Practical guidelines for a more systemic approach to sustainable enterprise development

Roel Hakemulder and Merten Sievers

1. The purpose of these guidelines

These guidelines argue that much is to be gained from considering how the different technical areas addressing job creation and enterprise development issues in the ILO can reinforce one another and contribute to ILOs objectives by addressing systemic change in the way markets function.

The Enterprise Department’s strategic framework offers considerable scope for more systemic programmes. This document offers some guidelines on how this potential can possibly be exploited and how a systemic approach could help to:

- Provide a model to explain how ILOs different interventions contribute to enterprise development and job creation in a wider market context
- Create the opportunity of reaching bigger scale and resilient market systems that can provide long term prospects for decent job creation and poverty alleviation

Many times ILO constituents and partners in the field have found it difficult to understand how the different enterprise development and job creation tools and approaches fit together and how they can create synergies. Even ILO Enterprise Development Specialists have sometimes found it hard to place all of our interventions in an overall framework. A systemic approach to enterprise development would be able to explain how the different elements address key underlying constraints to market systems, establishing a model that can explain “how it all fits together”.

ILO’s successful enterprise-focused approaches have reached hundreds of thousands of people and helped them improve their lives. However, because they have often been tool driven there have been significant limitations to outreach and sustainability. They have helped individual enterprises start and grow, but have not always led to lasting change in the market system. Systemic approaches on the other hand hold the promise not only of affecting more people but also of being more sustainable as they seek to address the underlying constraints of market underperformance.

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1 Thanks is due to to Kees van der Ree who originally comissioned and guided this piece of work as well as Carlien van Empel and Annie van Klaveren for their comments on the different drafts.

2 The ILO implements programmes, projects, activities, interventions, etc. To avoid confusion in this document all of these will be called programmes, while interventions will refer to a specific action in the context of a programme.
We will first look at what the ILO’s market systems development approach, as it is taking shape in a number of countries, comprises. We will then consider how the goal to be more systemic could influence the design process of ILO programmes. Finally we will look at how existing programmes could become more systemic in their approach.

2. What is the ILO market systems development approach?

Pro-poor market development is a development approach adopted by an increasing number of donors and agencies, which focuses on strengthening market systems so that they function more effectively, sustainably and beneficially for poor people. The following characteristics are central to the approach.

1) Analysis of market systems to identify underlying causes of market weaknesses which prevent them from effectively serving the poor. The question “Why?” is the approach’s most powerful “tool”. Why is the market system not working, why have actors in the system not addressed existing constraints, why would they do so now?

2) Interventions which aim to address these underlying causes of market underperformance. These interventions are often integrated in the sense that several changes are implemented which reinforce each other. They typically address a number of issues that are specific to a location or value chain and that thus stakeholders feel motivated to address. In practice many generic issues (such as businesses not registering) have underlying causes which few actors in the market system feel motivated to address (such as business do not register because they do not want to pay taxes). This is not to say they cannot and should not be addressed, but a market development approach is more cautious in tackling them.

3) A focus on sustainability and scale, which means striving for both systemic change and developing a clear vision of the future beyond a particular intervention or project. Change is facilitated with an emphasis on long term sustainability and large scale, that can be driven by market system stakeholders. The vision should be made explicit and discussed with stakeholders, and its implementation monitored.

4) A facilitative rather than an interventionist role for agencies such as the ILO. Which in practice means

   - Do not do or fund anything another organization, business or individual can do, even if actually they do not do it because they expect you to do so.
   - Do undertake and fund things that bring systemic and lasting change and no one else has the capacity to undertake.
   - Do not provide services directly or pay for service delivery to enterprises – this does not further development but dependency.
   - Bring organizations and people together, help them coordinate, share, undertake joint work.
What is the market system?

Below is a graphical representation of the market system. At the centre are the value chains that bring products and services to the market. The immediate environment is formed by supporting functions (such as business development services and finance) and rules and regulations relevant to the chain (including labour rights). The broader environment around this affects the immediate environment as well as setting its own conditions. Social dialogue at the national level is an aspect of the environment that is of particular importance to the ILO, but social dialogue can also help as a mechanism to address key issues at several levels of the market system. The natural environment, and the need to preserve it, is part of the wider environment as well. Using this diagram can be helpful for conceptualizing more systemic approaches to enterprise development, for understanding specific market system and for understanding the role of the ILO in improving them.

