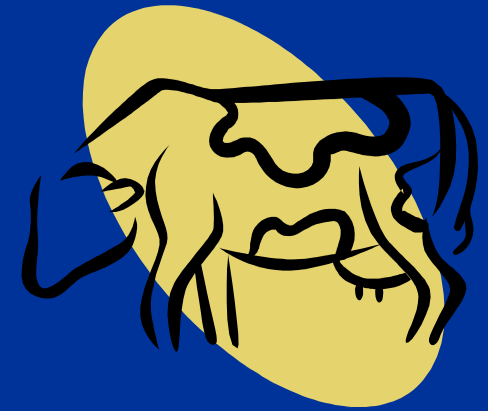


Introduction to the Territorial Approach for Rural Business Development (TA-RBD)



Rural Agro-enterprise Development Project
Rural Innovation Institute
CIAT

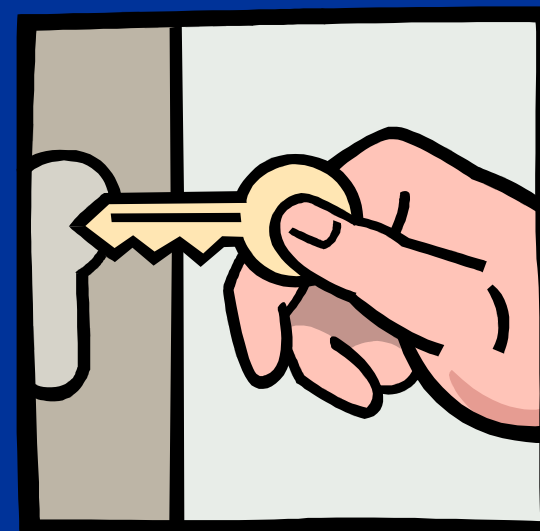
Rural Business Development Strategy



- **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

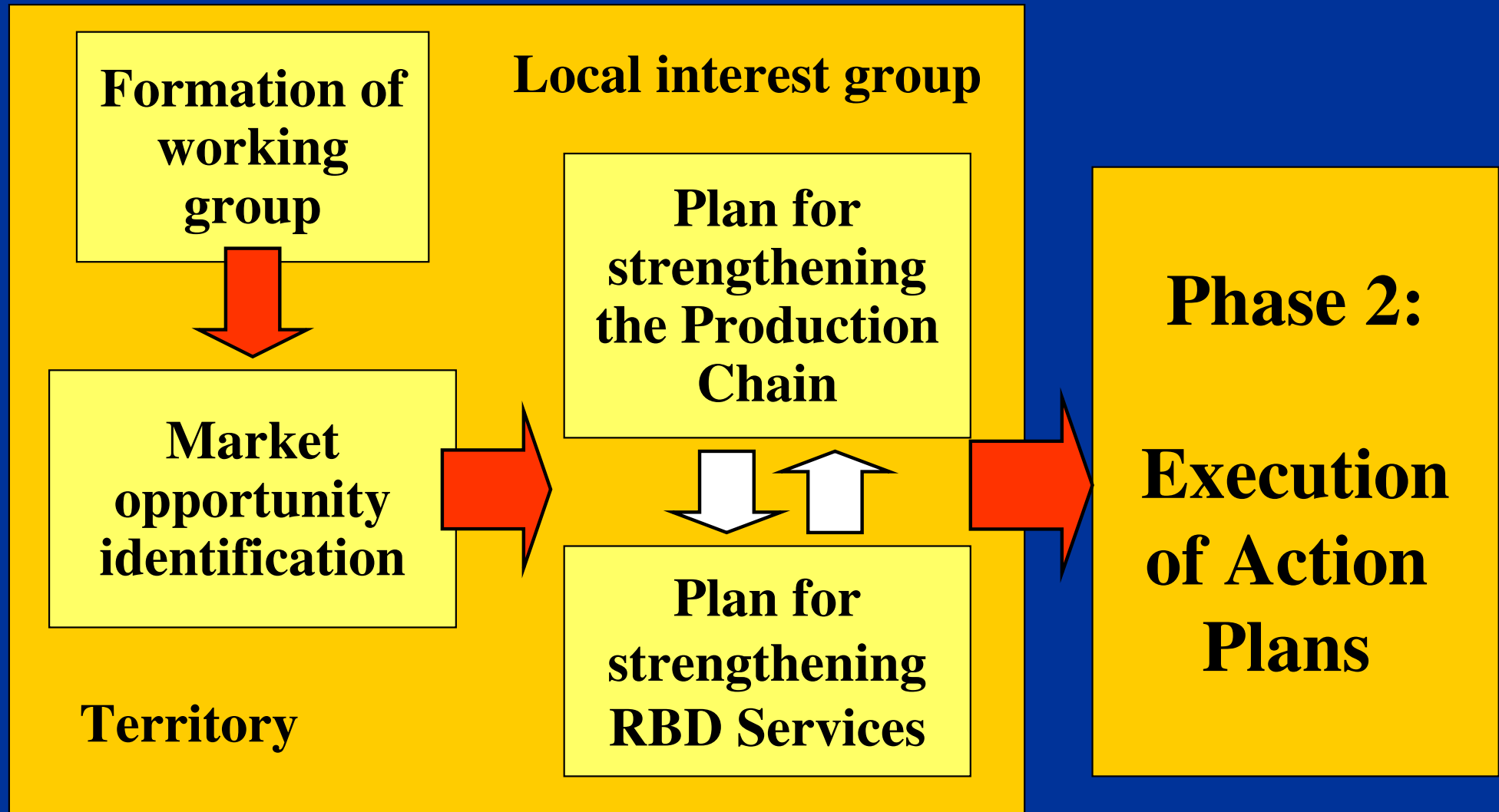
- **The objective of the TA-RBD is to establish in a given region, a working group, a vision and an action plan that favors “Rural Business Development” through collective action.**
- **This approach, or set of methods, can be used for different geographical scales, ranging from a community to a province.**
- **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**

