

Study visit report
Value Chain Development and Market System
Sharing experiences on Samriddhi project in Dhaka Bangladesh

List of participants:

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9. Mr. Leki, Accountant, RLP, Zhemgang.

Background:

The major challenge for the rural livelihood programs today is to build on the initial work on social and economic community development and improve agriculture, livestock and non-farm sector opportunities for the poor, small and marginal farmers and create an end to end support network for them.

It is therefore important for all the RLP stakeholders to understand value chain need to cooperate and coordinate their activities to satisfy the needs of the end consumer. In Bangladesh, value chain system played an important role in transforming agricultural commodities from raw material to end products demanded by the consumers. Therefore, to understand about the various concepts used in value chain analysis specifically addressing to developing country like Bhutan. The Rural Livelihood Project in collaboration with HELVETAS Swiss Intercooperation, Dhaka has proposed to organise the exchange visit to Bangladesh for the service providers with particular aim to learn how smallholder farmers can participate in the value chain. The exchange visit is to learn about the Market/Value chain approach to economic development since our project activities are implemented based on the Market Chain Approach. The experience sharing between Bangladesh and our service providers from Bhutan had focused the chain of actors being engaged from input suppliers to final buyers and the relationship/role among them.

Objectives

The program was organised mainly to achieve the following immediate objectives:

1. A follow up exchange visit program of the Bangladesh team who visited RLP areas in 2nd week of January 2014 and visited RLP programs in Jigmecholing Bee keeping, Dairy group of Sarpang.
2. To compare and learn about different livelihood technologies available in Bangladesh and possibility of replication under RLP.
3. To understand the whole Value chain /market system network taking place in the production system and its relation in economic development.
4. To build the capacity of the RLP stakeholders in M4P approach of development and plan the RLP supported gewog annual plans accordingly with main focus on market development for enhanced rural income for sustained livelihood.
5. To share the experiences and look out for possible future collaboration between HELVETAS Bhutan and Bangladesh with common interest and project goals.

Expected outcomes:

1. Lessons learned from successful value chain experiences being applied in Bangladesh
2. Enhance participants knowledge on value chain management in agricultural marketing aspects
3. Experiences shared on Samriddhi Project's value chain practical applications and its replication in RLP.
4. Identify strategies for sustainable value chains and learn how to develop an action plans that would enhance the implementation of current programmes in value chain approach.
5. Implementation of some value chain activities in collaboration with Samriddhi experiences if possible

Programme

The visit was coordinated by Mr. Arun Kumar Ganguly, Coordinator –Advocacy SDC-Samriddhi Project, Helvestas HIS office. The team visited Samriddhi Project Head Office and had interaction with Mr Shamim Ahamed, Deputy Programme Director, HELVETAS Swiss Interco operation.

The team left to Dhaka, Bangladesh on 19th may 2014 and visited HELVETAS Swiss Intercooperation Programme Office, Dhaka. The team also visited the sister project SHARIQUE - Local Governance Development Project Supported by HSI which is housed in the same building.



Team travelled to Bangladesh Pulse Research Centre under BARI (Bangladesh Agriculture Research Institute). The team was oriented with the formal presentation of M4P and value chain approaches and different programs of Samriddhi project supported by HELVETAS Swiss Inter-cooperation, Bangladesh.



Orientation and Interaction on M4P- Value chain approach at Pulse Research Centre under BARI

Besides, the team made extensive field visits in different districts and villages to learn and share practical experiences of Samriddhi Project in Value chain development for inclusive and sustainable market systems in Bangladesh. Through the visits the team was able to meet and interact with the farmers (Producer groups), Local Service Provider (LSP), traders, Service Provider Association (SPA), the government line agencies, HELVETAS project offices and some of the private companies linked to the project.