The Market System

The objective of the approach as used by the ILO is to generate decent work and reduce poverty. If other agencies have branded the approach M4P (markets for the poor), for the ILO it is a Markets for more and better jobs approach. The ILO therefore facilitates market systems changes that:

- are likely to create more employment
- are likely to improve the quality (or decency) of work.

In its analysis of market systems the ILO therefore does not only consider the functioning of markets from the point of view of competitiveness, productivity and market access, but takes equal account of rights, social protection and social dialogue. It focuses on sectors in which growth will create jobs, especially jobs
for the poor (with special attention for youth and women). Analytical tools include consideration of these as well as environmental issues to ensure the centrality of the concept of sustainable enterprise. Where possible the business argument for change is made, but fundamental values do not need such a justification, although they may gain from it.

An example of specific systemic change
In Sri Lanka, small flower growers in two provinces had difficulties reaching export markets, although the country has many export linkages in the sector. The sector was not growing in these provinces. The underlying causes were found to be:

- Insufficient quality
- Ineffective collection system
- Centralised certification of flowers for export, on a grower by grower basis
- High entry cost

Among the changes that took place were:

- Establishment of a collection centre, as well as some of the growers developing into collectors
- Establishment of groups of growers, and the relevant agency agreeing to certify on a group basis, and to decentralize the procedure
- Establishment of an association which became a conduit for information and training, as well as advocacy for more support to the sector
- Training by service providers to upgrade varieties and quality
- Introduction by a service provider of a low-cost net house (reducing entry cost)
- Financial institutions providing credit

In its approach to pro-poor market development, the ILO acts on the values it promotes. It therefore uses methodologies that are:

- Based on dialogue, so that actors in the market system, including the social partners, are involved in the change process from the start and decide eventually which interventions they will support.
- Promote inclusion, so that the poor and other groups who are often voiceless are heard, participate and contribute. They become active participants in the market rather than passive recipients.

Strengthening the capacity for dialogue and dialogue mechanisms is therefore part of the ILO’s market systems development approach. So far, this approach has included:

- Value chain development exercises that include a dialogue on constraints and opportunities, identification of proposals to address these, and stakeholders taking on the responsibility to implement them.
- Participatory Appraisal of Competitive Advantage (PACA³) – which works in a way similar to value chain development exercises, but consider a geographical area rather than a value chain. This is not a strong methodology for identifying underlying causes, but it is good at identifying “quick wins” that generate enthusiasm, credibility as well as impact. They are therefore often a good starting point.
- Dialogue Forums that bring together public, private, and NGO stakeholders in a geographical area, like in Local Economic Development, around a range of specific issues such as Value Chain development, the enabling environment, business and financial services and institutional set up. They often include the social partners. They may exist already, in which case they can be made use of and strengthened if necessary, or their establishment may have to be supported.

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³ PACA stands for Participatory Appraisal of Competitive Advantage and is a participatory methodology originally developed by mesopartner (www.mesopartner.com), a German consultancy firm. The methodology has been adapted by the ILO for Value Chain development
• Any other form of participation and dialogue. Workshops, consultations and focus group discussions can be organized around any particular issue in the market system a project wants to address.

• Strengthening the capacity of stakeholders in Value Chains or local economies to effectively participate in dialogue, like small business associations, business service providers as well as social partners and governments at local and national level

Each of these requires capacity to be built, on the methodologies but also with regard to using Decent Work as a concept that is relevant to improving the market system to make it more beneficial to the poor.

3. How can new programmes be more systemic?

The Department’s strategy comprises ten different areas. Countries usually request a programme in one or a few areas, rather than one that is systemic and integrates different “tools” in a framework where they reinforce each other. So what can be done? Those charged with formulation of programmes need to take a step back and support stakeholders to reconsider what the priorities for enterprise development are. The following are suggestions for doing so.

