

Pathways for market-oriented development on the Humanitarian-Development-Peace nexus



Aid transitions in fragility and protracted crisis settings

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Rojan Bolling & Jacqueline Vrancken

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The aim and scope of this report

The aim of this report is to provide insight into how aid actors are currently working on the Humanitarian-Development-Peace (HDP) nexus in practice. It documents and summarizes experiences and lessons gathered through a series of in-depth interviews on market-oriented programming with practitioners and other experts from public and private sectors in the Democratic Republic of the Congo, (northeast) Nigeria and South Sudan. Additionally, six case studies are presented of programmes that represent current innovative approaches on the HDP nexus.

This report is the last in a series of three. Published as part of the knowledge trajectory 'Aid transitions in fragility and protracted crisis settings' for the Community of Practice on food security & stability, facilitated by the Food & Business Knowledge Platform. The two other reports are quick-scans that synthesize literature on:

- Typologies and frameworks for agricultural development in fragile settings
- Lessons of market-oriented programmes in fragile settings

All reports can be downloaded on the project page [Food security and Stability](#).

Who is this report for?

This report is primarily intended for programme designers and policymakers that seek to initiate or improve programming that touches upon the HDP nexus. As a secondary audience researchers and ME&L advisers can benefit from the insights this report provides as a way to strengthen their efforts for more evidence-informed programming. The report intends to support ongoing learning that takes place at the Community of Practice facilitated by the Food & Business Knowledge Platform and related initiatives.

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1. Introduction

The need and opportunity to work with markets in fragile and conflict-affected settings (FCAS) is increasingly evident to policymakers and practitioners. Several insights have strengthened this trend: 1) in the future extreme poverty and hunger are increasingly concentrated in (FCAS); 2) while humanitarian needs are growing, humanitarian interventions are commonly implemented in protracted crises rather than for short-term crisis response; and 3) fragile settings, even those affected by conflict, are not economic voids but places where people actively shape their own resilience through adapted value chains, markets, agricultural production systems and formal or informal governance arrangements.

Informed by these insights and in view of the 2030 SDG targets, international organisations and donors are shifting strategies. The World Bank Group doubled its core resources available to fragile settings, DFID has earmarked half of its aid budget for fragile settings, and the Netherlands has shifted its focus regions for development aid to the fragile and instable regions bordering Europe. Implementing agencies, similarly, are piloting interventions and approaches and learning about what works and does not work in these complex environments. By no means a new challenge, the question of how to effectively integrate, bridge or transition between humanitarian aid and development is central to these efforts. The humanitarian-development-peace (HDP) nexus, currently featuring in many policy documents, follows the Linking Relief, Rehabilitation and Development (LRRD) concept that was developed in the 1980s for this exact reason.¹

Yet, whereas LRRD was mainly used to think about exit strategies for humanitarian interventions, current nexus thinking is based much more on the idea of ‘permanent emergencies’.² These are crises that are protracted – sometimes lasting for decades – where inequalities and political crises are rooted in societies that are semi-regularly affected by climatic-, conflict- and other types of shocks. Currently, the majority of humanitarian aid goes to such crises.³ From an HDP nexus perspective a more long-term, development-oriented view is required to better support the people living their lives amidst such adversity. Assistance should aim to decrease the occurrence of periodic shocks and enhance communities’ capacity to withstand them, reducing their reliance on humanitarian response. The 2019 ‘DAC Recommendation on the Humanitarian-Development-Peace Nexus’ codified this approach as ‘prevention always, development wherever possible, humanitarian action when necessary’.⁴

This report provides insight into how implementing agencies are currently bringing this into practice, revealing a multiplicity of dilemma’s and innovative ways in which agencies overcome them. The particular challenges of fragile settings that face conflict and protracted crisis, as well as the nexus context that combines logics and objectives from humanitarian and development fields, mean that good or best practices from more conventional, stable settings are not necessarily applicable here. How to develop an agricultural value chain or seed system, for instance, when humanitarian response might disrupt food systems at any time? What assets to invest in when communities face looting, informal taxation and risks of being displaced, while supply chains may be threatened by violence? Such questions can only be answered by looking at what worked and did not work in contexts facing comparable challenges.

This report presents the outcomes of a series of in-depth interviews with practitioners and other experts from public and private sectors, documenting their experiences and insights. The respondents were selected specifically for their ability to comment on different aspects of market-oriented programming in countries affected by protracted violence and fragility: The Democratic Republic of the Congo, (northeast) Nigeria and South Sudan. Additionally, six case studies (annex 3 to 8) describe programmes of respondents that exemplify current innovative approaches on the HDP nexus. The following questions have guided this research and structure the report:

¹ [I. Mosel and S. Levine, ODI \(2014\) Remaking the case for linking relief, rehabilitation and development - How LRRD can become a practically useful concept for assistance in difficult places](#)

² [M. Duffield, IDS \(1994\) Complex Emergencies and the Crisis of Developmentalism](#)

³ [UNOCHA \(2018\) US\\$21.9 billion needed in 2019 as average length of humanitarian crises climbs](#)

⁴ [OECD \(2020\) DAC Recommendation on the Humanitarian-Development-Peace Nexus, OECD/LEGAL/5019](#)

Guiding questions

- What (innovative) approaches are currently being taken to facilitate the transition from humanitarian to development-oriented working?
- How is transition facilitated through partnerships and coordination (with other NGOs, the private sector, further stakeholders)?
- How do organisations balance trade-offs between humanitarian and development objectives in all stages of programming?

How to read this report

The main content of this report, chapter 3, is structured according to the three guiding questions listed above. Each of the three subchapters zooms in on the main considerations resulting from the interviews. **At the start of each chapter, the key points are summarised in a 'at a glance box'.** The concluding chapter provides an overview of these main findings as well as some recommendations for policy makers, programme managers and private sector actors.

More **detailed case descriptions of six market-oriented HDP nexus programmes can be read in annex 3 to 8.** An overview and brief summary of all the programmes referred to throughout this report, can be found in annex 2. To read about GIZ's holistic approach to increase resilience, see annex 3. To read about the different approaches and activities in market systems development programmes of Mercy Corps, Adam Smith International and two different consortia, see annex 4 to 7. For a case description of a value chain development programme, read annex 8 on TechnoServe's and Nespresso's coffee programme.

2. Methods

The research for this report was grounded in two quick-scans that synthesized openly accessible grey literature on: 1) 'Typologies for agricultural development in fragile settings' and; 2) 'Lessons of market-oriented programmes in fragile settings'. Feedback of an expert reference group on the outcomes of those quick-scans then informed the interview approach. These interviews were intended to add to the more generalized and abstract findings from the literature scans. In-depth interviews were organised with practitioners from the public and private sector, policy and research institutions. These focused on identifying experiences and lessons on market-oriented work on the humanitarian-development nexus. The majority of interviews focused on specific programmes. However, interview questions also extended to general views on transition pathways towards development approaches; and what and who is needed to realise it.

Selection of countries, cases and respondents

Cases were sought in three selected countries: Nigeria (Northeast), Democratic Republic of the Congo and South Sudan. This country selection was based on a brief inventory looking at: countries (with areas) with protracted crisis and severe food insecurity indications, the number and percentage of the population living in areas with an IPC3 (Acute Food and Livelihood Crisis) indication and above, and the number of conflict deaths per year and per five years. With Nigeria being a new and growing focus country of the Netherlands' public and private sectors, with much potential for market-oriented approaches, more attention was given to this country.

Relevant programmes and/or respondents were found through expert advice and using a snowball method. A search of the IATI database was also carried out. A total of 17 interviews was conducted in August and September 2019. An overview of all respondents is provided in annex 1. Programmes were selected with a relevancy for food security or agricultural related value chains and markets. The table in annex 2 provides an overview and brief summary of these programmes. The programmes can be roughly divided into three categories: 1) market systems development; 2) value chain development; and 3) recovery/resilience programmes. In several cases, a clear distinction cannot be made, as programmes combine multiple objectives and approaches.

Limitations

The conducted interviews provided a wealth of information and examples. However, the scope of this report does not allow for showcasing all cases. Instead, the report presents the trade-offs and lessons learned that have come out of the 'trial and error' efforts of a diverse range of programmes in three diverse contexts, with the aim of doing justice to the complexity of the topic. What adds to this complexity is that nexus programmes, and the organisations implementing them, are difficult to place into categories. Along with the shift towards more market-oriented approaches, organisations' roles are becoming more 'fluid' and programmes are becoming more 'multifaceted' in terms of their activities. In the interviews and literature study it became clear that interpretations of market-oriented approaches vary significantly: ranging from cash distributions, to value chain development and extended market systems development (MSD) approaches.

3. Analysis and lessons

3.1 Transitioning towards nexus programming: innovation in activities, roles and strategies

Chapter at a glance – key points

- **Mindset changes at governmental, donor and aid organisations are essential** to realise a transition towards more long-term, market-oriented approaches in fragile settings affected by conflict and protracted crises. **Donors can actively encourage change** by being vocal about what specifically needs to be done and why, helped by research and evidence.
- Among the programmes identified the most commonly found operational innovations were attempts to **move the role of aid actors away from direct implementation, towards facilitation and market development** via market actors and private sector partnerships. In many programmes a facilitating role was mixed with direct support to fit the context. **Yet concrete on-the-ground interventions provide credibility that allows aid actors to play a facilitative role.**
- Though objectives of aid and roles of aid actors may change, **this does not necessarily mean implemented activities change accordingly.** The majority of programmes combined traditional development activities across the broad continuum from emergency aid to market systems development. **Innovation does not necessarily happen in the type of activities implemented,** but can happen when they are implemented in a new (fragile) context or by working with new types of partners.
- **Transitional pathways for the HDP nexus were observed in a number of key areas:** moving from direct subsidies to cost-sharing; from direct towards indirect delivery or trainings or extension services; the establishment of cooperatives, savings- and other groups driving market development; and building relationships between market actors.

This chapter shows how programmes combine humanitarian, recovery, resilience and development goals in their choice for certain activities. Pathways for innovation on the HDP nexus are explored that may facilitate transitions from humanitarian-focused to development-focused activities and objectives. Interpretations of what is considered to be innovative differs across professional fields. For humanitarian programmes this may be moving from in-kind to cash support, or extending support to traders and small business. For development programmes, taking a more indirect and facilitating approach to deliver support through private sector actors might be considered innovative. The room to implement such innovative approaches is determined for a large part by the donor environment, while organisational culture can be a bottleneck or enabler. Before exploring the various activities, the first section of this chapter therefore looks at changing roles for aid actors in the HDP nexus.

Transition pathways in the role of aid actors: from implementer to facilitator

When asked what is needed to realise a transition to more long-term, market-oriented approaches, across the board a mindset change at governmental-, donor- and aid organisations was seen as essential by respondents. Such changes may require active encouragement at donor or operational level, like in Mercy Corps' Poultry Development for Resettlement (PDR) programme. It initially functioned as a humanitarian programme, leading to a preference towards humanitarian programming among staff. A newly joining private sector development expert encouraged the team to modify their approach, but only saw perspectives start to change after many internal capacity building and mentoring sessions. In this process support from the country leadership and senior management was seen as instrumental in challenging initial resistance among programme staff. In a similar vein, donor support can be an important driving force in changing the roles of aid actors and the associated mindset changes. Organisations will respond if donors signal the need for different approaches – especially if they are vocal about what specifically needs to be

done and why. For example, when crisis erupted in northeast Nigeria the German government and the EU insisted that development actors should be involved right from the start of the response. As a result, the current GIZ resilience programme (see annex 3) was designed to combine humanitarian, recovery and development aspects.

Among the programmes identified for this study the most commonly found operational innovations were attempts to move the role of aid actors away from direct implementation towards facilitation and market development. For organisations operating in humanitarian contexts that face conflict, natural disasters and other shocks, this is relatively new. The Market Systems Development (MSD) approach, also (or formerly) known as the Making Markets Work for the Poor (M4P) approach, exemplifies this shift. This approach is similar to a value chain approach but looks beyond the direct chain actors to the wider sector and includes a focus on the rules and supporting functions of a market system. In short: it asks to what degree markets (still) function and finds ways in which markets rather than aid actors can deliver support and outcomes for target groups. So whereas humanitarian interventions may directly provide cash or in-kind support; and recovery programming builds on such support with rehabilitation of infrastructure, training, support for livelihoods and resilience building. Market systems development moves beyond traditional development assistance – which focuses on direct support for activities like forming cooperatives and building capacity through technical and business training – towards a facilitating approach that links actors, improves regulations and increases service provision by market actors. See figure 1 for a comparison of approaches developed by Adam Smith International’s ÉLAN RDC programme.

“...the cards are stacked against sustainable solutions from many people’s perspective. I think, in terms of implementers, very few of them are principled any more. In that their mandate might be principled, but the infrastructure within them is set up so that mostly the organisation is set up to find funding. And then they deliver on what that funding asks them to do. So, it has to come from funders. The instruction to change outcomes, that has to come from funders. And then, following that through, what changes the mind of funders, that I guess is better research and evidence on the impact of the status quo.”

Agora Global - CEO

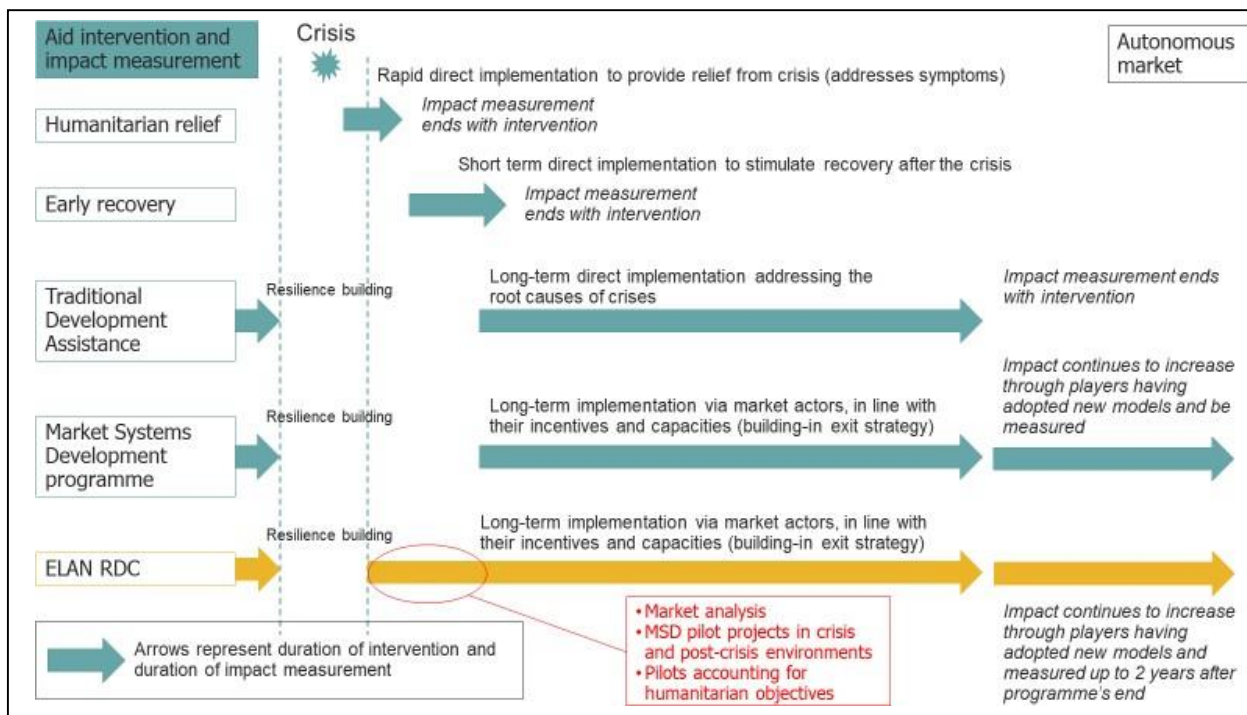


Figure 1. The MSD approach compared by the ÉLAN RDC programme of Adam Smith International.⁵

⁵ Bommart, D., Beever, K. and Venier, M., Adam Smith International (2019) [Changing Aid Industry Norms: Applying the Market Systems Development Approach to the DRC’s Aid Industry](#)

Mercy Corps in northeast Nigeria has for instance adopted this approach in its Building Resilience in Complex Crisis programme (BRICC). With this programme Mercy Corps aims to operate as ‘diagnoser’ of the market system in support of recovery. Through this shift towards market facilitation the organisation redefines its relationship with the private sector which requires clear communication about its new role. When the organisation engaged with an input supplier for instance, the company assumed the programme sought to buy inputs for distribution. Instead, Mercy Corps sought to initiate dialogue to see how the company could bring inputs closer to farmers in their operation – for instance by adapting trainings to make them suitable for smaller agro-dealers. According to the programme coordinator, this facilitation role helps give responsibility back to communities and government. This viewpoint is supported by GIZ experts who also take a (partly) facilitating approach for their resilience programme in northeast Nigeria. They see successful collaborations of local actors brought together by the programme as one its main achievements since these may continue after the programme ends.

In many of the identified programmes facilitating roles were mixed with direct support to fit the context, while programmes sought opportunities to withdraw from direct support where possible. Yet even though a facilitating role may provide benefits in terms of sustainability it is not always an appropriate strategy and may not always fit with the mandate of organisations. Working through private sector actors can for instance prove an advantage because local networks of entrepreneurs or small businesses may allow programmes to reach beneficiaries in areas that are inaccessible to NGOs. However, delivering services through the private sector may also benefit certain businesses over others and influence local power relations or inequalities, which contrasts with the principle of neutrality in humanitarian interventions. Unusual collaborations can also take shape – for instance with the military (see box 1). It goes without saying that a conflict sensitive approach is necessary when working with such actors in fragile settings.⁶ Still, a pathway for change or alignment in the roles of aid actors becomes clear for the HDP nexus.

Box 1 – Facilitating information exchange with security forces as a resilience capacity

In fragile settings access to information is a key competitive advantage for businesses and an important resilience capacity for farmers. A good example is road accessibility. If road closures by security forces hold up inputs – e.g. causing loss of day-old chicks or medication – sharing information on access to transport routes allows market actors to plan better and prevent losses. In northeast Nigeria, Mercy Corps is organizing ‘town hall meetings’ with security forces, the transport union, the lead private sector firm for its programme, company intermediaries, farmers and saving groups representatives. For Mercy Corps establishing this direct link between those actors is at the core of what they aim to achieve: rather than taking the lead, the organisation promotes collaboration between the actors, encouraging the private sector firm to be a driver of the process, rather than an (I)NGO. Dialogue between the private firm and security forces on road access is encouraged by facilitating the initial discussions. Additionally, Mercy Corps acts as a referee to prevent power imbalances from leading to sub-optimal outcomes. At first, the security forces were hesitant to share information since this is sensitive from a security perspective. Initial basic exchange of information is taking shape at the moment as Mercy Corps continues to stress that information sought by market actors is very basic and its sharing does not pose a security threat. Mercy Corps’ working relationship with the security forces, previously established by their security unit, is considered helpful in establishing this relatively open dialogue as a facilitating actor.