Graphic Summary of the TA-RBD

Phase 1: Planning





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**

Defining the territory

Segmenting the territory

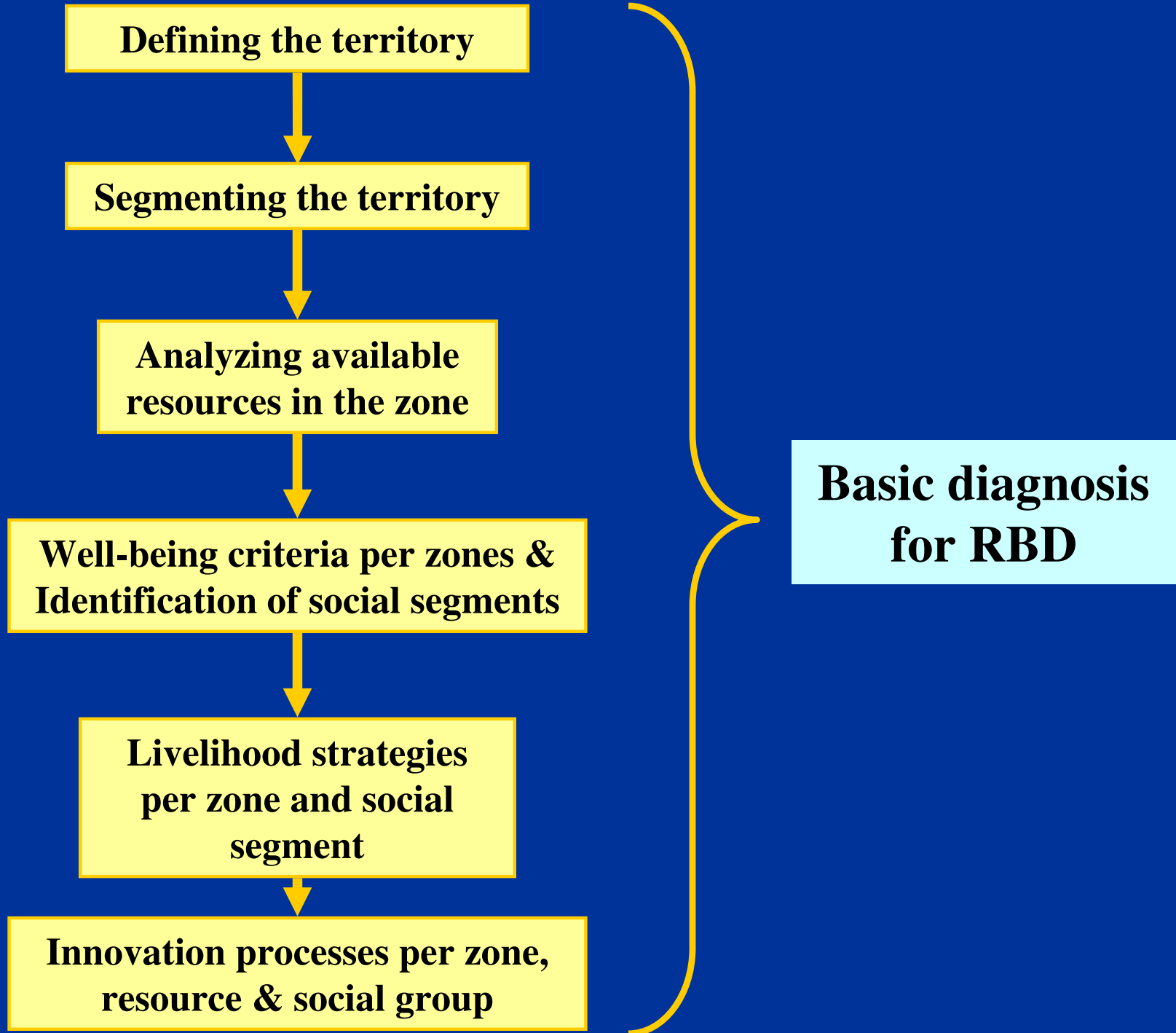
**Analyzing available
resources in the zone**