A. Constitute a “multi-pillar” team to take charge of programme formulation

For the formulation of market development programmes it is therefore important to form a team across strategy pillars. This does not necessarily mean that formulation missions are undertaken by the whole team, but it does mean that representatives of the different strategy pillars are engaged in the formulation process. The team should include the specialist in the relevant area office, who usually has a broader view of a country’s requirements. Consultants should be selected on their broad experience and knowledge of different aspects of enterprise development rather than a narrow product specialization.

Initial meetings of the team should explore the scope for a systemic approach. They should start by taking a step back from what has been requested, which is often “tool” or product focused. Instead they should:

• Consider what issue is meant to be addressed.

• Whether there are indications that the issue is indeed a systemic one that needs to be addressed for systemic change to happen.

• Whether there are other and more systemic ways of addressing it, and what these could be.

These discussions could result in changes in the team (for instance including a representative of another focus area), or an argued recommendation to management to not pursue a more systemic approach. The latter may be the only option if the programme formulation has already been very narrowly defined by the country or a donor or available funds are very limited.
If formulation of a more systemic programme is decided on, the potential donor or whoever else will take the funding decision should be involved in the formulation process from the start. A systemic approach may be relatively new to the donor and being involved will create a better understanding of and support for the resulting proposal.

For instance:

A programme to introduce Get Ahead has been requested by country X. The Department constitutes a team comprising the WED specialist and the regional enterprise development specialist to guide the formulation process. Initial review of available data and discussions indicate that in country X there are likely to be issues in the business environment (regulation), culture, and services that limit women’s entrepreneurship, and that working conditions for women are likely to be worse than for men. The WED specialist and a consultant with a background in business environment reform are charged with the immediate task of formulating a concept paper. Prior to the mission, the different team members review further information available that relates to women’s role in the market system. They find that in addition to a widely reported lack of entrepreneurial skills among women, attitudes towards women in business seem to be negative, and that women have less access to finance.

B. **Conduct a broad rather than a focused review of the market system in a country**

Even if the entry point is narrow, e.g. improve entrepreneurship development for women or business registration regulation and procedures, programme formulation should include a broad review of the functioning of the market system in the country or that part of it where the programme is expected to operate (a geographic area or economic [sub] sector). The objective should be to arrive at an analysis of main areas of constraints in the market system which is relevant to the concerns of the ILO, and to identify the main areas that will be addressed. The analysis should result in a brief write-up as well as a graphic presentation such as the one provided below or a problem tree. This is not only a useful analytical tool, but will facilitate discussion with stakeholders.
The review should cover available information on enterprise development and include interviews with the constituents and other key stakeholders. Focus group discussions with member-based organizations, individual enterprises, and other important stakeholder groups, such as BDS providers, should be part of this process. Questions for interviews and group discussions should be developed beforehand, to ensure that the information collected is relevant and consistent. To fill important information gaps, small studies may be commissioned.

If a comprehensive and participatory analysis has recently been done in the country, it is of course not necessary to repeat it. However, the methodology and results should be reviewed carefully to establish whether the process has been inclusive and has covered areas of specific concern to the ILO. If this is not the case, additional work will be required. National consultants or research firms can play an important role in this phase of the formulation exercise, since they are often well informed about possible sources of information and are in a good position to do additional research and conduct focus group discussions.

For instance:

The WED specialist, the regional specialist and the consultant spend two weeks in country X. In this period they review information relevant to enterprise development to identify main constraints in the market system, especially for women. After holding interviews with a wide range of stakeholders, the first analysis indicates that there are several training programmes on women entrepreneurship, so that Get Ahead may not be a priority. There are also indications that women are not heard in public-private dialogue. Women report they are discriminated against by the public service. Data indicate that 90% of finance goes to men. Women in business seem to be concentrated in 7 or 8 value chains, most of them agricultural in nature. In
one of these, stone crushing, safety and health as well as child labour are reported to be concerns. The team decides to hold three focus group discussions, with:

- BDS providers, on the need for a new women's entrepreneurship development programme and the possibility of making it financially viable in the long term
- Women clients of BDS providers, on the same topic
- Women entrepreneurs to establish the causes of constraints on participation in dialogue

The first two find that satisfaction with existing programmes is very low, since they are inappropriate for small agriculture based businesses and financial viability is not ensured. The last finds that there are few women’s SBAs and no women’s chamber, and that the leadership of existing member based organizations is all male. There is no support from business development organizations or others to set up and strengthen women’s SBAs. The team also commissions two small studies, on the causes of women's limited access to credit and the perceptions of officials towards women in business. By the time the team leaves, it has developed a problem tree and a project strategy that state that the main issues to be addressed are:

- Women’s role in public-private dialogue
- The way business regulation is applied to women in business
- The need for entrepreneurship development for women in rural areas
- Constraints, still to be identified, in three priority value chains
- Women’s access to credit

However, the project strategy does not specify concrete activities to be undertaken or outputs that will be produced, but describes a process by which these will be identified and decided on. The key element is participatory value chain development. A crucial factor in this process is to decide whether project interventions can lead to long term sustainable solutions for a large number of stakeholders.

In Geneva the full team reviews and adds to the analysis. The team is expanded by a member of the social finance unit, since credit may turn out to be an important theme in the programme. This specialist designs the access to credit study and supervises it. The findings of the study indicate that since men own the land, women do not have collateral. Non-conventional collateral is not accepted, by legislation. The study on attitudes of officials reveals deep-seated prejudices against women entrepreneurs.

C. Validation of the analysis and prioritization

Once the review and analysis have been completed and the main issues to be addressed have been identified, the findings should be presented at validation workshops of main groups of stakeholders. This serves not only to obtain valuable feedback, but also to establish a sense of ownership over the analysis. The workshops can also be used to prioritize among the issues to be addressed by the ILO.

For instance:

The consultant returns for a second mission, supported by a national consultant. They conduct three validation workshops, with BDS providers and regulatory bodies, Member-based organizations, and women entrepreneurs. The workshops confirm the focus areas for the project, and suggest more value chains should be included. In terms of priorities, access to finance and strengthening women’s role in public-private dialogue are ranked highest, changing the attitudes of officials lowest. The consultants report to the project formulation team, which starts drafting a concept paper.
D. Formulation of a concept paper

Whether the proposed intervention has become broader as a result of this process or not, it is important that a concept paper is formulated that is as broad and flexible as possible, so that when it is implemented there is scope for a systemic approach. Interventions are more flexible when:

- They are process rather than narrowly output based. The project strategy should be based as much as possible on participatory, dialogue-based processes which result in decisions by stakeholders on specific activities and outputs. These should be as little pre-determined as possible.
- The elements of the logical framework are formulated accordingly in a manner that emphasizes the importance of the development and immediate objectives rather than “deliverables” and that leaves scope for a great deal of flexibility especially in activities. For instance, preferable to an output “Business registration simplified”, is an output “Conditions for formalization of enterprises improved”. The first assumes that registration is the core issue, the second provides scope to consider more systemic issues around formalization.

Key elements of the strategy that should be considered are those mentioned at the end of the previous section, i.e. value chain development, participatory appraisal of competitive advantage, dialogue forums, and any other form of consultation and dialogue.

For instance:

The formulation team decides on a proposal that addresses the following:

- Strengthening women’s role in public-private dialogue
- Developing capacity to provide Get Ahead training in rural areas,
- Develop a long-term financial sustainability vision for training delivery and explores different delivery and payment mechanisms
- Improving women’s access to credit on a commercial basis.
- Constraints, to be identified through VCD exercises, in three to four priority value chains, including stone crushing.

Reducing discrimination against women in the public service is not included specifically, as it was not prioritized by women entrepreneurs. It would also required sustained and nation-wide campaigning for which the required funding is unlikely to be available. However, improving regulation is still a possible outcome of the project, in the context of the value chain exercises.

The WED specialist formulates a project strategy and concept paper that takes the VCD exercises as a starting point. Public-private dialogue will be strengthened around these exercises initially, including through development of women’s SBA, but only if local women entrepreneurs take the initiative to establish them as a result of the VCD exercise. The VCD exercises will identify specific constraints, but rather than the project identifying the solution, the strategy will be to support SBAs in advocating for change. Improving OSH and reducing child labour in stone crushing is mentioned as a possible activity, depending on the results of the value chain exercise. The budget is not significantly higher than had been foreseen, because it is reallocated from service delivery to facilitation and capacity building.
E. Feedback and finalization of a proposal

The concept paper should be shared with relevant stakeholders within and outside the ILO, including the donor. Often it will work better to do presentations on the concept and then provide it in writing. A face to face presentation can often make a more convincing case for a systemic market development approach by emphasizing benefits in terms of outreach and sustainability and by giving examples of successful cases. A full document will be prepared based on comments received.