Mercy Corps – Poultry Development for Resettlement
For case description see annex 4

Adam Smith International is an example of an organisation that actively uses this facilitating role to bring about transitions in approaches to the HDP nexus. In the second phase of its ÉLAN RDC programme, this private sector-oriented programme moves towards joint piloting with humanitarian actors; an innovative step (see annex 6). The programme operates under the assumption that NGOs are an important market

⁶ ÉLAN RDC, BRICC, GIZ

actor in the most fragile areas. Therefore, collaboration with aid organisations is viewed as a promising way to achieve impact through the market. It seeks to change the models of aid actors to reflect this logic and therefore cost-shares pilots with (I)NGOs to demonstrate the effectiveness of new market-driven approaches. In its first phase the programme successfully applied this model to sustainably improve the business cases of private sector actors in fragile areas. Now the programme seeks to change aid industry norms through this approach. For this concept to succeed the programme aims to first partner with (I)NGOs that are seen as credible actors in the humanitarian sector which will drive the adoption of new market-driven approaches by other aid actors. According to TechnoServe's former country manager for DRC and South Sudan such credibility is key in fragile settings. Adding that first concrete on-the-ground interventions are needed to gain the trust that will allow an organisation to effectively play a facilitating role. Particularly in conflict-affected areas a concrete presence and in-depth involvement may be necessary to achieve results, a lesson which the organisation learned from working with community leaders in South Sudan (see box 2).

Transition pathways in programme activities

So when objectives of aid and roles of aid actors change do the activities that are implemented change accordingly? Is innovation happening in the type of support that is delivered on the HDP nexus? Not necessarily. Three observations can be made for the programmes explored in this report. Firstly, the majority combine traditional activities across the broad continuum from emergency aid to market systems development with varying but similar core elements – such as cash or voucher support, reconstruction of market infrastructure, access to finance or supporting small businesses. Secondly, differences are observed in who receives support and to what extent activities like trainings are implemented by or with partners from the private sector or government. Thirdly, as the objective of aid transitions from short-term crisis response to longer-term (market) development, activities also transition from direct in-kind or cash support and direct trainings towards more long-term focused and indirectly implemented actions that rely on the capacities of market actors.

Innovation thus happens not necessarily in the type of activities implemented, but activities may be innovative because of the context in which they are implemented (e.g. a fragile setting), or by the way aid organisations work with third actors to deliver them. The visualizations by Mercy Corps in figure 2 show how a progression of intervention strategies from humanitarian to a market systems development can be conceptualized: i.e. as basic needs are met, attention can progressively move towards market systems as a way to meet the needs of households.

For the programmes covered in this report, such transitional pathways for the HDP nexus were observed in a number of key areas: moving from direct subsidies to cost-sharing; direct versus indirect delivery of trainings and extension services; the establishment of cooperatives, savings- and other groups driving market development; and building relationships between market actors. As pointed out in the foregoing, while these activities do not make programmes innovative per se, realising shifts along these pathways in fragile contexts should be seen as innovation. The following subsections give concrete examples of what such transitional pathways look like in practice.

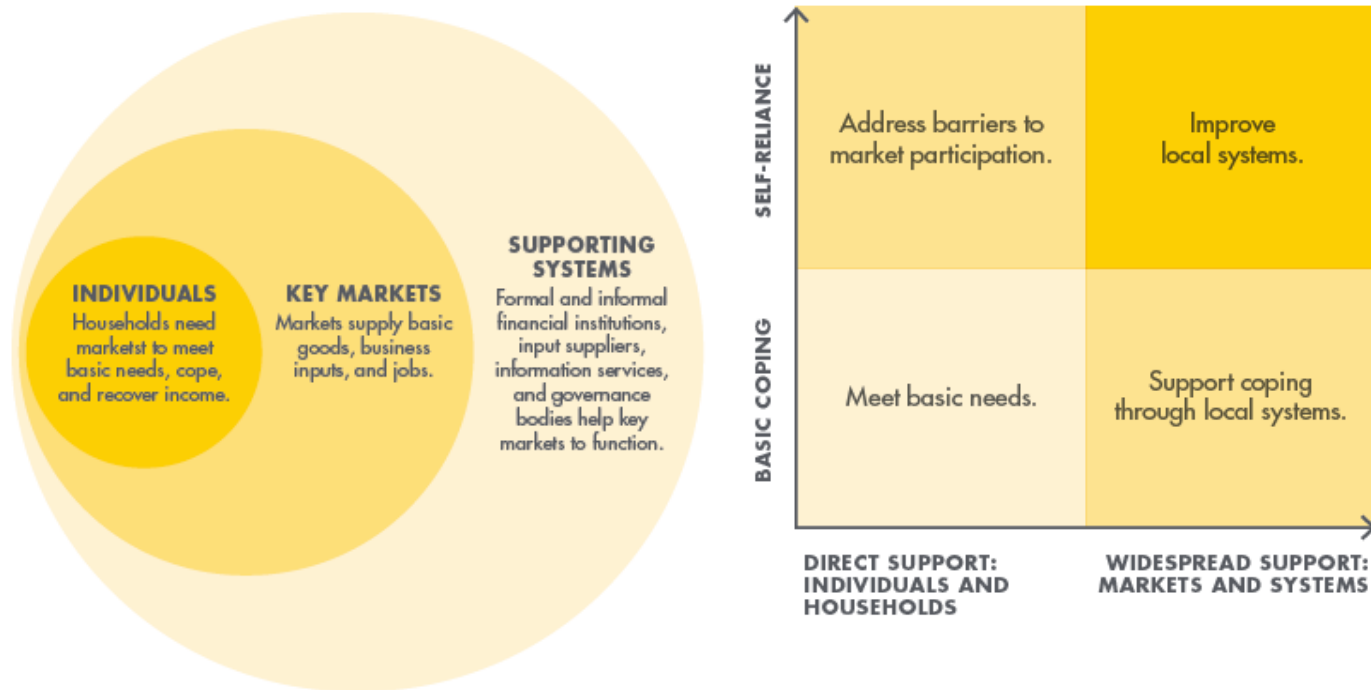


Figure 2. Mercy Corps' conceptualization of market-based coping and recovery.⁷

From direct in-kind support to cost sharing with private sector actors

Using cash transfers rather than in-kind support to households is an important way in which programmes support markets in humanitarian contexts. Cash transfers to traders were used by Mercy Corps in South Sudan to put markets on 'life support'.⁸ Most programmes with a humanitarian focus delivered some type of cash support or used a voucher system that could be used to buy inputs at local agro-dealers. This is meant to build demand that businesses or entrepreneurs can respond to – creating incentives for private sector to come in.⁹ Such support was sometimes combined with grants for small pre-existing businesses, although such activities were relatively isolated in case of the IRC and DRC programmes. This was mainly due to the short duration of these programmes and limited capacity for technical support in these organisations. Additional support for businesses was therefore limited to business management training and/or peer-to-peer mentoring, which was not followed up on. Longer term programmes such as Mercy Corps' BRICC programme commonly combined cash support for households with setting up Village Savings and Loans Associations to finance additional income-generating activities. This combination is based on the assumption that first meeting the basic needs of households is a prerequisite for spending time to rebuild their (financial) assets, as per the strategy visualized in figure 2.

Programmes that operated on the market facilitation end of the spectrum commonly implemented cost-sharing arrangements with private companies. Mercy Corps' PDR programme, for instance, partners with the Nigerian company AMO Farm to promote their 'buy-one-get-one-free' start up offer for chickens in Borno state. The programme assists intermediaries in the promotion of these chickens to farmers, starting up Village Savings and Loans Associations (VSLAs) where farmers do not have the financial means to contribute to this offer. Similarly, in northeast Nigeria IRC implements a rice value chain programme funded by input supplier OCP Group, which helps the company enter the market in Adamawa state. The programme provides a free first batch of fertilizer to farmers to generate interest for the product and links farmers to off-taker Olam Nigeria. In the Democratic Republic of the Congo (DRC) Adam Smith

⁷ [Mercy Corps \(2018\) Beyond Cash: Making markets work in crisis](#)

⁸ Mercy Corps Team Lead Markets

⁹ Agora Global; BRICC

International's ÉLAN RDC programme never funds more than 50 percent of an intervention to ensure that potential partners are motivated and committed. Programmes that are more market-focused naturally seek exit strategies for their support of market actors since continued involvement of aid actors distorts the market and hampers sustainability. The way in which Mercy Corps, for instance, attempts to transition village agents into self-sustaining intermediaries (see case description in annex 4) exemplifies how an approach can transition from direct to indirect support.

From direct to indirect delivery of training and extension services

Delivering training on agricultural best practices and supporting extension services is part of all programmes. Many programmes combine training of farmers and training of agro-dealers in varying forms.¹⁰ Some, like the coffee value chain programmes by TechnoServe in South Sudan, organise direct support through farmer field schools. Others, like GIZ and Mercy Corps, link larger agro-dealers to smaller agro-dealers which in turn can deliver training to farmers by showing the effects of the correct use of their seeds, fertilizers and other products on demonstration plots. For these actors, a business case exists to deliver such trainings as a form of marketing. Furthermore, larger agro-dealers want to ensure that small agro-dealers provide appropriate advice on the use of their products. Larger companies need to balance their interest in market expansion with their readiness to invest in fragile areas, which is a crucial area where aid organisations can intervene. In many cases there is a business case for smaller agro-dealers but not for larger companies. Such partnerships are therefore also thought to increase access to inputs in more remote, relatively inaccessible areas.

"In financial services this is always a conversation that I come back to. You can sink so much into working with cooperatives, but it's going to cost you so much more and the effect is diminished versus working with an exporter. By ensuring that you've got a relationship and some leverage with an exporter, you can encourage more favourable terms or improved services, interaction and engagement with producer groups. As exporters are looking to expand their producer networks, there is just a lot more that you can do. At the same time, exporters are the folks that are more likely to have something to bring, in terms of leverage, to any sort of financial agreement."

ÉLAN RDC - Senior Technical Advisor
(See annex 6 for case description)

At the most indirect and facilitating part of the spectrum, the ÉLAN RDC programme takes a very commercial approach by training agronomists at cocoa and coffee export companies instead of directly engaging with farmers, cooperatives or agro-dealers. As increased production and quality are in the interest of buyers, this sustainably increased the number of farmers receiving extension services through the agronomists or export companies while these exporters were assisted in developing a business plan that would support this expansion. Even when working through private sector actors, the ability to deliver training and extension to remote areas is limited, however. Some team members of the export union ÉLAN RDC worked with lost their lives when working in conflict-affected areas. The programme therefore takes an approach where value chains are kept as short as possible (see box X in chapter 3.3).

Several programmes, such as the SSADP II in South Sudan, also trained or included government extension workers. In northeast Nigeria, GIZ aimed to re-establish trust between communities and the government in this way. Engaging the government also raised awareness among local government staff about the importance of creating market linkages and involving private sector actors in their work, which was seen as crucial for improving the enabling business and policy environment.¹¹ However, a commonly heard complaint when working with agro-dealers in humanitarian contexts, is that aid organisations hand out large quantities of low quality inputs for free when crisis hits, undermining the markets for these dealers. Similarly, if organisations implement in-kind crisis response in the same area where organisations take a market-based approach to support coping, beneficiaries question why they should attend training to receive (vouchers for) inputs when they can also get inputs for free. In many cases a structure that directly delivers (periodical) support to these agro-dealers will thus be necessary.

¹⁰ ÉLAN RDC, GIZ, IRC, BRICC, PDR, East-West Seed, TechnoServe

¹¹ GIZ, SSADP II, ÉLAN RDC

(Re-)establishing cooperatives, savings- and other groups for market-driven development

Nearly all programmes sought, directly or indirectly, to create or strengthen cooperatives, savings- and other groups such as traders' unions. In the programmes of GIZ, IRC and TechnoServe, among others, cooperatives or peer selling groups were promoted to improve the bargaining position of farmers towards off-takers, retailers, transporters and input suppliers. Since aggregation of supply via such groups is a crucial aspect of value chain development, the support for such groups is a key pathway for HDP nexus interventions. Mercy Corps' PDR programme therefore views this as a key aspect of transitioning towards a market-oriented approach. It sees the formation of Village Savings and Loans Associations (VSLAs) as a precursor to the creation of Farmers Business Organisations, or cooperatives, which first informally provide access to finance before attempting to create links to the formal financing sector. Creating such links towards commercial and microfinance banks is attempted, but found challenging by various programmes, as in the more conflict-affected areas these institutions are not physically present.¹² The SSADP II project, implemented by Cordaid, SPARK and Agriterria in South Sudan, expands the VSLA concept to include elements of the Village Economy Market and Social Association (VEMSA) model. In this approach farmers receive additional training on a wide range of areas including nutrition, climate change adaptation, resilience and entrepreneurship skills.

TechnoServe found that in conflict-affected contexts organisations should use caution in strengthening pre-existing cooperatives. Group leadership can be exploitative, while high distrust among communities can quickly lead to rumours with negative consequences. To prevent poorly functioning cooperatives from collapsing, a method was developed for communities to select effective cooperative leaders (see box 2). Small-scale innovations, such as the performance-based election model for leaders, can be valuable for local economies. Another example is Mercy Corps' lesson learned from an intervention in South Sudan. Mercy Corps found that bringing together traders in a union to negotiate lower transport fees built an adaptive (resilience) capacity for the longer term.¹³ Different approaches to support the negotiation position of farmers in the value chain are also possible. The ÉLAN RDC programme, for instance, used their support for export companies to ensure better terms, as well as improved services and engagement for producer groups.

Box 2 – Performance-based election model and bonus payment contracts for cooperative leaders

When TechnoServe found that farmer groups were not functioning properly, the organisation decided to focus more on the governance of farmer groups and cooperatives. In consultation with the communities, some groups were privatised and new groups initiated; a process that required a careful selection procedure to identify the new groups' leaders. A performance-based election model was developed which was initially tested in Rwanda and further developed in South Sudan. This approach consists of several practical tests that candidate-leaders take to demonstrate their leadership ability, responsibility, as well as financial transparency to their community. For instance, the tests involved preparatory tasks at sites where a pulping machine would be placed, as well as mobilising community members from surrounding villages for sensitization meetings. The procedure enabled members of the cooperative to base their decision-making on actual and concrete results. This was found important particularly in a post-conflict setting, where in the experience of TechnoServe communities tend to select a 'wrong' leader. This is because they have a predetermined idea of what a good leader is, with little relation to their capacity for good business management. Through this process the community is better equipped to filter out inactive or corrupt leaders.

Selected cooperative leaders then sign a performance contract through which they commit to individual self-selected targets, which are evaluated by the members at the end of the season. Leaders that achieve their targets received a bonus payment: a fixed percentage of the season's net profit, reserved for this purpose by the

¹² PDR, GIZ, IRC, BRICC, SSADP II

¹³ Mercy Corps Technical Lead for Markets

cooperative. Leaders that did not meet targets were not compensated and replaced. As a result of this performance-based approach, TechnoServe observed new dynamics between leaders and communities.

*TechnoServe - Nespresso AAA Sustainable Quality Program & South Sudan Coffee Initiative
For case description see annex 8*

Building relationships between (market) actors

Evidence shows that in fragile settings interventions that strengthen multiple interconnected actors along a chain are most effective.¹⁴ In this study, however, it appeared that most programmes did not build capacity of more than one type of chain actor. Instead, they focused on strengthening relationships between market actors. This includes linking farmers to agro-dealers, smaller agro-dealers with larger input suppliers and cooperatives or other aggregation mechanisms with national or international off-taking companies or exporters. Several programmes also attempted to build relationships with the local government, or more specific actors like the military, transport unions or traders unions.¹⁵ The GIZ programme in northeast Nigeria is one example of a comprehensive approach. It linked farmer cooperatives to input suppliers at input fairs, brought in commodity exchanges in rehabilitated warehouses (see box 3), worked in partnership with the DFID programme PROPCOM to link up commodity exchanges and farmers to major Nigerian retailer ShopRite, and also engaged the government in community planning processes and delivery of extension services.

Box 3: Rehabilitating warehouses as incentive to attract commodity exchanges

Whereas an activity such as rehabilitating warehouses may be an isolated activity in a recovery programme, applied in a facilitative approach on the nexus it can be seen as an instrument to improve (local) service provision in the long run, to promote self-reliance and to strengthen the (local) market system. GIZ's resilience programme is a case in point. This programme rehabilitated warehouses for two main reasons: 1) to provide an incentive for commodity exchanges to operate in the area; and 2) to increase incomes for farmers that no longer have to sell their harvest immediately, even if prices are low. To achieve this, GIZ negotiated an MoU with the Ministry of Agriculture and the commodity exchange. In this partnership, GIZ rehabilitates the abandoned warehouses owned by the Ministry of Agriculture. Afterwards, the commodity exchanges pay a monthly rate to the Ministry and manage the warehouses on their behalf. So far, GIZ is collaborating with five commodity exchanges, which they take as a positive indicator for private sector interest in fragile northeast Nigeria.

*GIZ - Support to Strengthening Resilience in North-East Nigeria
For case description see annex 3*

Building such links between different market actors is not necessarily innovative but as these links are key for the effective functioning of market systems, this represents an important pathway along which approaches to the HDP nexus can progress. The experience of ÉLAN RDC exemplifies this, as insecurity among farmers about whether they are able to evacuate and sell their product was observed to be a more important constraint than their production capacity in certain areas. Building relationships between chain actors as a facilitating actor may therefore be more effective than direct support to increase production. For Mercy Corps' BRICC programme, building the confidence of market actors to do business with each other is crucial as this enables market mechanisms like delivering inputs on credit. Identifying challenges and constraints in this regard allows the programme to build functional relationships as a facilitating actor.

Focusing on the business case for private sector actors is key to incentivise them to build linkages with other actors in the value chain. In Mercy Corps' PDR programme a lead firm is supported in the expansion

¹⁴ Quick-scan: [Lessons of market-oriented programmes in fragile settings](#)

¹⁵ PDR, IRC, NABC, BRICC, GIZ

of its distribution channels for chicks feeds and medication, which drives its buy-one-get-one-free deal. The ability of Mercy Corps to help identify sales intermediaries and assist them in the development of their business and marketing strategy decreases the risk for the lead firm to invest in northeast Nigeria. Similarly, IRC's rice value chain programme is funded by a private company which seeks to develop markets for its fertilizer. Through engagement with NGOs these businesses enter areas where they otherwise might not have invested. East-West Seed Nigeria, for instance, is currently not operating in fragile areas but indicates that capturing market share for high quality seeds by building its brand among farmers would be its primary motivation to consider operations in such difficult contexts.

3.2 Partnerships and coordination within and beyond the aid community

Chapter at a glance – key points

- **Better coordination between aid organisations can be desirable but is not a panacea:** It does not necessarily bridge differences in mandates, objectives, approaches, security guidelines, focus areas, donor requirements or timeframes.
- **Early involvement of development actors in crises, or continued involvement through adaptive approaches** in cases of instability, may enable more frequent coordination with humanitarian actors and contribute to close the coordination gap.
- **Coordination with humanitarian actors is sought by development actors to prevent market distortion** through free distribution of goods. Development programmes however did not link up to the humanitarian cluster system.
- Though no partnership model is identified as the best, **coordination through consortia allows organisations with different mandates and capacities to coordinate under one result framework.** This may be less effective for humanitarian interventions that need to operate swiftly in emergency situations.
- **Private sector partnerships can play a role in building the resilience of market- and food systems** to (in)frequent shocks as functioning markets are an essential way for communities in fragile settings to meet their needs.
- **Identified programmes sought to involve the private sector where possible.** Private sector development programmes did so from the design stage, while more humanitarian-oriented recovery and resilience programmes approaches private sector partners at a later stage.
- Although investments by international private sector in agriculture is limited by security conditions in fragile settings, **some private sector actors seek cooperation with aid actors to access and capture markets in crisis areas.**
- While this study focuses mainly on pathways for socio-economic transitions on the HDP nexus, from short-term humanitarian to longer-term development support, identified **programmes did not report seeking coordination on peacebuilding goals.** Though resilience and recovery programmes often included peacebuilding components, unlike private sector development interventions. The latter rather tried to improve governance and trust as part of their efforts to improve the enabling environment.

