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Capacity development strategy to promote organic sector development in Ukraine – the experience with the Leader Approach

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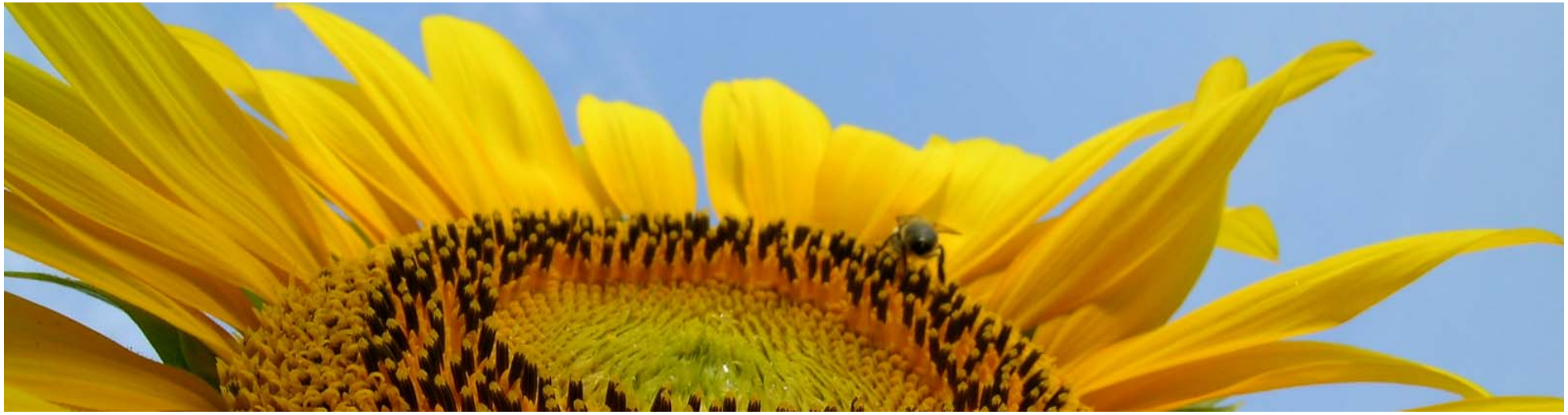
Ukraine's organic sector – 2007

- 92 certified companies (certified by international certification bodies) grow around 250'000 ha organic land.
- No Ukrainian organic products on the shelves of supermarkets.
- Some exporting companies on the market but not very transparent.
- No organic legislation, no functioning advisory system (service providers)



Why Leader Approach?

To focus on pioneers to drive sector development by showcasing best practice:

1. They create with their businesses relevant income.
2. They promote best practices – stimulating others to follow.

To be successful, pioneers need also project support to improve their capacity to a level where they are capable to be "real leaders".

Leader Approach - context of application

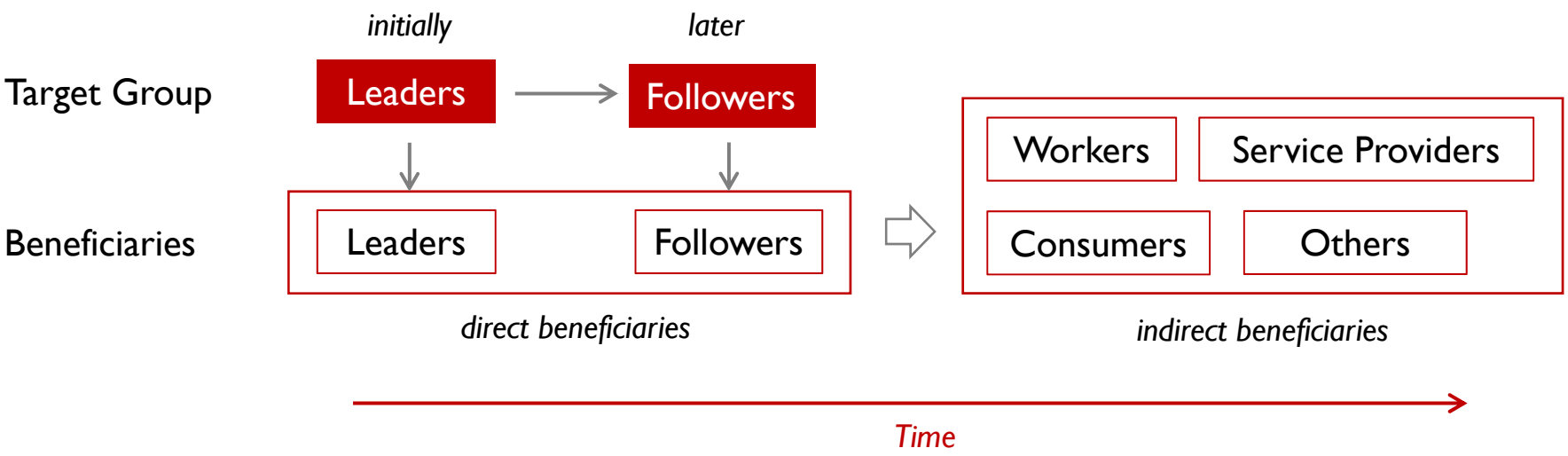
The context to apply the Leader Approach must relate so specific sectors that have the following characteristics:

