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# **Sustainable Enterprise Development in Conflict –Affected Environments**

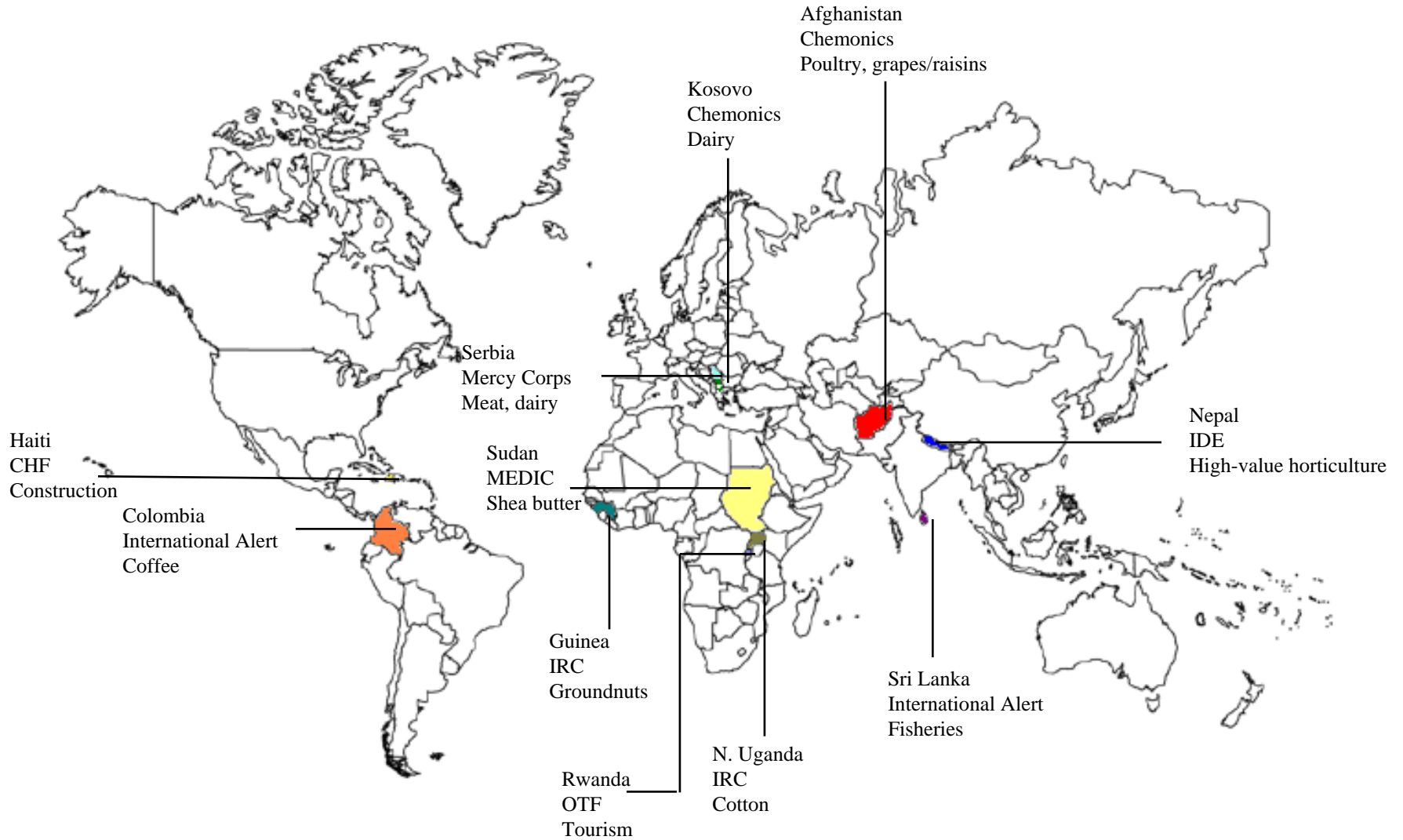
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## Post-Conflict Enterprise Development Goals...

- Increase basic level of economic activity
  - Jump-start local economic activities and trading
  - Increase # people earning a living
  - Increase money circulation (virtuous cycle)
- Link vulnerable populations with income opportunities
  - Socio-economic goal of including disenfranchised populations
- Re-establish competitive industries (for sustainability)



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## Selected Method: the Value Chain Approach

...which works with **large numbers** of participants – including **the poor** – who **coordinate** to create and deliver a product to a **competitive market**.