Orientation and interaction on Value chain and M4P, Samriddhi Project at Regional Pulse Research Centre

- The presentation on value chain and its importance of effective and efficient market delivery and requirement of different value addition treatment for creating symbiotic – win-win - situation for producers, traders and consumers in the market system was very useful learning.
- The participants were really impressed to learn the tools applied by Samriddhi Project in determining the household wealth status and criteria to choose the best intervention for the rural livelihood support.
- Though most of the activities and programmes of Bhutan and Bangladesh are similar in nature targeting for poor and very poor rural households, the main difference we noted was the huge market base for Bangladesh.

- The participatory and lively presentation was enriching and enjoyed by both the teams of Bhutan and Bangladesh.

Brief background about Samriddhi

Samriddhi originated out of the Bangladesh program LEAF (Livelihoods, Empowerment and Agro- Forestry and SAAKTI (Sustainable Access to Agro- Forestry, Knowledge, Technology and Information). The project started in 2010 mainly focusing on rural market system development initiative under the support of Swiss Agency for Development and Cooperation (SDC). The project has been a success in the fields of rural market system development, private rural service provision and value chain development.

A more system approach was introduced with the launching of Samriddhi's project supported interventions. Therefore, starting from 2013, the project embarked on a comprehensive process to better advocate its achievements and to capitalise on its experiences with the aim to share with other projects, development agencies, private sector actors and policy makers. Samriddhi came up with two publication "Making Markets Work for the Poor and extreme Poor in Bangladesh. The experiences of Samriddhi and "Capitalisation of Samriddhi's experiences on Private Rural Service provision system", both emphasise on relevant issues. Nine value chains in Agriculture, Livestock, fisheries, and crafts had been implemented successfully. The value chain development takes a more holistic and systemic approach, addressing inputs, markets including extreme outputs and products services and credit, handling and processing; and marketing. The results of these experiences in the field of value chain development have been collected, analysed and documented in the Value Chain development for the Inclusive and sustainable market system in Bangladesh.

The experiences of Samriddhi is one of the most important learning point under the different value chains, understanding better relationship between producers group and its performances for particular products or commodities. Thus, this further enhance production methods and market behavior, which is expected to contributed to inclusive and sustainable market system as reported below.

Value chain	Number of producers (June 2103)	Assets/inputs required
Bull fattening	45,236	Calf, feeds, shed/stall, vaccines, medicines
Chicken	114,911	Chick, Cooperative shed, feeds, medicines, vaccines
Cotton Crafts	25,964	Sawing machine, fabric
Dairy	38,447	Cow, shed, feeds, medicines, vaccines
Duck	107,882	Duckling, feeds, coop, vaccines
Fishery	80,155	Fingerling, water body (pond, river),nets, boat, feeds
Fruits	69,281	Land, seedlings, fertiliser, plastic crate, initial investment

Goat	60,095	Nanny goat, initial investment, feeds, medicines, vaccines, shed
Jute craft	7,813	Land, seed, raw jute, production centre
Medicinal plant	57,820	Land, seed and seedling, collection centre
Plant craft	26,926	Raw material, production centre
Vegetables	79,658	Land, seed, fertiliser, collocation centre

Development Goal:

The goal of Samridhhi is to “*contribute to sustainable well-being and resilience of poor and extreme poor households of Rajshahi and Rangpur Divisions and Sunamganj District through economic empowerment*”.

Objectives

- Strengthening the competitiveness of rural products, value addition at producers' level and the improvement of value chain performance through market systems development.
- Enhancing the capacity of rural producers' groups or Micro and Small Enterprises (MSE) in business management and in the acquisition of financial capital.
- Strengthening local service provision through the capacity building of Local Service Providers (LSP) and their associations, the Service Providers' Associations (SPA) through collaboration with government line agencies and private sector enterprises.

