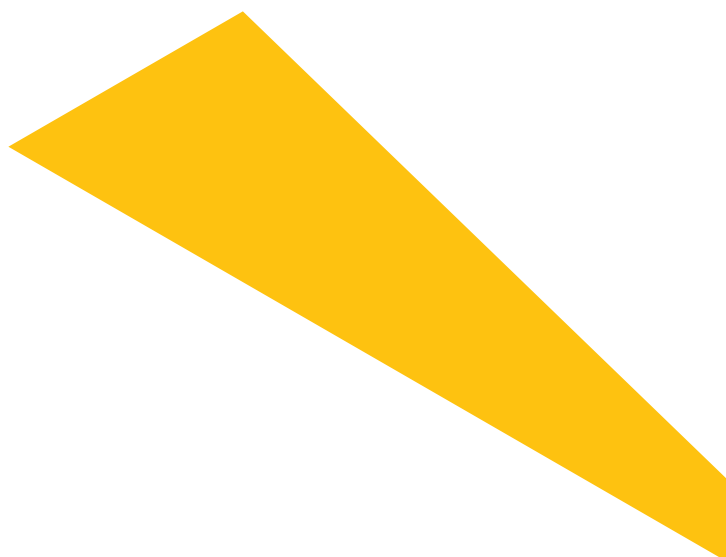


Programme development and Fundraising



Guidelines
to programme
cycle
management



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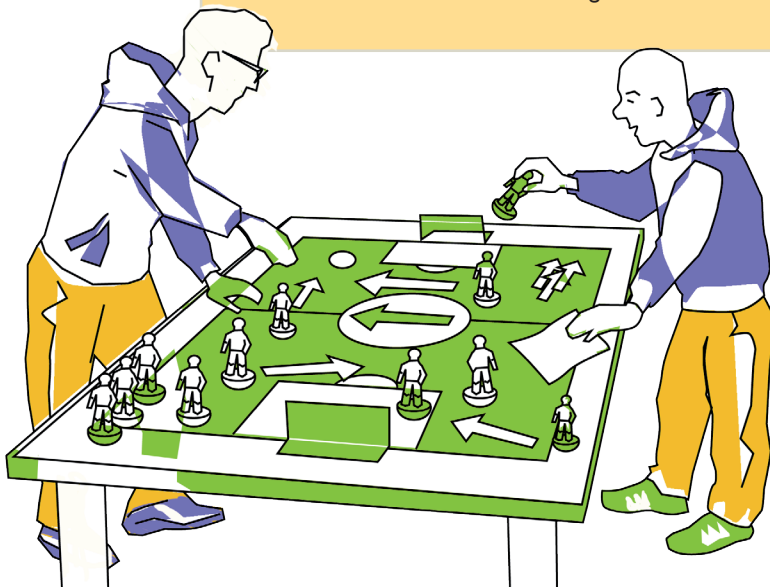
1. Introduction

1.1 It's all about strategic planning

The first step in Solidaridad's Programme Cycle Management (PCM) is Programme development and Fundraising. The core activity of this phase is strategic planning. Since this is the first step of the project cycle it is considered a key one. Strategic planning is about creating a vision for the future and designing strategies to reach your goal. Taking a strategic view requires a so-called 'helicopter view' where you analyze the challenges and opportunities that are at stake in promoting sustainable economic development of a commodity.

The path to reach the goal

Strategic planning is about setting out a strategy or path to reach a goal. Imagine you are playing a football match. Obviously you like to make as many goals as possible. You can't do this alone so you have to form a perfect team. And develop a strategy on who does what, when and how to work together. During the match, things can go differently than expected, and you might have to change your left striker with a central midfielder and thus adjust your strategy. When you think very carefully about all the different aspects and scenarios, the chance of reaching your desired goal, winning the football match, becomes much greater!



By the end of a strategic planning phase, you should have a clear idea of your path, or in other words the changes you want to accomplish on the short-term and long-term to achieve your ultimate goal, sustainable economic development.

With this knowledge, you can start to develop programmes and raise funds. Programmes that have a strong strategic approach have a higher likelihood to achieve sustainable change. Plus potential donors are more willing to fund programmes with a clear and well thought-out strategy and corresponding theory of change. Besides, strategic planning provides a good foundation for measuring the impact of the programme. You can read more about this in booklet 6 on Evaluation.