This chapter looks at the role coordination and partnerships play in the realization of the HDP nexus. Since no programme can focus on all aspects of humanitarian, development or peacebuilding work, coordination is a key aspect of bringing the HDP nexus into practice. For each programme that seeks to coordinate on the HDP nexus, partnerships need to be built, joint ways of working and complementarities defined, agreements brokered – all without losing sight of the needs of populations and capitalizing on the strengths of different organisations. The first section of this chapter looks at respondents' experiences and lessons on coordination and cooperation with humanitarian and development actors. Thereafter, focus is shifted towards engagement with the private sector, government and peace actors.

Coordination and cooperation in the aid sector

When asked how the aid industry can better coordinate to realise a transition on the HDP nexus, responses show that better coordination and cooperation are desirable but not necessarily a solution when it comes to addressing the challenges particular to fragile and conflict-affected settings. A commonly raised concern was the free distribution of seeds, tools and other inputs by humanitarian actors after crisis hits. Development actors generally wished for better coordination around this issue, to see how market disruption could be minimized. GIZ, for instance, encountered a case in northeast Nigeria where large quantities of low quality seed were imported from abroad and freely distributed, disrupting a budding local seed sector. With better communication between humanitarian and development actors, as well as a strategy to engage the private sector from the very start of implementation, local businesses might have

benefited instead. Development programmes generally saw a benefit in coordinating with organisations working in similar areas and with similar approaches. Coordination with humanitarian actors is desired to prevent market distortion and where possible create synergies. However, when focused on private sector development, engagement was mostly sought with the private sector rather than with (I)NGOs.

Adaptive approaches and early involvement to close coordination gaps

Often development programmes are not present at the onset of crises, or are required to halt or suspend operations, which widens the gap with humanitarian practitioners and limits the possibility of effective coordination. Early involvement of development actors, as well as continued involvement through adapted programming can both serve to close this gap.

When disruptions of development programmes are likely, increased adaptability can benefit work on the HDP nexus. Mercy Corps, for example, was confronted with a ban by the military on transporting ammonium nitrate fertilizer, which affected the implementation of its BRICC programme. Having to deal with such changing circumstances, the organisation closely monitors the situation to determine how its approach could be adapted on a monthly basis – while expecting such adaptations to be required less regularly when the situation would stabilize over time. In other cases, organisations could adapt by choosing to work through partners when security guidelines do not permit their presence in the field. There is a role for donors here, both in pushing development actors to implement more market-oriented approaches in fragile settings, as well as in enabling more flexible approaches. By allowing the continued presence of development actors that are able to adapt their programming even in cases of instability or conflict, more frequent coordination with humanitarian actors may be enabled.

Early involvement of development actors is considered important as well, not only for the sake of streamlining activities, but also to avoid a time gap. As early recovery and development programming takes time to deliver results, earlier involvement may prevent humanitarian needs from recurring after a crisis ends. To address this gap, Mercy Corps tries to raise awareness in the broader humanitarian sector about how markets and businesses can benefit humanitarian objectives.¹⁶ Still, respondents noted that important impediments to coordination and cooperation remain, including differences in mandates, objectives, approaches, focus areas, security guidelines, donor requirements and timeframes. Time constraints and a lack of relevance to coordinate with other (I)NGOs were also commonly cited by actors involved in private sector development.

Institutionalizing HDP nexus coordination

Humanitarian-development coordination that linked up to the humanitarian cluster system did not happen in any of the programmes.¹⁷ In northeast Nigeria, for instance, GIZ experienced a coordination gap and a mismatch of objectives. Because GIZ's programme did not focus primarily on saving lives, it could not link up to the cluster system and related meetings. GIZ noted that although higher level donor coordination was taking place to some extent for humanitarian and development programmes, such exchanges were not taking place on implementation level for development focused interventions. To improve this situation, GIZ itself initiated informal coordination meetings for organisations with a similar market-oriented resilience focus, which were joined by both development and humanitarian practitioners.

“There can be this cultural tendency to look to the other side of the aisle and say “those people don’t know what they are doing” - but I think collectively the answer is actually correct: neither of you know what you’re doing. Unless [humanitarian and market systems development actors] come together and define their knowledge, we’re not really going to know what it is we need to be doing when it comes to market-based programming in these longer-run crises...”

Mercy Corps - Team Lead Markets

¹⁶ Mercy Corps Team Lead Markets

¹⁷ Referring to the [Cluster Approach](#) in which each of the main sectors of humanitarian action (e.g. water, food security and logistics) is designated to groups of humanitarian organisations, both UN and non-UN.

Another way to make coordination and cooperation feasible is working in consortia. Respondents pointed to complementarity of expertise and coordination on technical approaches as key advantages of establishing consortia. Actual implementation can still be separate in practice, for instance with each consortium member of the BRICC programme operating from a different office in the respective areas assigned to them and with separate budgets. A disadvantage of operating through consortia, however, is that it requires significant investment in internal communication, which may delay life-saving humanitarian interventions in emergency situations.¹⁸

Partnerships and cooperation with the private sector

In addition to improved coordination and cooperation within the aid sector, partnerships and cooperation with private sector actors are vital for transitions of aid objectives in the HDP nexus. Private sector actors can play a key role in these transitions as functioning markets are an essential way for communities in fragile and conflict-affected settings to meet their needs. Building the resilience of market- and food systems to (in)frequent shocks is an important pathway towards longer-term development. Additionally, small local businesses may adapt better to the dynamics of these settings than aid actors, or even reach communities that are inaccessible to aid actors. To prevent a situation where local economies become dependent on humanitarian aid that is renewed year after year, the identified programmes tried to strengthen markets and involve the private sector where possible. In the case of private sector development programmes that take a value chain or MSD approach, private sector partners are generally involved in the design stage.¹⁹ In more humanitarian-oriented recovery and resilience programmes, private sector partners tended to be approached at a later stage. Though a key lesson learned by the GIZ resilience programme in Nigeria is that engaging the private sector already in the intervention planning phase is preferable to approaching these actors at a later stage.

Selection of partners – a two way street

Organisations selected private sector partners based on a varying set of factors. For instance, for their voucher support activity GIZ identified input suppliers that are trustworthy, have sufficient capacity and are reachable for communities. For private sector development programmes the selection is not always done by the programme itself. In case of the PDR programme the donor (Gates Foundation) already identified a lead poultry firm before Mercy Corps was identified as the implementing party. After this, Mercy Corps is exploring opportunities to diversify the programmes' partnerships with other companies to avoid concentration in one supplier. Partnerships can also be initiated by private sector actors, as was the case with Nespresso and TechnoServe in South Sudan. For ÉLAN RDC, with 150 private sector partnerships for cost-shared pilots, key factors in selecting partners are the willingness of businesses to invest and their ability to deliver benefits to its target groups at scale.

Moreover, when implementing a programme, initiating collaboration is not necessarily a one-way-street. Because of their expertise and network in certain areas, (I)NGOs may also be approached by (local) market actors. After GIZ started to support extension agents at the Nigerian Ministry of Agriculture and train them on how to create linkages with the private sector, the programme was approached by the Tractor Association of Nigeria which was interested in their work with smallholder farmers and offered mechanization services. Likewise, ÉLAN RDC has been approached by cooperatives and exporters working in north and south Kivu in the DRC who appreciate its market-driven approach. Some private sector actors also view cooperation with NGOs as an opportunity to enter new markets and expand their reach. East-West Seed Nigeria, for instance, has shown an interest in supplying seeds for small scale vegetable production in or near IDP camps.²⁰ While IRC works with input supplier OCP - a private company that is also their donor - to increase access to inputs in northeast Nigeria.

¹⁸ DRC

¹⁹ IRC, PDR, TechnoServe, ÉLAN RDC

²⁰ East-West Seed, NABC, RVO

Facilitating market entry for companies

For private actors to enter these more remote and less accessible markets, cooperation with INGOs and/or government institutions is instrumental. While for INGOs, a benefit of partnering with (big) commercial actors may be the leverage they bring to achieve larger scale impacts. Partnering with large commercial actors may for instance help realise social and political buy-in, and help tackle corruption through transparency, media attention and exposure due to their involvement.²¹ The traceability systems for coffee and cacao developed by ÉLAN RDC, for example, bolstered transparency by identifying bottlenecks in the operations of companies and exporters. Exporters looked to develop such systems because producers operating in volatile markets are happy to sell what they can as quickly as they can. Introducing traceability systems allow them to pay premiums to producers, building more durable relationships. As such traceability requires improved communication and transparency through reporting this provides an entry point to address corruption as a bottleneck in the value chain.²²

Yet investments by large international private sector actors in agriculture remains limited by security conditions. A certain amount of stability is needed to enable management of risks and make partnerships commercially viable. Respondents working to promote business opportunities for the Dutch private sector in Nigeria also notice this. International market actors are observed to be cautious to invest in such areas, but were more likely to accept risks when cooperating with INGOs or government partners like the Netherlands Enterprise Agency RVO. Although the security situation in northeast Nigeria remains too risky for these companies, there is interest in the relatively stable areas of north Nigeria. Family-owned companies, rather than multinationals, see potential to invest in these areas because, unlike stockholder companies, such companies tend to have longer-term visions – for the next 20 to 30 years – and see opportunities here. This shows that there is an opportunity to work with various kinds of private sector actors in support of development outcomes in fragile and conflict-affected settings. However, for humanitarian actors facilitating market entry in this way may conflict with a principled humanitarian approach that emphasizes neutrality and independence to establish and maintain access to people in need.²³

Triple nexus and the enabling environment

While this study focuses mainly on pathways for socio-economic transitions on the HDP nexus, from short-term humanitarian to longer-term development support, identified programmes did not report seeking coordination on peacebuilding goals. Various programmes did however engage in efforts to improve governance and increase state-society trust. The BRICC programme, for instance, includes conflict management and mitigation components such as training traditional and religious leaders on conflict negotiation and mediation skills, while multi-stakeholder dialogues between government and communities were initiated with the explicit aim of increasing trust. Similarly, GIZ aims to strengthen the relationships between local communities and leaders, government institutions and civil society through Community Development Planning (CDP). Simultaneously, the programme builds the capacities of local and state government as well as civil society and community based organisations for improved service delivery. The aim of this holistic approach is to avoid conflicts that are triggered by competition for resources. Other organisations like DRC implement peacebuilding initiatives as separate activity, rather than integrated in value chain or MSD approaches.

“...Our role is to see how can we develop long-term and how can we support state structures to also provide that environment in which an economy can flourish. So we work directly with certain organisations to target certain direct beneficiaries, but we try also to work with the state structures in order to set frames.”

GIZ - Head of Programme
(See annex 3 for case description)

²¹ TechnoServe, ÉLAN RDC

²² ÉLAN RDC

²³ Humanitarian action must be autonomous from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented. [The Sphere Project \(2011\) Humanitarian Charter and Minimum Standards in Humanitarian Response](#)

Such programme components with peacebuilding goals were less likely to be included in private sector development interventions, which rather took on such issues, e.g. related to governance, as part of their efforts to improve the enabling environment. One of the biggest challenges for ÉLAN RDC for instance were government officials that did not value the logic behind economies of scale. The programme identified an opportunity to scale its impact if cumulative taxes for exports were lowered. It therefore tried to identify champions for such policy change in key government institutions. Working with champions in government institutions may indirectly contribute to better governance. TechnoServe, for instance, did not explicitly focus on peace in South Sudan, but its programme did address issues related to trust by improving local leadership and social cohesion through support for cooperatives (see box 2 in the previous chapter as example). However, in the experience of TechnoServe these efforts to improve governance around value chains have a higher chance of success in relatively new markets where systems of patronage and rent-seeking around certain economies are not yet institutionalized. Comparatively, due to a lack of vested interests in the coffee sector of South Sudan, work here was made easier than in the DRC, even though circumstances were less secure and stable in South Sudan than in the DRC. Still, for ÉLAN RDC, a key shift in its second phase is to work more closely with the government. Previously the programme only focused on support for the private sector, but found that government buy-in was necessary to sustainably develop a national strategy for the coffee and cocoa sectors.

That said, while a project can influence the enabling environment, in the experience of TechnoServe organisations should be realistic when it comes to the extent of their influence on the complicated systems in fragile and conflict-affected settings. A lesson from experiences in South Sudan and the DRC is to promise less impact in this area for future programmes. Instead, a greater focus on opportunities arising from dynamics within communities, value chains and governments is needed as these represent local initiative and incentives.

3.3 Trade-offs between humanitarian and development objectives in different aspects of programming

Chapter at a glance – key points

- **How organisations make trade-offs in programme design is determined by an interplay of factors**, including outcome goals, timeframes, organisational expertise, partnerships, mandates and donor requirements.
- **A rough divide exists between programmes focusing on: 1) resilience and recovery outcomes**, funded with ODA; **and, 2) market or value chain development**, commonly co-financed or implemented in cooperation with private sector actors.
- The focus of needs and market assessments largely depends on objectives of the donor and expertise of the implementing organisation(s). **Generally, a choice to target the most vulnerable or poorest was made in the identified programmes.**
- **Most of the identified programmes** operating in fragile areas **focused on production of food crops**. Programmes driven by market demand **generally focused on local or national demand** rather than exports. Short timeframes were mentioned as a key limitation to introducing new crops.
- Two **pathways along which programmes shift targeting strategies** are: 1) from targeting the most vulnerable to **(also) targeting vulnerable yet (previously) entrepreneurial people**; and 2) from targeting primary producers to **(also) targeting other market actors**. Beyond farmers and cooperatives, programmes generally supported agro-dealers, traders and other service providers as well.
- **Accessibility of areas largely determines programmes' targeting strategies and activities.** In relatively stable areas in particular, programmes are more market-oriented and focus more on economically active or pre-experienced people. In less stable or less accessible areas, such elements are integrated where possible in other approaches predominantly targeting vulnerable households.
- **Market distortions caused by humanitarian interventions are a key challenge for development programmes.** In addition, informal taxation and rent-seeking were named as a challenge more often than violence or crises.

This chapter looks at trade-offs between resilience, recovery and market development objectives of programmes on the HDP nexus. The different subsections represent areas where trade-offs could be identified in respondents' descriptions of decision-making on core elements of programming. The first section looks at choices in different types of assessments, the second section looks at what groups are targeted, followed by a section on choices in value chain or crop selection, thereafter zooming in on area selection, accessibility and security considerations, and finally looking at choices regarding sourcing and input supply. The trade-offs are important because they are an indication of how effective links and transitions between humanitarian and development logics will be. Distributing cash instead of in-kind assistance for instance links up better to market-oriented development programming. Choosing to invest in value chains or crops that enhance the food security of the most vulnerable households may result in limited investments in crops for exports, and vice versa. Similarly, a choice to increase the efficiency of a value chain may end up benefiting large farms over smallholders. These choices are often not entirely up to programme designers and implementers; priorities of funders are an important factor. It is important to realise, however, that programme designers' expertise and knowledge of the context is indispensable to make the trade-offs for HDP nexus transitions explicit and discuss these with donors in the initial prioritization of programming strategies.

The focus of needs and market assessments

Conducting assessments is a standard element in any programme cycle to help determine the focus of programming. Needs- and vulnerability assessments of target groups are common for humanitarian programmes, while value chain or market assessments are more common in market-oriented programming.

Although this study focuses predominantly on market-oriented approaches, the assessments conducted by the programmes in question, included broader market perspectives for both humanitarian and development outcomes. The 2017 Northeast Nigeria Joint Livelihoods and Market Recovery Assessment²⁴ for instance, identifies constraints to the functioning of markets but also looked at aspects such as social norms and access to information which are not commonly included in value chain assessments.²⁵ An important consideration was to assess which types of businesses were still active and what infrastructure, such as markets and shops, should be rehabilitated. For programmes looking to achieve humanitarian objectives through market-based activities these insights are crucial. For the distribution of cash to effectively address needs, goods and inputs should still be available and local businesses present. This particular market assessment, which was carried out as a joint effort by multiple actors working in the area, focused on the resilience capacities and food security outcomes of households. A trade-off made as a result was to leave out livestock markets, since target groups – particularly women and the poorest – were less likely to derive income from livestock.²⁶ Another trade-off comes with the collaborative nature of the assessment itself. While a joint effort like this has the advantage of increased efficiency, less duplication of efforts and provides an advantage for later coordination or collaboration between programmes, the organisations are also forced to set joint goals which may limit the assessment’s focus on humanitarian or market development strategies. This is why Mercy Corps for instance felt it was necessary to carry out additional assessments for its BRIC and PDR programmes that mapped relationships between market actors in order to determine how market functioning could be improved.

Generally, a choice to target the most vulnerable or poorest was made in the identified programmes, which determined the focus of needs and market assessments. Whether this focus was determined by the outcomes for households and producers or informed by market demand largely depended on the objectives of the donor and expertise of the implementing organisation(s). Although it is difficult to draw a hard line, the programmes do suggest a divide between 1) programmes with resilience and recovery outcomes, commonly funded with ODA; and, 2) those focusing on market development or outcomes for specific value chains, commonly co-financed or implemented in cooperation with private sector actors. The first category directed the focus of their assessments towards value chains that are easy for vulnerable and poor target groups to (re-)enter and derive income from, rather than value chains that might have a more competitive advantage in the broader (international) market. Programmes in the second category such as ÉLAN RDC or programmes by TechnoServe started their assessments from market demand and export potential, resulting in a focus on non-food crops: coffee and cocoa.

Various organisations actively sought ways to work on the HDP nexus; exemplified by the fact that there are humanitarian organisations taking a demand-driven approach in cooperation with private sector actors. International Rescue Committee (IRC), for instance, is financed by private sector actor OCP to support the parboiled rice value chain in northeast Nigeria. The choice to support this crop in particular was made because it is in high demand, not commonly grown in northeast Nigeria, and the development of this value chain benefits women in particular. When respondents described demand-driven approaches like this, programmes usually focused on local or national demand rather than international demand for exports. When programmes supported value chains for export additional assessments focusing on competitiveness were carried out. These assessments for instance served to identify unique variants and quality of coffee, or assessed marketability through customer surveys.²⁷

What groups are targeted?

While all programmes focus on supporting the poorest or most vulnerable populations, the approaches to achieve this are different and shifting. Most programmes targeted women or youth-headed households. The reasoning behind this is that women generally show better economic performance and more family-oriented investments, while youth are often more vulnerable as well as prone to recruitment by armed

²⁴ [Mercy Corps, USAID \(2017\) Northeast Nigeria Joint Livelihoods and Market Recovery Assessment](#)

²⁵ Mercy Corps, Technical Lead for Markets

²⁶ [Mercy Corps, USAID \(2017\) Northeast Nigeria Joint Livelihoods and Market Recovery Assessment](#)

²⁷ TechnoServe

groups.²⁸ For the identified programmes two pathways along which approaches can shift were: 1) from targeting the most vulnerable to (also) targeting vulnerable yet (previously) entrepreneurial people; and 2) from targeting primary producers to (also) targeting other market actors. Furthermore, targeting strategies often differed between relatively stable and more inaccessible areas within one programme.

In Northeast Nigeria, Mercy Corps for instance pre-selected beneficiaries based on vulnerability levels – female- and youth-headed households among internally displaced people (IDPs) and host communities. A new private sector development expert in the project team then introduced a selection based on poverty levels, which cut across various demographics. As a result targeting changed to include more economically active people – i.e. poor people that have some means of coping or generating income. The reasoning was that these groups may be better able to leverage opportunities within the market, leading to economic development that benefits vulnerable groups as well. A different approach was taken by the small business grants support by Danish Refugee Council (DRC) in Northeast Nigeria. By predetermining what businesses are viable (e.g. livestock sales), the programme targets experienced or pre-skilled individuals in this area among the most vulnerable, including beneficiaries engaged in businesses that want to re-stock or expand. The logic behind this focus is that a multiplier effect may be realised, as succeeding businesses are expected to provide employment for others in the affected communities. However, support was limited to grants as DRC had no budgets or organisational expertise to provide vocational training.