- ✓ Existence of potential **pioneers**, to stimulate the development of the sector.
- ✓ Existence of potential **followers**, to learn from pioneers and copy certain practices.
- ✓ Existence of a capable **support entity** that fund and facilitate exchange and learning activities, i.e. to help pioneers and followers become successful.

Target group & beneficiaries

Clear differentiation of between target group and beneficiaries.

- ✓ **Target group** = actors that are directly supported with project activities:
  1. "Leaders" (i.e. pioneers within a sector)
  2. "Followers", which are mostly small and medium enterprises (SMEs).
- ✓ **Beneficiaries** = actors that benefit directly or indirectly from project activities.



Example of Leaders and Followers

Leader "Galeks Agro"

- 210 employees
- 8'800 ha of cultivated land, mainly arable crops
- 800 cows, milk processing unit
- Certification: EU regulation and Bio Suisse
- Focus on export and domestic market

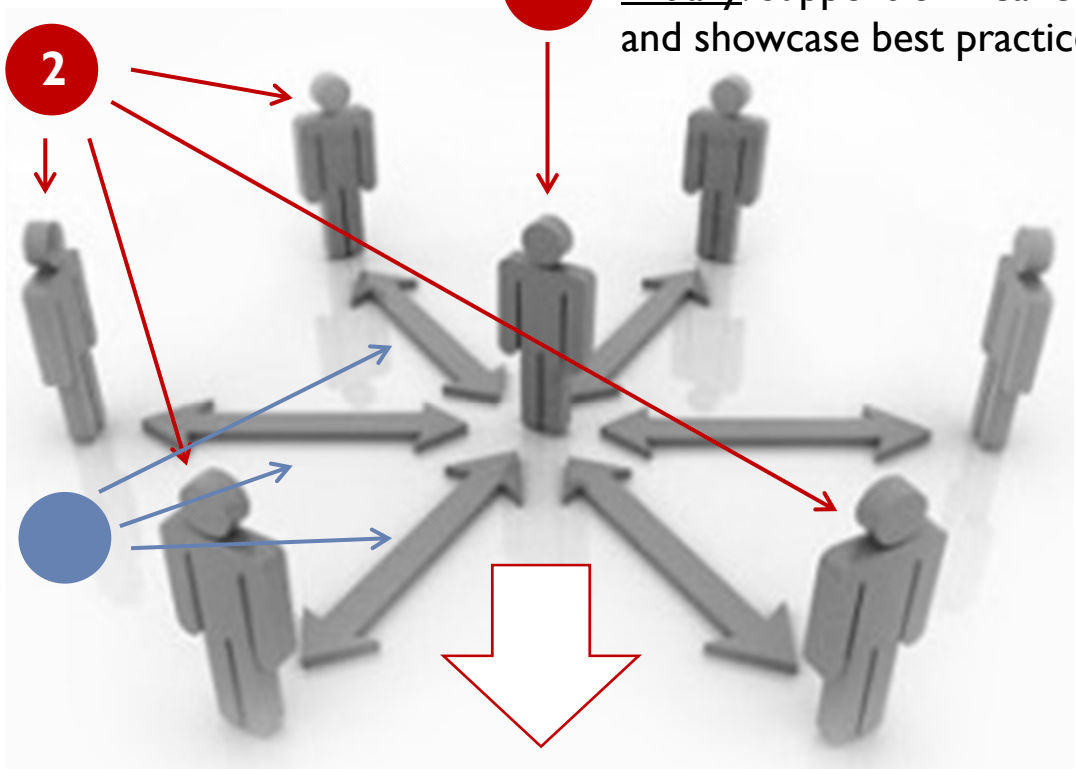
Follower "SME Tetiana Yablonska"

