

> Market transformation in commodity sectors: how do private sector development organisations catalyse change?

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> Market transformation in commodity sectors: how do private sector development organisations catalyse change?



We will be focusing on the following three questions:

- > What have you learned about the underlying constraints or elements that lock sectors into (an undesirable) status quo and prevent them from shifting towards inclusive and sustainable growth?
- > What capacities/skills/resources are required for private sector development organisations to catalyse changes in these underlying constraints?
- > What are meaningful ways to measure and monitor sector transformation, which can support adaptive management while meeting donor accountability needs?



beamexchange.org/resources/2091



beamexchange.org/resources/2088



Tanzania Cotton Sector Development Programme

2009-2022

Lindi Hlanze
Deputy Director - Insights



Analysing underlying constraints preventing sectors from achieving inclusive and sustainable growth

Low input-low output trap owing to risks & disincentives

- Highly competitive ginning industry & aggressive buying
 - Lack of trust between traders & farmers
 - Weak government regulation
 - Production incentivised by industry levy inputs, market surety, relative drought tolerance
- **Contract farming trial** to reduce risk/assure return on investment

Key capacities for private sector development organisations to address underlying constraints

- Political economy analysis
- Identifying the right pioneer firms to partner with
- Marrying international best practice with deep local knowledge
- Build reputation as a neutral party with credible expertise
- Trial, learn and adapt interventions with a focus on key outcomes

Metrics for sector transformation while supporting adaptive management and meeting donor accountability needs

- Behaviour change indicating progress towards vision e.g. institutional health index
- Monitor outcome level changes e.g. investment per acre
- Crowding in - wider industry adoption of innovations, increased investment
- Periodic political economy and economic trends analysis
- Avoid over-emphasis on annual & marginal changes

IDH cocoa program

Renske Aarnoudse
Senior Program Manager





Beyond farm and farmers

Sustainability is a shared responsibility of farmers, traders, brands and retailers

Redistribute price, risks and benefits along the value chain



Linking supply & demand

Sustainable procurement, including higher and stable prices

Stability of sustainable supply, alignment with governments

Incentivizes to invest to farm sustainably and invest in climate resilience



Public policy enablers

Pushing further than voluntary commitments: incl. CS3D, ARS-1000

Creating a level playing field

Establishing standardized way of working including data sharing



Q&A session