Contradicting the results of the literature quick-scan, which found that primary producers like farmers and pastoralists are commonly the main target group of agricultural programmes in fragile settings, the identified programmes generally also supported agro-dealers, traders or other service providers. This is in part due to the case selection but may also indicate a shift towards more market systems-oriented programming. In fact, the ÉLAN RDC market systems development programme did not directly target any farmers or cooperatives at all. The programme logic reasoned that support for private sector actors like exporters associations would indirectly translate into higher incomes for the population under the poverty line. From a more humanitarian perspective, respondents also spoke of putting existing markets on ‘life support’ by giving financial support to traders. Such indirect targeting was named more often by respondents, for instance when describing support to local input suppliers or rehabilitating market infrastructure and services. The trade-offs for such shifts are obvious. A shift towards groups with more economic potential to stimulate development of markets can result in a loss of focus on the needs of the most vulnerable. Respondents had an eye for this trade-off, which is a delicate balancing act when looking to support transitions along the HDP nexus.

Choices in value chain or crop selection

Programmes that chose to support certain value chains or crops did so based on a broad range of reasons and desired outcomes: increased resilience, increased income, local suitability based on weather and soil, commercial viability, nutritional habits, existing practices, food and nutrition security, donor preferences, or feasibility within short project lifespan. Usually a multitude of reasons played a role in this selection of value chains and crops, also resulting in particular choices with regards to beneficiary targeting and area selection. A number of observations can be made regarding trade-offs related to these choices, some of which contrast with the findings of the quick-scans.

Security was obviously an important factor for these programmes but direct links between crop or value chain choices and stability outcomes were not explicitly named. Security issues were generally discussed as limiting, an out-of-control reality to deal with or to build resilience against. In some programmes however, activities to re-establish trust between communities and the government, or actors in the value chain were undertaken and were assumed to contribute to stability over the longer term. In some cases, crop choices were limited due to security considerations. In northeast Nigeria, high growing crops like maize were not permitted due to cover they could provide for armed groups. Transportation of liquid fertilizer was banned for similar reasons. Anticipating security issues, programmes did seek to build resilience through their selection of value chains. The PDR programme, for instance, focused on a strong breed of poultry that can be taken along when households are displaced due to conflict shocks.

²⁸ GIZ

In terms of competitive advantage, security limitations may have provided some small benefits – in contrast to their drawbacks. Crops that are not commercially viable in other contexts – because they are produced cheaper and at scale in other countries (imported maize from South Africa was named as an example) – might be viable for the local market in areas that are relatively isolated due to security issues.²⁹ Programmes did not explicitly use this logic however. Rather, for the TechnoServe coffee value chain programme competitive advantage of the fragile areas in the DRC and South Sudan was found in the characteristics of coffee production. Producing coffee here can be internationally competitive because it is a crop that can only be grown in a limited number of countries and its production is relatively labour intensive. Due to their labour intensive production methods smallholders are thus suitable producers and can benefit from this international value chain even in the fragile areas of DRC and South Sudan. Generally for such income-generating interventions a trade-off between increased income and nutrition outcomes looms. For higher incomes to lead to increased food and nutrition security, households must have access to sufficiently diverse food in local markets, which remains an uncertain factor in some fragile areas. Most of the identified programmes operating in fragile areas therefore remain focused on production of food crops. Moreover, a focus on primary production over value-adding activities was observed for most programmes (see box 4).

Box 4 – Potential for value-addition in fragile settings

In fragile and conflict-affected settings opportunities for value addition through local processing are limited for obvious reasons, including security concerns, damaged or lacking infrastructure (including electricity) and limited volumes of production. However, despite risks and challenges some organisations do focus on local processing. ÉLAN RDC for instance finds that making the value chain as short as possible in terms of distance decreased risks in terms of informal taxation and security while improving the quality of coffee beans. The programme developed ‘one-stop-shops’ where washing stations, drying tables and fermentation units are brought together at centralised collection and buying/selling points. They saw this model take root and several other entities taking it on - noting that it’s not a perfect model and it must be done at a scale that businesses can support.

A lack of electricity was not necessarily found to be an impediment for processing of smaller quantities at household level and for products which could be processed with manual labour - such as parboiled rice and coffee. For instance, IRC trains women and supports them with parboiling equipment for locally produced rice (often by men). Results so far have shown positive results: women that bought a 50KG bag of rice for 20.000 Naira, have been able to sell it for up to 40.000 or 50.000 after processing – which would otherwise be done by others outside the area. TechnoServe also trained and provided groups with equipment (manual pulper machines) for local value addition and higher export prices. Notably, in both cases relations with a commercial off-taker had already been established. Despite such opportunities to realise increased prices for people at the local level, local processing is a point of focus of only a few programmes.

While the quick-scan showed that diversification of livelihoods is an important factor in resilience building, this was scarcely reflected in the reasoning of respondents on value chain selection. On the contrary, instead of opting for different crops or promoting livelihoods that would diversify household strategies, programmes commonly opted for supporting or building on existing practices. Short timeframes were mentioned as a key reason, especially in emergency programming, as successful adoption of new crops and practices takes time. This points to a potential trade-off between existing crops or chains that support resilience outcomes, and new ones that provide income opportunities due to factors related to market opportunity or competitiveness. However, respondents argued that there was often substantial unmet demand for commonly grown crops in local, regional or national markets, suggesting that new value chains are not a necessity for increased income. To support increased production of existing crops, most programmes also promoted uptake of improved seeds through partnerships with local agro-dealers – which often were viable pre-existing businesses. That said, not all existing crops were suitable for upscaling. One

²⁹ TechnoServe

opportunity that several respondents said deserves more attention was vegetable production. It has the potential to increase both incomes and nutrition from small pieces of land. This is useful in settings with limited land availability, and may provide an added benefit for conflict-prone environment as they are protected more easily.

Area selection, accessibility and security

The geographical focus areas for market-oriented programming often depended on accessibility, which is determined by security factors. For the success of market programming accessibility is even more of a factor than in humanitarian programming, since access to markets, roads and other infrastructure is needed for supply chains to function. Moreover, trade-offs for area selection are linked with trade-offs for target groups. Often the most vulnerable people are concentrated in areas that are most inaccessible, which in many cases humanitarian organisations also cannot reach.

As situations can be very fluid, organisations monitor the occurrence of violence and other types of incidents to varying degrees and adjust their interventions or choose programme locations accordingly. IRC for instance looks at trends to pinpoint areas in transition that are likely to remain stable in the next four or five years. Here, they start piloting development-oriented programming – such as Agribooster – even when minor incidents of violence or crisis might still occur.³⁰ All programmes faced varying levels of insecurity and (in)accessibility in the areas they targeted. Depending on such factors, programmes formulated their ambitions, often combining humanitarian (voucher- or cash-type) support with market-oriented development in different areas. For example, when working in less accessible areas, Mercy Corps' PDR programme focuses on promoting increased production, food and nutrition security and creation of Village Savings & Loans Associations. In more stable areas, by contrast, the programme supports market development – e.g. linking hotels with demand for chicken to producer cooperatives and taking a more hands-off approach.

Most market-oriented programming was implemented in relatively stable areas, often bordering more unstable regions. In these regions shocks, conflicts and crises can flare up, yet these are often relatively localised incidents in short timeframes. The majority of the time most people are going about their daily

“...in the areas that we call deep field sites, those Local Government Areas which I said we access only through the UN chopper, for those locations we're not doing that level of output market linkages, as the level of insecurity on those roads is unbelievable. For those farmers, we still continue to learn iteratively, in a bid to really know what works and what does not. We're still supporting saving groups and helping them coordinate better when they sell to local markets around them, providing BCC to enable them consume more eggs and chickens - because they are the ones most affected by issues of nutrition and food insecurity.”

Mercy Corps - Market Systems Development
and Resilience Advisor

(See annex 4 for description of the PDR programme)

lives. Even refugee camps may start resembling villages where aid actors become an integral part of the local economy. A critical eye on what constitutes crisis, stability and when to use humanitarian support is therefore needed.³¹ In other words, the distinction between unstable and stable is less black and white than often assumed. This vision is reflected in the approach of the ÉLAN RDC programme which operates, among other areas, in the conflict-affected regions of eastern Congo where it invests in market systems development. Through cost-shared pilots with businesses and NGOs it aims to show that market-oriented approaches work. For instance, by successfully selling improved seeds in areas where free distribution of seeds by humanitarian actors is ongoing.

Beyond limited access and general insecurity, informal taxes or other forms of rent-seeking are regularly mentioned as a challenge for programmes – often more so than violence or crises. In conflict-affected areas this carries additional risks.

³⁰ IRC, Mercy Corps

³¹ TechnoServe

In some areas of northeast Nigeria, for instance, Boko Haram may benefit financially from trade, whereas in others it can be the military. From a so-called 'Do No Harm'-perspective caution was therefore advised by some respondents as increased market activity might strengthen the position of bad actors or have a negative influence on conflict dynamics.³² This poses an important trade-off for areas where a conflict sensitive approach is vital. Even though direct distribution of aid is sometimes strategically manipulated by conflict actors – for instance by allowing access to some areas, and not to others – such short-term distribution may be preferable to increased market activity, if rents from that activity negatively influence conflict dynamics. For programmes working on international value chains, potential reputation damage of private sector actors is an added risk.³³ Such perceived risk for private sector actors was seen as a challenge, which extends to issues around corruption, land, and trust that is needed for value chains to function. As a consequence, the return on investment for international companies engaging in such areas is often seen as less favourable than in countries with more favourable investment conditions like Ethiopia.³⁴

Sourcing and input supply

Having a thorough understanding of opportunities and challenges for sourcing and input supply are central to market-oriented programming, particularly in fragile settings where market systems may be distorted, actors uprooted and shops or infrastructure destroyed. Different approaches to sourcing and input supply clearly mark the distinction between working from a humanitarian or a development mandate. For humanitarian programming, where saving lives is the most immediate objective, disruption of market systems is of secondary concern. For development programming, by contrast, building livelihoods and stimulating socio-economic development is the prime objective. In areas affected by conflict and protracted crisis this distinction becomes blurry as implementation of development programmes coincides or overlaps with humanitarian and recovery programming. Given their different objectives and priorities the approaches may conflict with one another.

Market distortions caused by humanitarian interventions were named as a challenge by virtually all respondents. Especially the practice of handing out large quantities of free, low-quality seeds or inputs that provide low yields while depleting soils were seen as problematic. Organisations working from a humanitarian mandate were reported to import seeds and inputs from abroad or different regions, undermining the market for local agro-dealers. Moreover, in northeast Nigeria, beneficiaries of GIZ questioned why they should attend their training and contribute financially to inputs when other organisations handed out free seeds with no obligations. All programmes in this study avoided this in-kind distribution in their activities, instead they all sought to support local input suppliers and , as such, strengthen local economies in a durable way. For instance by working with vouchers redeemable at local agro-dealers. Due to the volatile and complex nature of conflict-affected contexts this conflict between humanitarian and developmental approaches is not easily resolved. It does, however, warrant attention and careful consideration as any unnecessary distortions to the fragile markets should be avoided.

“...in the case you want to support farmers to get access to agricultural inputs and you're not doing direct distributions but providing vouchers to purchase from local market systems; do you even have those local agro-dealers active or are there people that are interested in restoring their businesses in those areas?”

Mercy Corps - Head of Programme
(See annex 5 for description of the BRICC programme)

³² GIZ

³³ TechnoServe, ÉLAN RDC

³⁴ TechnoServe

4. Conclusions, recommendations and future learning

This report shows that a diverse range of aid actors is actively finding ways to bring market-oriented approaches to fragile settings facing conflict and protracted crisis. Although transitioning from humanitarian to development strategies is not an explicit aim for each of the identified programmes, implicitly the goal to transition towards more market-oriented ways of working in fragile settings is present in all. The experiences of these initiatives show possible pathways for innovation on the Humanitarian-Development-Peace (HDP) nexus and illustrate the potential of this concept. When aid actors choose to use cash, vouchers, or choose to support markets and businesses as part of emergency response and early recovery they pave the way for more long-term development oriented work. When they partner with the private sector to deliver support to communities, or to take a more indirect facilitative approach they minimize their own distortive effects on markets. At the same time, these experiences draw attention to the limits and trade-offs made in HDP nexus transitions. When organisations balance mandates, objectives and donor requirements in interventions or coordination efforts trade-offs inevitably arise in choices for target groups, value chains or geographic areas.

Due to the realities of crisis-prone environments humanitarian approaches that save lives but distort markets will remain necessary. Building resilience capacities of the most vulnerable will therefore remain an important objective for donors as well. The programmes covered in this study work in this reality and show several pathways along which innovation is currently happening. Beyond direct support through cash and vouchers lies financial support through VSLAs and cost-sharing with private sector companies. Beyond direct delivery of trainings lies delivery of trainings through government or private company extension. Savings groups and cooperatives pave the way for financial inclusion, increased bargaining power, and increased scale through aggregation. While building relationships and trust between value chain actors promotes market functioning. In terms of targeting strategies this means moving from targeting the most vulnerable to (also) targeting vulnerable yet (previously) entrepreneurial people; and from targeting primary producers to (also) targeting other market actors. These are activities and pathways which are not innovative in themselves, but their implementation in fragile settings – as well as in early crisis response – depends on the willingness of donors to allow for approaches that may bring increased risk and uncertainty. Particularly in those fragile contexts where aid actors form an important part of the economy, approaches like Market Systems Development provide a framework that can manage this increased risk. A diagnostic approach like MSD that looks at what is possible for markets appears well-suited to facilitate the necessary gradual and layered transition from short-term humanitarian to long-term development objectives.

The goal of this study was to provide insight into how aid actors are currently adopting approaches that bring the Humanitarian-Development-Peace (HDP) nexus into practice. To inform programme designers and policymakers about current approaches, opportunities and challenges the experiences and lessons from current market-oriented programming in fragile settings have been documented. Below, an overview of the main findings for each guiding question is presented. Thereafter, recommendations are provided for policy makers, programme managers and private sector actors that seek to apply more market-oriented approaches in fragile settings. The final section outlines further areas for learning that arose during the course of this research.

4.1 Conclusions – answering the guiding questions

This study did not serve to provide definite answers on how to transition from humanitarian to development approaches through the Humanitarian-Development-Peace nexus. The goal was to provide a snapshot that can inform ongoing discussions of policymakers and practitioners designing programmes for settings affected by conflict and protracted crisis. However, some relevant insights can be gathered by comparing the different case examples and perspectives acquired throughout this process. These conclusions are not exhaustive, but provide input for stakeholders to implement the HDP nexus agenda.

What (innovation) is currently being done to facilitate the transition from humanitarian to development-oriented working?

Looking at how programmes combine certain activities reveals pathways for innovation on the HDP nexus that may facilitate transitions from humanitarian-focused to development-focused activities and objectives. For a large part the room to implement innovative approaches is determined by the donor environment, although organisational culture at aid organisations can also be a bottleneck or enabler. Both the roles taken by aid actors, as well as the choice for programme activities are important indicators of where progress is made in operationalizing the HDP nexus. In the following key areas where programmes facilitate the transition from humanitarian to development-oriented working are listed:

- Mindset changes at governmental, donor and aid organisations are essential to realise a transition towards more long-term, market-oriented approaches in fragile settings affected by conflict and protracted crises. Donors can actively encourage change by being vocal about what specifically needs to be done and why, helped by research and evidence.
- Among the programmes identified the most commonly found operational innovations were attempts to move the role of aid actors away from direct implementation, towards facilitation and market development via market actors and private sector partnerships. In many programmes a facilitating role was mixed with direct support to fit the context. Yet concrete on-the-ground interventions provide credibility that allows aid actors to play a facilitative role.
- Though objectives of aid and roles of aid actors may change, this does not necessarily mean implemented activities change accordingly. The majority of programmes combined ‘traditional’ development activities across the broad continuum from emergency aid to market systems development. Innovation is therefore not necessarily found in the type of activities implemented, but happens when these are implemented in a new (fragile) context, combined in new ways or by working with new types of partners. Explicitly placing activities in a framework (and thereby mindset) of aid transitions from humanitarian to development objectives can facilitate this type of innovation.
- Transitional pathways for the HDP nexus were observed in a number of key areas: moving from direct subsidies to cost-sharing; from direct towards indirect delivery or trainings or extension services; the establishment of cooperatives, savings- and other groups driving market development; and building relationships between market actors.

“Donors also have an interesting role to play beyond just funding these programmes, in being an influential voice, being partners for learning and implementation, and calling on governments (as far as these exists in the areas they operate) but also implementing partners to change ways of operating. [...] Really pushing forward their ability to influence the way that actors coordinate on the ground and being in support of that theory of change is critical. So not just funding something and then taking their hands off, but being active in their messaging to the community of implementers what they need to be doing and why. I think that that creates an important enabling environment for implementers.”

Mercy Corps - Team Lead Markets

How is transition facilitated through partnerships and coordination (with other NGOs, the private sector, further stakeholders)?

Since no programme can focus on all aspects of humanitarian, development or peacebuilding work, coordination is a key aspect of the HDP nexus. For each programme that seeks to coordinate on the HDP nexus, partnerships need to be built, joint ways of working and complementarities defined, agreements brokered – all without losing sight of the needs of populations and capitalizing on the strengths of different organisations. Not all coordination and collaboration makes sense, or improves programming. Moreover, choices for certain partners may come with trade-offs that may limit the ability of a programme to work on all aspects of the HDP nexus. For instance, partnerships that promote the interest of private sector actors may conflict with principled humanitarian mandates. The following lists a number of key insights on the role of partnerships and coordination for programmes that seek to facilitate a transition from humanitarian to development-oriented working:

- Better coordination between aid organisations can be desirable but is not a panacea: It does not necessarily bridge differences in mandates, objectives, approaches, security guidelines, focus areas, donor requirements or timeframes.
- Early involvement of development actors in crises, or continued involvement through adaptive approaches in cases of instability, may enable more frequent coordination with humanitarian actors and contribute to close the coordination gap.
- Coordination with humanitarian actors is sought by development actors to prevent market distortion through free distribution of goods. Development programmes however did not link up to the humanitarian cluster system.
- Though no partnership model is identified as the best, coordination through consortia allows organisations with different mandates and capacities to coordinate under one result framework. This may be less effective for humanitarian interventions that need to operate swiftly in emergency situations.
- Private sector partnerships can play a role in building the resilience of market- and food systems to (in)frequent shocks as functioning markets are an essential way for communities in fragile settings to meet their needs.
- Identified programmes sought to involve the private sector where possible. Private sector development programmes did so from the design stage, while more humanitarian-oriented recovery and resilience programmes approaches private sector partners at a later stage.
- Although investments by international private sector in agriculture is limited by security conditions in fragile settings, some private sector actors seek cooperation with aid actors to access and capture markets in crisis areas.
- While this study focuses mainly on pathways for socio-economic transitions on the HDP nexus, from short-term humanitarian to longer-term development support, identified programmes did not report seeking coordination on peacebuilding goals. Though resilience and recovery programmes often included peacebuilding components, unlike private sector development interventions. The latter rather tried to improve governance and trust as part of their efforts to improve the enabling environment.