- Family enterprise with 2 employees
- 80 ha of cultivated land, including vegetables
- No cows, 250 chicken
- Certification: EU regulation
- Focus on domestic market

Logic of the Leader Approach

1 Initially: Support of "Leaders" to implement and showcase best practices.

2 Later: Support to "Followers" to adopt best practices.



Constantly: Promote exchange and learning.

Desired impact related to sector development:

- Income generation, especially in rural areas
- Increased competitiveness of involved actors
- Environmental and social benefits etc.

Overview of Methodological Steps

Step 1 Sector Assessment & Identification of Leaders

For a given sector, a qualitative assessment is done to know the different actors:

→ Understanding actors' activities and challenges.

→ Insight about who are the potential leaders and followers.

→ Understanding what support they need to be successful in the market.

Activities involved

- Specification of the sector to be targeted
- Definition of a team to implement this assessment
- Revision of existing literature and statistics about the sector
- Elaboration of an interview list including different sector stakeholders
- Planning and implementation of interviews (by phone or in person)
- Writing of a qualitative assessment report

Leader Approach is about…

…identification and promotion of new **“Organic-Heroes”**

Step 1 Application of structured assessment of Leaders

	Farm A	Farm B	Farm C
Criteria 1: Has a positive attitude towards the project.	5	5	5
Criteria 2: Conducts a successful and sustainable business and is already active in the respective markets.	4	3	3
Criteria 3: Has the capacity to be innovative, to act as a pioneer in the market and act as a market opener for SMEs.	3	5	4
Criteria 4: Is ready to work with media partners of the Project.	4	5	3
Criteria 5: Has an interest in and the means to co-invest own resources in the development of organic products.	2	3	2
Criteria 6: Is ready to share the gained experiences with other market actors (SMEs) in order to push the entire sector.	2	4	3
Criteria 8: Has a farm that is organically certified or in the process of certification (contract with certification body).	5	5	5

Step 2 Definition of Intervention Strategy & Workplan

Leaders must somehow be "empowered" to motivate others to change:

→ improved competitiveness + "prestige"

→ impact in the line of a project (e.g. rural development)

Activities involved

→ Information Gap Analysis

- Related to Leaders:
  - ✓ Specification of support measures to setting in place "best practices" (tailor made consultancy by international/ national experts? Study tours? Other?)
  - ✓ Definition of ways to best showcase "best practices" (brochure? TV? Other?)

- Related to potential Followers:
  - ✓ Specification of capacity needs to be able to adopt "best practices" in own context (reading "best practices" leaflets? Participation in workshops/ conferences? Phone hotline (project)? Other?
  - ✓ Specification of measures to upgrade Followers' capacities to adopt "best practices"

- Related to Project Implementer:
  - ✓ Development of a workplan to target with interventions (1) Leaders and (2) Followers (flexible donor needed!)

Step 3 - Taking Action

Involvement of media:

From 2012 to 2018

→ 22 international, 144 national and 88 regional events organised/ supported

→ Around 2'700 media appearances on organic issues

Step 3 - Taking Action

Implementation of activities according to Workplan:

→ Establishment of an internal grant scheme to co-finance promising activities

Setting in place of a project internal grant scheme → "Business Development Fund"

- Objectve: promote adoption of "best practices" among Followers
- This fund co-invests in activities proposed by Followers.
- Conditions: maximum support of 50% of total investment/ maximum 15'000 Swiss franks per activity.
- Prepropols and full proposals were evaluated by FiBL staff using relevant evaluation criteria, to justify project co-investments (better to be done by externals?)

