisaged that they would engage in collaborative dialogue, collective decision-making, problem solving and innovation. As a result, it was expected that a number of business benefits might be generated for the different market actors, such as such as increasing productivity, increasing sales volumes, reducing transaction costs and increasing access to finance.

The programme has been carrying out a variety of activities to facilitate the development of the CBCs, including:

- Facilitation of committee formation
- Committee member capacity building training: covering leadership, networking and negotiation skills, techniques of joint decision-making, roles and responsibilities of committee members
- Market literacy workshops
- Linkage meeting with other private sector actors, such as feed manufacturers and microfinance institutions
- Facilitation of planning meetings

### Workshop aims

The CBCs in the meat and fodder sectors have now been functioning since November 2012 and the in the milk sector since January 2013. For a number of reasons, it was decided that there was a need for a review of their functioning and effectiveness at this point. Firstly, Making Markets work for the Chars (M4C), the sister programme of CLP, is considering adopting the CBC model. With this in mind, M4C were interested to understand what level of success the CBCs had achieved in order to inform decisions about whether to adopt the model. Secondly, CLP is about to start work on new chars and is therefore keen to check that the model is working and to have the information required to decide what support should be provided to the CBCs. In order to provide the information for these purposes, the following research questions were selected:

- 1. What improvements have the CBCs achieved for producers, input sellers and buyers?**
- 2. What factors make a CBC function well?**
- 3. What support do CBCs need from the programme in order to succeed?**
- 4. What capacities do Business Development Officers need to have in order to provide effective support to CBCs?**
- 5. Should we continue using CBCs?**

It was decided that a lesson-learning workshop among field staff would be the best way to provide information about these questions at this stage, because it is quicker than primary research and the dialogue helps create immediate learning among programme staff. Follow-up research will be planned if necessary, based on the findings generated. The workshop was carried out on 10<sup>th</sup> July and was attended by 17 staff from implementing organisations, 10 core CLP Market Development staff and the M4C Operations Manager.

## Learning in relation to research questions

### 1. What improvements have the CBCs achieved for producers, input sellers and buyers?

#### Learning activities

- Firstly, all participants were asked to think of 3 improvements which the CBCs had generated and to write these down on a simple questionnaire which gathered key details about the improvement
- Small group discussions, followed by a whole group discussion, were carried out to share improvements

#### Key learnings

Participants identified several major categories of improvement caused by the CBCs:

##### Linkage and relationship-building

Both on the written questionnaires and in the group discussions, linkage and relationship-building between different actors were frequently mentioned as an improvement caused by the CBCs. In particular the relationships developed between producers, input dealers and cattle traders were often highlighted. This is not surprising, given that the CBC brings together different market actors to work together, who would otherwise have little or no interaction with each other. It would require detailed primary research to understand the precise scale of these improvements and to what extent they were attributable to the CBCs. However, it is reassuring that this was mentioned so frequently, because if relationships were not developing between different actors, there would be a serious problem.

##### Could this have been achieved without the CBC?

Some level of linkage-creation could be achieved without the CBCs, through activities such as linkage meetings facilitated by the programme. However, the fact that the CBC model involves regular meetings between different actors means that they are likely to create stronger relationships than any one-off activity.

##### Improved producer business knowledge

CBCs were also frequently cited as having caused improvements in business knowledge. In particular, meat and fodder production practices were repeatedly noted as having improved as a result of the CBC. One key example provided was the fact that the CBCs had engaged with several feed companies and as a result these companies had provided training to meat producers. Equally, informal sharing of production information was reported as taking place regularly between the CBC committee members.

##### Could this have been achieved without the CBC?

Participants reported that companies were only willing to arrange the training through the CBC, because they are professional in their approach, and that they would not have been willing to do this if they had to liaise directly with the business groups. Informal sharing of production knowledge would almost certainly exist without the CBCs, but the regularity of contact which the CBCs generate is likely to have increased the opportunities for sharing and provided the positive relationships which make people more willing to share what they know.

### **Improved producer business planning**

Participants also reported that CBCs have caused improvements in business planning. The beef sector was highlighted in particular, with many participants noting that beef producers had shortened their production cycles for beef fattening and that this was a direct result of CBC committee members assisting beef producers during business planning sessions.