How do organisations balance trade-offs between humanitarian and development/market objectives in all stages of programming?

Trade-offs between resilience, recovery and market development objectives are important because they are an indication of how effective links and transitions between humanitarian and development objectives will be. These choices are often not entirely up to programme designers and implementers due to the priorities of funders. Yet, their expertise and knowledge of the context is vital to manage trade-offs, particularly in the initial prioritization of programming strategies. The HDP nexus agenda can function as a lens here, to highlight areas where trade-offs are made and to promote addressing these in favour of long-term market development – where possible.

- How organisations make trade-offs in programme design is determined by an interplay of factors, including outcome goals, timeframes, organisational expertise, partnerships, mandates and donor requirements.
- A rough divide exists between programmes focusing on: 1) resilience and recovery outcomes, funded with ODA; and, 2) market or value chain development, commonly co-financed or implemented in cooperation with private sector actors.
- The focus of needs and market assessments largely depends on objectives of the donor and expertise of the implementing organisation(s). Generally, a choice to target the most vulnerable or poorest was made in the identified programmes.
- Most of the identified programmes operating in fragile areas focused on production of food crops. Programmes driven by market demand generally focused on local or national demand rather than exports. Short timeframes were mentioned as a key limitation to introducing new crops.
- Two pathways along which programmes shift targeting strategies are: 1) from targeting the most vulnerable to (also) targeting vulnerable yet (previously) entrepreneurial people; and 2) from targeting primary producers to (also) targeting other market actors. Beyond farmers and

cooperatives, programmes generally supported agro-dealers, traders and other service providers as well.

- Accessibility of areas largely determines programmes' targeting strategies and activities. In relatively stable areas in particular, programmes are more market-oriented and focus more on economically active or pre-experienced people. In less stable or less accessible areas, such elements are integrated where possible in other approaches predominantly targeting vulnerable households.
- Market distortions caused by humanitarian interventions are a key challenge for development programmes. In addition, informal taxation and rent-seeking were named as a challenge more often than violence or crises.

4.2 Recommendations

The below recommendations – not listed in order of importance – should be seen as input for discussions between actors from different organisations, sectors and levels, which are necessary to realise transitions on the HDP nexus.

| For policymakers – at donor institutions and governments |
|--|
| <p>➤ Increase timeframes and flexibility of funding for humanitarian-development programming in fragile settings. Multi-year and longer-term programming that can be adjusted allows implementers to switch between humanitarian, resilience and development approaches, and facilitates learning from programme-context interaction. (Temporarily) falling back to relief activities may for instance be necessary to continue recovery and development programming later on, as preventing the loss of assets and livelihoods that have been built up through these efforts is key. Ultimately, this facilitates HDP nexus transitions in a cost- and time-efficient way. Increased flexibility for implementers can be realised by reducing or adapting compliance and reporting barriers that prevent ad-hoc adjustments in targeting, activities or development of new partnerships with for instance (local) companies. In the proposal and programme development phase the identification of risks and mitigating measures provides an opportunity to reach agreement on such flexibility before programme implementation.</p> |
| <p>➤ Ensure early and continued engagement in crises by development actors. Coordination between humanitarian and development organisations is mainly sought by the latter, primarily to prevent unnecessary market distortion. Yet, from the perspective of humanitarian programmes, development actors often arrive later, or are required to cease activity when a crisis erupts. Early and continued engagement of development actors in crises can therefore increase the likelihood of coordinated humanitarian-development response.</p> |
| <p>➤ Stimulate working in multi-sectoral consortia and programmes. More and better coordination between aid organisations and programmes is important but does not resolve differences in mandates, objectives, approaches, guidelines, donor requirements, etc. Consortia that, for instance, combine expertise in resilience and market-based programming, and work under a shared result framework can facilitate a transition from humanitarian- to development-oriented work. A consortium that engages communities first through humanitarian activities, and later through recovery or resilience activities can better manage the expectations of beneficiaries – increasing ownership – and more easily work with local partner organisations that provide continuity. From the perspective of communities, the distinction between humanitarian and development aid is very artificial. While such consortia represent a move away from siloed</p> |

approaches, silos should not be abandoned completely. For contexts with frequent, rapidly emerging crises, designated humanitarian funding remains necessary.

➤ **Seek cooperation with other donors to enable joint efforts in specific areas.** Donors have an important role to play in ensuring complementarity and preventing duplication or competition between humanitarian and development programmes. One way to do this is to develop (multi-donor) HDP nexus funding instruments that encourage cross-sector programming. Following the logic that implementers, in competition for funds, adhere to the requirements and standards set by donors, it is donors that can make cooperation the norm. Multi-donor (pilot) instruments may help break down funding and coordination barriers and pro-actively encourage coordination and exchange. Donors can also join up in the creation of context analyses for the public domain that can facilitate conversations about linking humanitarian and development efforts in intervention areas.

➤ **Ask implementers to develop a pathway for transitioning on the HDP nexus.** The expertise of implementers and programme designers offers crucial insight into how certain programming choices lead to certain trade-offs. Use this knowledge to your advantage by asking organisations to make explicit how the choices made for a certain programme relate to a (future) transition between humanitarian, resilience, and longer-term market-oriented development activities. This exercise can for instance be part of Theory of Change development.

➤ **Be vocal about the need for transitions and coordination on the HDP nexus.** Donors can actively foster coordination between organisations and encourage change by being vocal about what is needed and why, helped by research and evidence from practice. Operationalizing the HDP nexus agenda requires mindset changes among donors and implementing organisations. This can be aided by pro-active communication by donors and explicitly engaging the community of implementers.

For programme managers – at (I)NGOs in the humanitarian and development sectors

➤ **Push back when donor requirements lock in an approach that hampers an HDP nexus transition strategy.** With their on-the-ground knowledge and experience, implementers have leverage to demand change from donors. Particularly during the design stage, being realistic about how programme outcomes achieve results that enable transitions between humanitarian, resilience and market-oriented development strategies may require some pushback to make donors aware of trade-offs. Developing a (future) transition pathway, as part of Theory of Change development, that envisions potential adjustments in targeting strategies and activities can aid this conversation.

➤ **Create mixed teams of technical staff with experience in humanitarian and market-oriented development.** A mindset change in organisations is needed when it comes to cooperation with other sectors, but also when it comes to adopting new approaches. Expanding in-house knowledge and capacities by taking on board more market-oriented staff, where humanitarian or resilience strategies are common, benefits innovation. Even so, higher-up support for new strategies is crucial when staff members on the ground try to push for change. This calls for higher level staff to explore, operationalize and engage with the HDP nexus agenda and to create in-house awareness.

➤ **Involve the private sector from the design phase of programming.** Local markets and private sector actors are crucial for the resilience of food systems, markets and communities – they are a key way in which people meet their needs. Programming that looks to implement or move

towards a market-oriented approach benefits from involving the private sector from the outset, during assessments and the design stage, instead of later during implementation. While private sector development programmes often already do so, other development programmes – such as those geared towards resilience and recovery – often do this later on. Facilitating a transition towards more market-oriented interventions benefits from the early development of a strategy to involve the private sector. Experience or specialization in working with the private sector should therefore be an important criterium in selecting local implementing partners.

➤ **Develop an HDP nexus transition pathway for your programme.** This strategy should make explicit how the choices made for certain programme activities and targeting strategies relate to a (future) transition between humanitarian, resilience, and longer-term market-oriented development activities. Risk mitigation measures that prevent the loss of built-up assets and livelihoods in case of shocks during this transition should be anticipated. This can be used later in the proposal to help donors evaluate the balance between accountability and flexibility in proposals. The pathway should also pay attention to implementing partner choice and expectation management of beneficiaries. If transitions in strategies happen, partners need to have the necessary expertise while beneficiaries need to be included in the development of this transition strategy and the implications it has for targeting.

➤ **Develop an adaptive strategy that couples learning with adjusting implementation.** Being able to adjust targeting strategies and implement additional activities, or temporarily reverting to humanitarian or recovery programming, facilitates transitions between humanitarian and development objectives. This calls for continued feedback loops as well as low-threshold procedures for implementers to adjust approaches or activities accordingly. Learning objectives and indicators should be defined in the design stage, preferably with local staff, to create the right incentives to collect and share lessons as well as space to directly act on these insights. Agreeing with donors to implement an inception phase at the start of the programme, enabling piloting and programme adjustment, can facilitate important conversations with staff and donors on learnings and adaptations.

➤ **Dedicate time to explore what type coordination is right for the context.** Coordination is particularly relevant for the HDP nexus where poorly coordinated humanitarian approaches can hamper or even undermine coping systems based on markets. Since doing-no-harm is all the more relevant in fragile areas, cross-sector coordination and cooperation should feature high on organisations' agendas. Such coordination can vary from informal meetings with those working on similar issues in the same areas, to broader multi-stakeholder meetings or formal coordination mechanisms. That said, it is important to evaluate if and where coordination provides added value. Joint (market) analyses provide a good starting point for such humanitarian-development cooperation.

For companies and investors

Whereas foreign as well as national private sector companies and investors may be hesitant to invest in fragile areas due to the inherent risks, there are several relevant lessons to take into consideration, learned by pioneers in the field. Moreover, with the prospect of drastically changing poverty statistics – with more than half of the world's extreme poor living in countries characterized by fragility, conflict, and violence (FCV) by 2030 – the international community is changing its strategies to face this challenge. For instance, the 2020 World Bank Group (WBG) strategy for FCV emphasises that a concerted international effort, bringing together humanitarian, development, peacebuilding, security, and private

sector actors, is essential for delivering results in these challenging environments.³⁵ This changing awareness and landscape means that new pathways are opening up for the private sector to enter into new markets and new partnerships.

- **Partner up with NGOs to decrease risk and access new markets.** Companies can use partnerships with (local) NGOs to facilitate market entry. NGOs have experience and community networks that can be tapped into to create win-win situations, for instance by helping to set up outgrower schemes, input distribution channels or by connecting companies to farmer business organisations.
- **Practice Human Rights due diligence and conflict sensitivity.** Recognising that companies are part of a larger political economy, they cannot assume to play a neutral role in a local context. Human Rights due diligence and particularly conflict sensitive practice is necessary to do no harm and provide insight into the positive and negative impacts of investment in areas affected by conflict and crisis. A variety of tools specifically geared to facilitate these processes for companies are currently available.³⁶ Partnering up with experienced NGOs as service providers is recommended.
- **Improve the (institutional) enabling environment by promoting transparency.** Larger companies can use their position to enhance transparency in value chains and the wider sector, for instance through tracing systems. The publicity created by investment by a large company also creates opportunities for positive story telling by local actors. The social and political buy-in this generates can be an instrument to address corruption and rent-seeking behaviour.
- **Explore funding and risk-sharing opportunities with multilateral finance institutions.** Pilots, learning activities and increased financial commitments are increasingly opening up pathways for the private sector to partner with the development sector in settings affected by conflict and crisis. Particularly for (medium-)large companies it is relevant to look into funding opportunities with large multilateral finance institutions. Examples are the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), which are significantly expanding their efforts in fragile and conflict situation (FCS) countries to support private sector-led growth needed to lift people out of poverty.³⁷ The MIGA which uses the Conflict-Affected and Fragile Economies Facility (CAFEF), aiming to encourage economic recovery, growth and jobs in some of the most fragile countries in the world by providing political risk insurance to foreign investors, is another example.³⁸

4.3 Further research and continued learning

As this research trajectory provided insights for a better understanding of approaches to realise market-oriented development on the HDP nexus, some questions remain or arose in the course of this project. What follows below are further questions and issues for learning identified by the interview respondents, the external reference group, or the authors. Continued learning on these issues, as well as better documentation and sharing of lessons, is needed to further the evidence base and to transform, adapt and advance implementation of HDP nexus programming.

³⁵ [World Bank \(2020\) Strategy for Fragility, Conflict, and Violence 2020-2025](#)

³⁶ For instance: [International Alert \(2018\) Human Rights due diligence in conflict-affected settings: Guidance for extractives industries](#)

³⁷ [World Bank \(2020\) People, Peace, and Prosperity](#)

Questions and issues for further learning:

- Respondents expressed the need for learning activities on how to engage with the private sector from the perspective of humanitarian and development organisations, but also from the perspective of (local) governments.
- How does partnering with private sector actors relate to the principled humanitarian approach?
- Before being able to institutionalise processes: what are lessons learned on interactions between sellers and buyers, such as between local cooperatives and international buyers? How can such lessons learned be conveyed to a broader audience?
- A challenge that was not found effectively addressed yet: How can exporters and private industries address insecurity challenges and health crises such as Ebola? What systems are or could be put in place to break blockages that occur? And what can development practitioners do to support that effort to facilitate commerce - beyond just the immediateness of needs?
- Approaching market development from a 'pure economic' perspective, may not be suitable or enough to design interventions that work within social economic systems that use different indicators for success or handle different outcome/investment priorities. How local communities understand value chains can differ from how value chains are conceptualised in international development perspectives.
- The changing playing field as a result of the HDP nexus agenda will bring winners and losers, and changes that can be positive or negative. This calls for debates that include participation of local communities. However, so far the perspective of the latter is often missing.
- Under what conditions does direct or in-direct training make most sense?
- What is the feasibility and viability of hybrid seeds versus farmer saved seeds in conflict affected areas?
- How to best deal with the 'checkpoint economy' whereby increased economic activity may finance and attract bad actors?³⁹
- What are lessons to be learned for internal cooperation between humanitarian and development departments of donor Ministry departments? How could this translate into (shared) programmatic approaches?

Additional readings and resources:

[Beyond Cash: Making Markets Work in Crisis](#), 2018 - Full report by Mercy Corps. This report outlines why working through market systems is a better approach to crisis response, but also looks at challenges and limitations. It provides case study examples and recommendations for policy and practice, for donor institutions and governments as well as implementers.

[Market Support Interventions in Humanitarian Contexts – a Tip Sheet](#), 2018. Tip sheet by CaLP. It defines what market support programming in humanitarian contexts is and what it can look like in practice. It enables humanitarian practitioners to systematically consider market support interventions alongside other programme activities.

[ADAPTing Aid: Lessons from Six Case Studies](#), 2016 - Full report by Mercy Corps and IRC. This report presents the findings of six case studies in different complex contexts, bringing together lessons learned and reflections on how adaptive management can advance the effectiveness and impact of aid.

[The Cash Learning Partnership \(CaLP\)](#) is a global partnership of over 80 humanitarian actors engaged in policy, practice and research within Cash and Voucher Assistance (CVA). It acts as a catalyst for positive transformation within the sector, through learning, knowledge sharing, networking, policy and coordination around the appropriate and timely use of CVA in humanitarian response.

³⁹ [Schouten, P. Danish Institute for International Studies \(2019\) The Global Checkpoint Economy - Supply chains as a new frontline in conflict financing? Working Paper](#)

[The Minimum Economic Recovery Standards](#) are the internationally recognized consensus on best practices for building economic resilience for crisis-affected communities, drawing from the accumulated experience of 90 humanitarian and development organisations and 175 technical professionals. The [MERS handbook](#) offers tools and guidance that support practitioners, from multi-lateral stakeholders to local market actors to design, implement and evaluate economic recovery activities.

[The BEAM Exchange - Building Effective and Accessible Markets](#) - in partnership with the [DCED](#), is a platform for knowledge exchange and learning about the role of markets and using market systems approaches to reduce poverty. It exists to promote, support and encourage good practice, by providing a gateway to know-how (and know-who) for policy advisors, team leaders, practitioners, researchers and consultants.

Annexes

Annex 1 - List of respondents

| Name | Role | Organisation | Programme | Country |
|----------------------|--|--------------------------|---|-------------------|
| Alison Hemberger | Team Lead Markets | Mercy Corps | | (general) |
| Ben Taylor | CEO | Agora Global | | (general) |
| Abel Neering | Private Sector Development Coach for Nigeria | RVO | | Nigeria |
| Akinyinka Akinyoade | Senior Researcher | Leiden University | | Nigeria |
| Cedric Regede | Livelihoods Coordinator | DRC | Early Recovery and Livelihoods | Nigeria |
| Bram Wits | Agricultural Counsellor for West Africa (Nigeria, Ghana and Côte d'Ivoire) | EKN Ghana | | Nigeria |
| Alfred Hamadziripi | Head of Programme | Mercy Corps | Building Resilience in Complex Crisis (BRICC) | Nigeria |
| Sukuss Dauda Koroma | Food Security and Livelihoods Coordinator | IRC | Agribooster | Nigeria |
| Anitra van der Kraan | Program Manager Agribusiness | NABC | Seeds4Change Nigeria | Nigeria |
| Hadiza Yaro | Business Development Manager for Nigeria | East-West Seed | | Nigeria |
| Felix Sarrazin | Head of Programme | GIZ | Support to Strengthening Resilience in North-East Nigeria | Nigeria |
| Luca Catalano | Head of Livelihoods | GIZ | Support to Strengthening Resilience in North-East Nigeria | Nigeria |
| Joseph Ubek | Market Systems Development and Resilience Advisor | Mercy Corps | Poultry Development for Resettlement (PDR) | Nigeria |
| Diane Bommart | Markets in Crisis Advisor | Adam Smith International | ÉLAN RDC | DRC |
| Kevin Wilkins | Senior Technical Advisor | Adam Smith International | ÉLAN RDC | DRC |
| Janno van der Laan | Country Manager | TechnoServe | Nespresso AAA Sustainable Quality Program & South Sudan Coffee Initiative | DRC / South Sudan |
| Teshale Endalamaw | Senior Project Manager | Cordaid | Food Security through Agribusiness in South Sudan (SSADP II) | South Sudan |

Annex 2 - Overview of programmes

The table below provides an overview of the programmes that were found or brought forward in the interviews to contribute to market-oriented development on the nexus – some more than others, each in their own way. Of a selected number of these programmes (*marked in the table below) a more detailed case description is included in the annexes 3 to 8. While at least one case from each category is included, focus was predominantly put on cases taking market systems development approaches.

| Name | Organisation | Donor | Duration | Country | Summary |
|--|--|---|-----------|---|---|
| Recovery/resilience programmes | | | | | |
| Early Recovery and Livelihoods | DRC | USAID Office of Food for Peace (FFP) | 2019 | Adamawa and Borno states, Northeast Nigeria | Besides the main component of food assistance through unconditional cash grants, the programme provides cash to pre-experienced traders - in both agricultural and non-agricultural business. This support is provided as part of a business kit, consisting of the small business grants and basic business management training, such as financial literacy and record keeping. |
| Support to Strengthening Resilience in North-East Nigeria* | GIZ | EU and German Government | 2016-2021 | Adamawa and Borno states, Northeast Nigeria | Aims to strengthen local institutional capacity to improve service provision in the long run, and to promote self-reliance by boosting the resilience of the most vulnerable households. As part of the agricultural livelihoods support, private agro suppliers are linked to farmers through trade fairs and conditions and incentives are created for private sector actors to involve, such as restoring warehouses and forming farmer organisations. (See annex 3) |
| Market systems development programmes | | | | | |
| Poultry Development for Resettlement (PDR)* | Mercy Corps | USAID and Bill & Melinda Gates Foundation | 2017-2020 | Borno state, Northeast Nigeria | Aims to revitalise poultry livelihoods and markets through the introduction of affordable, hybrid chickens. In partnership with a large Nigerian private sector actor, AMO Farm, selected small business poultry farmers are supported to become intermediaries for hybrid chickens, to enable vulnerable households to acquire chickens for egg-laying, further poultry rearing and sales. (See annex 4) |
| Building Resilience in Complex Crisis (BRICC)* | Consortium: Mercy Corps, DRC and COOPI | EU | 2019-2021 | Yobe state, Northeast Nigeria | Aims to revitalise markets and livelihoods, enhance conflict mitigation systems and create the conditions to facilitate systemic change. The consortium engages with communities and local leadership to build their capacities and the facilities that are present in a market system and |

