

Participatory Market Chain Approach (PMCA)

User Guide

Edited by

Thomas Bernet, Graham Thiele

and Thomas Zschocke



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This manual describes the Participatory Market Chain Approach (PMCA), a new R&D method designed to stimulate innovation along market chains by enhancing stakeholder collaboration and trust. This method grew out of a joint effort made by different R&D organizations and projects (see list on the inside of the back cover), with the aim of finding new ways of intervening in market chains and improving poor farmers' livelihoods. The Papa Andina Initiative of the International Potato Center (CIP) coordinated and guided this work; the Swiss Agency for Development and Cooperation (SDC), the Center for International Agriculture (ZIL) and the UK Department for International Development (DFID) provided the necessary financial support.

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Prologue

"The most practical thing is a good theory."

Shifting towards an innovation focus

In 2001, the Swiss Agency for Development and Cooperation (SDC) launched a new potato project in Peru (INCOPA). Hosted by the International Potato Center (CIP), this project seeks to enhance the competitiveness of small-scale potato producers in Peru. The project's focus on markets and innovations challenges CIP as a research center; however, great interest has been shown both in what can be learned from it and in the possibility of sharing lessons learned with partners in Bolivia and Ecuador.

From RAAKS to PMCA



Engel P. and Salomon M., 1995. *Facilitating innovation for development: a RAAKS resource box*. Kit Publications, Amsterdam, the Netherlands (available at www.kit.nl).



Thiele G. and Bernet T. (eds), 2005. *Conceptos, pautas y herramientas: enfoque participativo en cadenas productivas y plataformas de concertación*. CIP, Lima, Peru.

Early on, a Swiss research fellow was integrated into the INCOPA project, so adding methodological strength to it. His task was to develop and validate new approaches to link small-scale farmers to markets. He suggested applying RAAKS (Rapid Appraisal of Agricultural Knowledge Systems) in the context of a market chain, using this action research method to discuss and resolve specific sectoral problems with a range of different stakeholders.

This new area (the market chain) required a strong focus on market demand and the development of joint business opportunities. This led eventually to the creation of the "Participatory Market Chain Approach" or "PMCA": specific guidelines to generate joint innovations in market chains – in agricultural and other sectors.

Validation in South America and Africa

In 2003, the positive results obtained using PMCA in Peru were shared through the Papa Andina Initiative, allowing Bolivian and Ecuadorian research and development (R&D) colleagues to validate the principles and practice of PMCA. The lessons learned from Peru inspired Bolivian partners to apply PMCA themselves.

In 2005, a one-year project financed by DFID's Crop Post-Harvest Programme (CPHP) made it possible for the Andean PMCA experience to be shared with Ugandan R&D staff. After two training workshops they began to use PMCA as part of their own work, applying it to three different market chains in Uganda: potato, sweetpotato, and vegetables.



PMCA Workshop with Ugandan partners in the Andes, July 2005

On-going collaboration

This user guide is the product of many constructive and intense discussions involving a large number of R&D staff from different countries. These actors have contributed valuable information and time, and we would like to take this opportunity to thank them sincerely!

However, this user guide should not be seen as the final step in the documentation of PMCA. Inevitably, future applications will provide new insights and help to improve PMCA and the way it is documented. We hope that you will be able to contribute to this process in the future!

Addressing the development challenge of facing rural areas

“Poverty begins with failure to take advantage of existing market opportunities.”

Danger of marginalization

Rapid urban growth challenges the development of rural areas, which could become increasingly marginalized as powerful supermarkets and agro-industrial chains determine the “rules of the game”, preferring to work with large and well-organized producers.

Limited access to information and contacts jeopardize the position of small producers in the marketplace, making agricultural production unprofitable and risky. This perpetuates poverty and puts at risk the resource base of rural areas. **Human and social capital** – especially young people – are lost as **competitiveness** declines, setting in motion a downward spiral that further undermines their ability to compete (see Figure 1).

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Escaping the competitiveness trap

Most R&D organizations agree that improved market access is crucial if the competitiveness of rural areas and its producers is to be enhanced. Promoting collaboration along the **market chain**, among different **stakeholders**, is a promising approach to:

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- ▶ **Increase efficiency in the market chain**, by lowering the production and transaction costs which occur between the different market chain actors.
- ▶ **Enhance the value of the products and services generated along a market chain**, so justifying higher consumer sale prices.

How to intervene in market chains?

Stimulating positive market chain collaboration from the outside is a tricky issue. **Market chain actors** compete with regard to price and quality in their day-to-day business, which apparently inhibits the development of trust and concerted action.

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New methodology to stimulate collaboration

The Participatory Market Chain Approach presented in this user guide provides guidelines for R&D organizations confronted with the question of how to effectively intervene in market chains. Based on a three-phase process, PMCA aims to foster the market access of small-scale farmers by generating fruitful collaboration among the different market chain actors. This should help to reverse the declining spiral of competitiveness we mentioned above and provide a basis for sustainable rural development (see Figure 1).

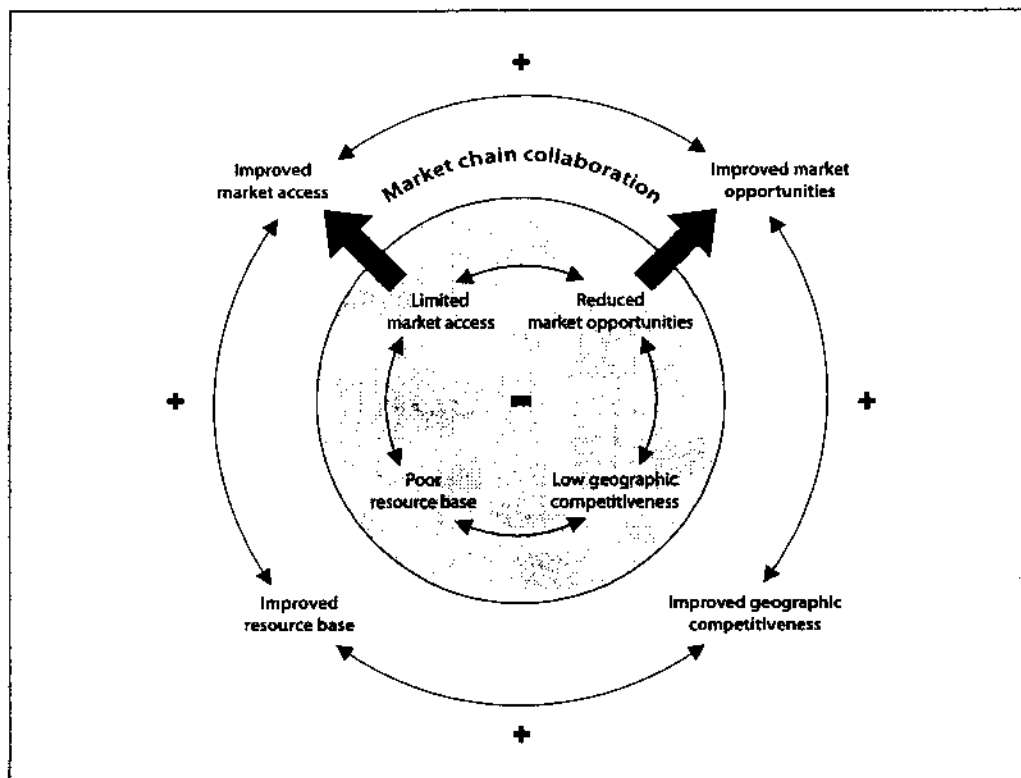


Figure 1 Market chain collaboration: overcoming the "competitiveness trap" that affects rural areas

About this user guide

"Knowing where you want to go is one thing, but getting there is quite another."

Purpose The main objective of this guide is to present the Participatory Market Chain Approach (PMCA), which aims to stimulate market chain **innovations** by involving different **stakeholders** within a well-structured and demand-oriented process.

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By presenting both theory and practice, this guide should enable the leaders to apply the PMCA method in the specific context in which they are working.

Audience This guide will help:

- ▶ **Researchers and development staff** to gain important insights and skills which will allow them to adapt and use PMCA in the context of their own work.
- ▶ **R&D project managers and policy makers** to understand, plan and supervise demand-oriented participatory R&D processes that target market chains.
- ▶ **Teachers and students** to learn more about rural development, market chain competitiveness, participatory R&D, and marketing. The different development concepts and practical **tools** described are helpful in their own right.

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Structure and content The guide includes the following:

- Chapter 1 ▶ **Basic concepts of market chain competitiveness** that influence rural development processes.
- Chapter 2 ▶ **The Participatory Market Chain Approach (PMCA)** which describes a three-phase structure aiming to (1) define, (2) analyze and (3) put in place innovations in partnership with market chain actors.
- Chapter 3 ▶ **Useful tools** which can be applied in conjunction with PMCA.
- Chapter 4 ▶ **First applications of PMCA**, describing four initial experiences with PMCA in Peru, Bolivia and Uganda and drawing important conclusions in each case.
- Chapter 5 ▶ **Challenges when using PMCA**, illustrating the problems R&D organizations might face when applying PMCA in their own context.
- ↗ ABC ▶ A **Glossary** of relevant technical terms.
- ▶ An **Annex** which contains an overview of the PMCA process and which can be used to help plan, implement and evaluate PMCA activities.

Useful textboxes In order to enhance learning, different sections of this guide contain textboxes designed to provide the reader with insights into the theoretical and practical aspects of PMCA. Each textbox is marked with a symbol which describes its function:



- ▶ **Basic Concepts (C)** present important theoretical ideas.



- ▶ **Methodological Tips (T)** provide help when dealing with practical aspects of R&D work.



- ▶ **Concrete Applications (A)** illustrate examples from different PMCA applications.

Cross references To make this guide easier to use, different sections of the text have been cross-referenced. A small arrow in the left-hand column indicates the section and the page where related information on a subject can be found.



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Concepts

PMCA

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Basic concepts for market chain competitiveness

Thomas Bernet, Graham Thiele

"The time to compete on your own is over: the winners of today are team players with strong relationships built on trust."

Content of this chapter This chapter presents a set of linked theoretical concepts that underpin the practical work with the Participatory Market Chain Approach.

Introduction

How to compete in the global market?

Market globalization poses a considerable challenge to farmers and those living in rural areas in developing countries, where inadequate infrastructure and limited access to information and technology increase both production and transaction costs. So, how can producers compete in such markets, which are more and more demanding with regard to product quality and timely delivery?

An ongoing process of innovation is needed along the market chain, which should enable those involved to constantly identify and take advantage of new market opportunities, thus positively affecting rural producers. To make this happen, the actors involved must be given the opportunity to fruitfully interact and build mutual trust. Only in this way will optimum use be made of available resources, which are transformed into products and services that are of value to market chain actors and consumers.

But how can such collaboration be achieved in a situation where actors mistrust each other because they compete daily negotiating for more favourable prices, quality and terms of payment?

Contribution of PMCA to rural development

The Participatory Market Chain Approach (PMCA) fills a methodological gap. It is an instrument for facilitating change in market chains that lack coordination, so creating an environment that fosters interaction among market chain actors, promotes mutual learning and trust and stimulates shared innovations.

Such an innovation process should create a "virtuous circle" that improves the development environment of rural areas, increasing the competitiveness not only of the market chain but also of the communities and producers, who are **empowered** as they benefit from improved access to markets, contacts and information (see Figure 2).