**Well-being criteria per zones &
Identification of social segments**

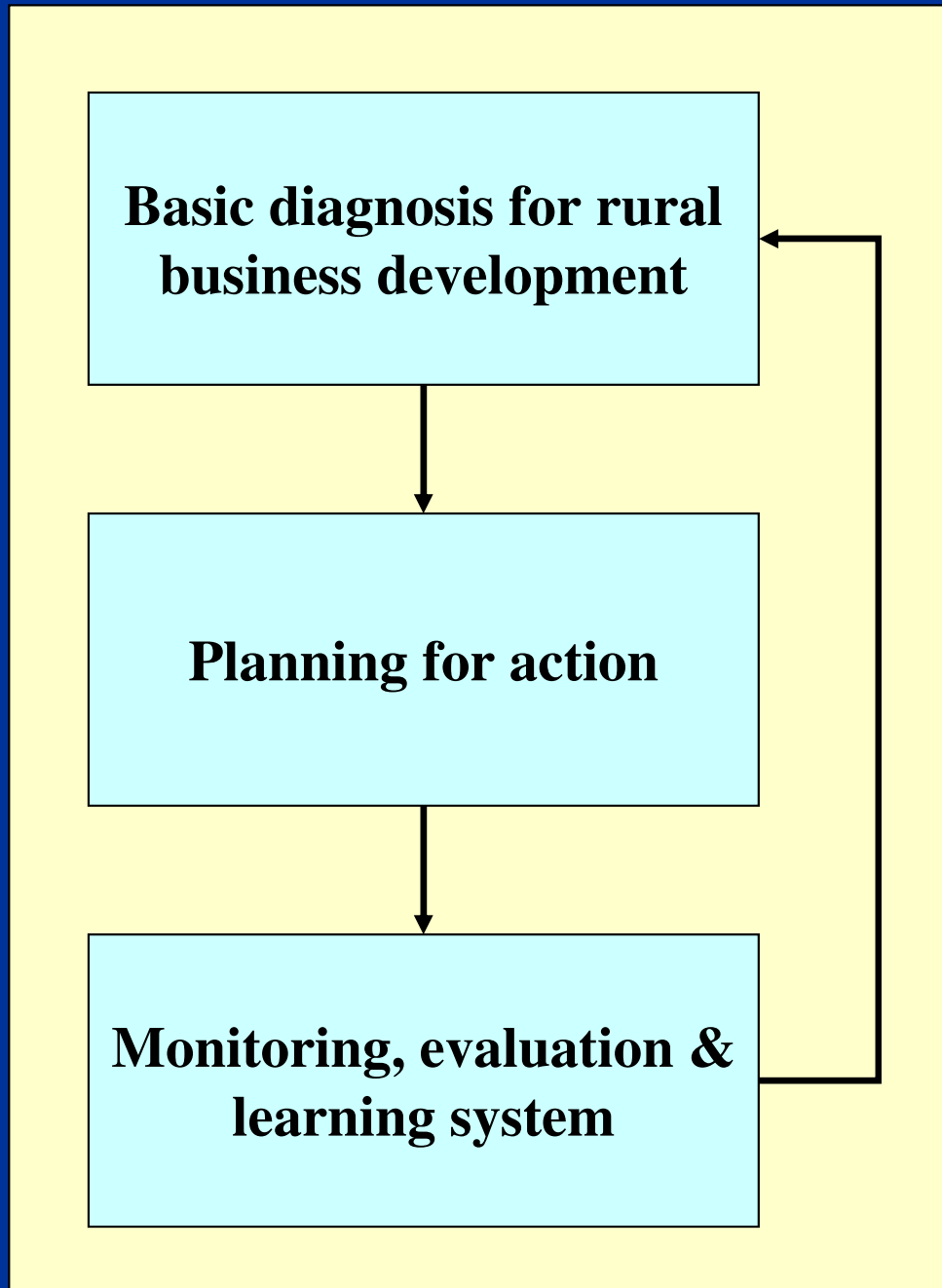
**Livelihood strategies
per zone and social
segment**