I.2 Levels of strategic planning

Strategic planning sessions can be conducted for either developing a strategy or revising and evaluating a strategy. Strategic analysis can concern different levels, namely:

- Regional level
- Commodity level
- Programme level

Even though the scope of the analysis might differ, the key steps that you have to take when developing a strategy are similar.

Every 5 years the Solidaridad Network conducts a multi-annual strategic planning process addressing regional and global commodity developments and objectives. This strategic process results in a Multi-Annual Strategic Plan, the so-called MASP. The multi-annual strategy provides a basis for annual planning and review. During this yearly process, it is reviewed to what extent we've been able to deliver on the 5-year strategy and whether we're still heading in the right direction.

There is a sequential relation between the different planning levels. For example existing information (e.g. at commodity level) can be used and complemented with additional data for further analysis at another level (e.g. programme or project level).

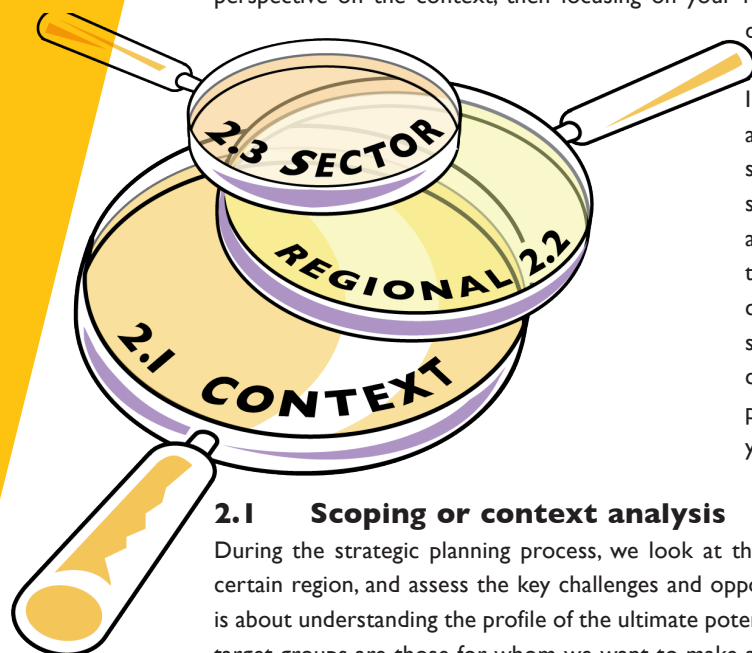
In our network, and possibly in your specific REC, planning, monitoring and evaluation (PME) expertise is available. PME experts can help you designing the process and facilitating the process to gather the information needed during strategic planning.

Chapter 3 describes key strategic planning documents of the Solidaridad Network. In the next chapter we suggest several methods to obtain the information you need for good strategic planning.



2. Scoping and analyzing for strategic planning

Strategic planning starts with thorough analysis. Sometimes it is visualized as a funnel, starting with a broad perspective on the context, then focusing on your region of intervention, whereas you gradually break down to a more detailed and focused level.



In figure 1 you can see the logical sequence of analysis, starting with an understanding of the wider socio-economic context (scoping or context analysis, see paragraph 2.1) and then analyzing the conditions and dynamics of a certain sector/commodity within this context (sector analysis, see paragraph 2.2), consequently followed by identifying the specific systemic constraints and opportunities to trigger change within a supply chain (value chain analysis, see paragraph 2.3). After having done a thorough analysis, you can start designing your strategy.

2.1 Scoping or context analysis

During the strategic planning process, we look at the socio-economic context and market system of a certain region, and assess the key challenges and opportunities for certain commodities. Context analysis is about understanding the profile of the ultimate potential targets groups in its wider context. The ultimate target groups are those for whom we want to make a change. Usually these are the poor or marginalized in a sector. When doing so, you most likely focus on a geographic location (country, region), a specific commodity or a specific part of a sector (for example agro-processing or small-scale manufacturing).