#### Could this have been achieved without the CBC?

This could equally have been achieved through direct provision of advice by programme staff during the business planning process. But the fact that it was provided by CBC committee members should mean that these actors will continue providing this advice after the programme ends.

### **Development of input supply**

Participants reported that the CBCs contributed to the development of char-based input dealers in various ways, which has increased access to improved inputs for char producers. These included selecting appropriate input dealers for the programme to support; increasing demand for improved inputs through their contribution to business planning processes (see above); providing a forum for the sharing of market information between input dealers and producers, particularly about demand; and arranging technical training for the input dealers which was delivered by ready feed companies.

#### Could this have been achieved without the CBC?

Although many participants reported that the activities of the CBC contributed to the development of char-based input dealers, the programme also carried out other activities to achieve this goal. This included arranging linkage meetings with producers, mainland dealers and agro-input manufacturers, and playing a role in arranging training for the input dealers by agro-input manufacturers. As such, the development of the input dealers is certainly not entirely attributable to the CBCs and it may even be that the input dealers could have developed without the support of the CBCs.

However, it is possible that the CBCs added some unique value by virtue of the fact that they had helped to develop relationships between producers and input dealers. This could have had a range of positive contributions to the development of these input dealers, such as increasing trust in the products they were selling, increasing the flow of market information and informal learning of business skills.

### **Improved producer access to finance**

It was reported that the CBC had a key role to play in facilitating the engagement of United Leasing Company, who provided 89 loans to meat producers. The CBC's specific role was to act as a guarantor for the loans, who would repay any loans on which the meat producers defaulted.

#### Could this have been achieved without the CBC?

Hypothetically, other actors such as business groups or IDE could have acted as guarantor. However, participants reported that they thought ULC would not have engaged if business groups had been the guarantors, because it would have been too risky and the business group would have been less professional to engage with. Equally if IDE had acted as guarantor this would have been an unsustainable model, reliant on continued engagement after the project. As such, it is clear that the CBC added unique value to achieving this goal.

### **Better flow of market information between all actors**

Another improvement reported was that the flow of market information between different actors in the market system had increased as a result of the CBCs. Repeated mention was made of the flow of information about demand from cattle traders to meat producers. In particular, it was noted that the char-based cattle traders in CBCs were able to relay the demands of mainland cattle traders. This happened through the cattle traders'

involvement in helping producers with their business planning, but also through the ongoing interaction of meat producers and cattle traders at regular CBC meetings.

### [Could this have been achieved without the CBC?](#)

To a certain extent, any linkage activity between cattle traders and producers would have helped to increase the flow of market information. However, as mentioned above, the regular meetings held by CBCs make it more likely that the ongoing exchange of market information will take place.

## 2. What factors make a CBC function well?

### Learning activities

- A whole group discussion was carried out focusing on the following question: 'What factors make a CBC function well?'

### Key learnings

The critical importance of **motivation** to the success of CBCs was repeatedly mentioned both in answer to this question and during other parts of the workshop. Particular emphasis was placed on the importance of members feeling that there were sufficient **business incentives** to working together as key to ensuring motivation is high.

The importance of positive **group dynamics** was also mentioned repeatedly. Understanding the values and interests of other members was cited as a key factor for generating these dynamics.

**Understanding about the role and responsibilities** of the CBC was another key factor noted by participants. In addition, **understanding about business** was reported as being crucial for effective cooperation between CBC members.

Participants also noted a number of basic activities which are crucial for CBCs to carry out in order to function effectively. The most important were **meeting regularly, active participation at meetings** by all actors and **regular exchange of information**, with particular emphasis on market information.

## 3. What support do CBCs need from the programme in order to succeed?

### Learning activities

This activity consisted of 3 parts:

- i. A discussion about the challenges faced by CBCs, carried out in two small groups, then presented to the whole group
- ii. A whole group discussion involving analysis of the strengths and challenges encountered for each of the major support activities carried out to help CBCs develop
- iii. A whole group discussion about ideas for additional activities to support the development of the CBCs

### Key learnings

#### (i) Challenges faced by CBCs

The following challenges were noted in discussion:

#### [Infrastructural, logistical and financial challenges](#)

- CBCs lack a permanent structure for meetings

- Committee members lack mobile phones, which make it difficult to contact other market actors
- In some cases, flooding can make it impossible to meet and to function as a CBC
- Lack of finance for CBC activities

