Rural Business Development Strategy

- Promote participatory methods for rural development
- Develop local capacity
- Stimulate the adoption of a business & market orientation by smallholder organizations & public & private development agencies
- Strengthen local support services for RBD
- Promote organization & collective action by smallholders & rural chain actors
- Stimulate product diversification & value addition
- Favor appropriate policy for smallholders & other rural chain actors
Entry Points for RBD

• The Territory
• The Production Chain
• The Rural Organization
• Local Rural Business Development Services (RBDS)
• Rural Development Agencies
Introduction

• The objective of the TA-RBD is to establish in a given region, a working group, a vision and an action plan that favors “Rural Business Development” through collective action.

• This approach, or set of methods, can be used for different geographical scales, ranging from a community to a province.

• The TA-RBD has a holistic philosophy, involving human, social, organizational, technical, economic & business aspects.

• It can be executed in two phases: Planning & Execution

• Rural organizations, NGOs, government agencies & the private sector can participate.
Principles of the TA-RBD

- Promote a business & market orientation
- Participatory decision-making with partners
- Build upon existing organizations and skills
- Build local capacity
- Search for consensus among local actors
Phase 1: Planning

Formation of working group

Market opportunity identification

Territory

Local interest group

Plan for strengthening the Production Chain

Plan for strengthening RBD Services

Phase 2: Execution of Action Plans
Module 1: Formation of a working group on Rural Business Development
Objectives

• Identify local actors that are interested in RBD
• Promote team-building & define rules of the game
• Define & characterize the territory (diagnosis)
• Build a consensus for action
• Lay the foundations for a participatory monitoring, evaluation & learning system for the interest group
Basic diagnosis for RBD

- Defining the territory
- Segmenting the territory
- Analyzing available resources in the zone
- Well-being criteria per zones & Identification of social segments
- Livelihood strategies per zone and social segment
- Innovation processes per zone, resource & social group
Basic diagnosis for rural business development

Planning for action

Monitoring, evaluation & learning system

Products

Processes

Recognize territory, actors, resources & livelihoods

Consensus on current situation & how to improve it

Identification of key themes for a learning process
Module 2:
Identification & evaluation of market opportunities for small rural producers (MOI)
Objectives

• To identify market opportunities for agricultural, livestock, forestry, agro-industrial products that exist or can be produced in the region under consideration

• To collect information relative to market contacts and purchasing conditions for these products

• Answer these three key questions:
  • Which products exhibit a growing demand trend in the market?
  • Which products are viable in the region according to its biophysical conditions?
  • Which products interest small rural producers more due to their profitability, adaptation & other reasons?
MOI Method

Rapid market study for potential & existing products

First market portfolio

Second market portfolio

Analysis of market options (agronomic, livestock, agro-industrial, marketing & economic)

Participatory evaluation of market options

Final market portfolio
<table>
<thead>
<tr>
<th>Market Contacts</th>
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</thead>
<tbody>
<tr>
<td>Intermediaries &amp; wholesalers</td>
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<tr>
<td>Wholesale supply centers and market-places</td>
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<td>Purchase centers for supermarket chains</td>
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<tr>
<td>Agro-industries</td>
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<tr>
<td>Other industries</td>
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<tr>
<td>Retail stores</td>
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</tbody>
</table>

*Image of a marketplace with people examining produce.*
Participatory evaluation
Module 3:
Design of a Plan to Strengthen the Production Chain
Linking Rural Actors with Markets

Vertical Integration

Production  Post-harvest management  Processing  Marketing

Actor’s organizations in the chain

Alliances

Production  Post-harvest management  Processing  Marketing

Organization  Organization  Organization  Organization
Why a Production Chain Orientation?