While analyzing the target group profile in its wider context, think of questions such as:

- ▶ **Where are the poor;** the marginalized? **How many** marginalized are affected/ involved (scale)?
- ▶ What is the **economic profile** of the target group? What is the nature of their livelihoods?
- ▶ What are the **social and environmental issues**?
- ▶ What **hampers** them to benefit or participate?
- ▶ What is their **potential for sustainable economic growth**?
- ▶ What could be **potential drivers or triggers for change**? E.g. policy reform, technological changes, etc.
- ▶ Can we (as Solidaridad with our partners) **contribute** to address this constraint?

Asking the right questions helps you to understand the issues and possible incentives for sector actors to buy-in and feel ownership for sustainable sector changes and improvements.

These questions are generally best answered through a desk study, using existing sources (like national/ regional statistics etc.) of information. Additionally, brainstorming with a small group of experts on the subject and/or region might be very helpful for developing your context analysis.

Within Solidaridad scoping has been done to identify the main commodities the Network should focus on. The selection of these commodities was made after an intensive scoping exercise where many regions and commodities were studied. The exercise led to a selection of commodities where Solidaridad believes to have the greatest added value in order to create sustainable change. These commodities are now part of the MASP.

Context analysis is about understanding the target group profile in its wider context. The context analysis starts with establishing an understanding of the likely target group(s) profile(s) (e.g. small holders, workers on estates etc) and their context. When doing so, you most likely focus on a geographic location (country, region), a specific commodity or a specific part of a sector (for example agro-processing or small-scale manufacturing).



Rule of thumb: Unpack the problem

Solving a problem can sometimes be overwhelming and seemingly impossible due to the magnitude of it. By breaking the problem down and identifying the different parts that it consists of, you will find that there is a relationship between the various parts; being the symptoms and causes.

During the process of strategic planning it is important to keep asking yourself the question 'why', 'why', 'why', 'why', 'why' (5 why's) in order to fully understand the underlying root causes of a problematic situation, instead of stopping at superficial symptoms of the problem. Asking the 'why' question helps you to fully unpack the problem, and prevents you from targeting the problem as a whole.

You can compare the core problem to an onion, consisting of different layers. Through the strategic analysis, you peel the onion and you find out that there is a core part hidden in the center, which resembles the core problem.

Answering the 'what-to-do' question does not apply to this phase of strategic planning. Once you've identified the causes, you can start thinking about practical solutions to the problem (or: project activities) and your specific role in this. Read more about this in the Booklet on Project formulation.

2.2 Sector analysis

Once the context and the main issues around a certain commodity are described and a good understanding of the profile of the target group(s) and their wider context has been established, an analysis of the sector should be made, thereby trying to understand its structure, performance and dynamics.

When analyzing the sector, for example cocoa, think of questions such as:

- ▶ How does the sector **really work**? What are its **key functions** and which **key players** are involved (private, public, formal and informal)?
- ▶ What are important (future) **trends** or dynamics in this sector? What are the **dynamics**, in terms of its overall effectiveness, for example its competitiveness or productivity?
- ▶ What are the **symptoms for underperformance** of producer organizations and private companies and what are the **potential opportunities for sustainable growth**?
- ▶ What are constraints and the **underlying causes of these constraints**?

A tool that has proven to be very useful for a sector analysis is the problem tree analysis. This is a methodology that helps you mapping out and separating causes (roots) and effects (branches). The trunk of the tree symbolizes the core problem. See the Solidaridad Toolkit for a description on how to do a problem tree analysis.

2.3 Value chain analysis

A value chain analysis is about identifying specific systemic constraints and opportunities to trigger change within a value chain.

For a good value chain analysis, capturing the systemic constraints, you should focus on a deeper understanding of the underlying incentives of the key actors involved, their capacity, their interest and their underlying relationships. When describing these constraints, it should be avoided to simply describe how the sector looks like.

Key questions to ask are:

- ▶ What can be **drivers for change**, e.g. policy reform, technological changes?
- ▶ Who are the **first movers**?
- ▶ **Can we trigger a change** with them or through them?

Tools that can be used to further strengthen a value chain analysis are:

- ▶ Stakeholder analysis (venn-diagram, relationship diagram)
- ▶ Power analysis
- ▶ Strengths, weaknesses, opportunities and threats analysis (SWOT)

How to use these tools is further described in the Solidaridad Toolkit.

When identifying opportunities to trigger a change in the value chain, you might come across relevant actors and potential business partners who could play an essential role in your future project.