**Innovation processes per zone,
resource & social group**

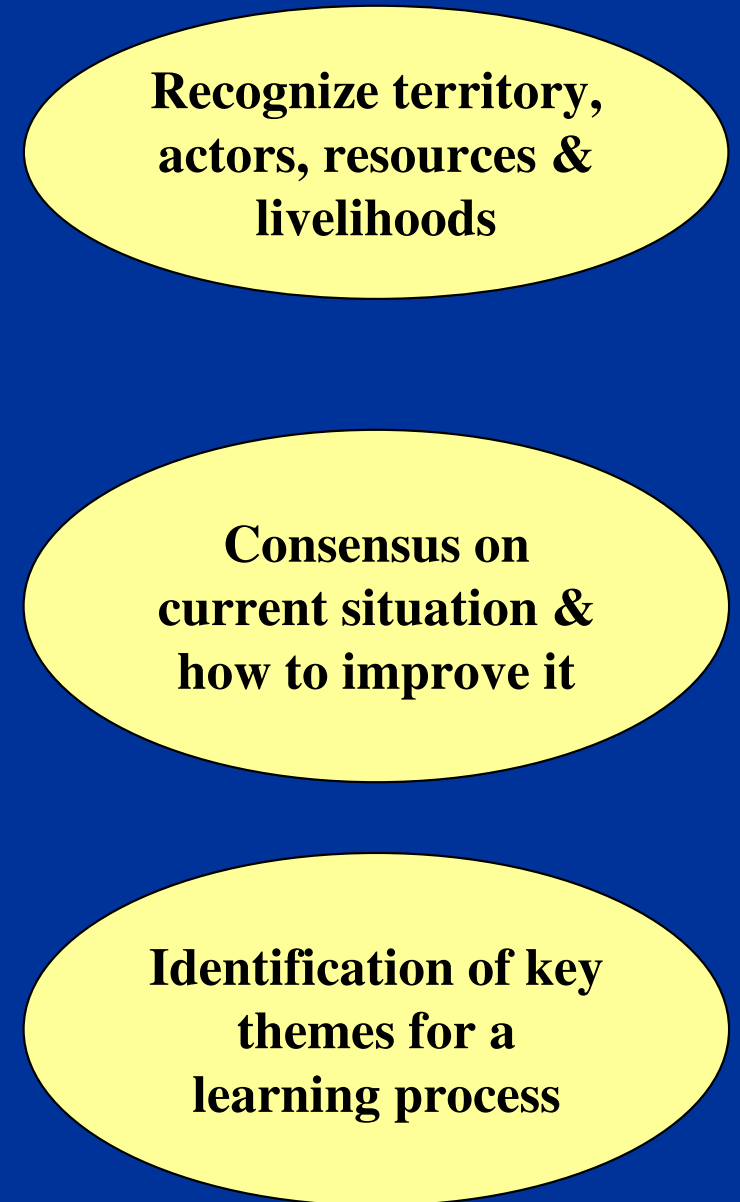
**Basic diagnosis
for RBD**



Products



Processes



Module 2:

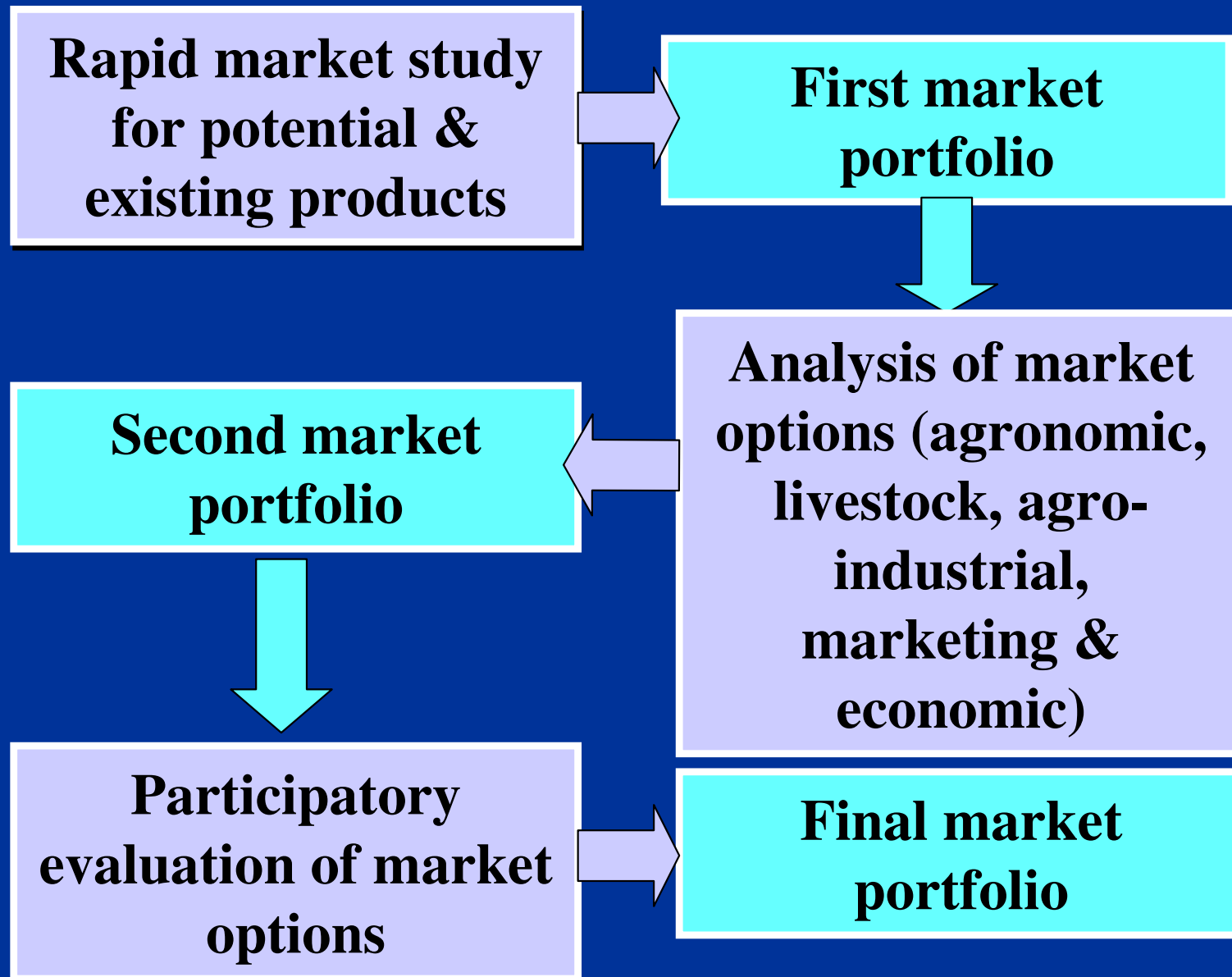
Identification & evaluation of market opportunities for small rural producers (MOI)