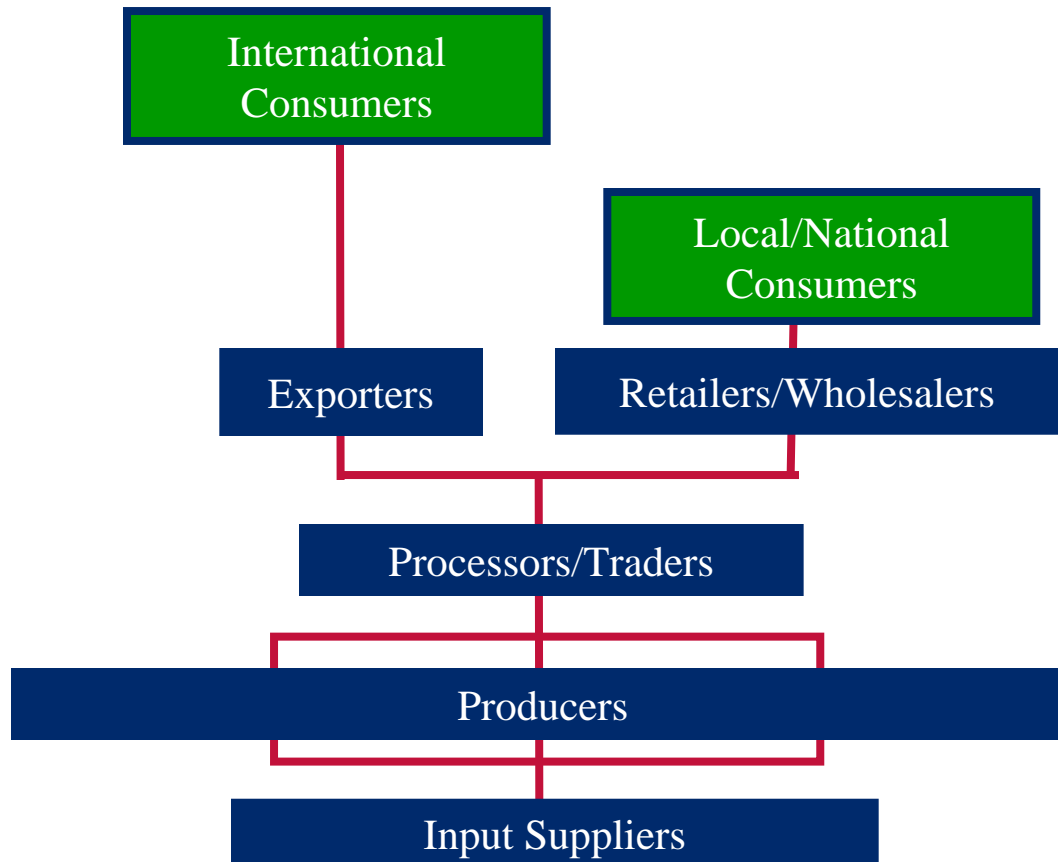
### Value Chain Example:

Everyone in the Congo involved in cassava production, processing, transporting, wholesaling, and retailing.



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## Graphic Representation of a Value Chain