Working areas:

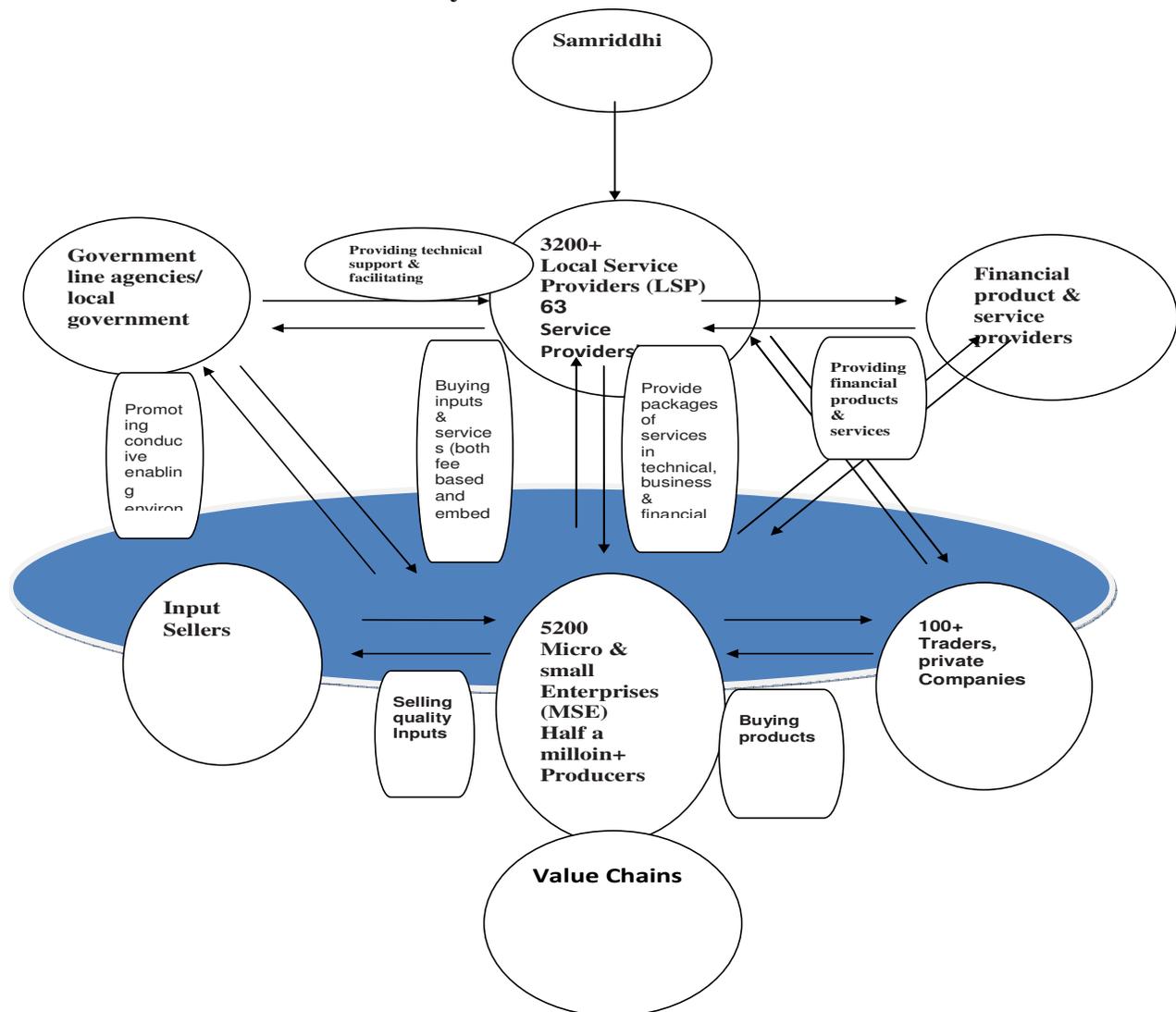
Samridhhi is active in North–West and North-East parts of Bangladesh, areas with high prevalence of poverty covering 16 Districts of Rajshahi and Rangpur Divisions and Sunamganj District of Sylhet Division covering 58 Upazilas, 211 unions and 1899 wards.

Approaches:

Based on systemic approach, the project aims to bring about large scale impacts and sustainable changes. It identifies systemic problems of markets and addresses through incentives and capacities of market actors' gradually moving towards the system of market driven approach.

