



Supported by IKEA Foundation

MODEL FOUR

VALUE-CHAIN



Empowered lives.
Resilient nations.

IKEA Foundation



I · D · F

what is this model?

This model aims at maximizing the value for the woman producer, situated at the lower end of the value chain.

why is this model important?

Over the last few decades, a lot of emphasis has been put by large-scale government programs on trying to collectivize the rural population into groups of different sizes.

The process started with the creation of SHGs (Self Help Groups) that gather

10

women into a group.

The SHG movement helped in skilling rural women on basic financial literacy (savings, credit, etc). It also became a local instrument that government uses to provide financial support to the most vulnerable ones (credit granted to SHGs directly). The collectivization then reaches a more complex structure with federation of SHGs being created. Such federation can have a very large membership base. For example, MAVIM, the nodal agency for women empowerment in Maharashtra, is a federation of more than one million women farmers.

At the same time, other types of collectives were created to streamline the production processes. Cooperatives, Farmer Producer Organization, Village Level

Organization, Producer Companies, etc. The objectives of establishing such collectives were to increase the yield of the production through economy of scale and better training as well as to improve the revenue of the producer thanks to an increased bargaining power. Thousands of such collectives were formed and supported through government schemes over the last decade or so in India.

However, it is worth noting that except a few rare success stories (like Amul or Mother Dairy), most of these collectives have not been able to find their right place within the value chain. Most of these collectives do not produced as per the requirements of the private sector in terms of quality and quantity. Moreover, when they finally are part of the value chain, they remain at lower end, generally exploited by intermediaries or middle-men.

While the government and many other organizations have focused on improving the production capacity and trying to align it with market requirements, it appears that not much has been done yet to develop the managerial capacity of these collectives. If we want to integrate them into organized value chains, they need to have clear managerial competences to handle the direct relationship with organized buyers.

how will this model work?

Through the first part of the proof-of-concept, Disha has been able to identify two new job roles that should strengthen the collective capacity to be integrated into organized value chain:

- 1. the Manager:** more outward-looking, he is the one dealing with the organized buyer, with financial institutions and with the governance of the collective
- 2. the Sourcing Manager:** more inward-looking, he is the one that ensures that farmers/artisans produce as par with market requirements, especially in terms of quality and quantity

The Disha project is now looking at standardizing the courses to create such job roles within the collectives. Partnerships with very renowned academia (like IRMA – Institute for Rural Management) have been formulated to create a mini-MBA that will provide the collective with the right set of skills and the recognition of those skills through a certification process

It is also found is that building the capacity of the women from the collective itself will have its own limitations. The two worlds of rural India and large-scale retailers are too different and as much as we can try and build the capacity of a woman farmer from a remote rural village, her relationship with a young, urban procurement expert of a large FMGC will always be biased and will often lead to exploitation of the farmer. Nevertheless, Disha also believes in building endogenous capacity. Thus

will be adopted to a two-generation approach. The children of the farmers and artisans went to school. Some of them even graduated from colleges. Not all of them want to migrate to the big city to get an entry-level job. Some of them will prefer to remain close to their family/ community but unfortunately there is no job available for them. They have acquired some skills through their education and are quite acquainted with the new technologies (which can be proven very useful to promote the collectives' products through e-commerce platforms). Identifying this second-generation, grooming them through an MBA program we could reinforce the capacity of the collective in a very sustainable manner as they will tend to stay in the community for long.

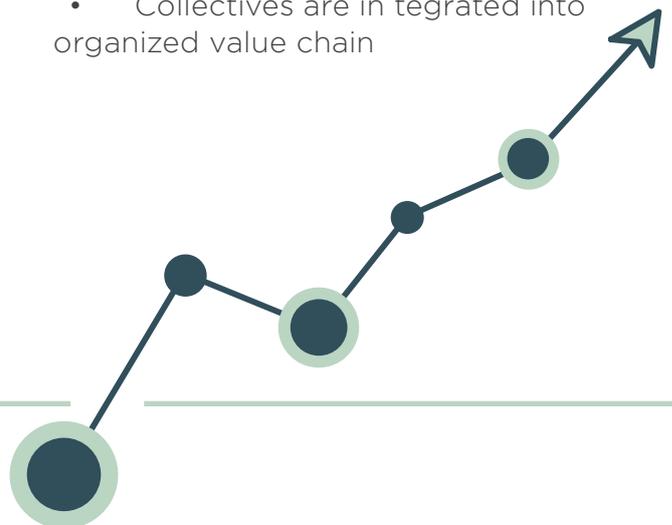
As part of the ToC of this model, the main expected outcome is:

- Women, member of a collective, have increased income

The main outputs leading to this outcome are the following:

- Women skilled for enterprise
- Women started enterprise
- Collectives have strengthened managerial capacity
- Collectives are integrated into organized value chain

what are the results we are expecting from this model?



what are we testing to create the final blueprint of this model?

The iterations of this model that need to be tested over the course of the next one year depend largely on the institutional framework will be used to build the managerial capacity of the collectives and ensure their integration into organized value chains.

Three different iterations of the same model are now being tested:

- Using an NGO to reinforce the capacity of collectives. There are many NGOs that have worked in this field (farm and non-farm) and have developed clear expertise in handling collectives. The objective in working with them will be to ensure the creation of a sustainable framework by standardizing the capacity building component

Working with already existing government network (like MAVIM or any State Rural Livelihood Mission).

Scale is by definition at the core of that iteration. However, working with these large-scale collectives and administrations require a lot of technical assistance to ensure the quality of the delivery of the program

- Finally, the last iteration will focus on working with social enterprises that can become an important and valuable intermediary between the collective and the organized buyer. This iteration takes its inspiration directly from the Ikea NextGeneration program. By helping the social enterprise play its role at the fullest, we strengthen the whole value chain and ensure more profits for the farmers/artisans