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## Value Chain Key Concepts

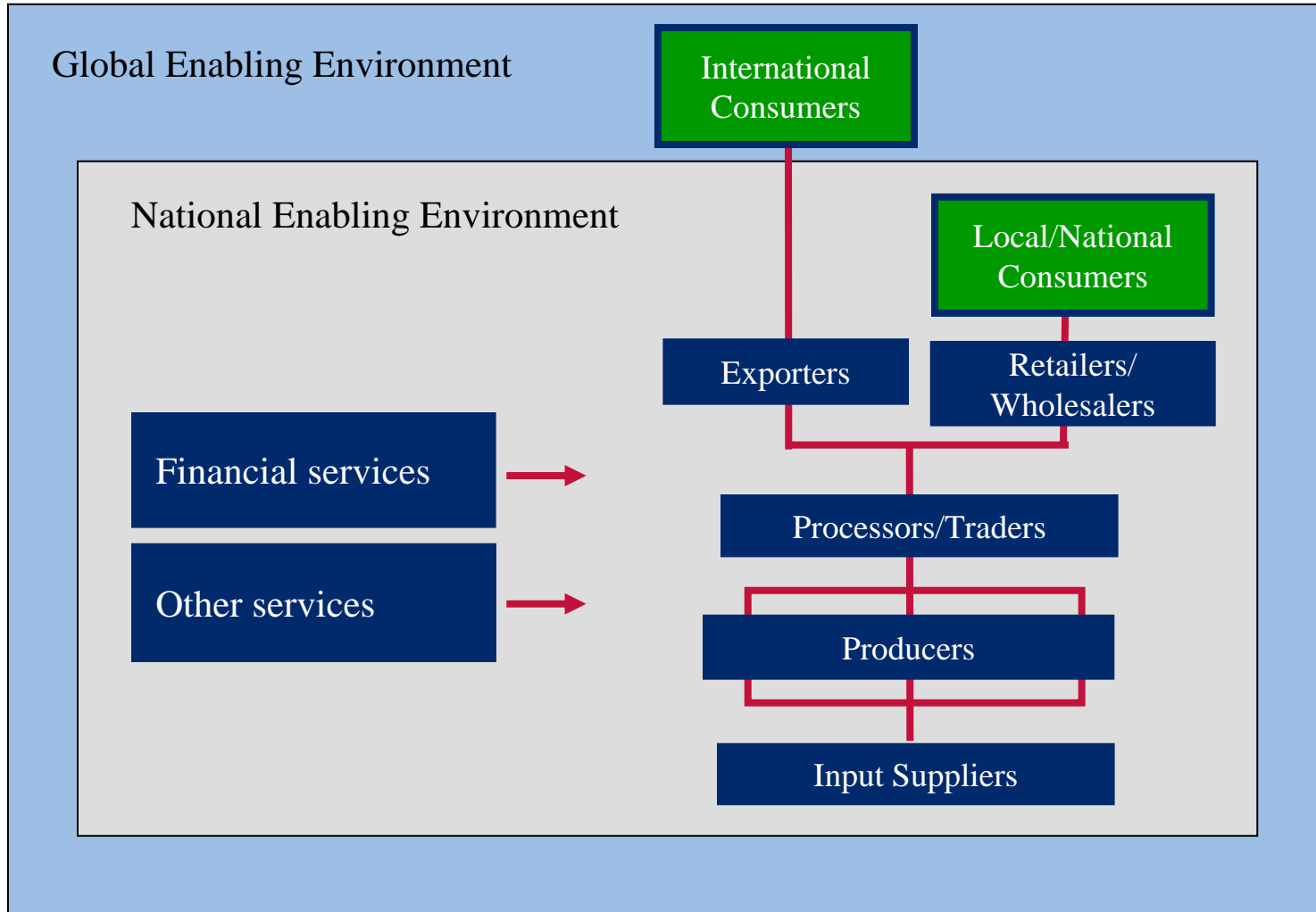
**Four concepts drive success in VC programs:**

1. Start with **MARKET** realities: demand, competition
2. Focus on **SUSTAINABILITY** from the beginning
3. Understand **RELATIONSHIPS**
4. Need to focus on entire **SYSTEM**