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



**Intermediaries &
wholesalers**

**Wholesale supply
centers and market-
places**

**Purchase centers for
supermarket chains**

Agro-industries

Other industries



Retail stores

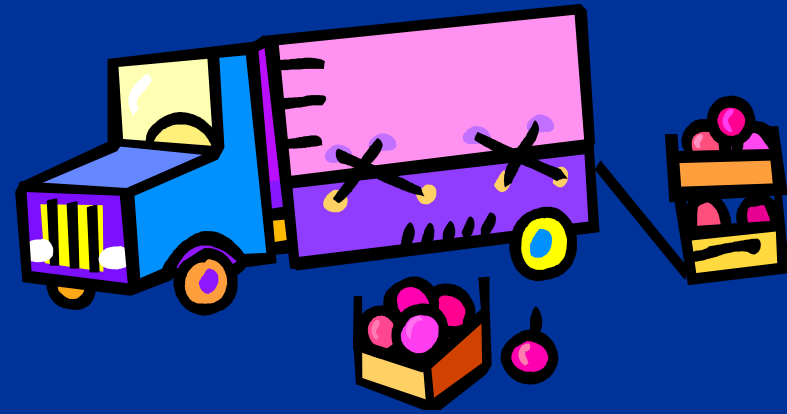
Market Contacts



Participatory evaluation



E	UCHUVA (TN)	Fruta del plástico Dangerous	UN CUARTE DE PLAZA - CULTIVO SOLO (1500 M ²)	INFORMACION	
Z-MB				 ADAPTACION el cultivo se realiza en zonas de sierra y de plaza	BUENA 800A 100-1200 m
				 CICLO tiempo entre la siembra y la primera cosecha	SEIS MESES
				 RENDIMIENTO la cantidad de producto que sale al año	3.200 KG 0 6.400 LIBRAS
				 GASTO HASTA LA PRIMERA COSECHA lo que se gasta en insumos y mano de obra	COSTO: 1763.000 % COSTALES: 53
				 GANANCIA la cantidad de dinero que queda libre por cada 100F costados	\$66



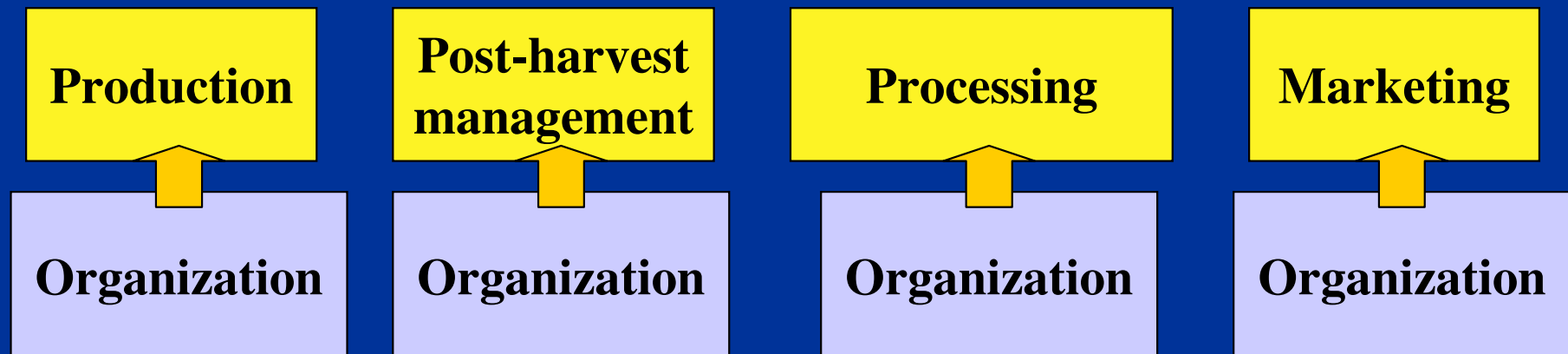
Module 3: Design of a Plan to Strengthen the Production Chain