At the beginning Samriddhi was to adjust the approach for increasing the impacts/achievements and to scale up their out-reach-both in terms of numbers (breadth) and quality (depth of impacts). Therefore, the focus of the project shifted from livelihood to a market systems development approach based on M4P.

Market systems and the role of Samriddhi



HELVETAS Swiss Inter-cooperation Offices

The team visited HELVETAS Swiss Inter-cooperation head office in Dhaka, the main coordinator and facilitator to enhance Market value chain towards economic development of Bangladesh. During the visit, we met Project officers and supporting staffs. The brief interaction highlighting the visions, objectives and roles and responsibilities were discussed We learned the project functioning and the different actors especially involved in implementation of Samriddhi Project besides many other projects being implemented and under pipeline by HELVETAS Swiss Inter-cooperation.

2. Government line agencies: Functions and Incentives

Like in Bhutan, Government line agencies are important stakeholders in the market and value chain development in Bangladesh. Their mandates are to provide technical supports to market actors and play crucial roles in facilitating enabling environment. The team visited some of the government offices and institutes. The experts briefed us about value chain and Samriddhi



Lectures and presentation

through lectures and presentations which are detailed and useful before going to the field to meet the farmers. We have visited Bangladesh Agricultural Research Institute, Regional Horticulture Centre and Regional Livestock Office.

3. Producers' group (Micro & small Enterprises)

The producers are also engaged in bull fattening and Mango value chains. Most are poor and extreme poor working together with or for medium income and rich farmers/producers. They are organised under specific value chains for collective production and selling. However, the group has range of bottleneck that include lack of or weak organisation; low skills and knowledge (both technical and business), limited access to financial products and services, limited availability of quality inputs and improved or new technologies and weak market linkages.

The visit to Bull fattening program in Pabna area under Rajshahi district was another interesting learning opportunity. This program has 36 members in the group and through LSP/SPAs services, households purchase calves from the market and continue fattening for about three months to weigh around 250kg.

Mostly women are involved in Bull Fattening, as the nature of the work is homely and best suits the Muslim community.



Bull Fattening Program - a success story

There were many success stories and positive changes taken place in the upliftment of the livelihood of the extreme poor households through the bull fattening intervention.

4. Local Service Providers (LSP) and their associations

Local Service Providers are lead-farmers who live and work in the communities. They provide packages of services to producers in technical, business and financial domains and are triggers of most and drivers of some value chains. LSPs also have limited skills and knowledge to address all the issues. They acquire all the technical and business knowledge's from the government line agencies and private companies.

The LSP is under SPA for Integrated farming Horticulture crops, ornamentals, dairy and fishery. The team learned owing to huge population, the extension service delivery is outsourced to LSPs/SPAs for faster, wider and efficient coverage based on the locality. The LSPs are technically trained on subject matter including value chain, to deliver extension service effectively to the rural or needy households. The LSPs/SPA members greatly benefit by such arrangement and rural households are also quite happy with the service of LSPs/SPAs.



Interaction with service providers



Interaction with Local Service Provider (Horticulture)

The LSPs/SPAs are earning and addressing youth employment through such organisational network where LSPs members can learn and earn as well and become a specialist over maturity with just basic literacy qualification and commitment to work and help the rural household.

5. Local traders and inputs providers

The trader consists of large and small ones. Most are not organised and operate individually. They can be bulk or retail buyers and sellers. Some are involved in primary processing. They are important actors in value chains where bigger or lead firms are absent or inactive; are source of access to finance both in kind and cash. However, there are needs to overcome barriers to entry due to high transaction cost; low product quality; limited and unreliable supply of products to encourage traders participation.