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|---|---|--------------------------------|-----------------------|---|--|
| | | | | | it facilitates relationships between all stakeholders needed for value chains and markets to function. (See annex 5) |
| ÉLAN RDC* | Adam Smith International | UKAID | 2013-2018 / 2019-2020 | Ituri, Équateur, Kasai's, and Kivu's, DRC | Aims to make markets function in a more optimal manner that benefits the poor. Following the M4P approach, it addresses constraints along value chains and external factors that affect the good functioning of markets. Rather than directly implementing activities itself the programme works through actors in the market, predominantly private sector but also (local) governments, and commences cooperation with NGOs in fragile areas. (See annex 6) |
| Food Security through Agribusiness in South Sudan (SSADP II)* | Consortium: Cordaid (lead agency), SPARK and Agriterra | EKN South Sudan | 2018-2023 | Bor, Yambio and Torit, South Sudan | Aims to enhance food security, buying power and the employment position of vulnerable populations by following a M4P and value chain development approach that supports and leverages the capacity of farmers and creates win-win relationships across the value chain. It largely supports the strengthening of market functions and market players to make the local markets more inclusive and more enabling for agribusiness, by supporting farmers and agribusiness to access information, organisation, technology, markets and finance. (See annex 7) |
| Value chain development programmes | | | | | |
| Agribooster | IRC | OCP AFRICA | 2019-2020 | Adamawa state, Northeast Nigeria | Small scale pilot to realise diversified livelihoods and increased income for women by encouraging and training them to take on a value adding role in the value chain of parboiled rice. IRC supports formation of VLSAs to purchase inputs from OCP, which provides fee inputs for farmers in the first year and works with local local agro-dealers to ensure continued supply. IRC links farmers to Olam (international agri-business company) to buy the processed rice at the farmer gate and to bring to the (inter)national market. |
| Seeds4Change (S4C) Nigeria | NABC, with WorldVeg, 2SCALE and six Dutch companies (East West Seed, a.o) | Dutch government and companies | 2019-2021 | Kano state, North Nigeria | Aims to develop the vegetable sector by providing (smallholder) famers with high-quality input materials (hybrid vegetable seeds and biological crop protection) suitable for local agronomic conditions and market, in combination with capacity building and knowledge transfer through practical demonstrations, farmer-to-farmer learning and training. |
| Feed the Future Democratic Republic of the Congo | TechnoServe (one of five US companies in | USAID | 2017-2022 | South Kivu, DRC | Aims to support broad-based economic growth for farmers and agricultural businesses working in the coffee, soy and bean value chains by using a value chain and market systems development approach. It |

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|--|---------------------------------|---------------------|-----------------------|------------------|---|
| Strengthening Value Chains (SVC) Activity | a consortium led by Tetra Tech) | | | | aims to increase farmer yields and strengthen market systems actors by combining direct technical assistance, capacity building, credit facilitation, marketing, behaviour change communication, advocacy, and public-private partnership development - such as the cooperation between Starbucks and TechnoServe in support of a speciality coffee value chain. |
| Nespresso AAA Sustainable Quality Program & South Sudan Coffee Initiative* | TechnoServe | Nespresso and USAID | 2011-2016 / 2016-2018 | Yei, South Sudan | Nespresso partnered with TechnoServe and South Sudan's Ministry of Agriculture, Forestry, Cooperatives and Rural Development to revitalise the country's coffee industry. The alliance seeks to increase productivity and strengthen resilience, accelerate agricultural market development, and diversify South Sudan's export market by training farmers in coffee growing techniques, business methods, processing, financing, marketing and cooperative governance. (See annex 8) |
| * Case description in annex. | | | | | |

Annex 3 - Case: Support to Strengthening Resilience in North-East Nigeria

Implementer: GIZ

Donor: EU and German Government

Focus area: Adamawa and Borno states, Nigeria

Project duration: 2016-2021

Budget: € 54,5 million

Status: Implementation phase

Programme summary:

The programme aims to strengthen local institutional capacity to improve service provision in the long run, and to promote self-reliance by boosting the resilience of the most vulnerable households. As part of the agricultural livelihoods support, private agro suppliers are linked to farmers through trade fairs and conditions and incentives are created for private sector actors to involve, such as restoring warehouses and forming farmer organisations.

Additional links:

- [Strengthening Resilience in north-eastern Nigeria](#) - Programme description by GIZ.
- [Strengthening Resilience in North-East Nigeria, 2018](#) - Programme two-pager by GIZ.

Target area and beneficiary selection

The programme is implemented in Borno and Adamawa states. Of the two states, Adamawa is the more stable and accessible. The programme can access roughly 90% of areas, while in Borno it is limited to roughly 25%. The programme works on promoting self-reliance by boosting the resilience of 500.000 people from the most vulnerable households and targets IDPs, returnees and people in host and return communities, focusing on youth and female-headed households. Households headed by women are found to have better economic performance while youth are targeted because they are at risk of recruitment by Boko Haram or other criminal groups. In these areas, roughly two-thirds of youth is estimated to be out of work while a similar sized group are unskilled. The assumption is that groups such as Boko Haram operate based on economic incentives and can provide (criminal) livelihoods in areas where opportunities are scarce. Providing alternative livelihood opportunities within and outside of agriculture would therefore contribute to greater stability.

Promoting stability through integrated emergency relief and development interventions

The programme aims to increase stability and resilience over the longer term by addressing some of the root causes underlying the crisis, providing sustainable forms of income for beneficiaries and reconstructing key economic infrastructure to facilitate market development. It takes a broad approach that combines humanitarian voucher and reconstruction interventions with development interventions that engage the private sector and government to ensure sustainability. The programme is built on the following components:

A. Community-led planning to engage the state in basic service provision to communities

To promote social cohesion, trust and local ownership the programme engages communities and the local government in community-led planning. In this process the priorities and needs of people are taken into account and a form of accountability of governments to local people is created. The programme then supports reconstruction and rehabilitation of basic service structures as per the priorities set with communities. The process engages all the way up to the state level, to integrate these plans into the Borno and Adamawa state plans. The absence of basic services delivered by the government is seen as one of the key reasons the current crisis emerged, historically state actors that were present also did not always play a positive role. Building capacity of extension workers from the Ministry of Agriculture to deliver

trainings to farmers and cooperatives is therefore also seen as a way in which positive connections between communities and the government are built.

B. Rehabilitation of destroyed infrastructure with a focus on economic opportunities

As a result of the crisis much infrastructure, from houses to marketplaces and warehouses, has been destroyed. The programme reconstructs these to create an environment that facilitates economic development and business. Market areas are for instance built to ensure that farmers have peaceful access to a physical place where they can sell their products. A number of warehouses owned by the Ministry of Agriculture was also rehabilitated by the programme. After long discussions an MoU was agreed with the Ministry to have a private sector commodity exchange use these buildings in exchange for a monthly fee. With this intervention the programme was able to provide enough incentive for the business to see an opportunity in this fragile context. Apart from the restored infrastructure the programme could also offer the company links to various farmer cooperatives who could store their crops here for a fee. This enables farmers to sell their crops throughout the year, instead of only at harvest when prices are lowest, while the commodity exchange is also able to serve as a middleman and link producers to various retailers and nationwide off-takers.

C. Supporting livelihoods in and beyond agriculture with vouchers, cooperatives and savings groups

To support livelihoods in agriculture, the programme builds farmer capacities in good agricultural practices and entrepreneurship skills. During and after these trainings the programme aims to bring the farmers together to form cooperatives with two objectives: increasing the bargaining power of farmers versus off-takers, and access to finance. Particularly in Borno state, where the private sector is virtually absent because of security concerns the only way for farmers to have access to credit is through informal savings and loans associations. Vouchers are provided to the farmers to buy inputs like seeds and fertilizer from contracted input suppliers that have the capacity and presence to effectively reach the targeted communities. Currently, GIZ supports the production of maize as the main crop and cowpeas and tomatoes as complementary crops in Adamawa and South Borno (Biu, Hawul, Kwaya Kusar LGA). In Eastern Borno (Mafa LGA) maize has been replaced with legumes (cowpeas and beans) due to security reasons. Moreover, in September 2019 a market assessment for poultry activities is carried out. Besides livelihoods in agriculture the programme also looks at non-agricultural livelihoods. It has done a labour market assessment that found potential key trades critical for the economic development of these states. The assessment found that these trades were mainly related to reconstruction: welding, masonry, bricklaying, mechanics and more.

D. Playing a facilitative role in the value chain: linking producers to input suppliers and off-takers

The programme currently collaborates with five commodity exchange companies, providing incentives for them to engage in business in these states and linking them up to farmer cooperatives. Currently, it is trying to connect these places for aggregation, cooperatives and exchanges at warehouses, to off-takers at national level such as the large retailer ShopRite - which has a large demand for chicken. Likewise the programme connects input suppliers to farmers by organising fairs where companies can come from other parts of the state to present their products. The local input suppliers are trained in agricultural best practices in order for them to deliver trainings to farmers which should increase demand for inputs. However this approach conflicts with some of the activities by other programmes in the area. Other organisations have been bringing in seeds from other states to distribute for free among communities. As a result local input suppliers suffered. Beneficiaries questioned why they should attend trainings where they need to give a contribution and attend a training to get inputs, as others just hand them out for free. The lesson the programme has drawn from this is that the best way to stimulate local markets is to always engage at local level. For instance by always working with input suppliers from within the same state.

Challenges for coordination and lessons on engagement with the private sector

Such conflicts could possibly be avoided through coordination among NGOs and donors. However when the programme started it identified a coordination gap. Humanitarian donors were coordinating to avoid

duplication. Humanitarian organisations were coordinating through the cluster system. Development donors were coordinating at higher level. But no local level development coordination was happening, while often the programme did not really fit with the cluster system since it did not focus on directly saving lives. An informal coordination structure with other development actors was therefore set up to mutually strengthen programming and coordinate on technical matters. Without a ToR, it developed into a regular meeting structure of about 25 organisations, including those with humanitarian mandates. MoUs were developed to coordinate around state capacity building and livelihoods support. Another aspect of coordination the programme aims to support involves the private sector. Private sector organisations do not participate in the informal coordination group at national level, yet the programme does involve private sector actors it works with in quarterly platform meetings discussing projects at local level. When the tractor association of Nigeria approached the programme they found that such local level meetings could also be used to engage with further private sector actors. One of the lessons the programme has learned is that such engagement is important to consider already from the start of planning both humanitarian and development programmes. With strong coordination from the start of crises and an action plan on how to engage and support local private sector actors programmes can avoid undermining local markets and each other.

Annex 4 - Case: Poultry Development for Resettlement (PDR)

Implementer: Mercy Corps

Donor: Bill & Melinda Gates Foundation

Focus area: Borno State, Nigeria (Local Government Areas: Central Borno - Maiduguri, North – Borno (Dikwa, Gwoza, Damboa) and South Borno (Biu))

Project duration: 2017-2020

Budget: (unknown)

Status: Implementation phase

Programme summary:

The PDR programme aims to revitalise poultry livelihoods and markets through the introduction of affordable, hybrid chickens. In partnership with a large Nigerian private sector actor, AMO Farm, selected small business poultry farmers are supported to become intermediaries for hybrid chickens, to enable vulnerable households to acquire chickens for egg-laying, further poultry rearing and sales.

Additional links:

- [Poultry Development for Resettlement \(PDR\) in Borno State](#), 2019 - Presentation by Mercy Corps.
- [Northeast Nigeria Joint Livelihood and Market Recovery Assessment](#), 2018 – Report by Mercy Corps, International Rescue Committee (IRC), Oxfam, Action Against Hunger, Catholic Relief Services (CRS), and Cooperazione Internazionale (COOPI)
- [Borno, Northeast Nigeria Strategic Resilience Assessment](#), 2017- Full report and findings by Mercy Corps.

Target area and beneficiary selection

The programme is carried out in five Local Government Areas: Maiduguri, Dikwa, Biu, Gwoza and Damboa. All of these areas have been affected by the conflict, however some are more stable and accessible than others, though they still face occasional violence and general insecurity. Households targeted by the programme were initially pre-selected based on indicators for vulnerability and with a preference for female- or youth-headed households. The programme targets 1,600 vulnerable returnee households as well as host communities, with a priority focus on female-headed households. During implementation the programme has slightly shifted its focus by also focusing more on those beneficiaries who are able to leverage opportunities within the market. The Markets in Crisis (MiC) Framework is used as an approach which moves from direct support for people to meet their basic needs to helping them build more resilience capacities by engaging with local market systems. In practice this means that a slight shift has occurred towards including economically active poor people, who still have some means to support themselves and some coping capacity. There is a rough divide between focus areas that are more inaccessible with larger groups of very vulnerable households, and more stable and economically active areas. While in both areas, the programme leverages cost-sharing, stipends, cash or voucher type assistance mechanisms, in the latter efforts are made to also identify the more economically active.

Market systems development approach for resilience

The programme aims to build resilience capacities by creating livelihoods at the entrepreneur and smallholder farmer level in poultry production. A particular breed of poultry has been selected for this purpose. It is hardy, resistant to some of the common diseases in the region, grows fast, produces eggs and meat while being portable when conflict- or other types of shocks occur. The breed can be grown like traditional backyard poultry and does not necessarily need any special type of feed so it is able to scavenge around. The chickens are thus portable assets that can be taken along when households are displaced allowing them to continue their livelihoods or at least cope with these shocks better. The program supports and stimulates both the demand side of conflict-affected households and the supply side of the market for these hybrid poultry, supplied by AMO Farm. It further ensures supporting services such as chick brooding,

transportation and business development services, especially linkages to formal financial institutions and higher-value markets – to function better for targeted female smallholder poultry farmers. The programme is built on the following components:

A. Create livelihoods at (smallholder) farm level in cooperation with the private sector

The programme agreed with the private lead firm to initially cost-share the cost of the birds with the small farmers. When entering a location or community the company will do a sales promotion, presenting this from the perspective of a business opportunity where the offer is: buy one, get one free. Awareness is created that this is an opportunity rather than a continuous offer, which was the case in the initial design phase of this programme where chickens were to be handed out 100% for free. The company helps the communities see the commercial incentive, which has resulted in some further investment by farmers on their own. Not all farmers can afford to invest however. For these farmers, the programme helps set up savings groups to increase their access to funding. Apart from trying to create livelihoods for (small) farmers the assumption is that the access to meat and eggs will also improve the diets of these households, which are often primarily based on carbohydrates. The programme is currently tracking whether this is actually effective. Learnings of the programme indicate that for a poultry program to benefit conflict-affected vulnerable households, egg production must be increased to meet household nutrition, income and flock management needs without overburdening households with husbandry practices that rely on expensive inputs and added time in care and feeding.

B. Support market intermediaries (chick raising) in cooperation with a lead firm

To ensure access of farmers to inputs of chickens the programme supports the lead firm in expanding their distribution channels. It helps the company in identifying and reaching intermediaries by supporting them in building their business marketing strategy. These intermediaries receive chickens from the lead firm and raise them from day-old chicks in what the lead firm calls 'mother units'. Farmers are then supplied with chickens that are about five weeks old by these intermediaries. The programme supports these mother units to do business to customer marketing. After the initial round of support with the buy one, get one free promotion the intermediaries need to reach out to farmers and build further demand. So from time to time the intermediaries will go out to communities to do demonstrations with chickens, showing the difference between the traditional poultry and new breeds. Three or four types of chickens are shown and compared at different sizes and weeks of age. The greatest threat to the long-term sustainability of this model as identified by the programme is mother units diverging from the chick raising methods of the lead firm. This would lead to decreased consistency and quality (health and size) of birds. Similarly, farmer cross-breeding of the provided chicks with other breeds is practiced in some cases, but discouraged by the lead firm and mother units in sensitization sessions as this results in quality control issues.

C. Transform savings groups into producer cooperatives and link them to output markets

The programme aims to support the transition of smallholder chicken farmers from individual micro-enterprises into groups. To do this initially around 80 Village Savings and Loans Associations were formed to get access to informal forms of funding and share resources. As a next step, the programme intends to support the transition of interested groups into formal producer collectives. Once these collectives are able to aggregate sufficient demand, they are then connected to output markets. Currently, four of these collectives have been formalized. An outcome assessment found that the farmers who sold their chickens to higher value markets like hotels, restaurants and fast food establishments would get better prices in these markets than at the farm gate. Therefore, the programme now works with several hotels. The hotels are happy that an INGO is involved in strengthening the aggregation process which helps them meet some (but not all) of their demand for live chickens. Processing to add value is currently not done due to a lack of significant demand for frozen or smoked chicken in those locations. Infrastructure in several areas has suffered damage during the conflict, limiting options for cold storage. Connection to high-value adding markets is easiest in the relatively stable areas. In the more remote field sites connection to high-value output markets is currently not done. There the focus is on selling to local markets and increasing food and nutrition security.

D. Linking producer cooperatives to financial institutions

The programme also connects the producer cooperatives to financial institutions. The Central Bank of Nigeria for instance has some financing put out through commercial micro-finance banks with single-digit interest rates, accessible to farmers and SMEs. The programme thus attempts to link these means of financing to formalized producer cooperatives and the mother unit intermediaries over time.

E. Training village agents to provide aggregation, linkages to output markets and financial services

Village agents, who initially were paid to form and monitor the savings groups, are also being trained to take on an expanding role as poultry service providers. In this capacity, they serve as aggregators of outputs and get commissions from sales they facilitate to high-value markets such as hotels and restaurants. They also provide localized business development services by helping group members to access credit facilities, from which they receive commissions. They then work with group members to ensure credit facilities accessed are invested in agreed enterprises and repaid when due.

Originally, there were efforts to expand the role of these village agents through the community animal health worker model. Yet these were discontinued as Mercy Corps did not see a viable economic opportunity after conducting additional assessments. This model was started up since the lead company had only one veterinarian covering the area and who thus was very stretched going to all the different locations. At the same time, the community animal health workers would be able to earn some income from vaccinations and other services. A curriculum was developed – based on the DFID-funded PROPCOM project – that enabled the Council of Veterinarians to license community animal health workers through a registered veterinarian. The lead company showed an interest in this model, as it was able to provide services under their brand. However, since this particular breed of chickens is naturally hardy and more resistant to some of the regular poultry diseases, the organisation did not see a sufficient opportunity to further explore the animal health model within the project.

Efforts were also made, while remaining within the bounds of the proposal, to expand the involvement of other market actors along the value chain. Such efforts included linkage to animal feed and health distributors. However, this plan was discontinued due to potential tracing and bio-security issues. In the event of infection and mortality issues of the chickens, it would be difficult to trace if this is associated with infectious agents from contaminated feeds or meds supplied by other suppliers or by AMO Farm. This would make it more difficult to get AMO Farm to replace chickens that have died at the mother unit or smallholder farmer level.

F. Promoting information sharing across the value chain: linking the transport union and security

These activities were initially piloted in a relatively stable area. However, when implementing in the more remote and unstable areas, difficulties were faced. Generally, the programme accesses these locations by chopper, as by road they need to travel with military convoys. Accessibility of inputs and connecting to high-value output markets is therefore more of a challenge in these areas. In more stable areas, the supply chain for instance works relatively well but in less stable areas there have been issues with road closures by the military. There were for instance a few cases where day-old chicks were held up and died, and vaccines cannot go without cool storage for too long. The programme therefore brought together the transport union, representing individuals that operate trucks and trailers, relevant government security forces, farmers, intermediaries and the lead firm in a townhall setting to see how they can work together better. For instance, on sharing information about when roads are closed to enable better planning of deliveries. The programme believes that addressing this information asymmetry and improving information flows across the value chain in this way will make the market system not only competitive, but will also strengthen the resilience capacities of market actors to respond to shocks such as road closures. In the one location where this was piloted, there are emerging signs of relative success. From this the programme learned to appreciate the importance of access to information for resilience as an adaptive capacity.