Due to the changing nature of markets and project environments the document needs to be flexible enough to allow for changes in the intervention strategy. That means targets need to be set in a way that project implementers can react to local demand and circumstances. Instead of “500 women entrepreneurs trained” the target could read “At least 25% but not more that 50% of prioritized proposals are implemented with project support. Gender concerns have been taken into account in the supported proposals”. The annex provides an example of a Logical Framework for a Systemic Market development project in Vietnam. When writing the document and finalizing the Log-Frame attention should also be given to evaluating and measuring impact. The Donor Committee on Enterprise Development has recently issued guidelines that aim to measure three basic indicators: (i) Scale: number of enterprises reached, (ii) Net Income gain in target enterprises and (iii) Net job creation. For instance:

The formulation team receives comments from the donor as well as in-house to the effect that the proposal is interesting but vague on specifics and should make more reference to standard ILO tools. The team members do a number of presentations to those concerned to demonstrate the benefits of what has been proposed. Eventually it is agreed to make reference to a menu of ILO tools that may be used if the value chain exercises indicate a priority need and no similar tools are available already. Comments that the proposed strategy does not sufficiently cover aspects of Decent Work other than employment and dialogue are addressed in a similar manner. Comments from ACTRAV are addressed by specifically mentioning that working conditions are part of the analytical framework and that workers organizations, where present, will be engaged in the participatory processes. The project Steering Committee will include the constituents. Eventually the proposal is approved.

4. How can ongoing programmes be made more systemic?

Many ILO interventions have been formulated without reference to the market system. An issue has been identified by or in consultation with the constituents and an intervention is formulated to address it. For instance, most enterprises are informal, so reform of registration and licensing legislation is proposed. Such interventions are, however, seldom based on identifying and addressing underlying causes, and very often the “target group” has not been engaged in their design. This does not necessarily mean that the designed intervention is not required. There may, however, be other, more important, reasons why small businesses in a certain sub-sector are not performing well, or why a sub-sector with potential does not grow, and even in the context of a business environment reform project it may be useful for impact and outreach to consider what these are.

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4 Scale: Number of target enterprises who realize a financial benefit as a result of the programme’s activities per year and cumulatively. The programme must define its “target enterprises.”
- Net income: Net additional income (additional sales minus additional costs) accrued to target enterprises as a result of the programme per year and cumulatively. In addition, the program must explain why this income is likely to be sustainable.
- Net additional jobs created: Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. “Additional” means jobs created minus jobs lost. “Per year” comprises 240 working days. The program must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.
A. Consider if there is scope for a more systemic approach

Project managers and the specialists who they report to could therefore benefit from taking a step back and reconsidering what an intervention should be doing given the objective to generate decent work and reduce poverty. This is useful at any point where a project strategy can still be adjusted — at the start, or following an inception period, or as part of a mid-term review. It is best to have discussions on this first in-house, i.e. with a project team and the specialist, on a technical basis, before broadening them to include other parties. Some adjustments may actually be so minor that there may be no need for broader discussions. If the adjustments are more significant, consultations with the ILO office, the donor and the constituents will be required. Such consultations can benefit from briefings on the key features of the ILO’s market systems development approach. Important questions to be considered in a review are:

- Is the programme as it is being implemented showing the expected results? — a hugely successful programme may not always benefit from change.
- Has the design stage sufficiently considered underlying causes of constraints in the market system? — if not, there is a need to reconsider.
- What is the long-term sustainability vision of the project? If this is not clear the project might benefit from a more systemic approach
- Has the design process been sufficiently participatory and inclusive? — if not, important groups may not have been heard and there is a need to reconsider.
- What could approaches that characterize a market systems development approach contribute to project implementation?
- Is the programme actually doing things that local actors in the market system could do?
- Is there scope for the programme to take a more facilitative role? Would there be funds to do so (re-allocated)? Does the timeframe allow it?
- Would the donor, the government and others respond positively?