Linking Rural Actors with Markets

Vertical Integration



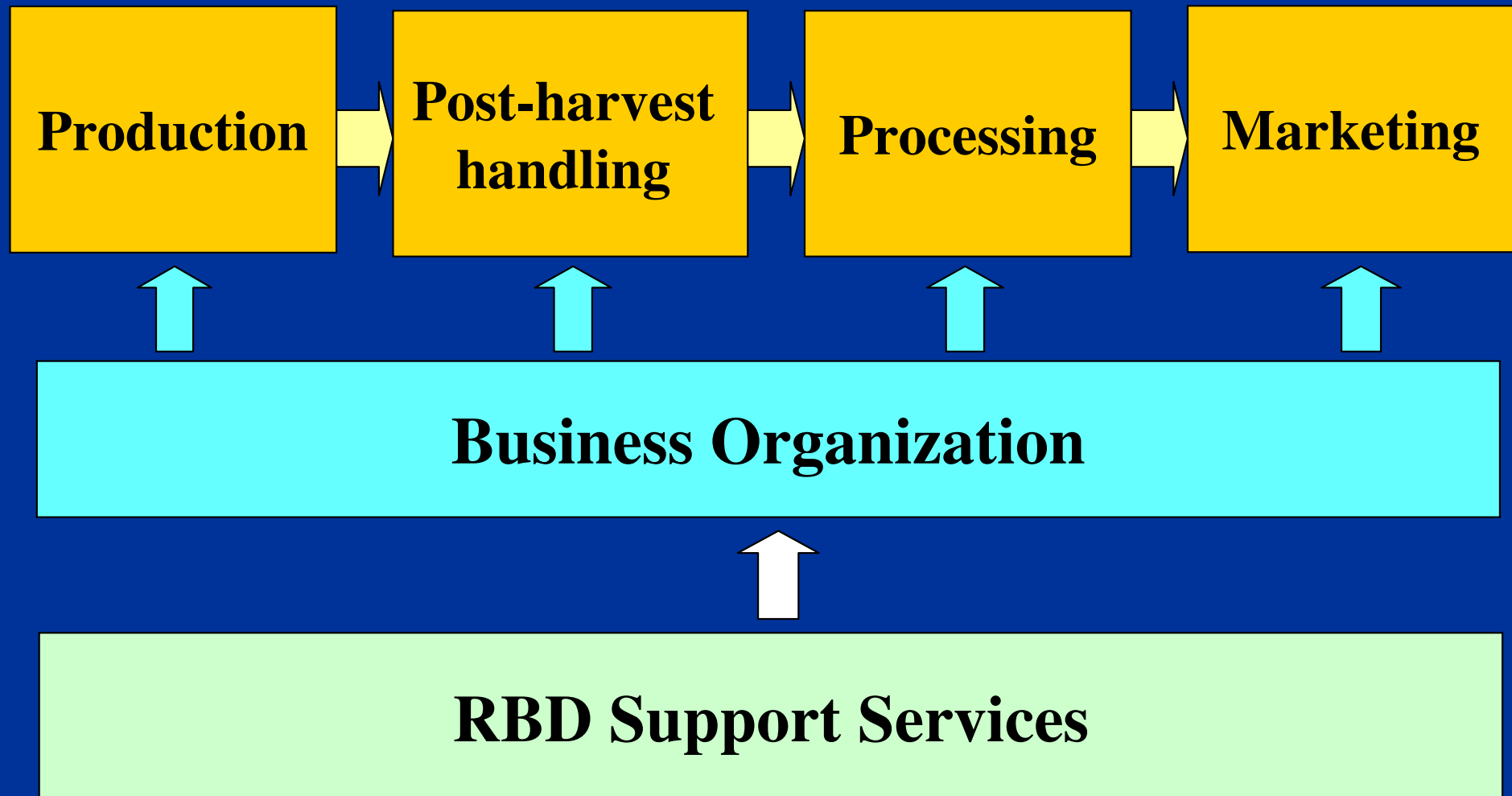
Alliances



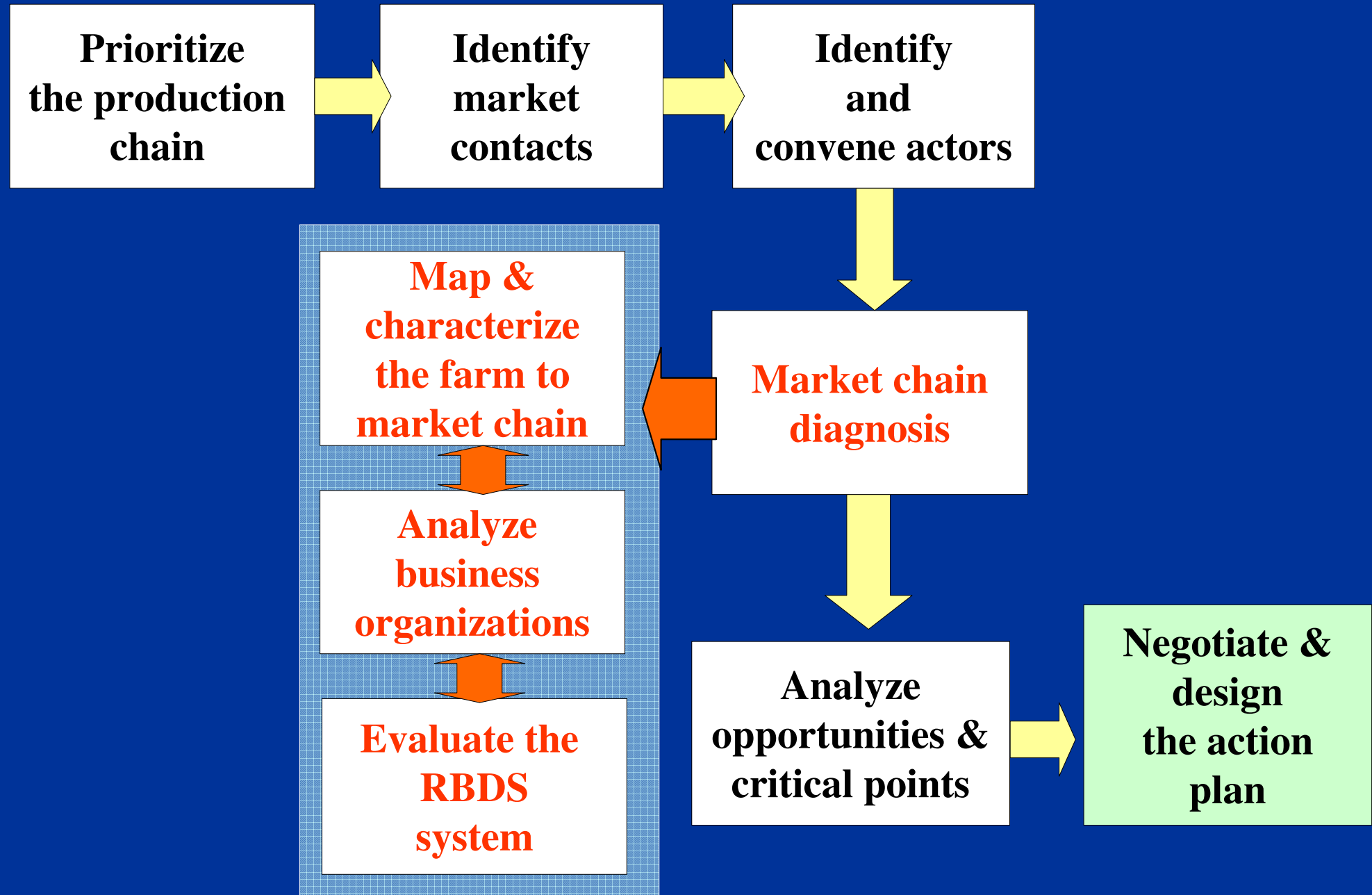
Why a Production Chain Orientation?