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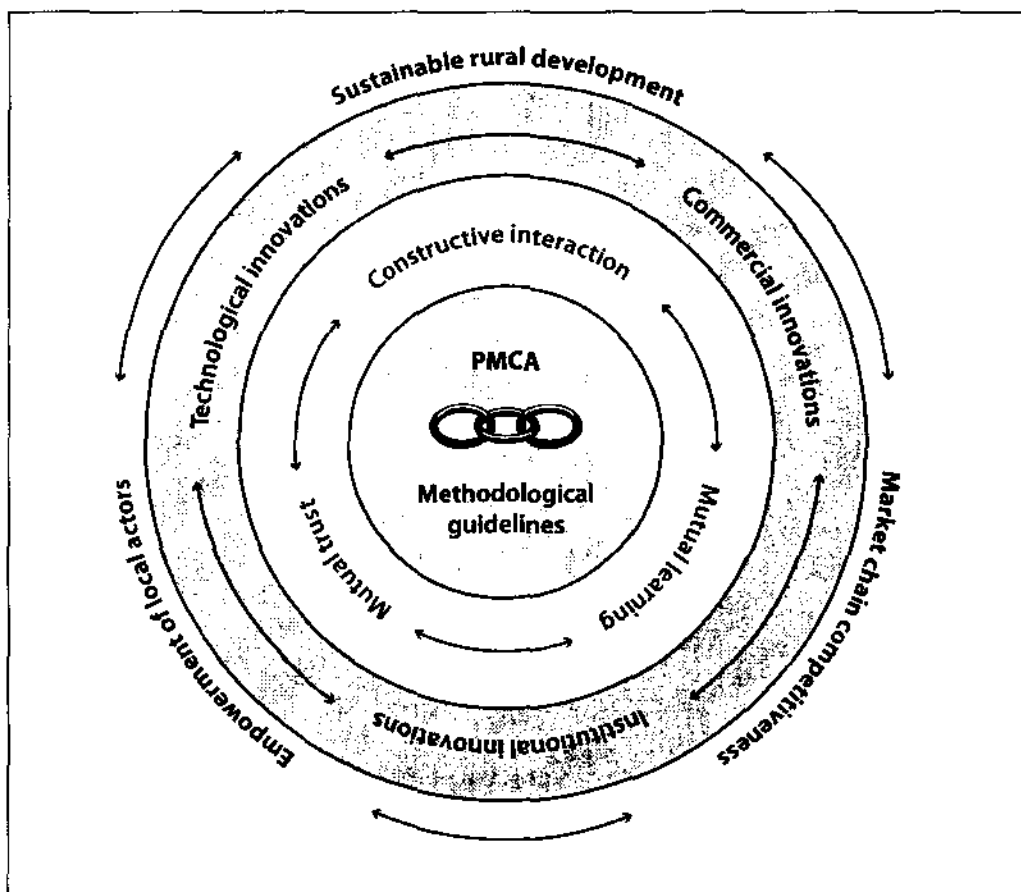


Figure 2 PMCA creates a virtuous circle for enhancing rural development

Local development and market chain competitiveness

Access to different types of capital

The basis for any productive activity is capital: resources that make production possible and create value.

Five different types of capital can be distinguished:

- ▶ **Natural capital** – environmental factors needed in the production process, such as land and water.
- ▶ **Infrastructure** – physical assets that facilitate production processes, such as tools and machines, buildings, roads and irrigation systems.
- ▶ **Financial capital** – cash and monetary reserves that provide liquidity for production processes.
- ▶ **Human capital** – people’s knowledge and abilities that drive production processes.
- ▶ **Social capital** – organizations, networks and institutions that facilitate cooperative action amongst different actors.

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Quest for capital development

The development of a geographic area requires an optimal combination of different capital types. Together, infrastructure, and natural and financial capital lay the foundations for development processes; however, human and social capital (see **Box C1**) become more and more important in that they drive and catalyze such processes and enhance **value addition**.

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Neither **human** nor **social capital** are depleted by use. Rather, they are depleted by non-use: “use it or lose it!” These types of capital are crucial to development processes that enhance **competitiveness**. But, how can they be built up?

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Good collaboration along the market chain

Strategic linkages between geographic areas and competitive market chains are essential. Local actors, linked to primary production, must collaborate with those actors who are able to enter the market with products and services that are valuable to consumers and profitable to all involved in the production process for those actors based in rural areas. This not only enhances incomes, but also local development in general, through the cre-

Concepts





ation and use of **social and human capital**, which opens up new opportunities (see Figure 3).



C1. Human and social capital

Human capital refers to an individual's capacities, personal skills and knowledge, all of which help to optimize processes and results. This type of capital is gained by education and through personal experience. It is very different from **social capital**, which is developed between people, through positive relationships and networking. Through the building of empathy, trust and mutual obligations, social capital facilitates fruitful interaction and consensus-based decision-making. When doing business, social capital lowers transaction costs and reduces the risk involved in taking decisions.

Like other forms of capital, both human and social capital are created and improved through investment. While **human capital** requires investment in personal education and practical experience, **social capital** needs investment in the form of continuous interaction among the actors involved.

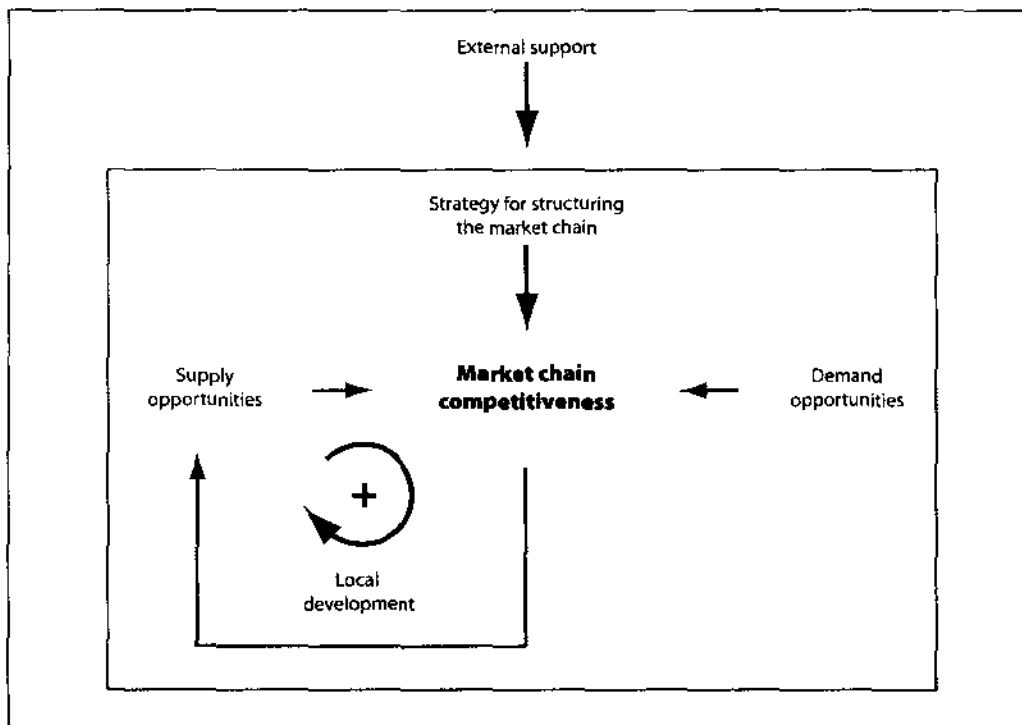


Figure 3 Market chain competitiveness and local development

Strategic external support

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External R&D organizations can help bring together different actors involved in the market chain and define viable commercial strategies for the entire market chain. As external entities, such organizations can suggest and promote new ways of commercialization and provide facilitation for participatory processes that enhance collaboration among market chain actors, build human and social capital (see Box C1) and foster market chain competitiveness and hence rural development (see Figure 3).

Overcoming hurdles

A major challenge faced by any effort to link rural areas with competitive market chains relates to quality standards. Food safety, for example, has become an important concern of today's consumers. This global issue puts developing countries in a difficult situation, as they have to respond to this emerging requirement with standards for traceability and certification schemes that ensure that good manufacturing practices are followed.

These new market requirements are an obstacle; but, they also offer an opportunity for those who seek to enhance both production and product quality. Tracing the quality of a product as it journeys through the manufacturing process will definitely foster teamwork among market chain actors and enable them to identify and take advantage of both new and existing joint business opportunities.

At the same time, the enforcement of quality standards may also improve collaboration among producers and allow price premiums that consumers are willing to pay. For instance, organic production and "fair trade" force producers to work closely together in order to comply with certification while simultaneously forging closer links between producers and consumers (because such business schemes advocate social responsibility).



Innovations along market chains

Response to changing needs

"Competitiveness" is only achieved if the actors in a market chain are continuously able to provide goods and services that have sufficient consumer value to ensure profitability. Thus, competitiveness is not a static, but a dynamic concept: once achieved continuous adjustments must be made to sustain it!

As a consequence, market chains must respond to changes in demand, competition, policy and availability of resources (i.e. production factors). Thus, the competitiveness of market chains relies on the actors involved being able to innovate and create value in a changing environment.

Life cycles of innovations

Like products, innovations also have a life cycle (see Figure 4). The challenge faced by market chains is the need to constantly adapt and respond to changes in the market environment. When responding to such change, two possible paths may be followed: (1) market chain actors can take advantage of a growing market opportunity along its life cycle (**A** in Figure 4); and (2) they can switch to new business opportunities that hold greater promise for the future (**B** in Figure 4), especially if existing opportunities stagnate.

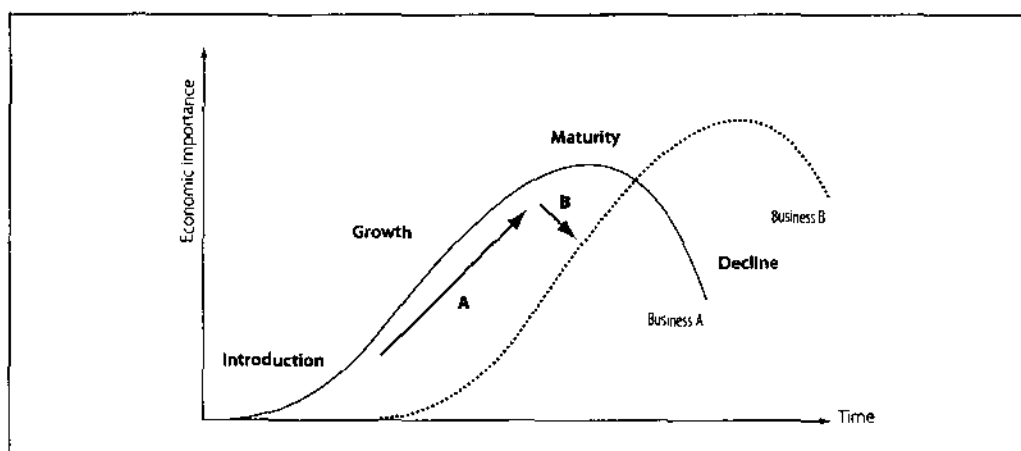


Figure 4 Business strategies related to innovations' life cycles

Actively responding to changing demand

Innovations don't just happen. They are part of a process that defines and implements new ideas to enhance consumer satisfaction, on the one hand, and to use available resources efficiently, on the other. The changes undertaken to ensure such value-adding must focus on real needs and opportunities.

Innovations do not always have to have a high degree of novelty, and must be distinguished from inventions: many inventions exist that have never generated revenue! Innovations may be achieved simply through combining and adapting things which are already known and applying them to a new context, thus generating value for the innovation's users (see **Box C2**).



C2. Invention versus innovation

Both invention and innovation imply something new. While an **invention** is a discovery – a new idea or a product presented to the public for the first time – an **innovation** refers to something new and useful that has a real market value. In this sense, innovations always respond to a demand; they can be based on inventions, but most of the time they are simply driven by a new or improved combination of already-existing ideas and activities where the value of a product is increased for both consumers and producers.

Identifying options that create uniqueness

As part of a good communication strategy, trademarks and labels can be effective mechanisms for differentiating products in the marketplace. These not only add value to the product, but also make the product unique by differentiating it from similar products. This uniqueness might be of great relevance for the consumer – who might feel better about not buying a conventional mass-market product; but it is also relevant for producers, who protect themselves from competitors and have more leverage to influence the price received for their products. In other words, producers have greater negotiating power if nobody else, or only few competitors, are able to offer the same product.

Building trust among different stakeholders

Profitability of trust The starting point for innovation in market chains is the creation of a high level of trust among the actors involved: trust allows actors to communicate efficiently, develop a shared vision and strategically implement activities that put that vision into practice. The higher the degree of trust, the better the results that can be expected from collaborative processes!

Smoothing collaboration In market chains, “internal trust” (I in Figure 5) is the “grease” that ensures that there is an optimal amount of contact between the productive activities: this avoids undesired friction among the actors in the chain, as such friction could damage the chain. At the same time, “external trust” (E in Figure 5) ensures an optimal level of interaction with outside actors, i.e. those who are not part of the chain, but whose activities affect it in different ways (through the provision of services and technologies, research, laws, financial support, etc.).