For instance:

A project manager and his team charged with introducing MATCOM have found that the response to the programme has not been as enthusiastic as was expected. It is difficult to fill the classes, in spite of fees being subsidized. The government felt a training programme for cooperatives was needed because they were not being run well, and asked for introduction of a training programme. Now the manager and his team are wondering whether there are no other, more important reasons for the relative lack of activity of cooperatives. Discussions with the Cooperative Training Institute and others result in a decision to pilot a more systemic approach.

B. Decide on the way to do it

The market development approach is a way of thinking and an analytical model rather than a “tool”, and we have already seen that the question “Why?” underlies this way of thinking. “Why?” is a question anyone involved in a programme can and should ask at any point, and doing so and finding ways to get the answer is the key to being more systemic. As in the hypothetical example we used in earlier, value chain development is a good entry point for a women business development programme if women are concentrated in a few value chains.
PACA\(^5\) is a good choice for geographically focused interventions and where there are no obvious economic drivers in the area. PACA exercises are also a good way to start a more participatory approach to market development, and could be followed by value chain development if there are any with good growth potential.

Dialogue forums can be used at any level and for many purposes. They are most useful when a longer term intervention with participation of stakeholders foreseen. For instance, if a value chain development exercise has resulted in proposals for change which will need support over several years, setting up a dialogue forum to facilitate this support is appropriate.

Participatory approaches in general can be developed specifically for an intervention’s purpose. They can often draw on the participatory tools and analytical frameworks that are used in PACA or value chain development.

These participatory approaches normally have to be complemented by more in-depth research to be meaningful, as needs driven appraisals risk falling into the “populism trap”. If analysis is to much based on a narrowly defined group, it often “fails to grasp overall market realities because of the limited insight of their target groups”\(^6\)

For instance:

Many of the cooperatives targeted by the example MATCOM project are in the dairy sector: dairy farmers, as well as small processors. The project team and the Cooperative Training Institute decide to initiate a value chain development exercise in the province in which the Institute is located. The Institute will be the host for the exercise.

Some sites with resources on Systemic Approaches
- ILOs LED Knowledge web-portal: www.ledknowledge.org
- The Link lists of ITC ILOs Market Development Course: http://marketdev.itcilo.org/index.php?id=149,150
- ILOs EnterGrowth project resources: www.entergrowth.com
- ITC ILOs BDS-Financial linkages website: www.itcilo.org/synergies
- The Donor Committees websites on Value Chains: www.bdsknowledge.org, including a list of Making Markets work for the poor resources here: www.mmw4p.org/dyn/mmw4p/docs/detail/474/6
- and its website on business environment www.businessenvironment.org
- The SEEP networks Market Facilitation group bookmark list: http://delicious.com/marketfacil
- The M4P network website: http://m4pnetwork.org/

C. Implementation

Implementation of ways to make an intervention more systemic usually requires
- Training of those involved. Both PACA and value chain development facilitators need training on the approach. The ILO (including the ITC in Turin) has the capacity to provide this training.
- Expertise on facilitating forums or other participatory mechanisms in order to make these as effective and inclusive as possible. Project staff may have these skills and may train stakeholders’ staff. If not, outside expertise has to be brought in.

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\(^5\) Value Chain Development for Decent Work guide, page 58
• Thorough mapping of stakeholders (including of course in the private sector) is often the first step when a more systemic and participatory approach has been decided on. For the project to be effective it will need to know who the actors in the specific market system are and how they can be involved. Mapping can be done along Value Chains or in specific territories.

• Concrete impact and action learning. The success of a first effort at a more systemic approach is critical, since failure will result in no further action. Programme management will therefore need to monitor implementation closely, to adjust the approach if needed and to ensure that as much is learned from the activity as possible.

**For instance:**

The project does an institutional mapping around the value chain and develops linkages with the key stakeholders. The provincial livestock ministry, a local BDS provider and a large buyer join the team that will conduct the exercise. The assigned staff, as well as project and Cooperative Training Institute staff get trained on the approach. The exercise is implemented and finds that the dairy sector in general is at a standstill, not just in the cooperatives. Issues of low productivity, lack of access to finance and veterinary services and the dominance of the one large buyer account for this. There are also no channels for marketing fresh milk locally. An issue specific to the cooperatives is that many have no other function than collecting milk for the buyer. Proposals are developed to address these issues and stakeholders concerned commit to their implementation. As for the project and the Institute, they decide on short courses for dairy coops that focus specifically on the provision of services to members and on negotiation skills for which one of the modules of MATCOM is adapted and complemented. A steering committee of key stakeholders is set up to support and monitor implementation.