Rule of Thumb: Triangulation

While doing a strategic analysis, always ensure yourself that you are well aware of the context that you want to analyze. Invite experts when needed.

Use multiple credible sources of information such as:

- ▶ Stakeholder consultations using a meaningful participatory approach. It is recommended to include perceptions of key stakeholder actors at the early stage of an analysis.
- ▶ Facts and figures from market research and surveys (regional actors, volumes, values).
- ▶ Secondary data from field observations and focus-group discussions to verify and support the facts.
- ▶ Trends analysis (comparing past-present-future).

By the end of the strategic analysis, you should be able to clearly explain the implications for strategic programmatic directions and document all strategic decisions taken.

3. Key strategic documents in the Solidaridad Network

Strategic decisions taken are documented in several core documents. In this chapter we list the most important strategic documents in the Solidaridad Network.

3.1 Overall strategy

The overall **Multi-Annual Strategic Plan** (MASP 2011-2015) is the key strategic document within the Solidaridad network. As you can see in figure 2, multi-annual planning within Solidaridad links regional and commodity plans. All annual plans on regional level (REC) and per commodity are also linked to the MASP.

The overall MASP is developed at network level, with input from each REC and the International Programme Coordinator's (IPCs). First, the MASP identifies opportunities and threats based on the context analysis and the shared vision of the RECs – these are described in the MASP. Subsequently it describes the global ambitions for sustainable economic development for each specific commodity and the corresponding aligned institutional objectives. The IPCs, together with commodity team members, develops these plans. Figure 2 shows the process specifically for REC West Africa and Cocoa:

Multi-annual planning

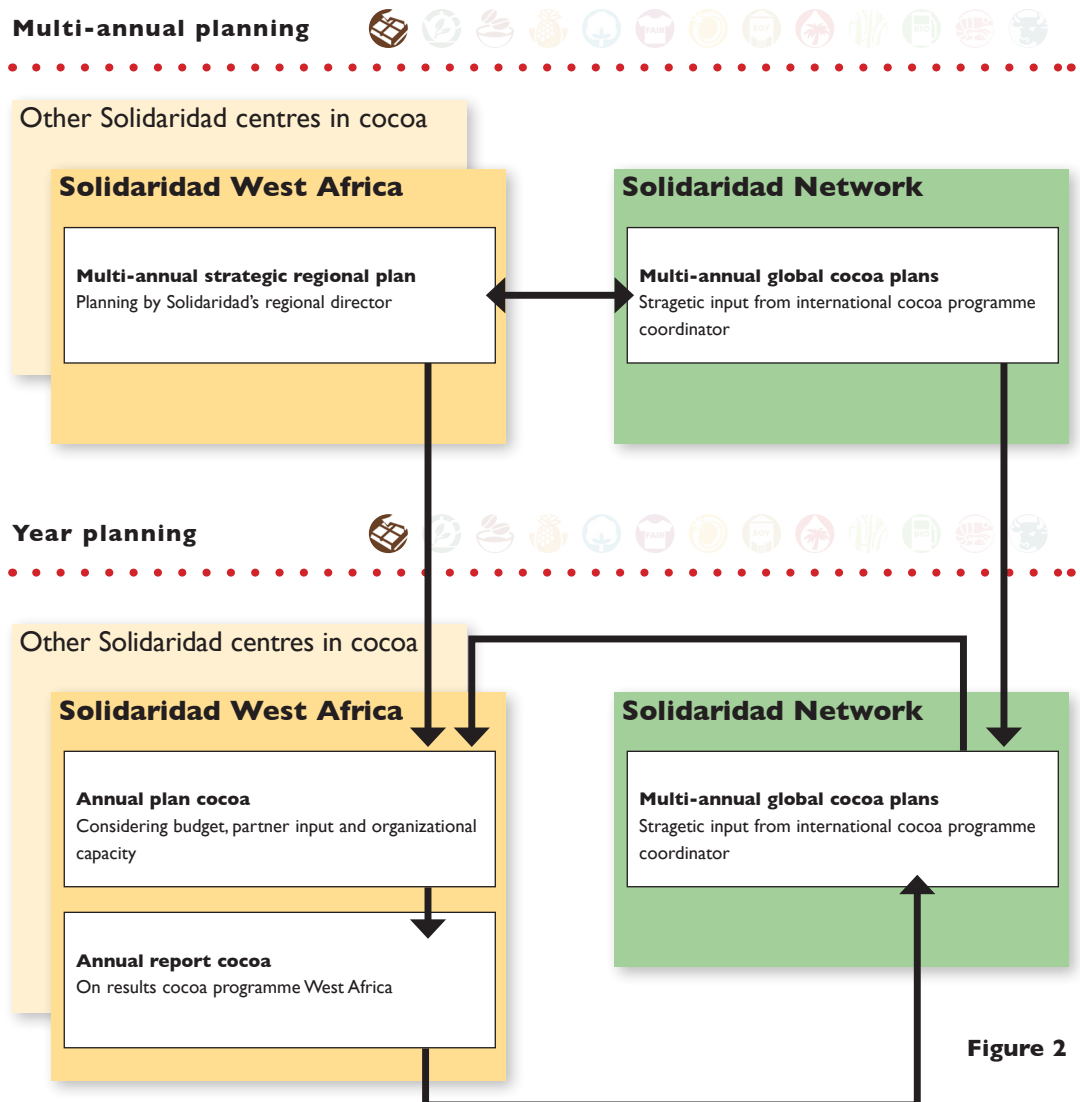


Figure 2

3.2 Annual plans at regional Level

Each year the global ambitions are specified per region in annual plans. In the **annual plans** it is formulated how the MASP is translated into practice in the specific geographical area. Every REC has its own annual plan describing strategic choices per commodity, priority outputs including concrete targets on annual basis, proposed partners and an annual secured budget. Programme development should be part of design of the annual plans. All regional directors jointly review the annual plans to align purposes and to reflect on changing market dynamics impacting programmes.

3.3 Commodity plans

The Solidaridad Network works on creating sustainable supply chains between consumers and producers of a variety of commodities (e.g. coffee, cotton, soy, fruits, gold, cocoa, sugarcane, palm oil, textiles and livestock). Since every commodity has its own challenges, a second reference for programme development are the **multi-annual global commodity plans** that are part of the MASP. The global commodity plans articulate global objectives per commodity; proposed strategies, key actors, target groups and the multi-annual budget. The IPCs are responsible for updating the commodity strategic plans on an annual basis.

3.4 Programmes

A programme consists of a cluster of projects with one common objective (e.g. regional, per commodity) and usually a specific source of funding. Many times, programmes within the Solidaridad Network are developed for specific donors and formulation follows their requirements and formats. Since programme strategies are mostly multi-annual, you do not have to develop these strategies too often. **Programme documents** are usually visionary documents on long-term developments, which are formulated on a general level, with overall objectives, expected overall results within a certain commodity sector, and themes or topics to be addressed during the course of the programme. Programmes should always be linked to the overall multi-annual strategic plan of the Solidaridad Network and the related annual plans on regional level.



4. Fundraising

4.1 Coordinated fundraising

Fundraising starts once the strategic planning process resulted in programme and project ideas. Fundraising activities are coordinated at the Solidaridad network secretariat. Donor account managers assigned in the Solidaridad network for large institutional donors such as EU, DGIS and Norad are responsible for coordination and communication. When additional funds need to be raised and new donors contacted that are not yet part of the established annual regional plans, approval by the network executive director is required before contacting a potential donor. This ensures alignment and coordination of all fundraising activities network wide.

A format for proposals for fundraising is available (including a sheet to calculate required capacity and budget) and can be used in case the donor does not require a specific format. In any case, it is recommended to align strategies, objectives including targets, and indicators with existing practices based on the Project Cycle Management (PCM) practice of the Solidaridad network described in these booklets.

4.2 Fundraising and PROMIS

All funds once received are registered in PROMIS. PROMIS provides us with the opportunity to improve, reliably register, schedule and report on funds distribution and expenditures. In PROMIS funds raised will be made available through Funding Schedule on an annual base by the Financial Controller of the REC that raised the fund. It will then be distributed to the RECs, departments and projects. Before, during and after allocation to contracts, funds are earmarked for a specific commodity. Changes in earmarked funds are always traceable. Thus network wide it is clear which budget is available, when and for what commodity. PROMIS facilitates exchanging funds between regions, which draws well on the strategic ambition to improve on linking and learning within the network and increase our regional fundraising opportunities.

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