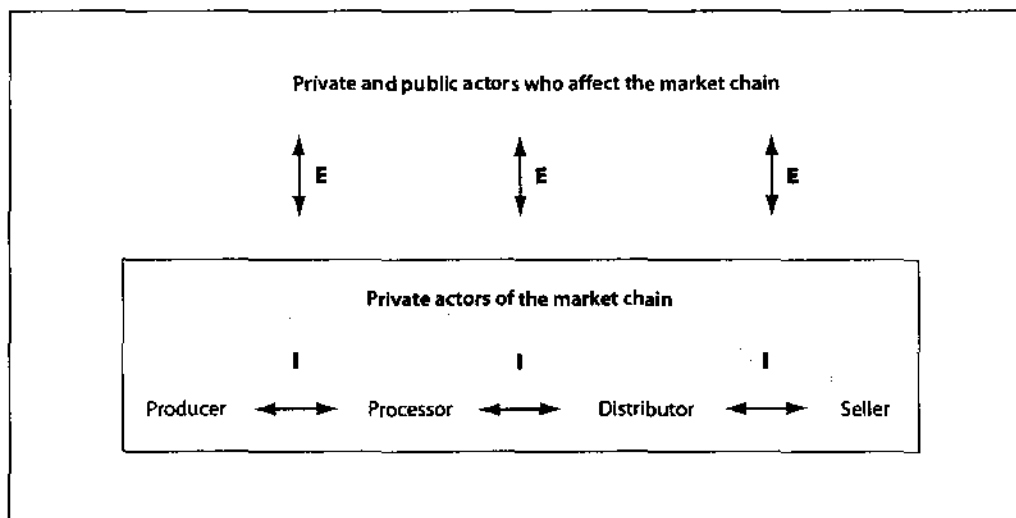


Figure 5 Internal (I) and external trust (E) in market chains

Catalysing joint innovations

Trust among the actors involved in a market chain, and those influencing it, creates an environment that is conducive to innovation by:

- ▶ Increasing the quality of the information exchange, fostering creativity and learning.
- ▶ Reducing the time taken to reach agreements.
- ▶ Facilitating the definition of new activities and encouraging people to assume leadership roles and take risks.
- ▶ Increasing the potential for conflict resolution.
- ▶ Promoting personal satisfaction and helping to integrate new actors into the interaction.
- ▶ Allowing “trustworthy people” to develop leadership legitimacy, enabling them to coordinate activities along the market chain.

Creating trust with leadership

Trust does not happen automatically – it must be built, little by little! This is especially true in market chains, where trust slowly grows out of positive social interactions that must be carefully nurtured by wise facilitators. Such facilitators must have the legitimacy and skills necessary to lead such market-oriented innovation processes, and must “capitalize” on the good ideas shared among stakeholders. Without such leadership, it is very likely that excellent joint market opportunities will never make it to fruition!

Actors with leadership legitimacy

Who displays such “leadership legitimacy”? Their followers would call them “trustworthy people” – people who, through their position and actions, have proven that their intentions and ideas benefit everyone (see **Box C3**). Such “market chain leaders” can be “insiders” (e.g. market chain actors) or “outsiders” (e.g. R&D staff).

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C3. Prerequisites for gaining leadership legitimacy

Within organizations, **leadership legitimacy** can be represented on an organizational chart. Outside of formal organizations, however, where actors are independent and participate freely in a relatively informal environment, no one can be a self-proclaimed leader; in such situations, leadership legitimacy must be developed and gained!

The process by which a person obtains leadership legitimacy involves a series of activities that prove that this person "can be trusted". Initially, a "clean" history can provide a good start, as can the perception that the person is not acting merely out of personal interests. Ultimately, the granting of leadership legitimacy will depend on the following:

- Whether a person's deeds match their words.
- Whether their ideas and deeds benefit the other actors.
- Whether they are able to listen to others and involve them when forwarding ideas and implementing activities.

Note: Followers are always very alert, and will constantly seek to verify the leader's good intentions and to confirm who benefits from his or her leadership. Gaining the legitimacy necessary to lead takes time and effort, but it can be lost in an instant through a badly judged action or decision.

Overcoming mistrust in market chains

Given the low level of trust within many market chains, it is particularly important to establish good leadership. "Market chain leaders" help to build a trust-enhancing environment conducive to the innovations being sought. Because dysfunctional chains tend to suffer from horizontal and vertical competition among their members (see **Box C4**), trust building needs to address these two different dimensions of competition in an explicit way.

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Sceptical potato farmers in a meeting in the Peruvian highlands



C4. Horizontal and vertical mistrust in market chains

Two different dimensions of mistrust occur within market chains, and both need to be targeted, but with different measures.

Horizontal mistrust: Actors with similar activities in a market chain compete when selling or purchasing specific products and services. Hence, they fight to obtain the best market share, prices and transaction conditions. Such competition is very pronounced if commodities are involved, when large volumes of merchandise are commercialized wholesale in a saturated market. The proximity of the actors (i.e. the producers in the production area, the merchants in the wholesale market, processors and supermarkets in urban areas) aggravates the situation, because it enhances jealousy and makes any existing opportunism visible.

Vertical mistrust: Actors taking part in different activities along the market chain fight to safeguard their own profits, jeopardizing the margins of both buyers and sellers. Daily negotiations over price, quality, delivery conditions and payment (especially in saturated markets, where profits are reduced to a minimum) give an edge to those who take advantage of others by means of dubious business practices (such as offering inferior products, providing short weights and delaying payments, etc.). As a consequence, it is not surprising that even "above-board" transactions involve a high level of distrust!



Wholesalers competing in Lima's main potato market

Participatory processes for market chain development

Playing the "outsider" card

Because they do not have commercial interests, R&D organizations are in a good position to lead the participatory processes required in market chains and bring together actors who mistrust each other but are interested in sharing ideas about new business options. Moreover, because of their prestige, R&D organizations may be better placed than other actors to access key information and contacts in order to stimulate innovation processes.

Targeting poverty

Participatory processes also help economically and geographically marginalized actors to access new opportunities by forming links with other market-chain actors. Such collaboration not only increases income, it acts as a viable strategy of "empowerment" by enhancing people's access to knowledge, skills and contacts. All these aspects will positively influence the social, economic, and cultural environment of the actors involved, giving them more room to make sound decisions to improve their living conditions (see Box C5).

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C5. Empowerment and gender

Empowerment and gender are linked concepts. Empowerment can be defined as the expansion of poor people's ability to participate in, negotiate with, influence, control and hold accountable factors that affect their livelihoods. Empowerment focuses on four aspects of an individual's social life and integration:

- The individual's ability to make informed and better decisions.
- The individual's inclusion and participation in decision-making processes.
- The level of transparency and accountability associated with the use of resources.
- The capacity to organize cooperative action at a local level.



United Nations Environment Programme
Global Environment Outlook Year Book
2004/5 (www.unep.org)

Gender equity is one dimension of empowerment. Gender analysis considers the social, cultural and economic roles and relationships that govern the lives of women and men. Specifically, it looks at:

- How masculinity and femininity are defined and how people live according to such definitions.
- How power is distributed between men and women.
- How the social roles and needs of women and men are defined.
- How institutions are shaped to include gender dimensions.

Focus on shared interests

Because market chains are often characterized by informality and distrust, R&D organizations must ensure that there is fruitful interaction and that people actively participate in participatory processes. To this end, therefore, they must focus the process on the shared interests of the stakeholders. This will help to generate a joint vision and activities that tend to benefit all, or at least most, of the stakeholders involved.

Facilitating fruitful interactions

The creation of an environment that favors an open and positive exchange of ideas is fundamental to the construction of effective market chains. Since such a favourable environment for interaction is not given per se, it must be actively put into practice by explicit process facilitators (see **Box C6**).



C6. Developing constructive interactions

Interaction is only constructive if the actors participate actively and respectfully in the exchange of information involved. This requires a facilitator who is able to integrate and motivate different actors and coordinate an exchange of information, so as to arrive at a common vision based on shared interests. The facilitator must create an environment for interaction where:

- The style and content of the interaction build trust.
- Jointly formulated interests guide the innovation process.
- There is a culture of tolerance, which allows people to accept and learn from errors.
- Key actors receive special attention.

**Fast learning
is needed**

However, though they do have certain advantages, R&D organizations are challenged by the fact that they often have only a limited understanding of all the factors and interests affecting the various links in the market chain and the transactions which occur between them. Initially, facilitators from R&D organizations will likely lack insights into the different tricks of commercialization, and may feel insecure when facilitating interactions among "real life experts" who know the entire business inside out.

As a consequence, it is essential that facilitators learn rapidly from market chain actors, as this will allow them to maintain the quality of the participatory process and enhance their own leadership legitimacy.

**Practical challenge
with guidance**

Intervening in market chains in such a way that all the actors involved feel comfortable to collaborate in creating shared innovations is a tough task! A good understanding of the market chain is needed, on both a conceptual and a practical level, and this must be coupled with adequate facilitation skills.

We hope that reading this chapter has provided you with important insights and has helped you to take on this important task – or has at least motivated you sufficiently to read the next chapter!



**New culinary creations made
from dehydrated potatoes**

Participatory market chain approach (PMCA)

Thomas Bernet, Graham Thiele

"Shared interests and mutual trust are the pillars of any good collaboration."

Content of this chapter This chapter presents the three-phase structure of PMCA. It details the objectives and content of each phase and gives advice for coping with the practical issues when implementing PMCA and consolidating the outcome achieved.

Introduction

Shift from project to process thinking The PMCA's process-based way of approaching market chains challenges ordinary project-based thinking. For years, public R&D work has targeted production constraints, leaving market-related issues to the private sector. In many cases, despite improved technology, producers are not better off, since market access problems and low prices have kept incomes down. R&D organizations need to play a more active role in enhancing market access and the competitiveness of their main beneficiaries. This requires substantial changes in current R&D practice: organizations need new approaches to intervene systematically in market chains, and new skills to do this efficiently!

Bridging theory and practice We are aware of the difficulty in closing the gap between (1) understanding a new method and (2) having the skills necessary to adopt and apply it in practice. That's why we present both the theoretical and practical aspects of PMCA in this guide, to communicate both "know-ledge" and "do-ledge". Inevitably, this guide will not be able to answer all your questions about how to apply PMCA in the specific situation you face. Much learning will take place once you begin using PMCA as part of your own work...

Combining old and new ideas

As an R&D practitioner, you will discover that PMCA builds on concepts and tools that you might already be familiar with. So, what's new about PMCA?

PMCA provides a systematic participatory process that will help you and your R&D organization to intervene more effectively in market chains. It does this by integrating old and new ideas, concepts, and tools. Methodologically, PMCA seeks to:

- ▶ **Combine R&D activities** in participatory processes.
- ▶ **Build trust** among market chain actors as a prerequisite for successful collaboration.
- ▶ **Stimulate innovation** among market chain actors on the basis of demand-oriented interactions.

What you should learn from this chapter

After reading this chapter, you should understand the logic of PMCA: how it tries to build a bridge for market chain actors (who are themselves part of the "bridge" built), thus enabling them to overcome a difficult context through enhanced collaboration and to profit from tangible benefits (see Figure 6). More practical insights are provided in subsequent chapters, which describe useful tools and the first applications of PMCA.