- **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)**

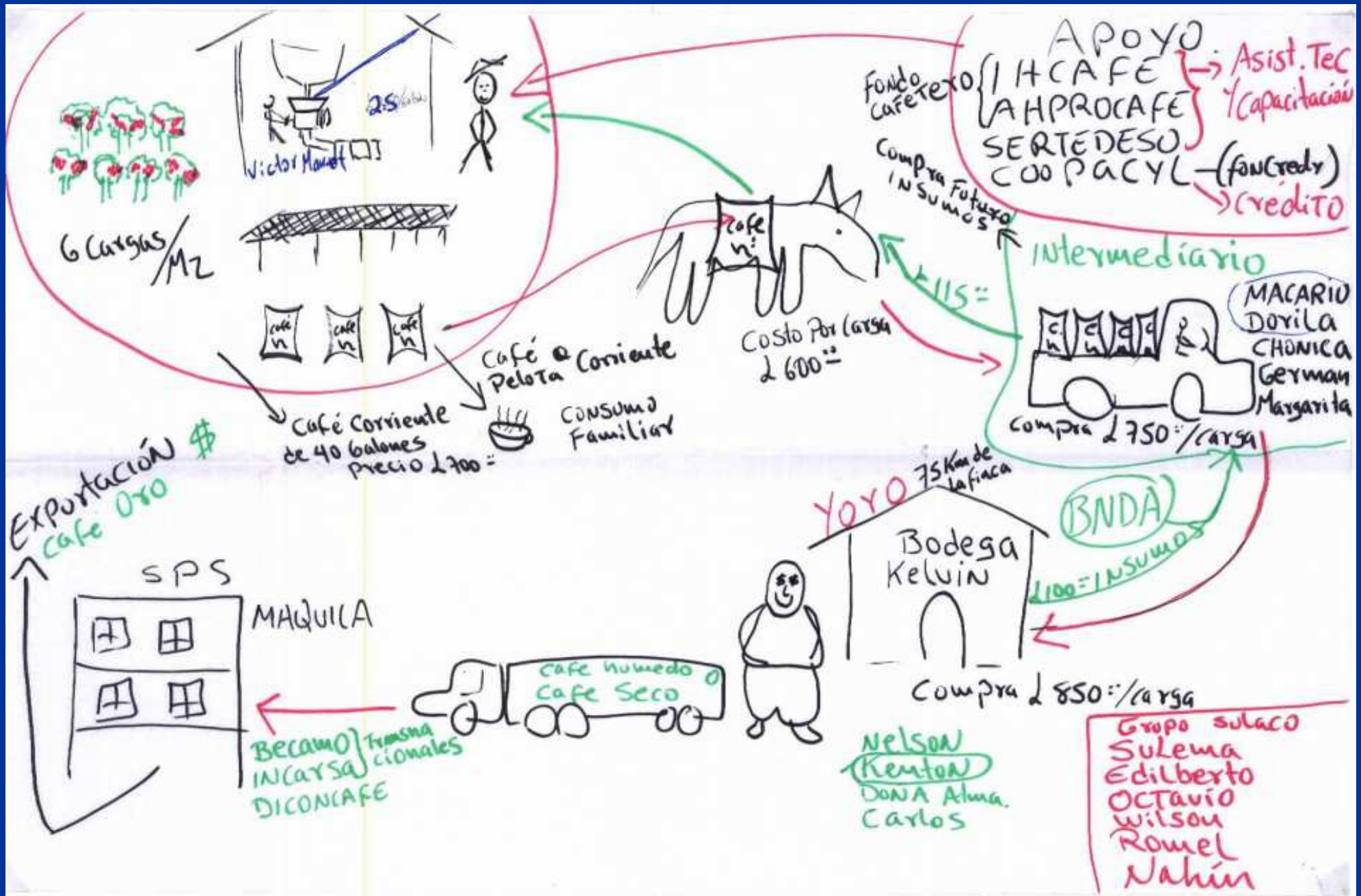
Broadened Vision of the Production Chain



Stages in the Design of an Action Plan



Mapping the Production Chain



Possible Components of an Action Plan

	Development	Research
Production		
Post-harvest handling		
Processing		
Marketing		
Business organization		
RBDS		

