

Strategic orientations and theory of change

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Introduction

Before moving to the steps to go through for strategic and operational planning, this note discusses the strategic reflections that can be done. Three perspectives are suggested:

1. **Setting priorities.** Choosing the most important topics among the identified challenges and opportunities and options for action
2. **Strategic orientations.** Reflecting on four possible basic strategic orientations that are generally possible and can be combined.
3. **Theory of Change.** Explaining how the six intervention areas are related and strengthen each other.

Aims of this tool:

- Select key issues to address from the overview of challenges and opportunities according to six intervention areas
- Reflect on basic strategic orientations
- Explain the Theory of Change

Setting priorities

It's obvious that not all challenges and opportunities can be addressed during the time span of the strategic plan. It is even better to focus on a few issues first, rather than to try to do everything at the same time. That's why you have to set priorities, e.g. selecting the most important challenges and opportunities.

It is also important to consider the priorities that are set by other key stakeholders (Ministries, local government, processing plants, financial institutions,). This is essential for policy alignment and active involvement and participation of public and private sector actors and stakeholders.

We suggest that you indicate the most important challenges and opportunities by highlighting these in the overview table (see first step 'Taking stock' and table to the right).

As a facilitator, you can ask participants farmers and other stakeholders:

- What are the most important challenges?
- What are short term issues?
- What are low hanging fruits?
- What will happen if a particular challenge is not addressed or a certain opportunity is not seized?

This allows to consider feasibility, relevance and urgency.

There are several tools for priority setting, some more complex and sophisticated than others. We will not dive into these but strongly suggest that you first consider the priorities of the farmers themselves. This is essential for farmer ownership and own efforts and investments.

Strategic orientations

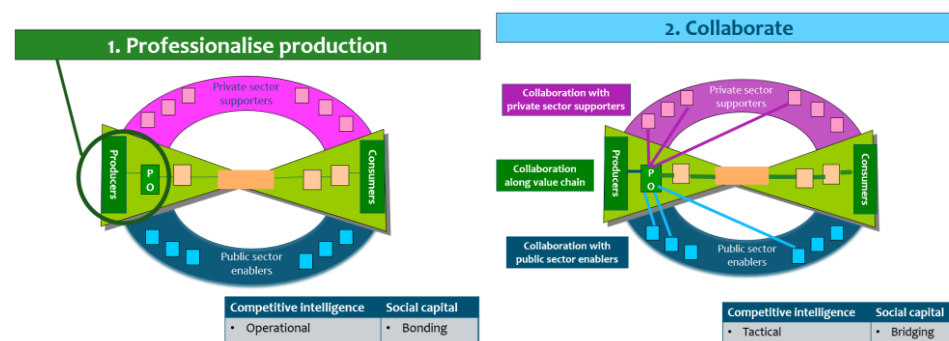
Basically, there are four important strategic orientations to reflect upon. These are:

1. **Professionalise.** Improve role and position as professional producers
2. **Collaborate.** Improve collaboration with chain operators, as well as with chain supporters and enablers
3. **Compete.** Take up new activities along value chains (*compete with VC operators*) and/or take up commercial support services to reduce costs and/or create added value (*compete with supporters*)
4. **Influence.** Lobby/advocate for more enabling environment (*policy issues, business climate, implementation and delivery of existing policies*)

Professionalise

The first strategic orientation concentrates on the farmer as an actor who is specializing on its production role. The focus is on improving the farmers' role and position as professional producers. This orientation is very important because:

- Production is core role of farmers;
- There is often much room for improving production, yields and quality;
- Reduction of the cost price reduction and/or improving quality are generally very important competitive strategies for farmers to earn more;
- This strategy implies a practical orientation (focus on operations / agricultural practices).
- The services of the farmers' organisation would have to focus on the farmers at local level, which can strengthen the bonding of members (bonding social capital).