#### Participation

- Not all members attend every meeting

#### Documentation

- Low literacy makes documentation difficult, which prevents development

#### Challenges engaging with bigger actors

- Poor communication and negotiation skills make it difficult to deal with bigger actors
- Not having a collection point means bigger buyers are not interested in engaging
- Not being able to supply large volumes means bigger buyers are not interested

#### Other

- Interestingly, when asked about whether anyone had seen instances of conflict between members or a general deterioration of relationships, no-one reported this happening
- Equally, issues of power and representation were not mentioned as an issue for the current CBC model. Though lengthy discussion was had about the issues in relation to other potential models, especially the creation of an advisory committee (see below)

### **(ii) Analysis of specific activities**

#### Sensitising workshop for CBC members

##### Strengths

- Effective at building awareness and interest about business opportunities among different actors
- Effective at creating business visions for the future
- Useful for linking producers with service providers and actors from the Government of Bangladesh

##### Challenges encountered

- Difficult to find time to carry this out which will suit all the different types of actors involved
- Communication between different actors difficult in some cases
- Transport to the session was difficult and time consuming
- Not all facilitators were fully aware themselves of relevant business opportunities and how the different actors could work together

#### Institutional capacity building training for CBC members

##### Strengths

- Effective at developing leadership among CBC members
- Effective at increasing entrepreneurial ability among CBC members
- Helped to develop linkages between producers, private sector actors and Government of Bangladesh
- Helped to empower producers

##### Challenges encountered

- Lack of service providers who can provide the training

#### Business planning meetings with LBGs, FBGs, buyers and input service providers

##### Strengths

- Effective at ensuring demand and production plans are produced
- Helped to develop business relationships between different market actors
- Helped producers to identify missing services

#### Challenges encountered

- Lengthy process
- In some cases, implementing the plans was difficult

#### Linkage meetings

#### Strengths

- Effective at developing linkages between different actors
- Effective at increasing understanding among market actors about the businesses carried out by other market actors
- In some cases, business deals were made at the linkage meetings
- The interaction helped to generate new ideas

#### Challenges encountered

- Lack of suitable place for the meetings
- Participant attendance low in some cases
- Mainland private sector actors not interested to travel to the chars for the meetings

#### **(iii) Ideas for other activities to support the CBCs**

The following ideas for additional activities to support the CBCs were put forward:

- More exposure visits to other CBCs and to other private sector actors
- More sharing of learning between CBCs
- More livestock fairs (one in every char)
- Quotas for female membership of some CBCs so that they are predominantly female
- Provide some financial support to the CBC (eg. pay transport costs to the chars)
- Create a separate advisory committee for each CBC:
  - Separate committee to provide further support to the CBC - eg. documentation
  - Comprised of social elite from the chars
  - Many risks raised about politics and power issues involved with this idea

## **4. What capacities do BDOs<sup>1</sup> need to have in order to provide effective support to CBCs?**

### **Learning activity**

- Whole group discussion about 'What capacities do BDOs need to have in order to provide effective support to CBCs?'

### **Key learnings**

The following capacities were mentioned as being essential for BDOs to provide effective support to CBCs:

- Strong understanding of business
- Self-motivated and dedicated to work
- Capacity to work with private sector actors
- Understanding of market sustainability

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<sup>1</sup> Business Development Officers (BDOs) are the field staff responsible for delivery of CBC support activities

- Good facilitation skills
- Good linkage skills
- Good at motivating people
- Confident and vocal when necessary
- Good organisational skills
- Able to provide strong advice to individuals
- Problem-solving skills
- Effective at organisational development
- Strong self-control
- Able to understand other people's point of view

## 5. Should we continue using CBCs?

### Learning activity

- A vote (show of hands) was held among participants about whether the CBCs should be continued
- A group discussion was held about the topic of whether we should continue using the CBCs
- Not much time was available for this activity, though the discussion about whether we should continue to use the CBCs seemed to have run its course

### Key learnings

- **All participants voted in favour** of continuing to use the CBC model
- When asked whether the CBC model was essential for all sectors, there was **agreement that it is essential for all sectors**
- When asked whether it was necessary in all cases or only certain situations, the participants were also unanimous that it was **essential in all cases** (ie. on all chars)