- To promote a holistic perspective of the chain by the actors
- As a mechanism for developing coordinated activities that have common objectives and concrete strategies
- To promote the search for consensus and synergy among the different actors and stakeholders in the chain
- To develop the elements needed for resource mobilization (not only financial)
Broadened Vision of the Production Chain

Production → Post-harvest handling → Processing → Marketing

Business Organization

RBD Support Services
Stages in the Design of an Action Plan

1. Prioritize the production chain
2. Identify market contacts
3. Identify and convene actors
4. Map & characterize the farm to market chain
5. Analyze business organizations
6. Evaluate the RBDS system
7. Market chain diagnosis
8. Analyze opportunities & critical points
9. Negotiate & design the action plan
Mapping the Production Chain
## Possible Components of an Action Plan

<table>
<thead>
<tr>
<th>Development</th>
<th>Research</th>
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</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td></td>
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<tr>
<td><strong>Post-harvest handling</strong></td>
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<td><strong>Processing</strong></td>
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<td><strong>Marketing</strong></td>
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<td><strong>Business organization</strong></td>
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<tr>
<td><strong>RBDS</strong></td>
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</table>
Differences between a production chain & a value chain

• A production chain is the collection of existing relationships between individual actors which we normally find in the market.

• A value chain is a strategic network of independent organizations who recognize their interdependence, will work together to identify strategic objectives, are willing to share the associated risks and benefits and will invest time, energy and resources to make the relationship work.
## Value Chain vs. Production Chain

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Production Chain</th>
<th>Value Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information sharing</td>
<td>Scarce</td>
<td>Extensive</td>
</tr>
<tr>
<td>Competitive focus</td>
<td>Cost/price</td>
<td>Value/quality</td>
</tr>
<tr>
<td>Orientation</td>
<td>Commodity</td>
<td>Differentiated product</td>
</tr>
<tr>
<td>Power relationship</td>
<td>Supply-led</td>
<td>Demand-led</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>Independent</td>
<td>Inter-dependent</td>
</tr>
<tr>
<td>Philosophy</td>
<td>Self-optimization</td>
<td>Chain optimization</td>
</tr>
</tbody>
</table>
Module 4:
Development of Plans to Strengthen Rural Business Development Services (RBDS)
Local RBDS system

A local mechanism for:

• The design and implementation of a local business promotion and development strategy,

• The identification of the support needs of the rural business community, and

• The articulation of these needs with local, regional and national service providers.

Which operates in two spaces, consensus building and implementation.
Strengthening a Local Support System

Diagnostic

Supply analysis

Organization and social mapping
- Who?
- What?
- How and how effective?
- Links among providers?

Demand analysis

Work with service clients
- What services?
- In what format?
- Quality, effectiveness?
- Costs and payment

Compare supply & demand
- Gaps
- Services without demand

Design of a plan for strengthening local BDS market
## RAeD Project Methodological Kit

<table>
<thead>
<tr>
<th>Entry Point</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Territory</td>
<td>• Territorial Orientation for RBD (TA-RBD): Four modules or methodologies</td>
</tr>
<tr>
<td></td>
<td>• All of the methodologies</td>
</tr>
<tr>
<td>Production Chain</td>
<td>• Design of a Plan for Strengthening Production Chains</td>
</tr>
<tr>
<td></td>
<td>• Innovation Agents for Rural Agro-industry (GIAR)</td>
</tr>
<tr>
<td></td>
<td>• Identification of Market Opportunities (MOI)</td>
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<tr>
<td>Rural Organization</td>
<td>• Partners for Business Action (PBA)</td>
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<td>• Identification of Market Opportunities (MOI)</td>
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<td>RBD Services</td>
<td>• Design of a Plan for Strengthening RBD Services</td>
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<tr>
<td></td>
<td>• Information System for RBD (SIDER)</td>
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<td></td>
<td>• All of the methodologies</td>
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<tr>
<td>Rural development agencies</td>
<td>• Learning Alliances</td>
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<tr>
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## RAeD Project Tool Kit

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<tbody>
<tr>
<td>Territory</td>
<td>• Strategic Planning</td>
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<tr>
<td>Chain Production</td>
<td>• TradeNet</td>
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<tr>
<td>Rural Organization</td>
<td>• Business Plans</td>
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<td>RBD Services</td>
<td>• Marketing Plans</td>
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<tr>
<td>Rural Development Agencies</td>
<td>• New Product Development</td>
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<tr>
<td></td>
<td>• Feasibility Studies for Projects</td>
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<tr>
<td></td>
<td>• Development of Profitability Models</td>
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<td></td>
<td>• RentAgro</td>
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