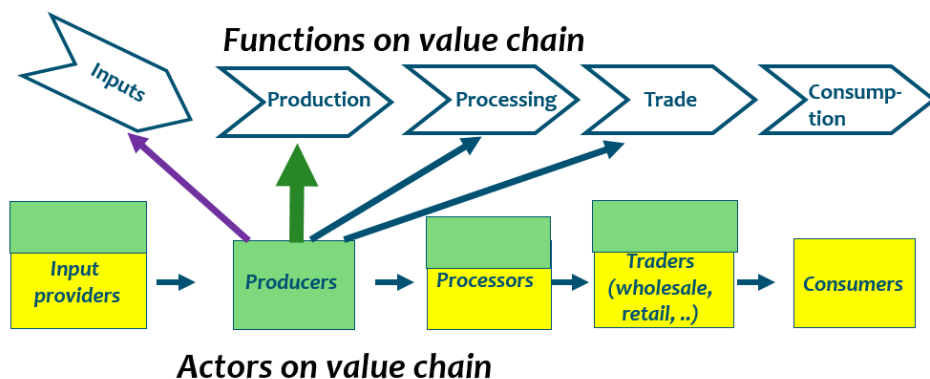
Collaborate

The second strategic orientation concentrates on the farmer as a partner and collaborator. The focus is on the complementary roles of different players, hence the focus on improving collaboration with other actors in the market/food system. Farmers remain focused on their core production role. In addition, they reach out to others for collaboration, which is essential for accessing inputs, agri-finance, markets and services. Willingness and capacity to collaborate are very important, both for farmers and farmers' organisations. This requires tactical competitive intelligence and bridging social capital.

Compete

The third strategic orientation is most risky as it is focusing on new roles for farmers, to reduce costs and/or to create added value. In most cases this means competition with other value chain operators and supporters.

Large gains are possible, but serious risk analysis and much caution are required. This strategy requires a high level of operational and market intelligence and a strong motivation and cohesion of farmers and farmer groups. Internal capital mobilisation is essential.



Farmers' organisations may take up business support functions

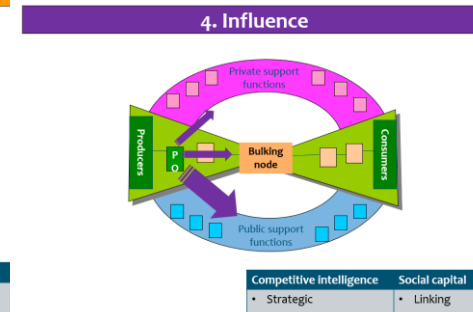
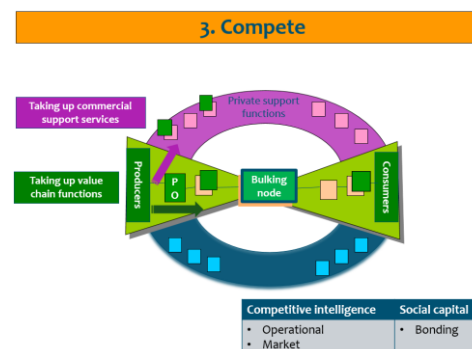
Supply of agro-inputs	FO's may specialize on seed multiplication, agro-input supply, machinery rental services or others
Banking and insurance	FO's may specialize on credit provision and/or insurance
Transport	Collective / cooperative transport facility is a possibility
Advisory services	FO's may provide commercial advisory services

If they do, they compete with other supporters

Farmers' organisations may take up additional functions on the value chain

Storage and conservation	FO's can take up store and conserve, and be able to sell later and throughout the year.
Processing	FO's set up processing units (from home processing to industrial processing)
Marketing and trade	FO's can take up wholesale services, can be exporters
Retail	FO's can have their own stores in towns

If they do, they compete with other value chain operators



Influence

The fourth strategic orientation concentrates on the farmer as a co-owner and co-creator of the food system or sub-sector (for instance the maize, dairy, horticulture or aquaculture sub-sector). The focus is on lobby and advocacy for a more enabling policy environment and business climate. Some observations:

- Lobby and advocacy often requires good representation and communication.
- Farmers generally need higher tiers (such as unions, platforms, ...) to link up to decision-makers.
- Lobby and advocacy should not only focus on policy development, but also on the effective implementation and delivery of existing policies and regulations.