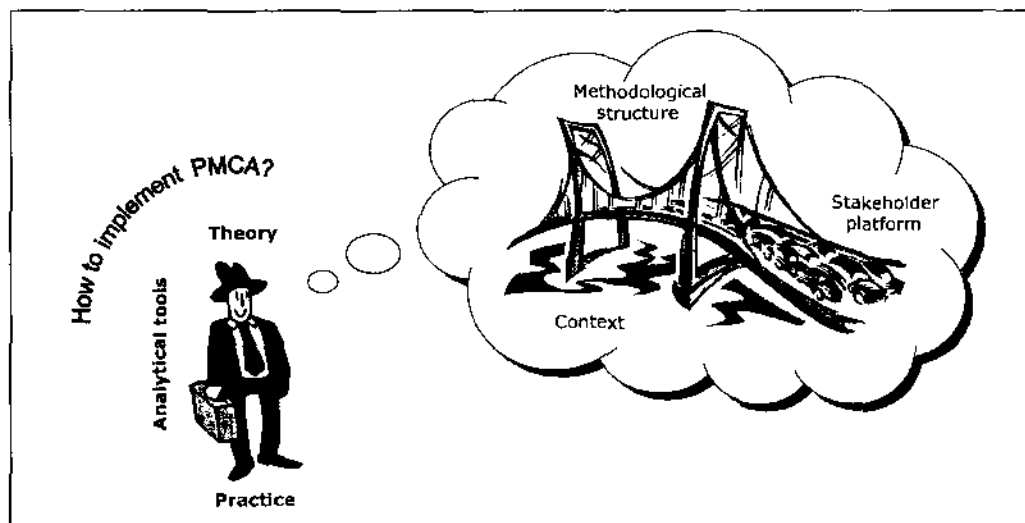


Figure 6 PMCA as a conceptual plan to construct a bridge: A well-grounded platform that generates tangible benefits for its users

What is PMCA?

PMCA in brief PMCA is an approach that helps to structure participatory processes that involve different market chain actors. In this way, it aims to stimulate joint innovations based on shared ideas and trust (see **Box C7**).



C7. PMCA letter by letter

"P" stands for **"Participatory"**: PMCA involves interested stakeholders, making them part of a process in which most decisions are taken democratically.

"MC" stands for **"Market Chain"**: PMCA links the different actors involved in a market chain, from producers to consumers.

"A" stands for **"Approach"**: PMCA provides a methodological framework, the content of which can be adapted.

As an approach (see **Box C8**), PMCA provides process-based guidelines and concepts that can be adapted to specific market chain situations. Thus, how PMCA is implemented will vary from case to case, as different contexts will require different activities and tools to solve specific problems. In other words, the common denominator of PMCA is not so much "what" is being done but rather "how" it is done; with a generic three-phase process, outlined below, and a strong focus on market demand and trust building.



C8. Definition of tool, method and approach

Tools are well-defined instruments, and specific tools are needed to solve specific problems. As a result, different situations and problems require different tools (e.g. a hammer or a chisel).

Methods are the techniques or routines used to analyze and handle complex situations. They consist of a series of well-specified components; however, the way in which they are used differs according to the situation or problem (e.g. wood carving).

Approaches are the guidelines which govern generic processes to reach a certain practical outcome. They outline how one should approach a type of situation, and are independent of the context-specific tools that should be used in each case (e.g. the principles of furniture design).

Stimulating innovations based on demand

➤ ABC

PMCA focuses upon stimulating market chain innovations and creating tangible benefits for the stakeholders involved. Depending on the specific situation and the interests of the R&D organization leading the process and the market chain actors involved, the type of **innovations** that emerge from PMCA vary. Innovations are of different types:

- ▶ **Commercial innovations** involve the creation of new products and services. They don't need to be entirely new (i.e., something that has never been seen before). Rather, their novelty may be attributed to a new processing idea or simply a novel package design.
- ▶ **Technological innovations** involve the implementation of new technologies or the application of new practices. From the perspective of the user, however, it may mean that existing technologies or practices are simply adapted and adopted in a new context.
- ▶ **Institutional innovations** are new ways of interacting or collaborating. These can be formal or informal in character. In practice, they might involve the reinforcement of mutual obligations (e.g. contract agriculture) or the constitution of legally recognized organizations (e.g. an association of market chain actors).

Design of the three-phase process

The PMCA involves market chain actors in a well-structured and well-led participatory R&D process that aims to (1) identify, (2) analyze and (3) put in practice new joint innovations.

During this process, PMCA is used to try and gradually increase the level of (1) interest, (2) trust and (3) collaboration among the market chain actors involved. In order to empower market chain actors and ensure that they develop ownership of the innovations generated, the role of the R&D organization applying PMCA should progressively shift from (1) leadership, towards (2) facilitation and finally (3) backstopping.

PMCA has three explicit phases addressing each objective that systematically promote this shift in roles. Each phase has a clear general objective and its own logic, although specific activities in each phase vary as needs dictate (see Figure 7).

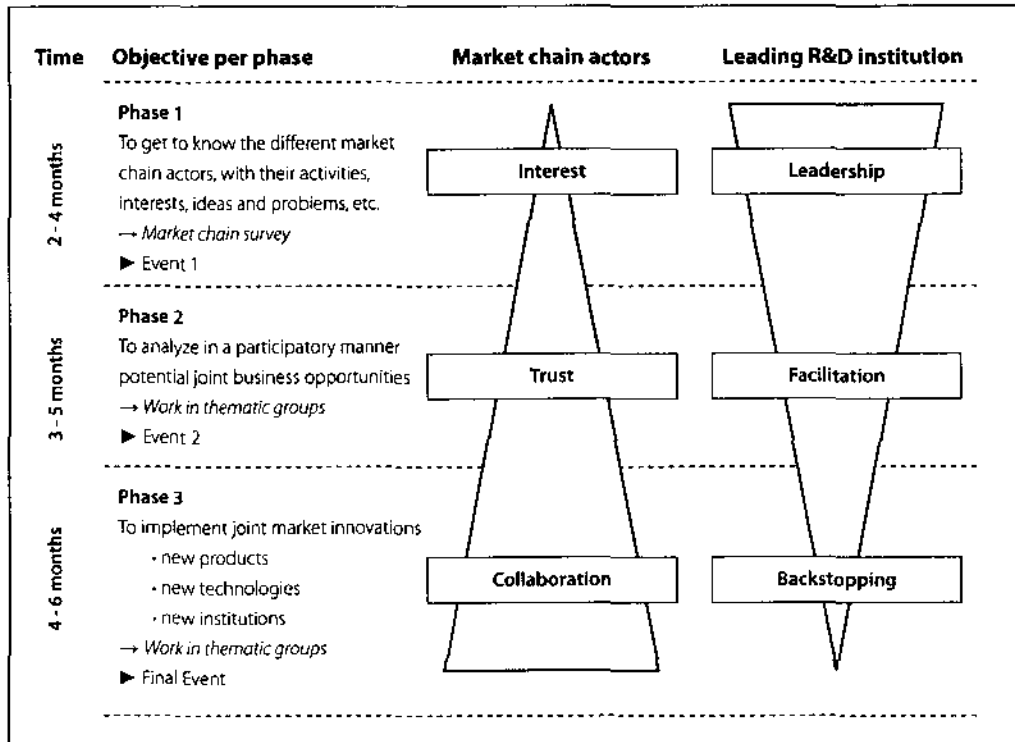


Figure 7 Structure and objectives of the three phases of the PMCA

Core work in thematic groups

PMCA seeks to involve market chain actors actively in the participatory process. To do this effectively, an initial rapid market chain survey is conducted during Phase 1, in order to identify two to three central themes. This allows stakeholders to interact in smaller groups based on these themes during Phases 2 and 3. Each thematic group contains 10 to 20 people, and the R&D organization involved provides facilitators that lead the interaction. It is their responsibility to ensure that discussions are demand-focused, that decisions are taken democratically and that a good level of progress is achieved in each thematic group meeting.



Each phase has its own final event

Each phase has its own final event (see Figure 7), wherein activities and the results of each phase are presented to a larger audience of interested stakeholders, including market chain actors, R&D organizations and donors etc. In Phase 1, the R&D organization presents the results of the initial market chain survey, while in Phases 2 and 3, the stakeholders involved in the different thematic groups present the groups' work and achievements.

These final and larger events are an important methodological element of PMCA, as they help to structure the participatory process and visualize the achievements at different stages: making progress visible maintains motivation and participation!

At the same time, these events provide important opportunities for active interaction, empowering participating key actors by allowing them to gain responsibility and recognition; in addition, they also facilitate the inclusion of new actors in the PMCA process, when, for instance, the different thematic groups lack specific knowledge or business contacts.

Demand led R&D activities

Since PMCA basically describes a generic three-phase structure for market chain interventions, the content of each phase is context-specific. In other words, the leading R&D organization must, in each case, decide which specific activities are needed to respond to demands from the group and help work progress. The activities taken on by each group may vary, including group discussions, field visits, market surveys, outsourced research, etc. While work is coordinated in the thematic group meetings, different persons may be in charge of conducting the different activities: participatory market chain actors, researchers, hired consultants or the facilitator him- or herself.

Providing a set of helpful tools

To provide practical methodological help, this guide includes a set of tools that can prove useful when designing and conducting the different R&D activities undertaken at different stages of the PMCA process (see Table 1); these are detailed in the following chapter.

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Table 1 Overview of useful tools included in PMCA

Objective for phase	Useful tools
Phase 1: Get to know the different actors in the chain and their situation	Tool 1 Impact filter Tool 2 Market chain sketch
Phase 2: Analyze potential business opportunities in a participatory manner	Tool 3 Rapid market appraisal Tool 4 Quantitative market study Tool 5 Focus groups
Phase 3: Put into practice joint innovations	Tool 6 Marketing concept development Tool 7 Business plan

Flexibility of PMCA

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As mentioned previously, PMCA is characterized by three phases, each of which has an objective and its own process logic (see Figure 7). This allows a lot of flexibility, as PMCA should be adapted to different contexts. PMCA is flexible with regard to:

- ▶ **Target** – First and foremost, PMCA is intended to be applied to a specific market chain. However, it could also be used in a context which involves several commodities with similar characteristics (such as organic vegetables or fresh fruit).
- ▶ **Accuracy** – The precision used when analyzing potential joint innovations will depend on the R&D organization using this method. PMCA is flexible in this sense, as it can either be used in a very qualitative manner, or in a more quantitative, 'data intensive' way. This said, however, it should be remembered that greater data accuracy raises research costs and may put at risk the active participation of key stakeholders as the research involved takes more time.
- ▶ **Duration** – Duration depends on the content and progress achieved in each application. PMCA is flexible in terms of time. However, to guarantee progress and ensure that those involved retain the motivation needed to participate actively, it has been shown that, ideally, each phase should not last more than five months.

“Sustainability logic” of PMCA

PMCA suggests concluding its process with a large final event, during which achievements are presented to the public. Although not all R&D work might be finished by this point, explicitly ending the PMCA process in this way is strategically important: the final event clearly communicates that at this stage the innovations achieved are in the hands of the market chain actors, who by then must feel and be responsible to take them forward on their own.

Psychologically, this transfer of ownership is very important, as it consolidates the perception that the R&D organization is not the real owner of the innovations, despite the considerable efforts they have made. This insight is relevant for both the market chain actors and the R&D organization that leads the PMCA process!

Further support on demand

Although the PMCA process ends explicitly with a final large event, this does not mean that the R&D organization should step completely out of the picture. On the contrary, in many cases, further support from the R&D organization plays a key role. However, this new and different role must be clearly defined in order to consolidate PMCA's outcome with well-defined interventions, based on specific requests and needs of market chain actors who take the innovations forward.

Continuing support, for instance, might be important when small-scale producers should be trained and organized, to enable them to respond better to market opportunities identified through PMCA. Also, further research might be required to remove bottlenecks in production, storage and processing, etc. This said, however, in these follow-up activities the R&D organization must be clear that it cannot play the role of the private sector. That is, it cannot get involved in marketing on its own and nor should it subsidize activities that are strictly commercial!

PMCA Phase 1**Getting to know and understand market chain actors**

Objective of Phase 1 The objective of PMCA's first phase is to allow the R&D organization using this method to become familiar with the targeted market chain and its actors, and to identify potential innovations based on the shared interests of the stakeholders involved. Potential innovations suggested at the end of this phase are analyzed in more detail in Phase 2.

Structure and useful tools of Phase 1 Phase 1 consists of three steps (see **Table 2**). However, depending on the knowledge base and contacts of the R&D organization using PMCA, Step 1 might be omitted or conducted over a shorter period.