6. Private sector companies

They are the large (lead firms), medium and small enterprises in the input and output markets. The team visited largest meat processing company - Bengal Meat and FDI project as the main exporter of the Bengal beef around the world. The company purchases most of the fattened bulls for meat processing and export to countries like Saudi Arabia, Kuwait and Australia. The company carries out investment in bull fattening value chain; provides training and support to service providers and input sellers and they are drivers for the expansion of value chain. The Bengal Meat plant had impact on employment generation and marketing. However there is challenge to overcome barriers to entry due to high transaction cost; low product quality; limited and unreliable supply of products to encourage more private companies to promote domestic value chain market systems.



Experiences & Lessons learned and shared with Bangladesh team

1. Bangladesh's good experiences for value chain intervention and attributed to improving collaboration amongst the actors and service providers.
2. Value chains are created at different level collectively by different actors (Inputs- production- processing- whole sales- retailers) with objectives to create Win-Win market systems, including poor and extreme poor ones.
3. Roles of Local service providers (LSP) and Service Providers Association are well defined in the value chain systems that are committed to serve the poor and extreme poor farmers.
4. The team learned about the types of value chains core actors, their roles and supporting functions (Govt. line agencies, extension services, private sectors, NGOs, Financial institutions, skills capacity, advisory and infrastructures etc.
5. Learned the ideas and skills for tools for value chain gender analysis, empowering male and female decisions according to their priority, interest and choices.
6. Learned the ideas, skills and tools for value chain selection, steps on the value chain selection processes following four steps of identification, scanning, ranking, and selection of value chains.
7. Value chain system requires ensuring sustainability after project is phased out by identifying the core value chain actors & their functions particularly processing, products diversification, traders' involvement and improving marketing aspects on value chain development.

8. The team also briefed about Bhutanese history of the Five Year Plans since 1961 and development approach in Bhutan with production as the focus in the past. Bhutan's gradual move to shift from the production oriented approach to market based intervention and constrained by lack of skills and knowledge to begin with systemic approach. Therefore, Samriddhi's experiences and lessons are useful in planning a way forward for Bhutan to assess how far this approach can be adapted to Bhutan.
9. BCCI's involvement is equally important to play vital role in building capacity of value chain and improve business planning. Currently BCCI is constrained by the lack of trained manpower on the business skills to support value chains.
10. Some of the team member cited the critical views when RLP initially started value chain approach for market system to be introduced through M4P approach (making market work for the poor).

Recommendations from the team:

1. With Samriddhi's success story, the study visit was enriching for the team to learn more about the system of value chains in Bangladesh. Bangladesh and Bhutan collaborate & share knowledge and skills on Value chain development & Market system approach
2. The experiences sharing among two countries are an essential component for Bhutan to build capacity in value chain system development. Bangladesh to support in terms of providing HRD to train service providers as recommended by the team.
3. The study visit report be shared and plan the next visit programs and possible intervention of value chains related programmes and activities. More so, experiences and learning be shared and communicated with the country programmes of both countries for possible support.
4. The next proposals for value chains development are submitted to the country in Bhutan- HSI to keep informed and explore the possible support.
5. Identify sustainable value chains and ensure strategic planning process to develop action plans to enhance the implementation of current programmes with value chain approach.
6. Implementation of some value chain activities in collaboration with service providers using Samriddhi experiences where possible

Way forward Plan for the VC development & Market system

<i>SL No</i>	<i>Issues/Themes</i>	<i>When/</i>	<i>Who</i>	
			Lead	Support
1	Experiences sharing among participants on value chain practices in Bangladesh.	June 2104	RLP Zhemgang/ Bhutan	Helvetas Bhutan/
2	Prioritisation of few/selected value chain based on the potential	July- Sept 2014	RLP	Stakeholders

3	Selection of value chains <ul style="list-style-type: none"> • Dairy enterprise • Vegetable enterprise • NWFP/Bamboo • Fruits/others if feasible 	September- November 2014	RLP	Dzongkhag sector heads/ stakeholders.
4	Drawing up of action Plan	July- August 2104	RLP	Helvetas Bhutan & Bangladesh

The team shared experiences comparing with that of RLP Phase II intervention as summarised below in the table.