Theory of Change

Reflecting on the four strategic orientations

Guiding questions to consider when thinking about strategic orientations:

- What are the requirements for delivering volume, quality?
- Are there possibilities to improve collaboration with other actors in the system?
- Are policy changes needed or better implementation of existing policies and regulations?
- Are certain functions and roles missing in the system?
- Are high price transmissions observed? What is the likelihood of creating added value?
- What are the risks of new activities (for instance storage losses, processing inefficiency, market price fluctuations, ...)?
- What is the attitude and motivation of the farmer members?
- What are the financial and human resources that are required? Can these be mobilized?
- What are the required management capacities?
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The table below allows for summarizing the most important strategies. Note that the four strategies can be combined (and often have to be combined) !

Strategies	Observations – key activities
Professionalise	
Collaborate	
Compete	
Influence	

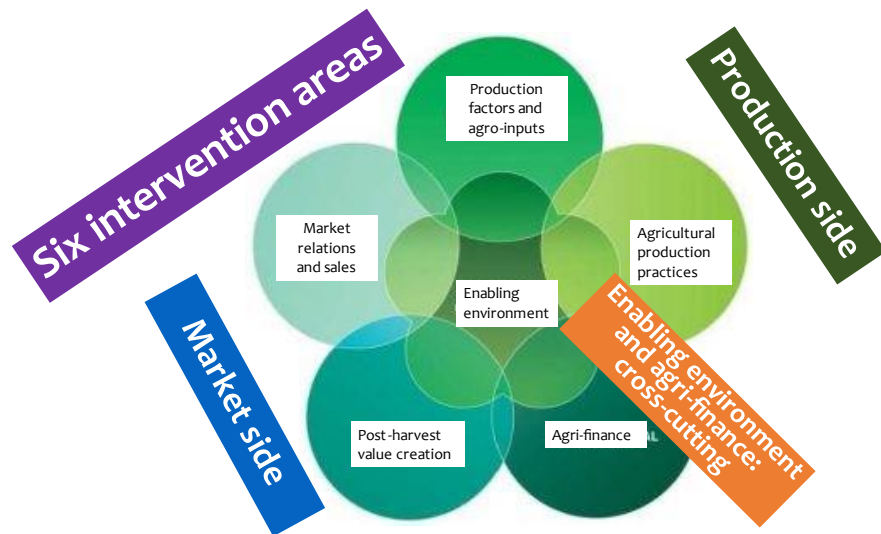
Remarks on interrelations between the four strategies:

Synergy of six intervention areas

The preceding reflections (priorities and strategic orientations) help to formulate the most important strategies. In the FARE approach, the assumption is that the strategic orientations will lead to complementary action in six intervention areas, because:

- **The 'production' side (intervention areas 1 and 2) cannot be separated from the 'market' side (intervention areas 4 and 5).** There is a need for a green revolution (reducing yield gaps) and adding value to farmers' primary products (better storage, transport, processing and transactions).
- **Agri-finance (intervention area 3) is an important part of any agri-food systems transformation programme.** An agri-finance revolution is needed to finance all links in a value chain, from agricultural inputs to sales of products to consumers.]
- **Whatever the practical case, there needs to be an enabling political and economic environment (intervention area 6) for inclusive agro-economic development:** More appropriate policies and legislation; Better quality public services; Promotion of farmer organisations that are well governed and managed; Multi-stakeholder collaboration (operators, supporters and enablers), ...
- Well-governed and management producer organisations are of cross-cutting importance
- ICT can serve all intervention areas
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The priorities in different intervention areas, the combination of four basic strategies and the synergy of action in six interventions are input for the **Theory of Change** of your agrifood transformation plan.



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