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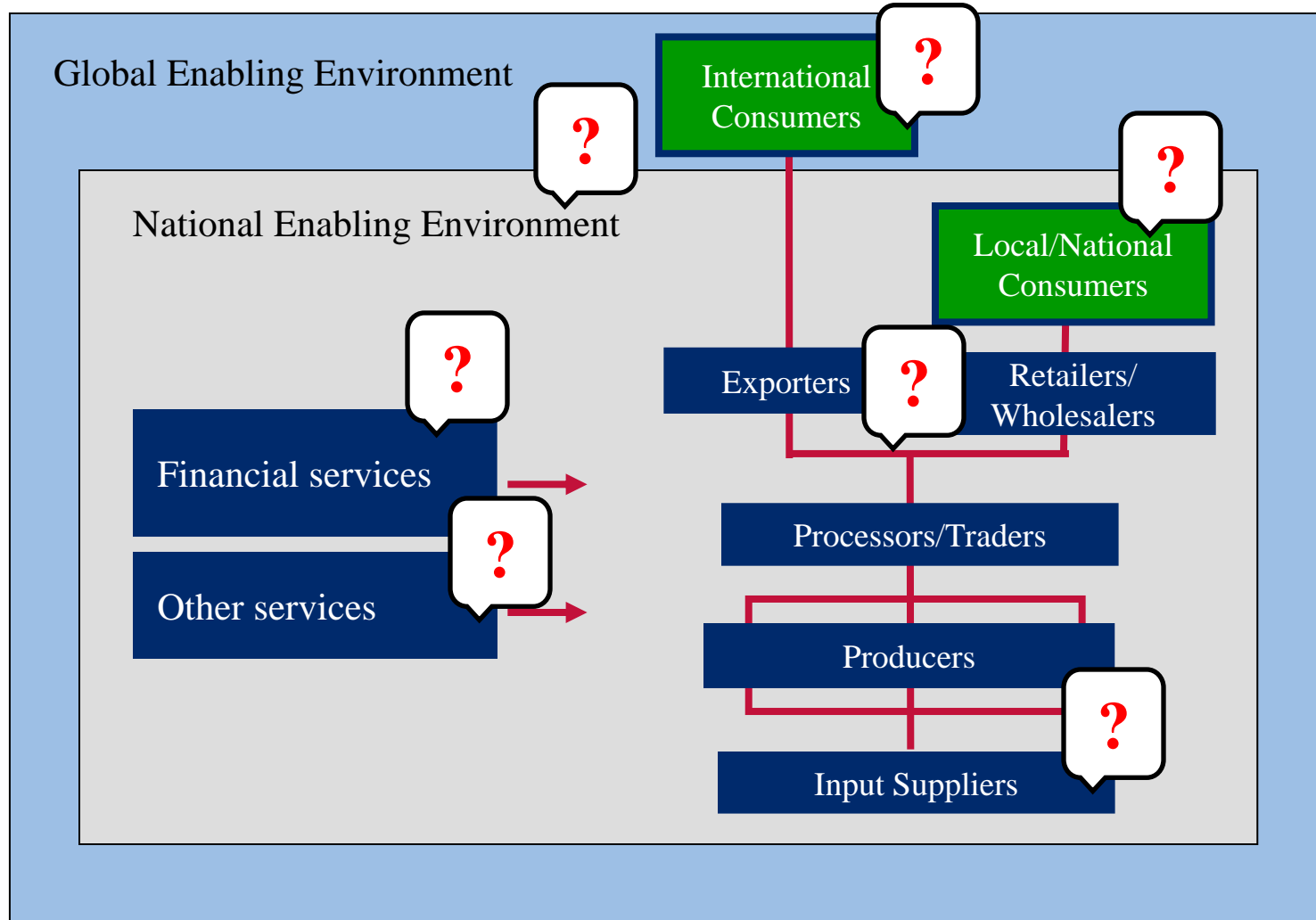
# The Value Chain Framework: the System





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## Identifying Conflict-Related Challenges





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## A Few Vignettes

- Afghanistan Poultry: large local market, but failed due to choice of institutional structure. FAILURE.
- Rwanda Coffee: large international market, but credit barrier to improve infrastructure. RESOLVED.
- Kosovo Dairy: transport costs 250% higher than neighboring countries. RESOLVED.
- Northern Uganda Cotton: IDPs in camps grew cotton for regional processor. Transport, credit, land, security constraints. RESOLVED, but...