Table 2 Overview of the steps involved in Phase 1

Structure of Phase 1	Time frame	Useful activities and tools
Step 1. Rapid assessment of the market chain	3 to 6 weeks	
Step 2. Definition of thematic groups	1 day	Tool 1: Impact Filter
Step 3. Planning the final event of Phase 1	3 to 5 weeks	Tool 2: Market Chain Sketch

Step 

Rapid assessment of the market chain

This first step consists of a rapid and qualitative study of the market chain being considered, and is based on 20 to 40 interviews, involving different market chain actors plus staff from governmental and non-governmental organizations (NGOs). The survey enables the leading R&D organization to do the following:

- ▶ To get to know the various key actors in the chain.
- ▶ To understand the circumstances and practices of the actors involved in a market being considered.
- ▶ To identify bottlenecks and opportunities associated with the various links in the chain (i.e. production, commercialization, processing, use and consumption).
- ▶ To explore market opportunities that could be exploited by means of better collaboration among the market chain actors.
- ▶ To make the actors interviewed aware of existing limitations and of possible opportunities for collaboration in the market chain.
- ▶ To make interviewees feel that they are the real “market chain experts”, and motivate them to participate in the final event of Phase 1, when options for collaboration are discussed.

Characterization of the market chain

Once the market chain is identified, information must be gathered in order to gain a better understanding of the different activities of the chain. Such information can be obtained from either primary sources (e.g. interviews with people who know the market chain well) or secondary sources (e.g. statistical data and studies that provide information about production cycles, supply and processing volumes, prices, volume and frequency of sales and consumption, etc.).

Planning of interview sessions

Next, a team containing two or three interviewers is formed. If possible, this team should consist of people with different professional backgrounds, who together define the structure and content of interviews. Guidance questions are formulated which give a basic structure to the interviews. During the interviews these guidance questions can be used as a checklist, to ensure that all relevant topics are covered (see **Box T1**). The team should take care to keep interviews short so that the actors involved don't get tired or annoyed!

↗ p. 25



T1. Preparation of guidance questions

The **guidance questions** should cover all the relevant themes included in the market chain survey. They should aim to assess current market chain collaboration and potential joint opportunities. The following guidance questions may help you to structure and guide this type of interview:

1. Can you briefly describe your activities and your involvement in this specific market chain?
2. Why are you involved in these activities and how do you perceive your business in general?
3. Who are your most important suppliers and clients, and how well do you collaborate with them?
4. What are the main problems you face in your activities and in the market chain?
5. How well do you feel R&D organizations support the market chain?
6. How do you think your business and the market chain could be improved?
7. What new products or services could be of interest to you and the other chain actors?
8. Do you have any other comments or ideas you want to share?

Selecting the interviewees

The number of interviews to be conducted will depend on the homogeneity of actors along the market chain being surveyed. As a general rule, three to five actors involved in the same type of activity should be interviewed. If there are differences among similar actors involved in each activity then more interviews may be conducted to ensure that the views of all the different sub groups of actors are captured.

In addition, to increase the chances of active participation of strategic actors (for example, those close to final consumers, etc.) more interviews may be needed with this group. The following criteria are important when making up a list of people to interview:

- ▶ They should know the market chain and their activity well.
- ▶ They should be willing and able to improve the situation of the market chain.
- ▶ They should be interested in and open to the idea of collaborating and sharing information.

Conducting the interviews

Interviews should ideally be conducted by those staff members of the R&D organization who will act as facilitators in the thematic groups that will be formed later. The 20 to 40 interviewees may be split into groups in such a way that the interviews are conducted in parallel, so taking up less time. The interviews should follow four basic rules: listen, probe, observe and record!

The first two interviews should involve one or two actors already known to the interviewers, providing a means to test and become familiar with the guidance questions and ensure that the interviews do not last too long (see Box T2).



T2. Interview planning: time and place

Generally, survey interviews should not take more than 45 minutes, unless the interviewee is very motivated and eager to express his or her ideas! Whatever the case, care should be taken to ensure that the actors being interviewed do not become tired and lose their enthusiasm to answer, as this will negatively affect the outcome of the interview.

Ideally, to save the interviewees' time, the interview should be conducted in the actors' work environment. This will also provide the interviewer with the opportunity to gain a clearer idea about his or her situation related to the market chain.

In order to identify potential market opportunities, it is best to begin by surveying those actors closest to the consumers. Actors at the production end of the chain can then rapidly assess these opportunities mentioned in the interviews. The interviewed actors can always be asked to suggest other actors for inclusion in the survey.

In general, interviews should be personal and informal, in order to encourage interviewees to express fully their views and opinions. It is essential that the future facilitators understand the thinking and feelings of the different stakeholders, since this will enable them to focus the discussion on joint interests, so preventing conflicts. Interviewers should probe, and ask for clarification when an answer is either vague or inconsistent with previous replies given by the interviewee.

Probing should be done using neutral questions like "Could you explain what you mean by a 'good client'?" without leading the interviewee to a particular answer. Interesting comments made by interviewees should be recorded as quotes, word for word. In order to capture different viewpoints and interests related to certain issues, it is also important to "triangulate" information across actors (see **Box T3**!).



T3. Triangulating market chain information

The interviews should clarify the interests and the conflicts that exist among the various actors. It is important to understand and evaluate how views vary throughout the chain. The interviewer must accept that "reality" is relative, and depends to a great extent on viewpoint of the individual and the interests involved!

To verify how different issues are perceived by different actors, the interviewer should ask them the same questions. When doing this, the interviewer must be careful not to influence the response elicited, as he or she might already have a personal opinion on the topic under discussion.

Evaluating survey results

During each interview, the answers given should be recorded on the sheet of paper containing the guidance questions. Once all interviews have been completed, the interviewers should all sit together and synthesize the information gathered, in order to generate interesting insight and hypotheses for further discussion. The first rapid round of group reflection should focus on two main questions:

- ▶ Are there differences in the answers given by actors who engage in the **same** type of activity?
- ▶ Are there differences in answers given by actors who engage in **different** types of activities?

When reading through the interviews, outstanding comments made by interviewees should be recorded as quotes. This valuable information can then be used to underscore the findings of the survey with the actual words spoken by the market chain actors interviewed.

Step



Definition of thematic groups

The information obtained from the interviewees will provide an important overview of the current situation of the specific market chain being considered. At the same time, it will make the R&D organization using PMCA aware of existing or potential conflicts, and potential opportunities that could drive the participatory process. Based on these concrete ideas, thematic groups should be formed for the final event of Phase 1, in order to achieve the following objectives:

- ▶ To discuss concrete opportunities for collaboration in smaller groups, as this allows stakeholders to become actively involved based on real interest.
- ▶ To create an environment of trust where ideas and interests can be shared and confidence can be built, despite differences in views, interests and socio-economic backgrounds.
- ▶ To understand better the circumstances, practices, and needs of the actors involved in the targeted market chain.

Forming thematic groups

The thematic groups that are defined for the final event of Phase 1 play a key role in subsequent participatory PMCA work. Clear thinking is therefore required on the part of the leading R&D organization, to create groups that promote collaboration with market chain actors around potential market opportunities which have desirable development outcomes (see **Box T4**). To anticipate which market opportunities are most likely to have a positive impact on the poor or on rural development, for instance, a rapid *ex ante* assessment might be conducted before forming the thematic groups. Here the Impact Filter (see **Tool 1**) can help the R&D organization using PMCA to systematically assess how different market opportunities will influence specific development objectives.

⇒ p. 29

⇒ p. 63



T4. Criteria for forming thematic groups

It is the R&D organization's responsibility to define the thematic groups that are most promising for the continuing participatory work. The following criteria should be considered when defining thematic groups:

- They must be derived from the interviewees' interests, as mentioned in the market chain survey.
- They must be broad enough to allow everyone involved to feel both comfortable and able to choose a group in which they can actively participate. However, they should not be too broad, to prevent overlaps between the groups.
- They must focus on opportunities that are not only promising for market chain actors, but which also have the potential to meet development goals such as impact on poverty, natural resource use, gender equity, etc.

Step 3

Holding the final event

The final event of Phase 1 brings all the market chain actors together for the first time. This event is the actual starting point for PMCA's participatory activities and allows the leading R&D organization to:

- ▶ Confront the interviewees and additional stakeholders with the results of the market chain survey.
- ▶ Discuss ideas and subjects of interest regarding collaboration related to concrete market opportunities.
- ▶ Motivate active involvement in thematic groups, which will continue during Phases 2 and 3.

Structuring the event in two parts

The final event of Phase 1 should have two parts: (1) the presentation and general discussion of the market chain findings, in plenary, and (2) work done in two or three thematic groups. To set up an attractive program for the event, both parts must be well and creatively planned, and responsibility for specific actions must be assigned to individual persons. The logistics will depend greatly upon the number of people invited to attend.

Plenary presentation and discussion

During the first part of the event, after a brief introduction, sufficient time should be used for the presentation and discussion of the market survey. Ideally, this presentation should be very visual; presenters should



bear in mind that most of the guests are not scientists! This presentation should conclude with suggestions for the thematic groups by the reading R&D organization, to allow participants to interact in smaller groups (see **Step 2**).

↗ p. 28

Work in thematic groups

During the second part of the event, following a break, participants choose the thematic group they want to join. If groups are uneven, either in size or composition, facilitators may distribute participants more equally or merge groups. Whatever the case, each group facilitator should begin with an activity that allows the participants to present themselves to the others, mentioning who they are and what main interest drew them to participate in that particular thematic group (see **Box T5**).

Each person should write their main interest down on a card. Each card is then stuck on a board where a general market chain is drawn, such that each card indicates in what market chain activities the different actors are involved. In this way an initial overview is obtained, as it shows the market chain activities represented in the group and the main interests shared. Based on these joint interests, potential joint opportunities are discussed and missing actors are identified.



T5. Getting to know each other in the thematic groups

The facilitator asks each person to write on a card the main reason why he or she is participating. Participants take turns to state their names, the type of business they represent, and their motivation for joining this thematic group. During each person's introduction, the card stating the person's main interest is placed on a board on which a generic market chain has been drawn, showing all the activities from producers to consumers.

Once all the cards have been placed on the board, separated by the different activities of the market chain, the facilitator should evaluate the cards on the board on two things:

- "Which market chain activities are represented and which are not, and what interests do the different participants have?"
- "Which interests are most common and shared among the whole group?"

Potential use of a market chain sketch

⇒ p. 69

During the final event of Phase 1, the team of PMCA facilitators may perform a market chain sketch (see **Tool 2**), where they play the role of different market chain actors, bringing across in a visual way the core message of PMCA, which is that "market chain collaboration is essential to take advantage of new market opportunities." At the same time, such role-play also helps participants relax and creates a friendly environment that favors the exchange of ideas in the thematic groups during the second part of the event.

Such market chain sketches can be performed at the beginning of an event or after the plenary presentation, before the thematic group work starts.

Putting in place good facilitation

This first event requires a group effort on the part of the entire team of R&D staff implementing PMCA. Good facilitation is key to stimulating a positive attitude among participants which will encourage the sharing of interests and ideas. This is particularly important at this early stage in the PMCA process when there is still only a minimal level of trust among the participants. Thus, facilitators must be very careful when leading the discussions, placing participants in the role of experts rather than pushing their own opinions. It is important to ensure that every participant is given the chance to express him- or herself. Overall, such a "service attitude" is essential if positive values for interaction are to be established (see **Box T6**). Such values play a decisive role in motivating participants to actively participate in the thematic group meetings that take place during Phase 2!



T6. Cultivating positive values right from the start

Facilitators must be aware of the tremendous responsibility they carry with regard to setting a good example and establishing a fruitful culture of interaction. Whether or not the participants remain motivated to continue their involvement in the participatory process will depend strongly upon whether the thematic meetings are satisfactorily led, with beneficial interactions and tangible outcomes.

The need to generate tangible benefits for the participants implies that the facilitators must clearly understand that they are primarily servants in the PMCA process, and that the real experts



are the market chain actors themselves, as they live the experience every day! Such a service attitude, coupled with good facilitation skills, will build the leadership legitimacy needed to effectively lead the thematic groups at critical moments during the process, when the facilitator's guidance might play a crucial part in keeping the participatory work being undertaken on track.