Evaluation Criteria	Applicant 1	Applicant 2	Applicant 3
Effect on market development / sector innovation	3	4	2
Effect on knowledge gain / relevant expertise	2	3	1
Effect on synergies with other project activities	4	4	4
Effect on institutional setting / partnerships	0	4	2
Effect on capacity development / empowerment	3	2	3
Level of co-financing / self-contribution	4	4	3

Legend for rating:

0 = not interesting at all, 1 = not very interesting, 2 = potentially interesting, 3 = interesting, 4 = very interesting

Active Dissemination of Best Practices

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Sector today

Strong growth of Ukraine's organic export sector

Indicator of success	2014	2015	2016	2017	2018
Number of exhibitors at the Ukrainian National Pavilion	9	9	11	17	20
Number of business meetings between exhibitors and interested buyers	272	462	517	810	1'139
Value of signed contracts during BioFach (in million EUR)	0.4	1.8	3.9	4.6	3.7
Value of contracts expected after BioFach, exhibitors monitoring within 1 month (in million EUR)	3.6	5.8	6.3	6.4	10.0
Number of visitors from Ukraine (source: Nürnberg Messe)	291	211	309	320	438

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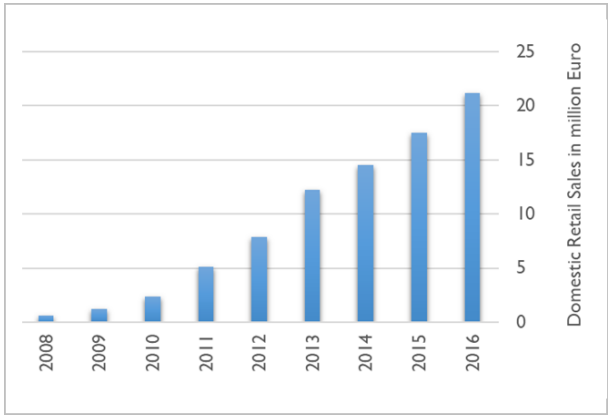
Development of Domestic Market

- → By 2018, around 500 organic products
- → All large supermarkets with organic shelves / products
- → Growing government support



Balancing Business & Development Objectives

What's the issue ?

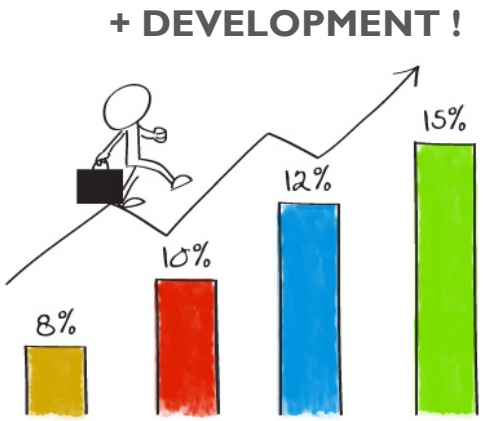
The Leader Approach relies on actors who are eager to develop their business. Their primary goal is to expand or upgrade their business venture, and not invest own funds into achieving mainly development goals!

What to do ?

→ Involvement only of actors as Leaders who are **willing to share their experiences** with other sector stakeholders.

→ Clear identification of **activities that serve Leaders and support the development of the sector**.

→ Signing of **agreements that specify the responsibility** of Leaders to share their experiences with the sector.



Creating Optimal Partnerships and Networks

What's the issue ?

Sector development implies always the development of institutional arrangements. These can relate to any kind of partnerships among sector stakeholders, or legal organizations that somehow represent the sector or the members involved. Both type of institutional arrangements have something in common: TRUST!

What to do ?

→ Involvement of actors as Leaders **who are interested in developing partnerships**.

→ Definition of **measures that enhance trust**, between (1) the Leaders and project staff and (2) Leaders and potential Followers.

→ Driven by interests from sector stakeholders, support the **creation of new networks or organizations** – if they promise good development impact and to be sustainable!

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