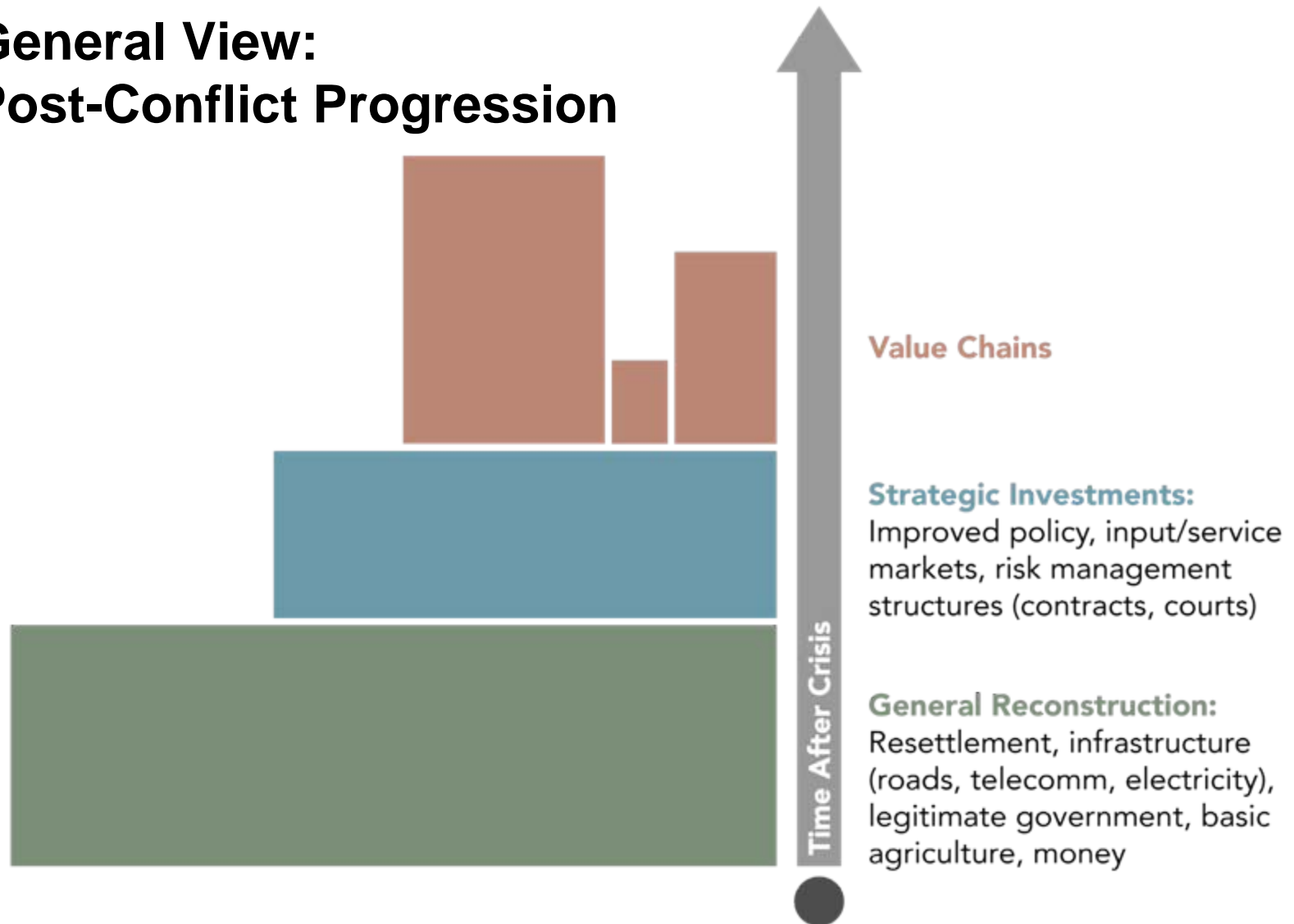
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**With these challenges,  
how do you decide when to use VC?**