Invitations to join the next phase

The event might close with a luncheon, to enhance informal interaction further and make participants feel comfortable with the idea of continuing to share their ideas with other market chain actors. At this moment, the PMCA facilitators should pass around a "subscription sheet", on which participants note their personal contact information and in what thematic group they want to participate during Phase 2. One person should be able to subscribe to more than one thematic group.

Later, the facilitators will then invite all those persons interested to come to their thematic group meetings in Phase 2, where market opportunities will be further discussed and analyzed.

Practical issues for Phase 1

- ▶ In contrast to other forms of market chain analysis, where the use of statistics is important, PMCA involves an interview-based approach which is much more qualitative. PMCA is not designed to obtain conclusive and statistically significant answers. Rather, it seeks to enhance "market chain understanding" for the R&D organization using PMCA, and to identify and interest key actors, so encouraging them to join a participatory process which allows their knowledge, interests, and ideas to be capitalized upon.
- ▶ Although PMCA imposes no time frame for Phase 1, ideally, the necessary interviews should be carried out within two to four months. This encourages those being interviewed to perceive the process as responding to their inputs, and creates awareness that PMCA produces "real" results, quickly!

PMCA Phase 2**Analyzing potential business opportunities**

Objective of Phase 2 The objective of Phase 2 of the Participatory Market Chain Approach is to discuss and analyze market opportunities in each thematic group.

Structure and useful tools of Phase 2 During Phase 2, stakeholders continue their discussions and collaborative work in the different thematic groups, which were formed during the final event of Phase 1. To guarantee that there are sufficient active participants in each group, the facilitating R&D organization might want to merge smaller groups considering similar topics.

The activities undertaken in Phase 2 vary from case to case, depending on what type of innovations are proposed. This said, however, the following five generic steps provide guidance when structuring Phase 2 (see **Table 3**), particularly when thematic groups propose commercial innovations.

Table 3 Overview of the steps involved in Phase 2

Structure of Phase 2	Time frame	Useful activities and tools
Step 1. Providing relevant information to thematic groups	1 to 2 sessions	Special visits, presentation by outside experts
Step 2. Evaluating potential innovations	3 to 6 sessions	SWOT Analysis (see Box C9) Tool 1: Impact Filter Tool 3: Rapid Market Appraisal Tool 5: Focus Groups
Step 3. Outlining the opportunities analyzed	1 to 2 sessions	Tool 7: Business Plan
Step 4. Formulating a work plan	1 session	
Step 5. Planning and holding the final event of Phase 2	3 to 5 weeks	Tool 2: Market Chain Sketch

Step 

Providing relevant information

The first step in Phase 2 should be to provide relevant information to each thematic group, thus allowing the R&D organization leading the process to:

- ▶ Give stakeholders baseline information pertinent to the group's interest.
- ▶ Get new actors involved and motivate them to actively participate in each thematic group.
- ▶ Enhance leadership legitimacy by responding to the interests expressed by the market chain actors.

Responding to information needs

After the first gathering in the final event of Phase 1, those stakeholders who wish to continue with the joint work will be eager to better understand the market opportunities previously discussed. Hence, in each thematic group, the PMCA facilitator should plan a first session when experts, from the group or outside, share their information with the group, either through formal presentations or informal reflections.

Choosing the presenters

Selecting these presenters needs care, as those not selected to present may feel excluded. Thus the facilitators should be very sensitive when deciding who should carry out this task. In general, those actors should be chosen whose input seems most relevant to the group and who are most likely to continue participating. Facilitators should ensure that the first meetings of Phase 2 lead to valuable and concrete outcomes, as this stimulates further participation (see **Box T7**). This is particularly important in the case of those (consumer-near) key actors who have little time available for such activities (i.e. those whose time involves the highest opportunity costs)!

↗ p. 35

Organizing special visits

To enhance learning and create further benefits, the PMCA facilitators might organize special field visits with their thematic groups (see **Box T7**). Visiting production facilities of actors from the thematic group, and sharing "insider information" will enhance trust among group members. Visits can also be combined with the initial meetings of Phase 2. Why not try discussing potential market opportunities in a warehouse, barn or processing plant?

↗ p. 35



T7. Ensuring benefits at each meeting

Because meetings represent an expense for participants (time is money!), the PMCA facilitators must make sure that every meeting benefits the participants, so that they are compensated for the cost of their participation. Benefits can consist of new contacts, relevant learning or simply an enriching exchange of ideas.

Ultimately, to ensure optimal stakeholder involvement in the PMCA process, facilitators must be creative and quick to spot opportunities that lead to tangible benefits for participants (such as product sampling during group meetings and special field visits, etc.).

Step 2

Evaluating potential innovations

Once the thematic groups have received a first “injection” of helpful information, it’s time to begin the group discussions that will consolidate the shared interests of the group by analyzing potential joint innovations. These discussions lie at the heart of Phase 2 and enable the leading R&D organization to:

- ▶ Focus the discussion on market opportunities of joint interest, taking into account consumer demand.
- ▶ Empower market-near actors whose active and continuous involvement is key to the success of the process.
- ▶ Enhance mutual learning and trust building, both of which are driven by the identification of tangible “market solutions”.



Thematic group session in a processing plant

Consolidating interests and ideas

If no consensus has yet been reached by the individual thematic groups regarding which innovations to target, additional group discussions will be needed. To prioritize one or two opportunities in each thematic group, it may be helpful to make a list of different options, then rate them using simple qualitative criteria, such as:

- ▶ Commercial viability
- ▶ Relevance for consumers
- ▶ Effect on poverty or rural development
- ▶ Feasibility of developing this opportunity as a group.

↗ p. 63

If such a rapid form of evaluation generates ambiguous results, the exercise could be enhanced by using the Impact Filter tool, which assesses expected impact in a more systematic manner (see **Tool 1**). Whatever the case, PMCA facilitators must carefully guide this important interaction, ensuring that those actors who know market demand best are given considerable room to express themselves – thus also preventing never-ending production-oriented discussions, which might discourage consumer-near actors from participating (see **Box T8**).



T8. Giving room to consumer-near actors

There is a risk that certain actors – particularly producers, NGO workers and researchers – will tend to focus the discussion on production themes which they are most familiar with. To ensure that the group identifies opportunities with real market potential in the first place, those actors who are closest to consumers and who understand market demand best should contribute actively to the discussion.

Therefore it is important for the facilitator to actively encourage the participation of these key actors, the more so because they tend to be under-represented in the group because they bear the highest relative cost when participating (as they invest their time in activities with a clear pay-off). So, if attention is not paid to them and their interests, sooner or later they will cease to attend the meetings, putting the PMCA work at great risk!

Visualizing the market chain

In order to build a systematic understanding of the market chain among participants, each group's facilitator should try to visually present the market chain using drawings and other graphical media wherever possible. Such market chain drawings help to increase participants' awareness of the activities involved and the links that exist between the different actors and how potential market opportunities might affect them. In addition, the use of such visual aids is likely to raise further important questions and stimulate interesting new thoughts, provoking innovative ideas regarding the design of new creative business options. If well done, such aids can serve as illustrative references for further discussions, and help new participants catch up with the group in understanding where the weak links are in the chain and how innovations might improve the situation.

Systematic analysis of options

↗ p. 38

Once the thematic group has decided which market opportunities to focus on, the facilitator might want to use the SWOT-Analysis (see **Box C9**) to assess, in a participatory manner, the potential strengths, weaknesses, opportunities and threats associated with each innovation.

Without doubt, this SWOT exercise will provide an important first insight into the market potential and feasibility of a proposed innovation. At the same time, it will also reveal what information gaps still exist.

Filling information gaps

↗ p. 73 + 85

In some cases, the information gaps revealed can be easily filled through further group discussions. In other cases, however, the missing information might require new actors to be integrated into the thematic groups. Or, special research efforts might be needed, especially when information concerning consumer behavior and market structure is necessary. Rapid Market Appraisal (see **Tool 3**) and Focus Groups (see **Tool 5**) could prove helpful when trying to collect information on such subjects.



C9. Outline of a SWOT-Analysis

The **SWOT Analysis** is an effective tool for identifying the **Strengths (S)** and **Weaknesses (W)**, and the **Opportunities (O)** and **Threats (T)** related to a business option. When used in a participatory setting, such as PMCA, it is useful to work with cards, which stakeholders can use to summarize their observations. Pinned on the wall or laid on the floor, these cards stimulate a lively discussion which can be used to validate the information gathered within the group. The following questions, given for guidance, will help to ensure that the maximum benefit is obtained from a discussion of a specific market opportunity:

Strengths

- What advantages does the market opportunity have?
- What are your strengths as a group?
- What relevant resources do you have access to?

Weaknesses

- What weaknesses does the market opportunity have?
- What, as a group, might you not be able to do so well?
- What are the key areas that need attention to avoid failure?

Opportunities

- What changes in technology, markets, policy, and social and lifestyle patterns tend to favor the market opportunity?
- What interesting trends are you aware of?

Threats

- What obstacles do you face that are outside your control?
- What are competing products and competitors doing better?
- Might you face cash-flow problems?
- Could any of your weaknesses put in danger the success of your market opportunity?

Linking with marketing specialists

To ensure that no time is lost in the process, the facilitating R&D organization might hire consultants to feed market-related information into the PMCA process, thus enabling the thematic groups to make better decisions. However, when doing so, the facilitators involved must carefully coordinate this work, as participating stakeholders must be involved in planning the outsourcing of these activities and have the chance to comment on the progress of the work being undertaken by the expert. The facilitator has the difficult task

of acting as the best possible interface between the group and the consultant (see **Box T9**).

↗ p. 77

Collaboration with consultants is especially important when conducting a Quantitative Market Study (see **Tool 4**), to assess market size and profitability of a specific business opportunity, as special skills are required to obtain good results. In any case, if the time and the necessary expertise are available in the group, the more qualitative forms of market research should be done either by the facilitator, or by “neutral” members of the group. This knowledge gained will improve decision making throughout the PMCA process.



T9. Managing consultants

To improve decision-making, it is important to have access to consultants who can support the thematic group work with special (marketing) expertise. However, supervision might be difficult, since such consultants often avoid participatory processes which involve many opinions!

Thus, it is essential that the PMCA facilitators clarify how these consultants are supervised and what mechanisms should be in place to ensure that participants get the chance to comment on the consultants' work.

Is it desirable to confront a consultant with the thematic group's opinions? On the one hand, such confrontation could stimulate an enriching discussion; on the other hand, it might hinder active commentary and generate frustration, as “unprofessional” critiques could hurt the consultant's feelings.

Step 3

Outlining the opportunities analyzed

Once the most promising market opportunities have been analyzed, each thematic group should outline the main ideas underlying the innovations that should be put into practice during Phase 3. Such outlines will help the R&D organization to:

- ▶ Gather the most relevant information.
- ▶ Bring about consensus among the group regarding the most promising market opportunities.
- ▶ Prepare a document that clearly communicates the ideas which have been agreed upon regarding the market opportunities to be implemented in Phase 3.

Consolidating ideas within the group

↗ p. 101

A special session might be needed to pull together different pieces of information and agree on the characteristics of the market opportunities proposed.

In order to make sure that the discussion covers all the different aspects of the market opportunity, the facilitator might use a checklist containing all the elements to be considered. An important point of reference is provided by the Business Plan (see **Tool 7**), which specifies essential elements for commercial products, but which can also be used to guide the discussion about technologies or public goods that the group intends to develop (e.g. websites and other information material for the public). The Business Plan forces participants to think carefully about the “target population” and “product positioning”, etc.

To prevent misunderstandings during this important session, PMCA facilitators should synthesize (on a whiteboard or flipchart) the consensus reached by the group concerning the different aspects of the market opportunity discussed.

Writing a concise summary

↗ p. 101

Once the group’s ideas about their market opportunities have been consolidated, it is worth writing a concise text that brings all this information together. Again, the Business Plan (see **Tool 7**) should provide you with a good idea of how this can be done practically.

When this text is shared among the group members, it will help to internalize the group’s ideas and stimulate a stronger group identity – as it communicates to outsiders what the group has in mind. In this sense, it is a valuable piece of work both for the final event of Phase 2 (during which the thematic group work is presented) and for Phase 3 (during which it will serve as a guiding document for the implementation of innovations).