SL No	Activities /Programme supported	Samridhi	RLP support	Differences
1	Promote value chain market system development for sustainable and inclusive market systems based on the principles of innovation and competitiveness.	Yes	Yes but at the initial stage	Capacity is lacking at the implementing level.
2	Support business management capacities of MSE for up-scaling.	Yes	Yes, BCCI provision	No capacity to support such initiatives.
3	Enhance the capacity of market actor's such as LSP/SPA for addressing systemic constraints of producers/MSE in order to secure access to better markets and services.	Yes	No	No such provision of service providers with RLP support but Line agency provides such services.
4	Establish collaboration and synergies with LSP and SPA, public and private entities to facilitate demand-responsive and affordable service provision.	Yes	No	Line agency collaboration is there but not at LSP and SPA level owned by private/ NGOs.
5	Enhance better service provisions through LSP and their associations and the establishment of collaboration with public and private sectors.	Yes	Yes through extension service	Govt line agencies plays a vital role in our system since there is no LSP provision in place.
6	Strengthen capacity and participation of women in production and service provision and decision-making processes for gender inclusiveness.	Yes	No	Gender main streaming is not concerns of the target group, although it is one of the mandates of the donor.

Debriefing:

In Dhaka

The team debriefed Her Excellency, the Bhutanese Ambassador to Bangladesh who hosted the dinner for the team. The team shared the purpose of the study visit and Samridhi project's success story in the value chain development and market system. The Hon'ble Ambassador was impressed by our visit particularly to address the future Bangladesh-Bhutanese Trading

partnership and Market system. She was very supportive of our idea and also wanted her to visit the Head Office in Dhaka to discuss the matter at the bilateral level so that two countries could benefit and gradually build technical support in terms of sharing experiences for a win-win situation.

In Thimphu

The team leader (Project Manager) also briefed the Country Director, HSI Bhutan regarding the experiences and lessons learned from Samriddhi in Bangladesh. The Country Director was quite positive on our visit's briefing and the action plan that was prepared in Dhaka. However, we were asked to submit detailed tour report as soon as possible to take further action.

Conclusion:

Trip to Bangladesh on value chain was successful and enriching for field officers on value chain development and market system. The wonderful logistic arrangements made helped the team to benefit a lot through proper facilitation provided by host institution of the country – HELVETAS Swiss Inter-cooperation - Bangladesh to learn more about the country and value chain development.

Acknowledgement

We would like to convey our heartfelt appreciation and gratitude to HSI team in Bangladesh particularly Mr. Arun Kumar Gangully, Madam Achana Nath. Md. Mahe Alam, Md. Gias Uddin Taluder, Project Coordinator and others for supporting our visits and making trip successful. Samriddhi project management team deserves our high appreciation for the excellent coordination and logistic support for study visit team in Bangladesh.

The team would like to extend appreciation and gratitude to the project management, RLP and HELVETAS Swiss Inter-cooperation, without whom, the study programme wouldn't have materialised as planned. Here onwards, the team hopes to build strong relationship and close cooperation and even beyond to support the project activities particularly along the line of the value chain experiences in Bhutan. Our deep appreciation and sincere thank to the Hon'ble Secretary considering government approval and Dasho Dzungda of Sarpang and Zhemgang for accepting our proposal. Equally we would like to thank to the Department of Agriculture, Forestry and Parks Services, Livestock, Agricultural Marketing and Cooperatives for supporting the nomination.

We also can't forget the kind hospitality and generous support provided by Bhutanese Embassy in Dhaka, Bangladesh for their providing us dinner and more so, Hon'ble Madam Ambassador for sharing her excellent and highly valuable wisdoms and experiences about Bhutan and Bangladesh trade issues and future prospects. Lastly, we thank everyone who has participated in the study visits for showing their commitment to connect more closely to each other and build

strong relationship through more participatory approach to strengthen our coordination and support the project activities particularly along the line of the value chain development and market system in Bhutan.

Rapporteur:

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