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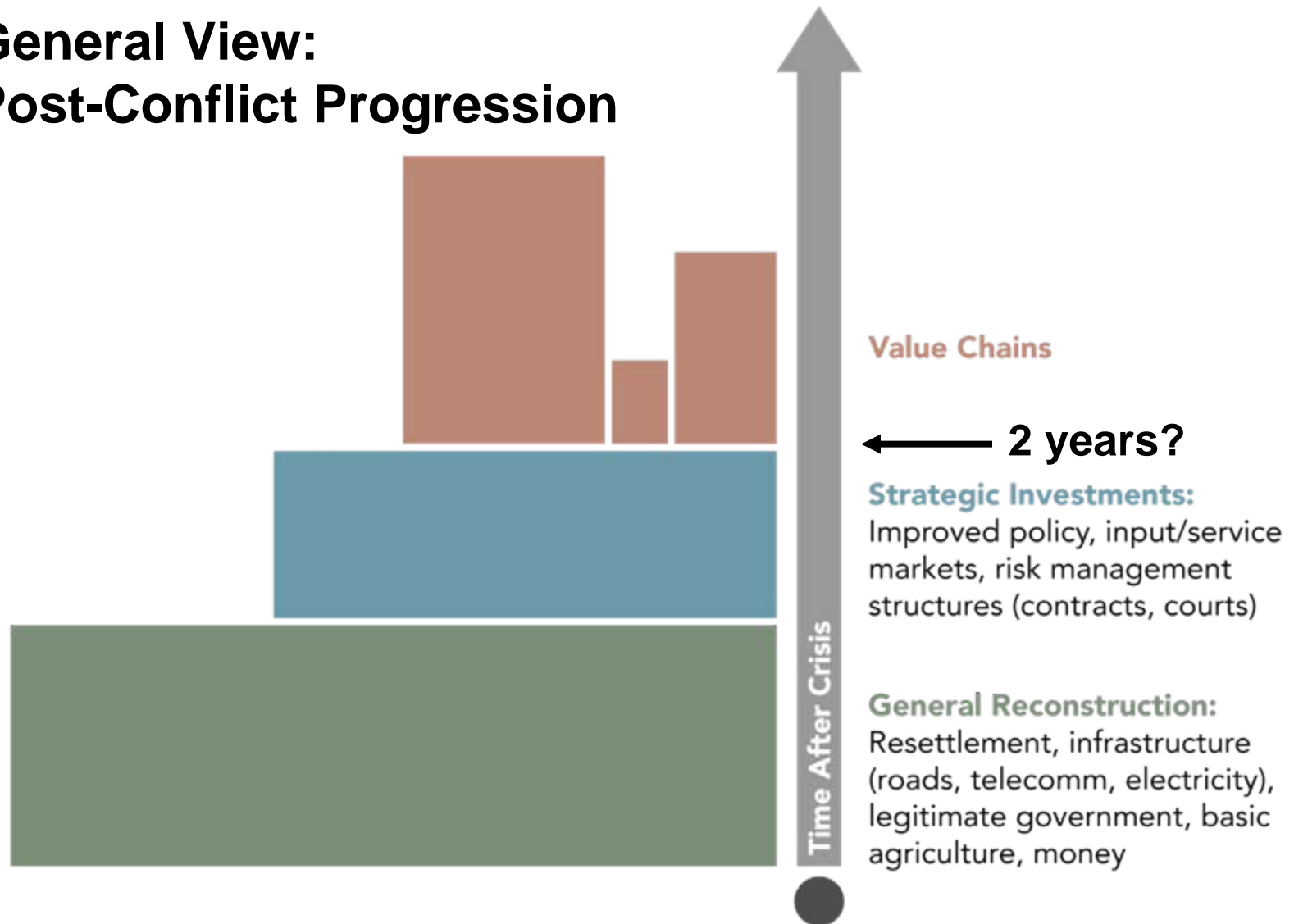
## General View: Post-Conflict Progression





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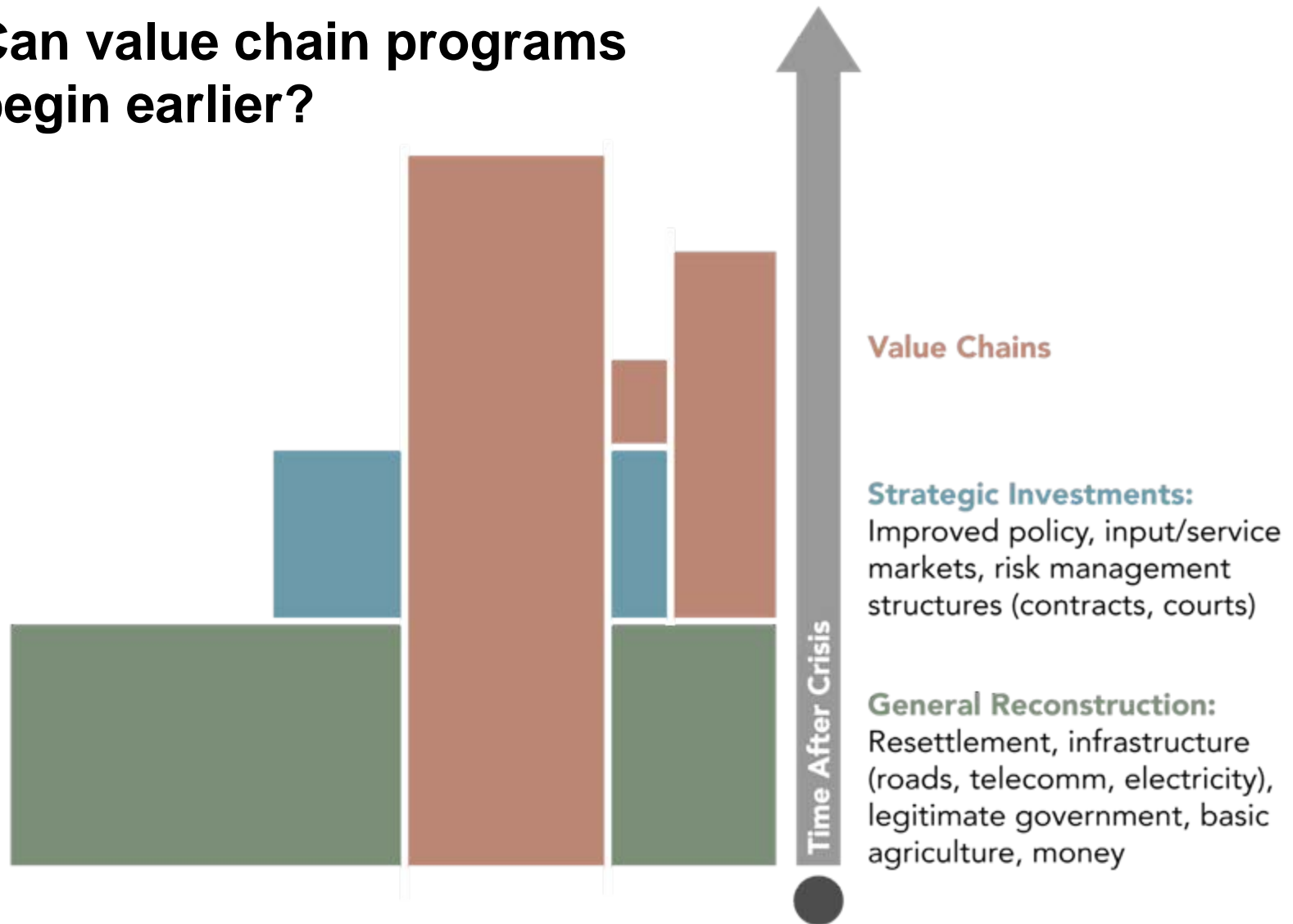
## General View: Post-Conflict Progression