Step 4 Formulating a work plan

In order to define what joint work should be undertaken in Phase 3, we recommend that each thematic group prepares a work plan. This will allow the R&D organization to:

- ▶ Plan how the work undertaken in Phase 3 will be implemented.
- ▶ Specify what support the group will need during Phase 3.
- ▶ Identify what new actors should be invited to participate in the final event of Phase 2 (in order to bring them “on board” for Phase 3).

Creating a “to do” list

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Since market opportunities were outlined in a previous discussion (see **Step 3**), it should be easy for each group to come up with a work plan for Phase 3. This work plan should take the form of a “to do” list, in which specific tasks are scheduled and assigned to actors. These actors should take the lead and ensure the implementation of their assigned task. Whatever the case, the list must be constructed in a participatory manner: care must be taken to ensure that both those assigned and those not assigned to the list agree upon its content!

Identifying needs and new actors

The development of this work plan should allow each thematic group to identify their needs for special support and the key actors to be involved in Phase 3. Possible strategies to meet these needs should be discussed, as the final event of Phase 2 provides an excellent opportunity to involve new actors. As a consequence, the group facilitators must make sure that each thematic group’s needs are taken into account when this event is planned.

Step 5

Holding the final event of Phase 2

The final event of Phase 2 is the second event which a larger audience is invited to attend. This event allows the lead R&D organization to:

- ▶ Create an opportunity for new key actors to learn about PMCA activities, thus motivating them to join the implementation process undertaken in Phase 3.
- ▶ Give the thematic groups the opportunity to present their work and request specific support to enhance their work.

- ▶ Empower market chain actors who have actively participated in the PMCA process and who are most relevant to the future success of the innovations being undertaken.

Responding to the groups' needs

The overall planning of the final event of Phase 2 is in the hands of the R&D staff facilitating the PMCA process. They will arrange the overall program and send out the invitations. Nonetheless, as the main objective of this event is to allow the thematic groups to demonstrate their progress, outline the market opportunities they have identified, and present their work plans for Phase 3, the thematic groups themselves should be strongly involved in the planning of the event or, at the very least, their needs must be taken into account. First, the thematic groups should put forward the names of the new stakeholders they feel should be invited, to strengthen the group (see **Box T10**); second, each group should indicate how much time they require for their group presentation.



T10. Involving new key actors in the PMCA process

The final event of Phase 2 provides an excellent opportunity to involve new stakeholders. One option is to simply ask them to attend the event, in the hope that they will assist and become excited about the concrete ideas presented by the thematic groups.

Another option is to invite them to attend as special guests or speakers, giving them the opportunity to present their work and ideas which provides a particularly strong incentive for them to attend. As these new actors and the thematic groups share their work, interests, ideas and future plans, it is likely that this first contact will lead to a fruitful collaboration right away that will bear fruit, during Phase 3 and later on!

Setting up a sound event program

The R&D organization facilitating the process should plan this event creatively and bring across PMCA's spirit of innovation!

It might be appropriate to divide this event into two parts. During the first part, the thematic groups could be given the opportunity to present their work visually

using a presentation software (e.g. PowerPoint). This would be followed by a break. The second part of the event could consist of presentations by special guests who would consider a "hot" topic specifically related to PMCA's work. Alternatively, the second part could take the form of a fair with different stands, which would allow different actors and thematic groups to exhibit their ideas or product prototypes to those attending. The latter option tends to encourage more lively interaction among the "old" and "new" PMCA participants.

Closing the event with a tasty luncheon is a good idea as it will foster further interaction among actors – particularly when some of the thematic groups have developed new products or recipes that can be tasted during the meal!

Empowering key actors

Each thematic group should decide who should represent the group when the joint work is presented to the plenary. Ideally, in order to empower different stakeholders, three to five actors from each group should share this responsibility. It is important for the R&D organization facilitating the process to make these actors more 'visible' (see Box T11).



T11. Helping key actors gain visibility

The facilitators of each thematic group may suggest which individuals could represent their group at this event. Thus, they might propose those individuals who have participated most, or those who have played a key role in the group. This said, however, it is best if the responsibility of nominating the presenters is actually shouldered by the group itself, as group discussion will avoid a unilateral decision which might otherwise generate mistrust in the group.

The fact is that the thematic group will always empower those people who have, in the eyes of those involved, demonstrated that they perform well, are capable and merit trust. In this sense, the group will most probably choose its own future leaders: actors who will play a key role in implementing the suggested innovations, after gaining essential leadership legitimacy via the PMCA's group interactions.



**Practical Issues
for Phase 2**

- ▶ How long Phase 2 will last will vary from case to case. Overall, its length will depend on how frequently each thematic group meets and how many meetings are needed to formulate a sound work plan. Ideally, the facilitators should ensure that this goal is achieved within the space of 7 to 10 thematic group meetings, and within no more than 4 to 5 months, in order to keep participants motivated based on visible progress.
- ▶ To ensure that each meeting proceeds smoothly, it is necessary for facilitators to prepare for each meeting thoroughly, setting up an agenda that guides the discussion toward those issues that most urgently need to be discussed.
- ▶ During each meeting, a whiteboard or flip chart should be used to track the decisions made during group discussions. This will reinforce the group's awareness of the commitments made and will help to ensure that the summary of each meeting, which should later be circulated by e-mail or mail, will reflect what was discussed and agreed on. This is a key point, because misinterpretation can badly damage the image of facilitators and harm their leadership legitimacy, endangering participation and the PMCA process as a whole.
- ▶ To strengthen the thematic group, the facilitators should be proactive in encouraging the participants to invite new, potentially useful, actors to the group meetings. The facilitator must make sure that such newcomers are well received and feel comfortable right away, ensuring their involvement in group discussions.

PMCA Phase 3**Implementing joint market chain innovations**

Objective of Phase 3 Phase 3 of the Participatory Market Chain Approach aims to put into practice the work plan formulated in Phase 2, developing the potential innovations proposed by each thematic group. These innovations are then presented at a large final event to a wider public.

Structure and useful tools of Phase 3 The activities undertaken during Phase 3 will vary from case to case, as each PMCA application will be different and each thematic group will have a specific work plan. Consequently, the generic steps involved in this phase (see Table 4) need to be filled with case-specific, practical content to turn ideas for innovation into commercially viable propositions.

Table 4 Overview of steps involved in Phase 3

Structure of Phase 3	Time frame	Useful activities and tools
Step 1. Getting thematic group organized	1 session	
Step 2. Getting innovations designed	5 to 10 sessions	Tool 5: Focus Groups Tool 6: Marketing Concept Development Tool 7: Business Plan
Step 3. Planing and holding PMCA's final event	2 to 3 sessions	Visual presentation of innovations

Step

Getting thematic groups organized

A successful final event of Phase 2 will motivate participants to continue working together. Even more so if new actors join the process at this stage, thus confirming that the thematic groups are on the right track! To ensure that Phase 3 begins well, each thematic group should organize itself and aim to:

- ▶ Integrate new participants.
- ▶ Adjust the previously formulated work plan for Phase 3.
- ▶ Plan and coordinate the different group activities that are proposed.

Clarifying activities and roles

Taking into account the observations and comments made at the final event of Phase 2, each thematic group should discuss potential adjustments to the work plan. Since new actors might be present, each activity should be briefly re-discussed, clarifying how it will be undertaken and who will be responsible.


Wherever possible, group facilitators should try to hand over responsibilities to key actors, so the empowerment process can proceed more quickly and allow key actors to prove their abilities and the fact that they can be trusted (see **Box T12**).



T12. Gradually handing responsibilities over

Ultimately, the R&D organization should not be the owner of the market chain innovations generated through PMCA. For this reason, the group facilitators must give key actors the opportunity to take on responsibilities, and prove that they can act in the best interests of the group – and not just in their own best interests. If they can achieve this, they will be granted leadership legitimacy, which will empower them.

To ensure that this happens, it is essential that facilitators diminish their own leadership power. This is not easy, but it is fundamental to the process: sustainability will only be achieved once PMCA facilitators are no longer needed!

Step  2

Getting innovations designed

The process of designing the earlier discussed innovations will take up most of Phase 3. For the R&D organization, this step is essential to:

- ▶ Transform the proposed innovations into tangible products, technologies and institutions, all explicitly responding to (market) demand.
- ▶ Shape these innovations in such a way that their characteristics and design effectively communicate their value to potential users.

Developing sound marketing concepts

 p.39

The outline formulated for each market opportunity in Phase 2 (see **Step 3**) is the starting point for further analyzing the proposed innovations (i.e. the factors that characterize and differentiate them), and shaping marketing concepts around them (see **Box C10**).



C10. Marketing concepts

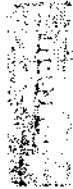
A **marketing concept** refers to a set of different characteristics which, taken together, provide a coherent identity for a product or service.

The development of a sound marketing concept implies conceptual work, to combine in a coherent manner characteristics that are valuable to a specific group of consumers and effectively communicate the product's overall design including the following aspects:

- What is the purpose of the product or service
- Why it is different from, and better than, other products
- Who should consume it
- What can be expected from its use

Remark: A sound marketing concept reflects exactly what the product is really offering. It never oversells a product, since this would only frustrate consumers and ultimately harm the product's reputation and success in the market!

Although marketing concepts relate mainly to commercial innovations, we strongly recommend that "marketing concept thinking" is also used when designing technological and institutional innovations. The fact is that technologies and institutions, to be successful, must also be targeted specifically at those users who will benefit from their use!



Helpful R&D tools

➤ p. 85

The way in which marketing concepts are consolidated varies from one case to another. In some cases, the marketing concept might be determined purely by the thematic group; in other cases, further market research may be needed to better understand consumers' views and identify the relevant features of the product. In either case, the Focus Group tool (see **Tool 5**) will prove helpful to those organizing structured discussions to determine a marketing concept. Focus Groups can be used at two different stages of the marketing concept development process:

- ▶ Before starting the design work – to clarify the main product features or elements of the marketing concept.
- ▶ When prototype products exist – to validate the marketing concept and its visualization through the product's design.

➤ p. 95

➤ p. 101

Because the market concept development work is a key aspect when designing viable innovations, an explicit Marketing Concept Development tool is included in this user guide (see **Tool 6**). The Business Plan (see **Tool 7**) might also be helpful at this stage of shaping innovations, as it outlines important considerations for putting a market opportunity into practice.

Accessing professional support

To ensure that the innovations being produced are designed professionally, external experts with specific skills might be brought in. So, for instance, commercial products might need graphic designers (to create labels, etc.), while technologies might need engineers (to develop machinery, etc.) and institutional innovations might require the use of lawyers (to define statutes, etc.).

➤ p. 39

When such specialists are employed, clear terms of references (TORs) will be important as part of a service contract that allows outsourced work to feed directly into the work being conducted by the thematic groups (see **Box T9**). To ensure that the thematic groups remain motivated when work is done by "outsiders", facilita-

tors must make progress visible to their groups (see **Box T13**). If the implementation activities are led by group members, facilitators must insist that these members present their work to the whole group.



T13. Capitalizing on visual progress

Trust increases when words are transformed into deeds.
 Participants will begin to doubt the practical potential of PMCA if they do not see real progress being made. Seeing is believing!
 Hence, the facilitator must take advantage of all available opportunities to make progress visible. Preliminary designs for packages or labels, for instance, can be real motivators. And, it should be remembered that seeing progress is the best way to continue making progress!

Clarifying roles and strategies

➔ p. 40

Although roles and strategies were discussed earlier (see **Step 4**, in Phase 2), these issues need to be revisited, specifying ownership, commitments (e.g. in terms of investment and promotion activities) and the group's strategies for product launches. Such discussion might not be easy – depending on the prevailing, possibly differing (expressed or non-expressed) interests within the group. Nevertheless, in order to enhance trust, this transparent negotiation remains fundamental to the success of the process (see **Box T14**).

➔ p. 50



Building of a potato grader in Lima, Peru



T14. Managing tricky transparency discussions

In poker, when much is at stake, participants tend to hide their cards. But, PMCA is not a game of poker. To ensure that all participants are on the winning side, facilitators must “play” with the highest level of transparency. This will allow the PMCA facilitator to develop the necessary leadership legitimacy needed to guide difficult discussions, when interests need to be clarified or conflicts resolved.