**D. Follow up**

The project should closely monitor and follow up on whatever has been decided after the initial steps to make the intervention more systemic. This is important for achieving results, as more facilitation may be required. It is just as important for deciding to undertake further systemic interventions. A clear action plan that can be the basis for monitoring is therefore useful.

With respect to further systemic interventions, those involved should:

• Evaluate the exercise immediately after completion to see whether it is likely it will contribute to the project’s objectives, what the implications are for the remainder of the project, what the lessons learned are.

• Do another evaluation after a period of six months, to assess the effectiveness of what was done.

A decision to innovate further had best be taken after the second evaluation, but there is often no time for this. A minimum waiting period of 2 to 3 months is important, though, since exercises such as value chain development often generate much enthusiasm in the short term, but do not necessarily lead to concrete results.

If the exercise has been successful, the project and its stakeholders can decide to do more of the same (for instance, another PACA) or to also consider other approaches. It is best to decide this on a case-by-case basis. That is, a successful PACA does not necessarily indicate the need for more PACAs. Instead, it may have resulted in identification of a regionally important value chain which should now be analysed. So again there is a need to take a step back and ask afresh what the most appropriate way forward is, rather than fixing on a “tool” or approach. The ITC ILO promotes an iterative process of designing project interventions:

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7 The ILO has a range of tools on Value Chain Analysis and on Local Economic Development that can serve as a basis.
If the programme continues with a systemic approach, it will also need to formulate a vision of sustainability. In consultation with its (new) stakeholders it will have to answer the questions:

- Which aspects of this approach should be sustainable upon project completion?
- What does sustainability mean for each of these?
- How can we reach this sustainability?

Workshops with the programme team and stakeholders are usually the best way to start developing a sustainability strategy.

For instance:

A month after the dairy exercise the Provincial Government approaches the project to request that it does a value chain development exercise in fishery sector, which is also dominated by cooperatives. The Institute and the project express interest, but take a positive decision two months later only, when they have seen that there is progress on several of the key proposals for the dairy value chain, including the one for which the Provincial Government has said it would allocate funds. The project team and the Institute, as well as two local BDS providers, conduct a workshop to consider whether and how the value chain development approach can be institutionalized.

4. Key Messages
The following are the main points made in this document with regard to facilitating a more systemic approach to enterprise development:

1) When designing or implementing a programme, start thinking in terms of the market system, constraints and underlying causes, not in terms of products.

2) Explore all possibilities for programmes that cut across strategic pillars and focal areas, even when the request is for a programme in one area only.

3) Leave programme designs as flexible and open as possible, being specific on objectives and processes by which to achieve them, rather than products.

4) Design the programme to function as much as possible as a facilitator, not a doer. Use participatory and inclusive approaches to analysis and implementation
**Annex 1 – Log Frame: Pro Poor Tourism Development in Quang Nam Province, Vietnam**

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<tr>
<th>Target group:</th>
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<td>Geographic Focus:</td>
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**Project title:**

**Development Objective/ Expected Impact**
The project will develop a replicable and sustainable approach that contributes to gender sensitive, pro-poor and pro-jobs tourism development in Vietnam. The emphasis will be on young women and men, but not to the exclusion of others. The approach will be developed and tested in Quang Nam province.