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# Can value chain programs begin earlier?





## “Earliest” Value Chains

- Staple crop agriculture for local market
  - Largest numbers, high proportion of the poor
  - Jumpstarts early barter and cash trades
- Infrastructure (irrigation, roads, storage, ICT, etc.)
- Construction (get locals rebuilding houses, businesses, churches/mosques, public buildings)
  - Unskilled, semi-skilled, skilled labor
  - Includes landless, urban, youth



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## Requirements:

- Strong evidence of competitiveness in specific market niches
- “Incremental” path to long-term goals
- Super-stakeholders: Partners
  - Private sector champion(s) willing to share risk
  - Public sector champion(s)
- Time: Minimum 3 years, more likely 7-10



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## When launching value chain programs...

- Value chain programs are **riskier** in conflict-affected environments
  - Will take longer to see results (longer than one project cycle)
  - Danger of crossing conflict fault lines
  - Will have more “missing pieces” which could lead to failure: consider portfolio option



*Photo credit: ACDI/VOCA*



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## “Value Chain Lite”:

### Use value chain concepts in other programs

- Even before VC programming, four **CONCEPTS** can be helpful in directing early post-conflict investments
  - Markets, Sustainability, Relationships, Systems
- Post-conflict programs which can benefit :
  - Cash-for-work programs (Afghanistan example)
  - Firm-level investments (Iraq example)
  - Policy direction



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## Early Post-Conflict Portfolio:

### Policy Basics:

Legitimate Government,  
Monetary Policy

### Infrastructure Improvement:

Roads, ICT,  
Electricity,  
Microfinance  
(incorporating value chain concepts)

### Agriculture:

Staple Crop Development  
(using value chain tools)

Other Enterprise Development  
(opportunistic value chain programs)



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## Additional References

- **Value Chain Development in Conflict-Affected Environments**  
resources: [www.microlinks.org/vcdinconflict](http://www.microlinks.org/vcdinconflict)
- **A Guide to Economic Growth in Post-Conflict Countries**, James T. Smith, Editor, USAID/EGAT/Office of Economic Growth:  
[http://pdf.usaid.gov/pdf\\_docs/PNADL494.pdf](http://pdf.usaid.gov/pdf_docs/PNADL494.pdf)
- **Private Sector Development in Post-Conflict Countries: A Review of Current Literature and Practice**, by Naoise MacSweeney and edited by Jim Tanburn, Donor Committee for Enterprise Development/Swiss Development Committee; September 2008
- **Jeanne Downing**, USAID/EGAT/Office of Poverty Reduction, Accelerated Microenterprise Advancement Project (AMAP),  
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