Challenges of market-based work in a humanitarian context

One important challenge is the lack of information sharing by government security forces, which has valid concerns about security of information and the risk of information getting to non-state armed groups and thus, there has been difficulty securing cooperation on this area. Further challenges were faced with the programme staff, which had been used to operating from a humanitarian perspective. This led to some initial resistance about some market oriented adaptations. However strong support from the leadership levels has helped in making changes. To help this transition, initial in-depth training on market systems development was organised with the humanitarian teams which has helped them understand why different kinds of criteria are used for (market) selection. This is easier to achieve when a programme is still starting up, as against making an approach pivot during implementation.

Annex 5 - Case: Building Resilience in Complex Crisis (BRICC)

Implementer: Mercy Corps, DRC and COOPI

Donor: EU

Focus area: Yobe State, Nigeria (Local Government Areas: Damaturu, Geidam, Gujba, Gulani, Potiskum and Yunusari)

Project duration: 2019-2021

Budget: € 14 million

Status: Inception phase

Programme summary:

The BRICC programme aims to revitalise markets and livelihoods, enhance conflict mitigation systems and create the conditions to facilitate systemic change. The consortium engages with communities and local leadership to build their capacities and the facilities that are present in a market system and it facilitates relationships between all stakeholders needed for value chains and markets to function.

Additional links:

- [New EU Recovery Initiatives Target 53,000 Yobe Households](#), 2019 - Press release by European External Action Service (EEAS).
- [Nigeria. A new three-year project has just started](#), 2019 - News item by COOPI.

Target area and beneficiary selection

The programme is carried out in six Local Government Areas (LGAs): Damaturu, Geidam, Gujba, Gulani, Potiskum and Yunusari in Yobe State. Criteria for selecting the LGAs came from the state and local government in a consultative process. These are some of the areas most affected by the Boko Haram insurgency and influx of IDPs. The programme aims to strengthen the recovery and resilience of households, including IDPs and other vulnerable groups, and support them to cope with the shocks and stresses of conflict, climate change and complex crisis. The project will help (young) men and women to meet their immediate early recovery needs and enhance their social protection outcomes. The communities which the programme works in are targeted not only based on immediate need, but also on the presence of businesses affected by the conflict with potential to be recovered or restored. Here, cash grants are not given to businesses directly but given to households with the intention that it will be spent at recovering or restored businesses. The programme also looks at the capacity and appetite for risk of retailers in the selected LGAs to approach the market both from the demand and supply side. Some private sector actors were found interested but lack confidence that local markets are secure enough to warrant their investment. When households are not producing and earning enough from agricultural livelihoods there is no guarantee that their investment will turn a profit. The programme attempts to convince such actors to invest by arguing that they can stimulate the (inputs) demand side.

A market systems development approach for increased resilience

The programme combines the building of absorptive, adaptive and transformative capacities to create resilience. It has a varying range of interventions that originate from looking at the context through a market systems lens, combining viewpoints that range from the individual level to the government level. The interventions intend to improve and strengthen the support markets that are present in a targeted market system. To achieve this, the programme needs to assess the market system to better understand the constraints, capacities and incentives of market actors. For instance, by looking at whether local market actors the programme would like to support are accessible by the communities or if this access is constrained by issues with infrastructure or as a result of ongoing conflict. This feeds into decisions on how and where to support local households with vouchers, unconditional cash transfers or by directly distributing goods. Where local agro-dealers are present, their links to wholesalers are assessed, as is the interest of

former business owners in restoring their businesses. The programme logic is built on the following components:

A. Increasing access to financial services

Beyond supporting households to meet immediate needs through cash, the programme will also help them rebuild financial assets by promoting savings groups. Because of the security implications of keeping larger amounts of money in conflict-affected settings it is currently looking into the possibilities of linking such savings groups up to banks and financial technology companies that might facilitate mobile payments. Banks are not physically present in all the selected LGAs however, and there might be regulatory policies from the Central Bank of Nigeria in relation to what mobile providers can and cannot do.

B. Supporting smallholder farmers with increased access to inputs from small agro-dealers

The programme will also support smallholder farmers, either as individuals or groups, with access to farming inputs through vouchers. A value chain assessment is planned to identify what chain(s) to focus on. But the programme has already talked to several out-of-state private sector actors to see how they can be linked to small agro-dealers in Yobe State as suppliers and to improve their capacity to provide extension services. Such services have been disrupted due to the conflict and the proper use of inputs can improve farmer productivity and yields, which may result in an increased demand for some inputs. The programme intends to support partners to leverage demonstration farms to build confidence among both the agro-dealers and farmers that certain inputs and new agro varieties are effective. The programme purposefully looks at bringing in small agro-dealer retailers and lead farmers as they are often present in locations where there is no business case for a larger agro-dealer to invest. There is attention to preserve existing relationships between farmers and agro-dealers to prevent distortion of the market system.

C. Playing a facilitative role in the value chain: linking small and large agro-dealers

The programme intends to play a facilitative role in the relationship between small and large agro-dealers. As part of the assessments undertaken by the programme, an understanding is created of major systemic constraints affecting actors in value chains to see what role the programme can play in facilitating functional relationships. The programme intends most of the trainings of small agro-dealers to be done by the larger agro-dealers and lead firms, which will build the relationship between these two private sector actors. Issues between the two actors, such as small agro-dealers being unable to pay back for inputs received on credit can then be identified by the programme and addressed. This builds confidence of these actors to do business and of larger businesses to invest in these areas by dealing with the mistrust that exists of whether commitments made by both sides will be honoured.

D. Playing a facilitative role in the value chain: linking producer groups to off-takers

Besides strengthening farmer groups, the programme also looks at how these groups or associations can be linked to buyers and off-takers. Potential off-takers have indicated interest in joining up to such groups but the programme needs to be sure that farmers have the capacity to deliver before promoting this link. The value chain assessment will help prioritize which crop or livestock value chains are prioritized to forge such links. If there is demand for certain types of crops it should be clear whether farmers are willing to take the risk of adopting a new crop and new practices, and if it is feasible to organise extension around this in a 3-year project. The market system must also allow households to buy diverse and nutritious foods if they are producing cash crops. Beyond that there are restrictions on the type of crops that can be used from a security perspective. Varieties, like Maize, that grow tall are discouraged in certain areas because they can provide cover for armed groups. This can also mean that only commercial crops can be grown in certain areas, that would then mean looking at how to enable households to access food products they require.

E. Creating an enabling environment by building trust

Traditional and religious leaders are also trained in negotiation and mediation skills, and multi-stakeholder dialogues will be supported. The programme intends to increase the trust between government and

communities which would for instance support the function of extension services. Such issues are viewed by the programme as elements that support the market system, influencing formal and informal rules at play in the context. Dialogue on service delivery and how communities and the government can work together are thus an important part of its facilitating role.

F. An adaptive management approach for better coordination and flexibility

An adaptive management approach is taken in this programme to ensure that the cash transfers that are done will contribute to stimulating local markets. As this component of the programme is not being implemented yet, this is envisioned as a way to refocus cash transfers as other organisations working in the same communities are engaged in coordination efforts. This adaptive approach will also allow further adjustments to be made which is important when working in a conflict context, as the programme often works with little information available. For instance, there are restrictions on the movement of ammonium nitrate fertilizers for security reasons. Therefore, certain staff are looking at new information in this context on a monthly basis. A crisis analysis team provides information on key issues that is assessed each month. Once the environment is more stable this could become once every two to three months.

Challenges of the shift to a facilitative approach

Communicating and bringing into practice the role of this programme as a facilitator is seen as a challenge. Government actors see the consortium as implementers, private sector actors expect them to be buying inputs instead of building relations between players. Even within the consortium implementing this project, there is a potential to revert back to the mode of project implementer. Understanding of all actors that the programme plays a facilitating role is viewed as a critical factor for its success as it allows stakeholders to engage with the programme from a position of their own responsibilities at different levels. In a conflict context subsidies or distributions are expected and the change of perspective still needs to be internalized by those inside and external to the consortium.

Annex 6 - Case: ÉLAN RDC

Implementer: Adam Smith International

Donor: UKAID

Focus area (for perennial crops): North Kivu, Equateur and Ituri provinces (first phase) / Kasai's and Kivu's (second phase), Democratic Republic of the Congo

Project duration: 2013-2018 / 2019-2020

Budget: (unknown)

Status: Inception of second phase

Programme summary:

The programme to make markets function in a more optimal manner that benefits the poor. Following the M4P approach, it addresses constraints along value chains and external factors that affect the good functioning of markets. Rather than directly implementing activities itself, the programme works through actors in the market, predominantly private sector but also (local) governments, and commences cooperation with NGOs in fragile areas.

Additional links:

- [ÉLAN RDC Lessons Learnt](#), 2019 - Report by Adam Smith International
- [Programme description / objective](#), 2018 - Overview by BEAM Exchange
- [Mid-term Evaluation](#), 2018 - Report by e-Pact consortium

Target area and beneficiary selection

The first phase of the programme (2013-2018) was implemented in a large number of DRC provinces. It focused on agriculture, the transport sector, access to finance and renewable energy. For its perennial agriculture projects (coffee and cocoa) it worked in North Kivu, Equateur and Ituri provinces. For its non-perennial agriculture projects it worked in Katanga, Lualaba, Tanganyinka, North and South Kivu, Sud Ubangi, Equateur, Mongala and Kinshasa provinces. In its second phase (2019-2020) the programme has concentrated its efforts towards the more crisis and conflict-affected Kasai's and Kivu's - focusing more on markets in crisis and dropping the focus on the transport sector. The programme targets beneficiaries who earn below the poverty line. Generally it targets the most vulnerable and determines a focus on socially excluded populations per context. The programme aims to realise a cumulative net income increase for more than one million beneficiaries by 2021.

A market systems development approach

The programme follows the Making Markets Work for the Poor approach, or M4P. This approach aims to make markets function in a more optimal manner that benefits the poor. In its approach it addresses constraints along value chains as well as external factors that affect the good functioning of markets. Rather than directly implementing projects itself, the programme works through actors in the market, predominantly private sector but also sector organisations. Due to the refocus towards more conflict- and crisis-affected areas in its second phase the programme is looking more into also working with humanitarian and development actors. The implementation model of the programme is to jointly test a new business model or intervention with a partner, sharing the cost and risk. These pilots aim to incentivise and enable participating actors to respond to opportunities. By sharing costs interested and motivated partners are identified. Partners are also selected based on whether their participation has potential to develop linkages to large numbers of poor people. Following the Adopt-Adapt-Expand-Respond model, the programme expects that successful joint pilots will result in partners adopting this new practice - addressing a value chain constraint that benefits the poor. Adoption of the practice by one party should then be picked up and replicated by other market actors to achieve scale and thereby impact at the systemic level of markets.

In the course of this study we have only been able to discuss the perennial agriculture programme in detail. The case description that follows therefore focuses mostly on the experience with intervening in the coffee and cocoa markets with additional details on the general programme from its knowledge management documentation online. The programme approach builds on the following key components:

A. Indirectly supporting producers

The programme seeks to build capacity of farmers for best practices in the areas of production, harvest, post-harvest and business operations, with attention for future certification. In the coffee and cocoa sectors the programme did this not by directly engaging farmers but by assisting the development of business plans for industry associations and training additional agronomists housed within these organisations - which then delivered extension services to farmers. In non-perennial agriculture the programme applied its replication approach by carrying out pilots with agro-dealers to sell improved maize, rice and bean seeds, including in areas where humanitarian actors were distributing seeds. The programme found that marketing seeds was effective through consumer education for smallholder farmers that combined demonstration plots, mobile sales forces, appropriate sized packaging and development of distribution networks. However when crisis hit and large international actors flooded the seed market with free, low quality seeds, markets were distorted. At such times the programme found that a lack of trust in the quality of seed distributed by aid actors was in some cases an opportunity to market and successfully sell seeds in these areas.

B. Supporting value addition in the cocoa and coffee value chains amid insecurity

The programme also invests in improving processing and treatment to add value in the coffee and cocoa value chains. This includes improving access to washing stations, tools, boxed fermentation units, drying tables and also technology - introducing traceability systems that allow farmers to receive a premium for their product. To achieve market systems level change the programme worked in areas that already had some level of infrastructure present, the historically coffee producing but conflict-affected North, South Kivu and Ituri. As per the philosophy of the programme, investment is done jointly with private sector actors to show the effectiveness of new approaches. One such approach was the introduction of a satellite network of centralized buying points as a one-stop-shop for aggregation and value addition, common in mature markets. The idea behind this was to keep value chains as short as possible to limit risks related to insecurity, minimize informal taxation and improve product quality. In the past, team members of exporters have lost their lives or money when they were out buying crops; centralized buying and processing points that are close by thus increase safety and allow exporters to efficiently and effectively evacuate crops. This approach has been effective in achieving improved physical and financial security for producers and exporters and has worked to streamline processes and accountability measures. As a result, the model has been picked up by other actors in the sector. Traceability premiums also tie into the insecurity aspect, since the better price allows exporters to build good relations with producers. This is important when working in a market where producers are looking to sell what they can when they can.

C. Facilitating access to finance

Increasing access to finance was another focus area of the programme. For the non-perennial sector dealing with, among others, rice, maize and beans, Collateral Management Agreements were promoted. With these instruments borrowing farmers or cooperatives could access financing from lenders by depositing their product at a warehouse, which verifies the quality of goods and stores them until loans are repaid. The coffee and cocoa sector programme additionally cost-shared interventions with social impact lender Root Capital to increase their reach. By working with these actors, rather than working directly with farmer cooperatives, the idea is that more value for money can be realized as lenders, banks, warehouses and sector organisations are in contact with many cooperatives.

D. Supporting advocacy of industry associations in the coffee and cocoa value chains

Supporting the advocacy of coffee and cocoa industry associations like Association des Exportateurs du Cacao Café de la RD Congo (ASSECCAF) and Initiative des Femmes Congolaises dans le Café & Cacao (IFCCA) is one specific way in which the programme aims to efficiently realize improved incomes for

producers and cooperatives. If these exporting organisations succeed in lobbying for decreased taxation for instance, this would enable them to buy more crops from producers. Currently a multiplicity of taxes and fees exists, paid to the export, regulatory, immigration and customs authorities as well as bank transfer fees and a number of informal taxes. Lower or fewer taxes would thus likely translate into higher export volumes and higher tax revenue since currently a lot of potential exports are lost to the informal economy through cross-border smuggling. The idea of economies of scale, however, is not yet appreciated fully by the Congolese government apart from some champions within the key regulating institutions. The programme targets the associations it supports in this based on their ability to promote market systems change rather than, for instance, beneficiary reach. As ASSECCAF and IFCCA have evolved, they have been joined by other associations like the recently formed Réseau des Coopératives des Producteurs du Café Cacao (RCPCA), and Conseil Interprofessionnel pour la Promotion de l'Agriculture (CIPA). As well as established entities such as the African Fine Coffees Association (AFCA) DRC Chapter, and Comité Professionnel Café & Cacao, Fédération des Entreprises du Congo (FEC). Collectively, these associations contributed to tax reform, improved public-private relations, and undertake joint marketing and market engagement activities.

E. Supporting marketing of industry associations in the coffee and cocoa value chains

The fifth market systems change sought by the programme concerns improved marketing of Congolese coffee and cocoa. The programme for instance implemented one pilot called 'Tip the Farmer' together with Olam International, Virunga Coffee Company and South African roaster Motherlands Coffees. Virunga set up a traceability system that allowed customers at hundreds of sales points to effectively tip farmers. These tips then went into a fund dedicated to interventions agreed upon by the exporter and communities. Another marketing initiative was the Congo Coffee Atlas, implemented together with the Eastern Congo Initiative, which mapped every cooperative, exporter and assets such as washing stations, offices and sensory labs. The map was updated quarterly with information on volumes, disaggregated between coffee produced by men and women, grades of coffee, whether it had been cupped, and other points of difference like elevation levels at which the coffee was grown. However, beyond this work to pilot such systems and make information available, cooperatives and industry associations lack capacity to effectively market themselves to global buyers. In the experience of the programme, cooperatives do not understand what sensory analysis is, why it is important for buyers and how it feeds into marketing. While expectations of customer service on the end of global buyers and assumptions around hierarchy in Congolese organisational culture have clashed. The programme delivers support in these areas, facilitating connections and agreements, in an attempt to get industry actors to proactively engage with the market.

F. Refocusing on cooperation beyond the private sector

As the coffee and cocoa programming is very much private sector focused there has been relatively little engagement with NGOs and other non-profits in projects. Collaboration is driven by a shared market perspective, like when the programme partnered with a local university to conduct market analysis. In some cases coordination with NGOs is seen as desirable, however, especially when approaches in similar areas conflict. For instance, building relationships with communities was found more difficult when people are used to NGOs handing out things for free. While in areas affected by conflict but also Ebola there is enormous distrust, so relationship building is key to programme effectiveness. The programme also encountered projects distorting markets in areas where it operates. One NGO rehabilitated a large number of micro washing stations without a business plan that would prevent such infrastructure from deteriorating over time, meaning that donors will need to keep investing or producers will face declining quality and prices for their products. Beyond NGOs, the programme determined it should focus more on cooperation with the government in its second phase. In its first phase a national marketing strategy for the coffee and cocoa sectors was developed jointly with private sector actors but without involving the government, which makes it more difficult to get government buy-in and endorsement after the fact. Together with public and private sectors the 'Saveur du Congo' platform is now developed where the ÉLAN programme currently supports the finalization of a Specialty Crops Working Group. A related lesson the programme takes with it into its next phase is the importance of fostering good relations with key champions in institutions and influential private sector actors.

Challenges in reporting market change and working in conflict- and Ebola-affected zones

One challenge the programme faces in relation to its market systems development approach is that it cannot capture long-term changes to the market system that are expected to occur beyond the duration of the programme. Expectations by donors for hard and fast results can also be detrimental to businesses who have to be pushed to deliver these. Moreover, competition among donors can have a negative effect on the aims of the programme as it advocates for a unified approach of actors in the cocoa and coffee sectors, while different donors support different types of approaches. With the second phase refocus of the programme towards the more fragile areas and towards more collaboration with humanitarian and development actors another difficulty faced is the limited credibility of the programme among such actors. Its approach relies on replication of interventions that show the effectiveness of certain models so champions with credibility in the humanitarian sector need to be found that also have the flexibility to pilot and adopt new models. Finally, working in insecure and Ebola-affected areas is a challenge, both for the safety of team members and for the continued operation of value chains. Team members can be exposed to violence or disease during field visits, while such events also result in blockages and restrictions that threaten the business of farmers, exporters and other private sector actors that have invested a lot in land, crops and other visible assets here.

Annex 7 - Case: Food Security through Agribusiness in South Sudan (SSADP II)

Implementer: Cordaid (lead agency), SPARK and Agriterra

Donor: Embassy of the Kingdom of the Netherlands (EKN)

Focus area: Bor, Yambio and Torit counties, South Sudan

Project duration: 2018-2023

Budget: € 10 million

Status: Implementation phase

Programme summary:

SSADP II aims to enhance food security, buying power and the employment position of vulnerable populations by following a M4P and value chain development approach that supports and leverages the capacity of farmers and creates win-win relationships across the value chain. It largely supports the strengthening of market functions and market players to make the local markets more inclusive and more enabling for agribusiness, by supporting farmers and agribusiness to access information, organisation, technology, markets and finance.