In Phase 3, for an innovation to become a commercial reality, market chain actors need to make investments and expect an appropriate return. PMCA facilitators need to ensure that the group deals with the following aspects:

- Who will be the owner of products and brand names?
- Who will co-invest in production, processing, and promotion?
- What commitments are entailed for the different market chain actors?
- What type of support is expected from the R&D organization?

The conclusions reached during such discussions should be written down and progressively integrated into a Business Plan (see Tool 7).

↪ p. 51

When PMCA is applied in the context of poverty alleviation or the promotion of rural development, “corporate social responsibility” (see Box C11) should be part of the group discussions, and mechanisms sought to make the contributions of the private sector in these areas visible to the public (e.g. the creating of special labels). Such mechanisms enhance communication of social benefits to the public, and consolidate collaboration between poor producers, private enterprises and R&D organizations. For instance, effective communication via the Internet, newsletters, product labels etc., are important ways of communicating this concept to consumers and can contribute to product differentiation and eventually higher prices.



C11. Corporate social responsibility



Source: adapted from <http://en.wikipedia.org>

“Corporate social responsibility” is a new business concept that expresses a company’s wish or obligation to be sensitive to the needs of “all” stakeholders involved in its business operations. The principle is closely linked to the imperative of ensuring that these operations are “sustainable”, taking into account not only the financial/economic dimensions but also the social and environmental consequences.

There are many ways of reporting activities related to corporate social responsibility. It is, however, important to ensure that all activities, and the social impacts that result, are reported in a transparent way. Nowadays, the Internet presents interesting options for this, with the potential of linking webpages to product labeling.

Step 3

Holding PMCA’s final event

Planning for the third and final event of the PMCA process should begin when the thematic groups are in the final stages of designing their innovations. Since the PMCA process “officially” ends with this large final event, it is of great importance to the facilitating R&D organization, providing an opportunity to:

- ▶ Present the joint innovations resulting from the process to the wider public while clearly communicating that the market chain actors are the “real” owners of all innovations.
- ▶ Create an optimal environment for key actors to launch the innovations successfully in the market.
- ▶ Gain public recognition for the work achieved with PMCA.

Thinking big and strategically

Overall, this final large event should lay the best possible foundations for the future success of all the innovations derived from the PMCA process. It is especially important to use “aggressive” communication (e.g. producing leaflets, making press releases and giving interviews to the media) when commercial innovations are generated. Unlike previous PMCA events, this final event should attract journalists, to foster the diffusion of PMCA’s results. Therefore, the leading R&D organization must create tangible incentives for the mass media to attend. Such incentives should include:

- ▶ The sending out of personal invitations together with a press release that provides information about the event and the market chain innovations that have been generated and will be made public that day.
- ▶ The presence of one or two “media-attractive VIPs”, who will discuss the PMCA’s work and its achievements (see **Box T15**).
- ▶ A special reception for the media, including an aperitif and a “gift basket” with detailed information about achievements and samples of products developed during the PMCA process.



T15. Attracting one or two “big shots”

The presence of one or two attractive personalities from the government or private sector is an important “hook” to generate media interest in the PMCA’s final event. These special guests help the PMCA participants to gain the self-confidence needed to continue their work after the final event has ended.

To ensure that these VIPs don’t “steal the show with their own agenda”, it is wise to ask them to comment on the PMCA’s accomplishments as part of the event program. This will ensure that the journalists attending will learn more about PMCA and its outcomes, which will in turn improve media coverage!

Visual presentation of innovations

To enhance the media’s interest in covering this event and encourage key actors to take the innovations produced further, market chain actors should personally present their achievements. This can best be done using a “market chain setting”, where different PMCA participants, representing their business, are lined up according to their activities, from production to consumption (see **Box T16**). This visual representation is attractive to media representatives and communicates effectively PMCA’s main message that “collaboration along the chain is the key for success” and reinforces the perception that the market chain actors are the owners of all the PMCA innovations produced. This perception of ownership is further consolidated when the media interviews the market chain actors taking part!

↗ p. 53



T16. Visualizing innovations in a real market chain setting

Those planning the final event should look for visual and creative ways of portraying the main messages and achievements of the PMCA process. One attractive option is to present the innovations in a “living chain”, where different PMCA participants represent their specific activities: production, processing, wholesaling, distribution, etc. Actors can sit or stand on a long table; alternatively exhibition booths can be laid out in a larger area, where visitors move from one booth to another along a virtual market chain.

In both scenarios, actors from each part of the chain explain their situation, the relevance of the innovations they have developed and the role of PMCA in enhancing collaboration. Careful planning and prior rehearsal is necessary, to ensure that the key messages are transmitted clearly and concisely!

Planning and team work

Because the final event of PMCA may involve far more than 100 invited guests – and will include all the members of the thematic groups, important players in the sector, politicians and representatives of the media – the R&D organization must ensure that the event is carefully planned. The delivery and follow-up of invitations, as well as the planning of the event’s activities, must be coordinated with the thematic groups. Specific aspects that require advance planning include:

- ▶ The planning of the event – i.e. the structure of the activities and who is responsible for them.
- ▶ The invitation list – which should include PMCA participants, other people related to the sector, politicians, and the media.
- ▶ Logistics – including room reservations, and the provision of audio equipment, decorations, food, security, etc.
- ▶ The provision of information – which should include a folder with information about the project and its innovations, etc.
- ▶ The provision of special gifts – i.e. the products that resulted from the PMCA process, etc.

Setting up a sound program

The most efficient way to organize this final event is to form a coordination team, which should consist of the PMCA facilitators, a few participants from the different thematic groups and additional staff able to provide logistical support.

- ⇒ p. 41 The event can be divided into two parts as suggested for the final event of Phase 2 (see **Step 5** in Phase 2). The first half of the event might involve the thematic groups presenting their work and achievements in an auditorium; the second part could then be run in a more creative setting with market chain innovations presented visually by the PMCA participants themselves (see **Box T16**). Because journalists are pressed for time, it might be efficient to welcome them separately, so that they only attend the second part of the event, when innovations are presented and VIPs share their views and ideas about PMCA and its achievements (see **Box T15**).

- ⇒ p. 53
- ⇒ p. 52 If sufficient funds are available, a luncheon nicely closes the event to celebrate PMCA's joint achievements. Novel dishes, cultural dances, and other creative presentations add a special touch to this occasion.

Securing internal institutional support

The size of the large final event, coupled with the amount of exposure required, demands a strong commitment from the R&D organization. Its directors must be aware of this event and the impact it could have. Ideally, directors should attend the event, in order to build new alliances with actors present; events of this type provide excellent opportunities for production focused R&D organizations to make new contacts, with businesspeople, managers of public sector organizations and politicians, all of whom might be interested in collaborating in other areas.

**Practical issues
for Phase 3**

- ▶ The length of Phase 3 depends on the amount of work that needs to be done to bring to fruition the different innovations proposed. The time frame for Phase 3 should not exceed 6 months, to ensure that active participation does not decrease because the participants cannot see an end to the PMCA process.
- ▶ If needed, the process should be reinforced by making use of competent external professionals. This said, however, a good level of coordination must be established between the outside professional and the thematic groups, to ensure that their work feeds into the thematic group meetings. To provide optimal backstopping to consultants, facilitators might request technical support and guidance from their colleagues.
- ▶ Since PMCA requires a high level of organizational commitment (particularly with regard to the final event), facilitators should ensure that their directors are informed from an early stage about the project's progress, and preferably involved in PMCA activities. The final events of Phase 1 and 2 provide excellent opportunities to do this, as such key figures can be engaged by giving them special tasks, e.g. opening the workshop.



Making PMCA innovations
public at the final event

Follow-up: Consolidation of innovations

Defining a new role for the R&D organization

PMCA ends with the final large event of Phase 3. At this point, full responsibility for the innovations created is transferred to the market chain actors, who must take the reins and capitalize on them in the “real world”. At the same time, the R&D organization which facilitated the PMCA process must distance itself from any commercial responsibility.

This, however, does not mean that the R&D organization cannot continue to provide support. On the contrary, in most cases follow-up activities will be essential, though they must be conducted within a new institutional setting, where the R&D organization responds to specific demands from partners. Thus, the R&D organization should plan its new interventions very carefully, so it confirms and does not question the market chain actors’ ownership of the innovations obtained! In this sense, the R&D organization’s new role must be one of a service provider, responding only to demands made by the market chain actors.

Providing different types of support

The type of support required from the R&D organization will depend on the specific needs that arise at the end of each PMCA application. In general, market chain actors dealing with institutional and technological innovations might require more support to help consolidate and diffuse those innovations, while commercial innovations might require only short-term support (see **Box T17**).

↗ p. 57

Last technical evaluation of potato grader





T17. Consolidation of PMCA innovations

Potential support for institutional innovations:

- New organizations, such as associations, require substantial support at start up to function properly.
- The implementation of new ways of cooperation, such as contract farming, might require professional assistance to consolidate the partnerships involved.
- The definition of “new rules of the game”, such as norms for product quality, might require further capacity building.

Potential support for technological innovations:

- New technologies generated through PMCA might require further adjustment to optimize their use in practice.
- The adoption of technologies might imply investments in extension, for example, to guarantee optimal uptake by small-scale producers.

Potential support for commercial innovations:

- Solving or optimization of technical aspects of the product's elaboration process.
- Assistance with product promotion and public awareness during the market launch of products .
- Fostering of the developed products uptake with additional market studies and help in improving marketing concepts.



Presentation of culinary innovations with “tunta” to the media

Being careful with subsidies

When backing commercial activities, an R&D organization needs to be careful in using public funds that benefit the private sector. Subsidies must be carefully evaluated and are only justified if they also contribute to social or environmental goals, directly or indirectly. The use of subsidies should be made explicit (see **Box T18**).



T18. Subsidizing the private sector

In economics, subsidies are defined as monetary grants given by governments and non-profit organizations to the private sector, in order to promote activities that are in the interest of the public. In other words, subsidies provide an incentive for the production of public goods and cover part of their costs.

In R&D work, subsidies are an interesting mechanism which can be used to encourage private companies to develop activities that will benefit the public. Examples include the commercialization of products which will have a positive impact on the poor and on natural resource conservation, etc. In practice, the challenge is to measure the public benefits derived from such subsidies, in order to justify them on a case-by-case basis. If such public investments mainly benefit private companies, subsidies distort the competition in the market and are a waste of public funds. Such a situation must be avoided!

Building capacity for new opportunities

A special concern of PMCA follow-up activities relates to capacity development. Since the innovations developed during PMCA imply changes in the way that things are done, learning must continue to support the innovation process and make changes sustainable.

Capacity building might be needed at different levels of the market chain – to address specific bottlenecks in production, storage, processing, commercialization and consumption. Capacity building is particularly necessary in critical areas that require concerted action across the market chain, for example with production quality, technology use and development associated organizations (see **Box T19**).



T19. Capacity building

Capacity building is an integral part of PMCA's three-phase process, as a lot of learning takes place during thematic group meetings. However, when PMCA is used for rural development and poverty alleviation, this approach falls short of constructively building the necessary capacity at the production level. Instead, this must be achieved after the PMCA process has ended. There are several good reasons for this:

- The innovations developed through the PMCA process clearly point to the areas in which capacity building is needed.
- If the organization of farmers is a central goal of capacity building, PMCA innovations will be important drivers that encourage farmers to move in this direction.
- When PMCA ends, the R&D organization in charge of farmer training will have a broader perspective and so will be able to focus more on market demand when undertaking the work.
- The PMCA process will generate different types of partnerships, which can also be used to upgrade the training provided to farmers.

Capitalizing on new contacts

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Once the PMCA process has ended, the R&D organization should follow up certain activities to maintain the good contacts that have been established. If the different new relationships are not used, the new social capital will diminish and could be lost (see **Box C1**). From the perspective of the R&D organization, it is especially interesting to invest in collaborative activities with complementary partners that have different goals and resources. In such partnerships, extraordinary results can be expected, where trust built with PMCA catalyzes new initiatives (i.e. through low transaction costs). In the long term, this collaboration process builds social capital that favor cooperation between all the actors involved and enhances the competitiveness of the market chain and the rural areas linked to it.