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

Aspect	Production Chain	Value Chain
Information sharing	Scarce	Extensive
Competitive focus	Cost/price	Value/quality
Orientation	Commodity	Differentiated product
Power relationship	Supply-led	Demand-led
Organizational structure	Independent	Inter-dependent
Philosophy	Self-optimization	Chain optimization

Module 4: Development of Plans to Strengthen Rural Business Development Services (RBDS)



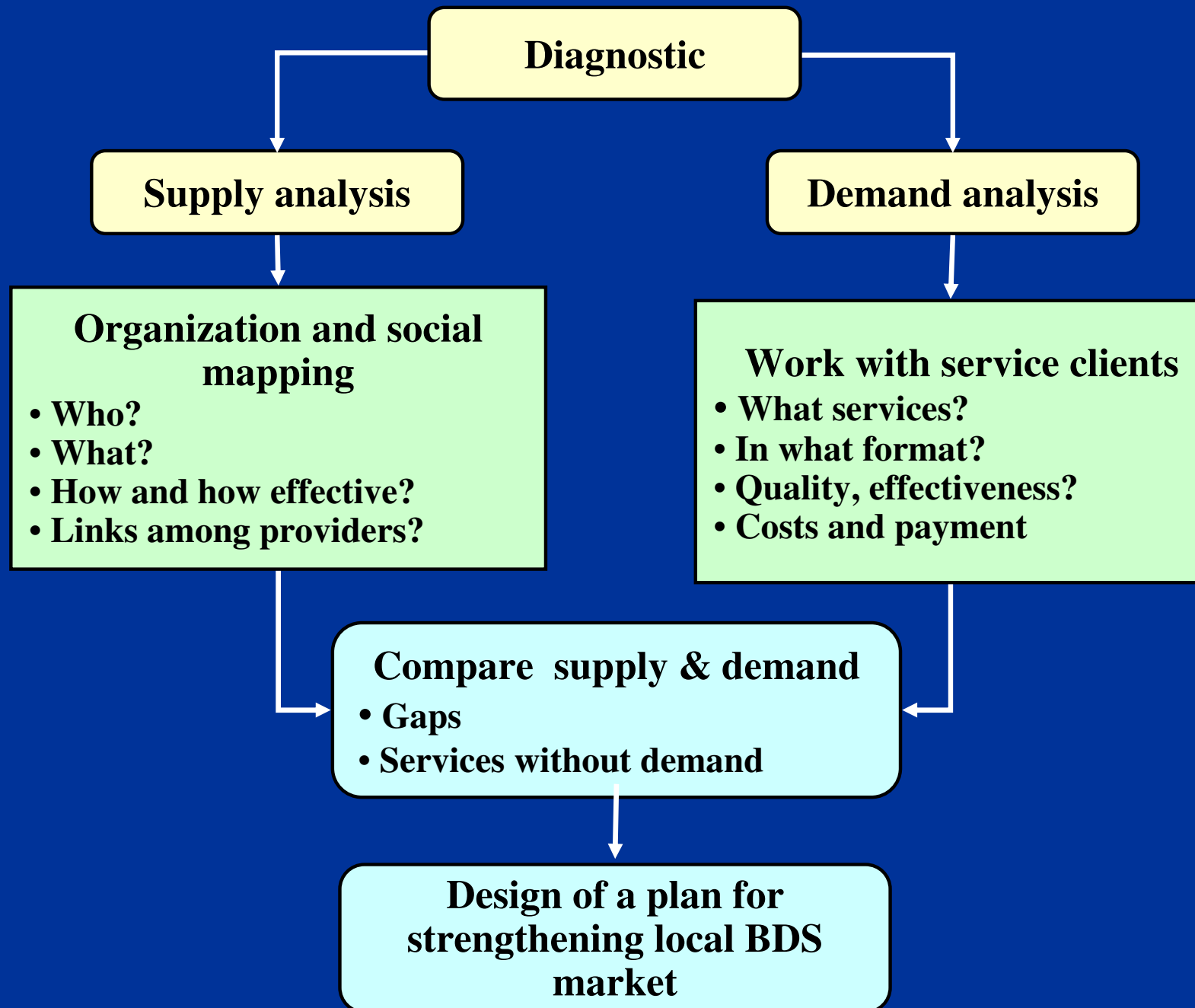
Local RBDS system

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



RAeD Project Methodological Kit

Entry Point	Methodology
Territory	<ul style="list-style-type: none">• Territorial Orientation for RBD (TA-RBD): Four modules or methodologies• All of the methodologies
Production Chain	<ul style="list-style-type: none">• Design of a Plan for Strengthening Production Chains• Innovation Agents for Rural Agro-industry (GIAR)• Identification of Market Opportunities (MOI)
Rural Organization	<ul style="list-style-type: none">• Partners for Business Action (PBA)• Identification of Market Opportunities (MOI)
RBD Services	<ul style="list-style-type: none">• Design of a Plan for Strengthening RBD Services• Information System for RBD (SIDER)• All of the methodologies
Rural development agencies	<ul style="list-style-type: none">• Learning Alliances• All of the methodologies

RAeD Project Tool Kit

Entry Point	Tool
Territory	<ul style="list-style-type: none">• Strategic Planning• TradeNet• Business Plans• Marketing Plans• New Product Development• Feasibility Studies for Projects• Development of Profitability Models• RentAgro
Chain Production	
Rural Organization	
RBD Services	
Rural Development Agencies	