Additional links:

- [Agribusiness development for stability, peace and prosperity in South Sudan](#) - News item by Cordaid.

Target area and beneficiary selection

The three target counties, Yambio, Torit and Bor (all three not included in SSADP I), are located in the states Gubude, Torit and Jonglei. These counties were selected by the consortium, and endorsed by the donor, after analysis of key socio-economic indicators related to the project. The main selection criteria included: potential for successful entrepreneurship in the agricultural sectors; when and where possible, to build on previous SSDAP interventions; synergy with other similar actors/stakeholders interventions; previous project experience by the consortium and other implementing partners; and accessibility from different sides and distance (road network and security). Across the three counties, 17 specific Payams are targeted.

The programme aims to reach 10.000 farmers (including vulnerable people), establish 350 Farmer Economic and Market Associations (FEMA), work with 750 Micro, Small and Medium Enterprises (MSME), 230 Cooperatives, 120 Village Economy Market and Social Associations (VEMSA), train and support 1000 youth and women entrepreneurs (YWE), train and certify 65 Business Development Advisors (BDA), and create access to finance for 3000 progressive individual farmers and 850 agribusiness (including MSME, cooperatives, VEMSA, YWE). Generic selection criteria for each target group were developed during the inception phase. For the FEMA for instance, these mostly evolved around participants' willingness to attend training and participate in practical field learning, to share lessons learned in their communities, to apply modern farming techniques and to practice farming as a business – and half should be women.

M4P strategy to improve food security, increase incomes and create jobs

The project follows a Value Chain Development approach to support and leverage the capacity of farmers and create mutually beneficial relationships across the value chain. It also employs Making Markets Work for the Poor (M4P) as a second key strategy with the aim to enhance food security, buying power and the employment position of vulnerable populations in the target counties. This means it supports the strengthening of market functions and market players to make the local markets more inclusive and more enabling for agribusiness. Moreover, the project strives to increase farmers and agribusiness (MSMEs, VSLAs, YWEs) access to organisation, technology, markets and finance. The international consortium implements the programme together with local South Sudanese partner institutions that include the Rural Finance Initiative (RUFII), the South Sudan Agriculture Producers Union (SSAPU) and Premium Agro Consult Limited. During the inception phase, partnerships were established with the UNDP "Youth Employment and Empowerment" Project, with the WFP "Feeder Road Construction" and "Food for Asset"

project, and with the FAO “Emergency Resilience Livelihood Program.” The programme’s activities and respective target groups are divided into four broad, long-term outcome areas contributing to the goal of improved food security, higher income and more employment. Several of the medium-term outcomes and related activities and considerations for each of the four outcome areas are described below.

A. Making farmers and agri-businesses more resilient to shocks and hazards – both natural and conflict

Through Community Managed Disaster Risk Reduction (CMDRR) the programme intends to build resilience of farmers and agribusinesses for natural and man-made disasters and to increase their voice. Farmer groups and cooperatives are seen as an entry point to support the communities to do their own assessments on risk and disaster and to make their own DRR plans. To achieve this, in 2019 the project formed 30 CMDRR, Peace and Conflict Resolution Committees across three locations and jointly conducted 21 Participatory Disaster Risk Assessments (PDRAs). To address farmers need to receive early warning messages that can help their planning for crops, a partnership was developed with the Early Warning Department of the Ministry of Disaster Management and Humanitarian Affairs, the Meteorological Department, and the United Nations Environment Programmes. The capacity of the Meteorological Department remains limited in analysing forecasts for South Sudan and they have to rely on regional support from Nairobi, which causes delays. Training for project staff to better understand this information and translate it into messages that are useful for farmers, was planned for end 2019.

B. Enhancing sustainable production and productivity

A baseline study helped to identify the major crops already produced and important for both food and income in each of the three counties. A subsector analysis matrix was subsequently used to prioritise four crops (maize, sorghum, groundnuts, cassava) for value chain analysis and development in each county from production to marketing - an initial three per county. The upgrading strategy includes: 1) product upgrading, e.g. by introducing and promoting high-quality local seeds; 2) process upgrading, e.g. by establishing bulking and primary-level processing to reduce post-harvest losses; 3) upgrading of coordination and business models, e.g. providing timely and relevant market information and fostering trust and long-term relationships among value chain stakeholders through quarterly Multi-Stakeholder Platforms (MSP); and 4) improving the business enabling environment, e.g. by supporting the government in the development of Agricultural Input Policy (AIP) and reducing double taxation and trade licenses.

The project’s Farmer Economic and Market Associations (FEMA) approach, which was adapted during the inception phase from the Farmer Field School (FFS) approach used in SSADP I that mainly focused on production, is considered central to providing value chain centred technical services. These include training, mentoring and coaching, and delivering market-oriented extension services to the targeted 10.000 farmers, by the project staff in collaboration with government extension workers and lead farmers. During the first reporting period, 100 FEMAs – comprising 3019 members (51% female, 11% returnees) – were formed and strengthened. Demonstration plots play a key role in facilitating exchanges of knowledge and skills on value addition and improved technology. Of the 91 demonstration plots established, 10 were destroyed due to flooding in Bor County.

C. Improving inclusive agri-business market functioning

A partnership was developed with the Joint Market Monitoring Initiative (JMMI) of the South Sudan Cash Working Group (CWG) led by REACH. After training of project staff in using their tools, a first round of market data was collected in designated locations for the JMMI. Cordaid lead the monthly market assessment in Torit and Yambio. The aim is that continuous analysis of market prices will be conducted and that these findings will be shared with farmer groups. In the first reporting period, a detailed in-house value chain assessment was conducted on ten sub-sectors. These were selected by the team by employing selection criteria such as: contribution to household food security and income, job creation opportunity, value addition potential and ease of production. Experts from the counties agricultural office and local partners participated in the ranking of the commodities against those criteria, resulting in the selection of: maize, sorghum, groundnut, cassava, okra, poultry, honey, pineapple, fish, goat. The plan is to add the last six value chains later on, after start-up with the first four major crops selected for priority in the first year of

implementation. Additional information was collected and analysed from several main actors in the value chain, including farmers, processors, transports and enablers. Private sector actors outside the project are involved for instance through Multi-Stakeholder Platforms (MSP), for which all private sector actors that have direct relationships with selected value chains are invited. The first MSP was organised in December 2019 in Yambio, where stakeholders could identify the strengths, weaknesses, opportunities and threats related to the development of each value chain.

D. Improving performance of cooperatives and Agri-MSMEs and creating new jobs

For this outcome, four broad activities are rolled out, including: Cooperative Development Service; Business Support Service; Youth and Women Entrepreneur Support; and Access to Finance. Besides supporting existing cooperatives, FEMAs are supported to promote into cooperatives and Village Economy Market and Social Associations (VEMSA). The SSADP II project enriched the concept of VSLA with elements from the VEMSA concept to combine economic development, resilience, social and capacity building objectives. This is done by providing coaching, training and mentoring on a broad range of themes – such as nutrition, climate change adaptation and resilience, aspirations, financial literacy, business and entrepreneurship skills, and gender and women empowerment – as well as business plan preparation to access loans from the Rural Finance Initiative (RUF) to start group agribusinesses. Such extension services are provided in cooperation with local partners, differing per county, and with support of the Ministry of Agriculture.

To close the loop – the value chain – not only farmers are supported, but also entrepreneurs to take up roles as input supplier, value adder or collector. To this end, during the first reporting period three Business Support Centres were established and 28 Business Development Advisors (BDAs) were identified and trained on Business Skill Training (BST) and agro-entrepreneurship. To bring the produce that is beyond household consumption to the market, particularly Youth and Women Entrepreneurs (YWE) are supported. Following a lesson learned in SSADP I – that ideas and plans have to come from business owners themselves instead of project staff, to establish ownership – (innovative) business ideas from the youth and women themselves are encouraged through a Business Plan Competitions (BPC). As a part of the BPC, potential entrepreneurs must participate in the Business Skills Training (BST). The YWE winners of the BPC receive continued mentoring and coaching to prepare their business plans for access to finance from RUF. In 2019 the project reached and supported 80 Cooperatives, 88 YWE start-up entrepreneurs, 61 Agribusiness MSMEs and 29 VEMSA. Loans were provided to six cooperatives, one progressive individual farmer and two YWE worth 5.675 Million SSP – with a repayment rate that is more than 90%.

Challenges for value chain development in fragile contexts

A key challenge during SSADP I was realising access to finance. Due to a non-conducive financing system at a time of increased insecurity banks declined to lend money – as loans were not expected to be paid back. Most banks were closed, while they were still in their infancy stage. To fill the finance gap, SSADP II took a different approach by establishing a Revolving Loan Fund (RLF) scheme together with RUF. An important lesson learned in SSADP I was that borrowers are less likely to repay a loan when they think their money comes from an NGO or donor. Therefore RUF is brought forward as the loan provider, and is supported to open an office in each county. Farmers, agribusinesses and enterprises, with their vision and business plan in order, are then linked to RUF through the programme. In turn, RUF trains beneficiaries on matters such as financial literacy and loan terms. An internal MoU is signed between the programme and RUF, for repayment through RUF. Also, during the inception phase, three different types of loan products were developed that are in line with the project objectives and suitable for the different target groups: 1) Loan for Agricultural Production Actors; 2) Loan for Agric Non-Production Actors, such as agro-input dealers, processors, transports; and 3) Hire Purchase Loan for MSMEs and groups.

During the value chain assessment, weak and ill-governed input supply systems, as well as the government's lacking capacity to provide extension services were named as important challenges for farmers. Main constraints, also directly faced by the implementing organisations, include infrastructure and security issues. As a result, large amounts of money are spent on logistical arrangements - such as UNHAS transport.

Annex 8 - Case: Nespresso AAA Sustainable Quality Program & South Sudan Coffee Initiative

Implementer: TechnoServe
Donor: Nespresso and USAID
Focus area: Yei, South Sudan
Project duration: 2011-2016 / 2016-2018 (USAID)
Budget: Nespresso more than € 3,1 million / USAID more than € 2,8 million⁴⁰
Status: Programme continuing at limited scale

Programme summary:

Nespresso partnered with TechnoServe and South Sudan's Ministry of Agriculture, Forestry, Cooperatives and Rural Development to revitalise the country's coffee industry. The alliance seeks to increase productivity and strengthen resilience, accelerate agricultural market development, and diversify South Sudan's export market by training farmers in coffee growing techniques, business methods, processing, financing, marketing and cooperative governance.

Additional links:

- [Reviving high quality coffee production in South Sudan](#) - Case study by Nestle-Nespresso.
- [Five Ingredients for Success for Partnerships in Fragile Economies like South Sudan](#), 2019 - Blog post by TechnoServe.

Target area and beneficiary selection

The revival of South Sudan's coffee industry - which had a long history before the prolonged civil war stifled production⁴¹ - started in 2011 when Nespresso asked TechnoServe "what about coffee there?" This question arose in connection to Nespresso's AAA Sustainable Quality Program (a collaboration with the Rainforest Alliance since 2003) that aims to help farmers and their families secure new sources of sustainable business through specialty coffee value chains.⁴² Both entering new territory, the first step for TechnoServe was to find out if and where there is such potential through conducting several exploration missions. These took place in Boma plateau, Imatong mountains and Yei, after which was concluded Yei was the only area with commercially significant production due to plantation history and existing local demand. This production was found to be done by farmers living around abandoned colonial plantations, solely sold and consumed on a local level. Lab analysis of the collected samples showed the coffee to be of very high quality, with unique aromas and with high potential. This added to Nespresso's interest to find out whether it is possible to produce it at larger scale and export it out of the country. In the testing phase that followed, TechnoServe started working with the local farmers already involved in small scale 'backyard' production. After positive evaluation of the concept, the target group was extended to a larger group of farmers in the area including at least 25% women. Since the project began, at least 730 farmers were involved in the cooperatives and 1.270 households have attended at least one of the training sessions.⁴³

Revitalising the coffee industry to triple coffee incomes and improve household resilience

A. Testing the potential; from exploration missions to marketable product

After the positive results of the first samples, TechnoServe placed and ran a few manual pulping machines in different high concentration coffee areas. It offered an agreement to all surrounding farmers to deliver their harvest to the pulping machines, for which they would be paid a better price than in the local market,

⁴⁰ [USAID, South Sudan Coffee Initiative](#)

⁴¹ [TechnoServe, Revitalizing South Sudan's Coffee Industry](#)

⁴² [Nespresso, Case Studies: Reviving high quality coffee production in South Sudan](#)

⁴³ [Nestlé, Coffee amidst the conflict - The extraordinary resilience of South Sudan's farmers](#)

after which it would be sold for the international market. The pulped harvest went to Nespresso, where several departments evaluated if it is indeed marketable coffee and how to bring it on the market. The marketing department for instance conducted a survey amongst its consumers (members of Nespresso in a several Western countries) to see if there is interest - which was the case. Analysis in the South Sudan context showed potential for growth, return on investment in the long term, added value for farmers and a competitive advantage for coffee. Smallholder farmers are able to give attention and time to coffee trees, needed to produce quality coffee, for a price that can compete internationally. Nespresso's two-year upfront investment of about € 650.000 since 2011 demonstrated the commercial potential and partnered with TechnoServe and South Sudan's Ministry of Agriculture, Forestry, Cooperatives and Rural Development to revive high-quality coffee production in the country.

B. Forming farmer groups and turning them into cooperatives

TechnoServe formed partnerships with local farmers. Around 300 farmers surrounding the three established wet mills were initially involved in the newly created coffee cooperatives with their own structures, which later increased to 730 farmers for six wet mills. The cooperatives were created and supported to enable farmer mobilisation, registration and quality processing, to provide technical assistance and training, as well as to give farmers more bargaining power towards off-takers, retailers and transporters. Although an increased production was realised, it was still at the lower end to meet the minimum required quantities to make it marketable for Nespresso. TechnoServe needed a season to find out if the required quantities and quality could indeed be delivered. A local presence was established - which TechnoServe previously was hesitant about due to the exploratory nature of the project. The team increased the number of wet mills and zoomed in on the governance of the cooperatives, after finding out that these were very poorly managed. An intensive approach adapted from the Rapid Results Framework was used to enable groups to select better leaders (see box 2 in chapter 3.1 for example), which improved performance of cooperatives.

C. Increase production and improve quality: technical and management training

The largest part of the programme consisted of direct training to help farmers grow and process the higher quality coffee suitable for the demanding international market, and to form well-managed cooperatives as well as establish a replanting programme. A 24-month 'farm college' curriculum was developed to help farmers master basic techniques; farmers gathered a few hours every month on one of their own fields where the programme demonstrated techniques, which farmers practised together and implemented on their own fields. A field agent visits farmers to monitor farmers' progress. The idea was that added value would be visible in the harvest - which had potential to be tripled with good management, time and attention, without requiring agro-chemicals. This would provide farmers with incentives to keep applying the techniques without much follow-up. Since the start of the project 1.270 households have attended at least one of the training sessions. When conflict flared up and project staff were no longer able to work in South Sudan, the programme continued supporting farmers through weekly radio broadcasts with seasonal advice. Produced in Yei and from neighbouring Uganda, the radio programme broadcasts in three different languages on a popular South Sudan radio station. Additionally, the programme has continued to provide limited technical support to farmers to operate coffee nurseries to produce coffee tree seedlings.

D. Local value addition and linking to international market

In 2013, the programme supported the cooperatives to construct wet mills – processing facilities that convert coffee cherries to dry beans - to realise local value addition and higher export prices. Cooperative leaders were supported to write business plans and staff were trained and coached on operations of their new wet mills. Six central wet mills played a key role in improving the quality of the coffee, as it reduced the impact of quality inconsistency on the cherries usually processed using the dry method. This new method allowed off-taker Nespresso to buy high quality washed Robusta, for which they paid farmers a 50% premium to the price they would normally earn in the local market. Other benefits to the farmers included less manual work such as hulling, especially for women, previously using a grinding stone or mortar. A shipment of 1.8 metric tons of green bean coffee air freighted to Nespresso in 2013 was the country's first export of coffee. A local South Sudanese company, which already imported packaged food products from

Uganda and thus had the relevant experience for handling coffee and dealing with customs requirements, was identified to provide the service of exporting 10 tons of parchment coffee over land from South Sudan to Uganda in 2014. The first batch of a limited edition coffee, sold by Nespresso in speciality shops in France in 2015, was well received. The subsequent year it was also launched in shops in Germany, The Netherlands, Switzerland, UK and USA. After this, TechnoServe and Nespresso developed a long-term plan to help develop a commercial coffee sector in South Sudan over the next 10 years and TechnoServe helped to find public matching for Nespresso's investment. To strengthen and extend efforts to rebuild the coffee industry and improve coffee farmer livelihoods in South Sudan, USAID dedicated more than € 2,8 million to the project in 2016.

E. Strengthening the enabling environment by realising social and political buy-in

By cooperating with the South Sudanese government, the programme contributed to a more enabling business environment. A concrete example is the support to the Ministry of Agriculture in creating a template phytosanitary certificate (a document required for the international trade of agricultural produce), first issued by the Ministry in 2013. The first coffee export tax revenues were collected by the County Government in Yei in 2014. Paying income taxes, but declining charges by local leaders that showed opportunistic behaviour, TechnoServe experienced some opposition from such leaders. However, issues related to local (unofficial) taxes were resolved thanks to several factors that realised positive storytelling and social and political buy-in. These included high integrity standards (accounting for every euro spent), transparency (about prices paid to farmers) and media attention and exposure through Nespresso that contributed to a certain pride by farmers and actors from local institutions in the locally produced product. For instance, any video produced by Nespresso would be used extensively, shown during local meetings in rural areas and at government offices. The aim was to make everyone feel part of a story being written by the South Sudanese, and communicated by Nespresso, to the outside world - showing their war torn country in a positive light. Other efforts to get further buy-in from local leaders included letting international visitors (especially high level) and journalists pass by local their offices to enable them to tell the story to the outside world and to take credit for the positive transformation that was happening in their communities. But also smaller efforts such as coffee tastings at the Governor's office. While the fact that at the time many officials were new in their positions meant that rent-seeking structures were not institutionalised, the fact that TechnoServe is not a commercial actor (not actually buying the coffee) helped as well; they were not viewed as an exploitative actor. It was understood that TechnoServe provided the training and made the link to an international buyer that paid a fair price for the coffee, on which level there was no space for 'informal discussions'. Thanks to the overwhelming buy-in by the farmers, city officials also saw this as a beneficial project - without directly getting something from it.

Challenges for value chain development in fragile contexts

Insecurity was a major concern during project implementation, with staff not always feeling safe. In 2016, operations were suspended after violence spread to Central Equatoria, farmers fled the area and the team left the country. Through a commercial exporter in Uganda some coffee was channelled out of the country and farmer support continued over radio from Uganda. Although the team wanted to return once security would improve, they were not able to do so before the USAID funds expired and were returned. Nespresso is still interested in making the coffee chain commercially viable, but in TechnoServe's perspective the return of security is a precondition for this. Looking from an economic perspective, TechnoServe staff conclude that similar investments in stable contexts are positive when looking at return on investments and impact. However, companies need to take on a longer term perspective in environments where a lot of the basic market infrastructure still needs to be built from the ground up. This also comes from Nespresso's ten year projection, which showed a positive return on investment over that period of time, although the larger part of that period Nespresso would be investing.