**Indicators and targets:**
- In Quang Nam province: Net additional income in enterprises specifically targeted by project interventions, owned by women and men, have increased by 10% over the project period (includes new enterprises)
- At least 1,000 enterprises have realised financial benefits as a result of project interventions
- Net full-time employment in enterprises that have been specifically targeted by project interventions has increased by 10% (including new enterprises)
- Such employment meets fundamental rights and standards requirements within the framework of Vietnamese legislation
- Young people will make up at least 75% of those who have gained employment.
- Women and men have benefited from the project on an equal basis
- Nationally: The approach has been adopted in at least one other province during the project period

<table>
<thead>
<tr>
<th>Project structure:</th>
<th>Targets</th>
<th>Indicators</th>
<th>Means of verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate Objective 1: Gender sensitive &amp; Pro-poor development of the hospitality and travel industry for inland tourism in Quang Nam</td>
<td>An increase by 10% of business start-ups related to the tourism in the interior districts of Quang Nam An increase by 10% in the number of tourists visiting the interior districts of Quang Nam</td>
<td>% of increase of business start-ups in interior districts % of businesses owned by women % of increase of visitors in interior districts</td>
<td>Districts’ statistics</td>
</tr>
<tr>
<td>Output 1.1: A capacity developed to conduct Value Chain Development exercises for Gender sensitive and pro-poor tourism development.</td>
<td>A VCD manual for the tourism sector available in Vietnamese 20 VCD facilitators trained 50% of the new VCD facilitators are women</td>
<td>The availability of the VCD manual in Vietnamese; No. of pages and contents approved to be relevant and useful No. of VCD facilitators trained, men/women No. of VCD facilitators tested to be competent, men/women</td>
<td>Project progress reports</td>
</tr>
<tr>
<td>Output 1.2: A participatory Value Chain Development exercise of the hospitality and travel industry completed.</td>
<td>At least 10 proposals developed that address key constraints (including gender specific ones) in the hospitality and travel value chain in Quang Nam.</td>
<td>No. exercises on VCD No. of participants, , men/women No. of stakeholders involved men/women No. and list of constraints identified through the exercises No. and list of constraints identified and analyzed that are gender specific or gender sensitive.</td>
<td>Activity report/ progress report</td>
</tr>
<tr>
<td>Output 1.3: Technical and financial support provided to interventions to develop the hospitality and travel industry value chain.</td>
<td>At least 25% but not more that 50% of prioritized proposals are implemented with project support Gender concerns have been taken into account in the supported proposals.</td>
<td>No. and ratio of proposals received support for implementation among the set of prioritized proposals, attention towards gender equality issue</td>
<td>Activity/Progress report</td>
</tr>
<tr>
<td>Project structure:</td>
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<td><strong>Immediate Objective 2</strong>: Pro-poor development of one or two selected value chains which are critical to the development of the hospitality and travel industry for inland tourism in Quang Nam.</td>
<td>An increase by 10% of business start-ups in the targeted value chains in Quang Nam</td>
<td>List of the value chain(s) need to be analysed in more details and priority required from project</td>
<td>Districts/province statistics</td>
</tr>
<tr>
<td><strong>Output 2.1</strong>: One or two exercises on selected value chains that are critical to the development of the hospitality and travel industry for inland tourism in Quang Nam completed.</td>
<td>At least 10 proposals developed (in total) that are gender-sensitive and address key constraints in value chains in Quang Nam related to the hospitality and travel value chain</td>
<td>List of facilitators took part with clear indication of who received training from output 1.2 and who did not</td>
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<tr>
<td><strong>Output 2.2</strong>: Technical and financial support provided to interventions to develop the selected value chains. (Proceed as under Output 1.3)</td>
<td>At least 25% but not more that 50% of prioritized proposals are implemented with project support Gender concerns have been taken into account in the supported proposals.</td>
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<tr>
<td><strong>Immediate Objective 3</strong>: Awareness of the project’s experience, lessons learned and tools among stakeholders in the tourism sector nationally and in selected other provinces.</td>
<td>At least one tool used by organizations or projects not directly involved in the project</td>
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<td><strong>Output 3.1</strong>: Experience, lessons learned and tools documented and shared nationally and with selected other provinces, in particular those where the Hotel and Tourism schools supported under the GoV/Lux-development project are located</td>
<td>10 intervention and impact assessment reports produced and disseminated that include an analysis of gender impact. 1 synthesis project publication produced and disseminated 3 study visits and 3 experience sharing events conducted</td>
<td>The strategy/guideline for monitoring, evaluation and impact assessment A set of indicators to be used by the project and its intervention later on, including gender equality-related indicators Number of intervention reports and the good experiences collected/documentated Number and duration of study visits No of participants, gender specific Trainings delivered Materials available Results of visits</td>
<td></td>
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</tbody>
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