

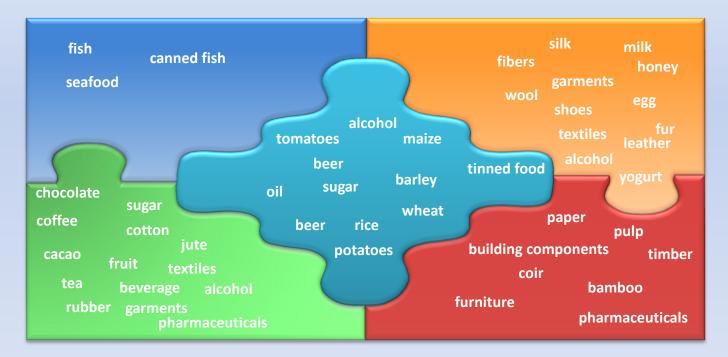
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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

2006

A Conceptual Framework for Agro-Value Chain Analysis and Development



Importance of developing agro-value chains:

Food security: availability, accessibility and safety

Income-generation: alleviation of poverty

Rural industries: off-farms job opportunities and mitigation of migration problems

Economic growth through exportation: increased trade

Empowerment of women: change of gender relations

Natural resources preservation: land, biodiversity, climate impact, bio-energy

Challenges.....a rapidly changing environment?

Globalization of economies and liberalization of markets

Change of production and trade patterns/retail sector/consumption

Changing technology/production systems

End of state interference: difficulties of the private sector to fill the gap

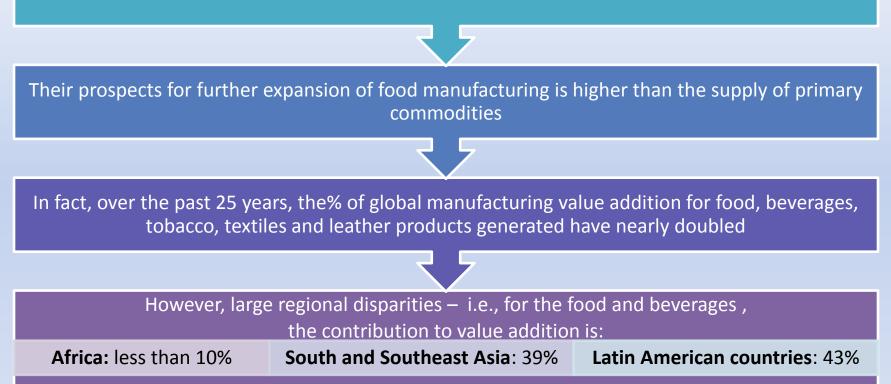
Inadequate framework conditions/technical barriers

Future marginalization of areas with a poor infrastructure

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Opportunities?

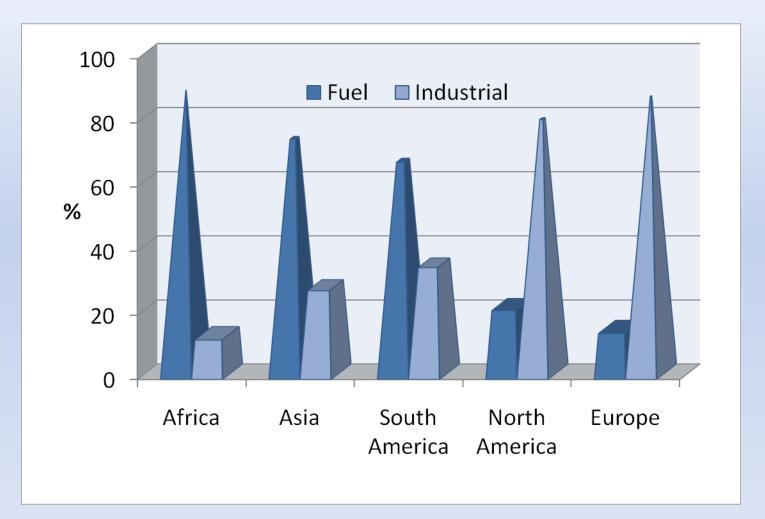
Substantial organizational and institutional changes are taking place in developing countries

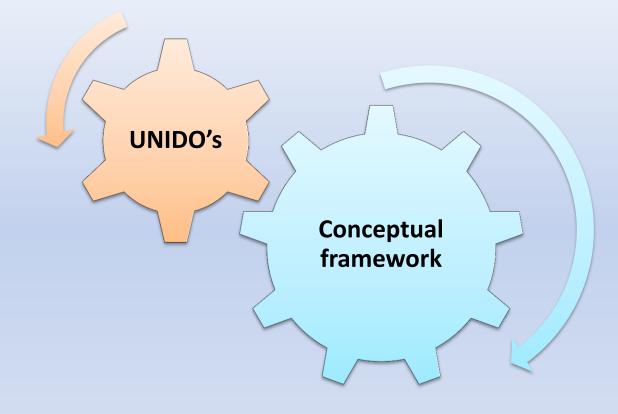


Unlock the agro-industrial potential of developing countries:

	Industrialized	Developing
	countries	countries
Agricultural products processed (%)	98	38
Value added of agricultural products processed (US\$/tone)	185	40
Post harvest losses (%)	min.	40

Use of natural resources.....the case of wood:





Past interventions.....isolated technical solutions... Limited impact:

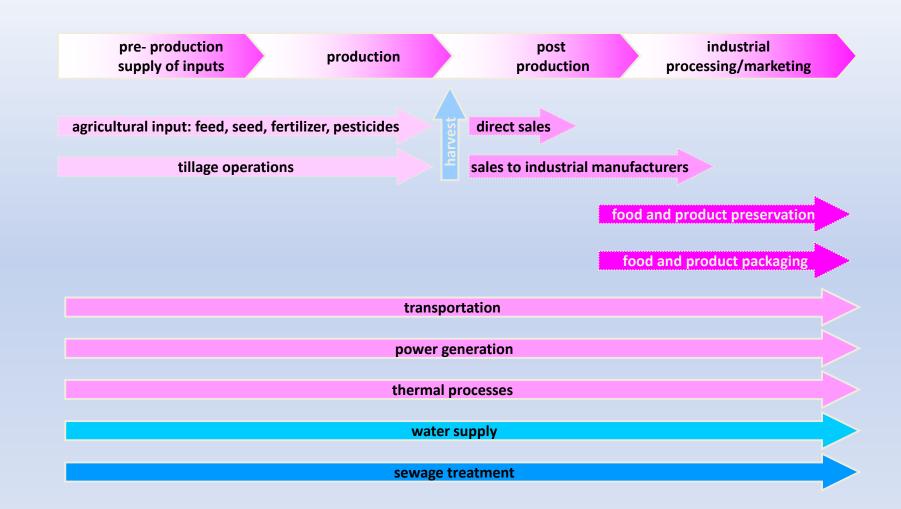
Focus on post-harvest losses reduction through improved storage, pest control, processing technology, etc.

However,

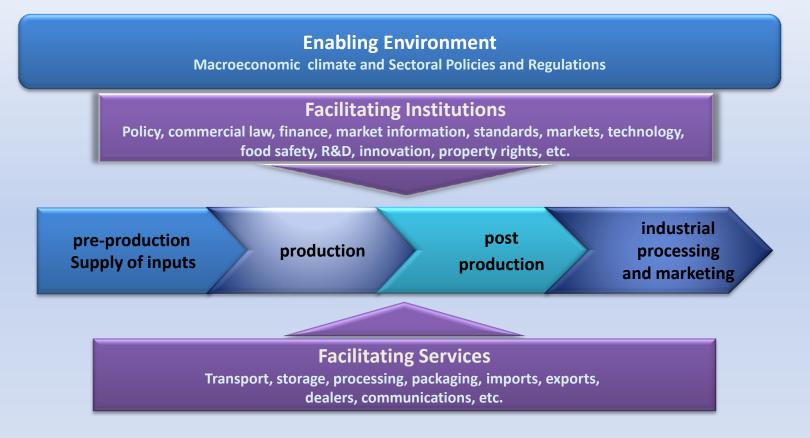
Limited attention was paid to the constraints and linkages in the chain:

- Macroeconomic and regulatory framework
- Business environment
- Standards, quality control
- Enterprises/market linkages
- Investment and development opportunities
- Research/extension

The food sector.....a complex system ?



A holistic approach....analysis of the value-chain:



Incentive: value added by every function for each partcipant

The need for such an assessment?

The analysis of the value-chain is a valuable tool prior to any intervention.

It provides an integrated view of different levels which tend normally to be separated:

The macroeconomic and regulatory framework

The system performance, constraints in the chain

Investment and development opportunities

Assistance and programs that could be supported by donors and development partners

What should be the performance indicators?

terms of: Utilize the full potential of the agricultural sector. • Quality: consistent • Timeliness: Just in time Transaction costs minimized

The value-chain must be effective in

- Quantity: volume, regularity , continuity

The performance indicators should be elaborated for:



- Policy
- Administrative
- Lack of standards
- R&D
- Market failure:
 - Absence
 - Access
 - Information
 - Etc.

Diagnostic of institutional failures and appropriateness of government interventions: Comparative assessment of effectiveness:

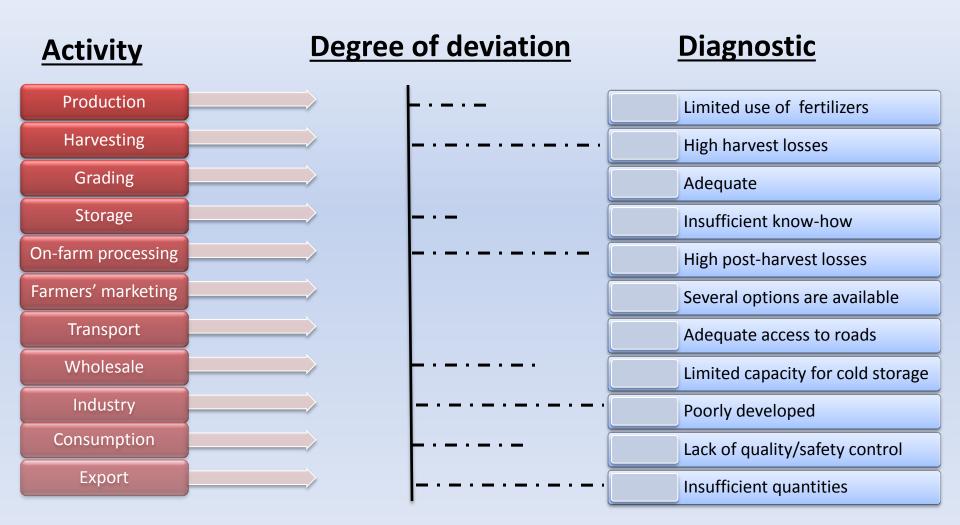
- Quantity
- Quality
- Timeliness

 Cost of production as share of wholesale price

- Transport
- Etc.

Transaction costs of commodities, regions and countries:

Each activity of the chain should be assessed with regard to constraint in performance and to potential need of intervention:



Other possible constraints:

Polices and regulations that discriminate against the private sector and discourage competition

Insufficient skills in both the public and private sectors

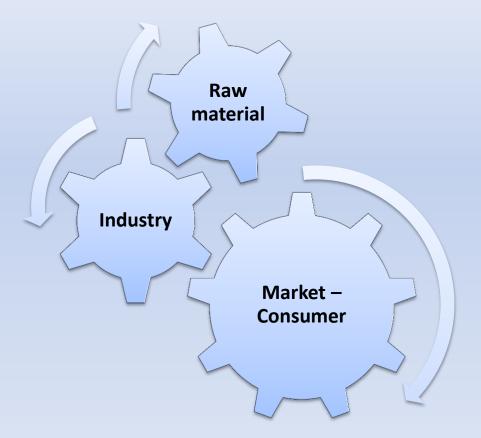
Inadequate and ineffective financial and other facilitating services

Unfair competition practices such as the use of subsidized distribution by public sector and some donors.

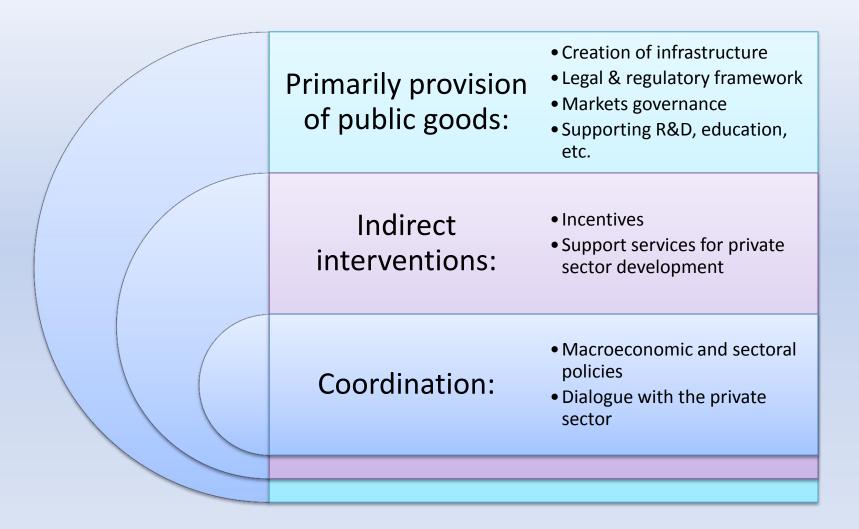
Lack of technical knowledge and business skills in all the agro-value chain

Limited coordination of donors activities, etc.

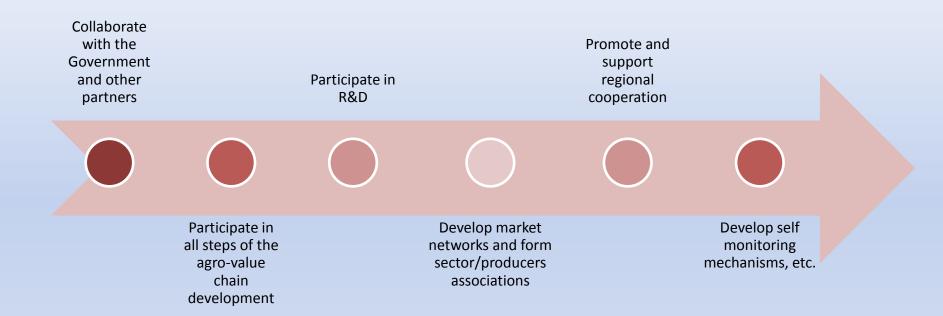
In a further step, identified constraints can be ranked according to their priority and can be assessed with regard to their influence on backward and forward linkages in the chain.



Role and responsibilities......The Government.....A facilitator?



The private sector....should be encouraged to:



UNIDO's Potential Assistance?

UNIDO can act as a facilitator and leader.

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Holistic approach to agro-value chain assessment..ldentifying constraints, priority interventions, etc.



Rapid appraisal techniques by multidisciplinary team of experts

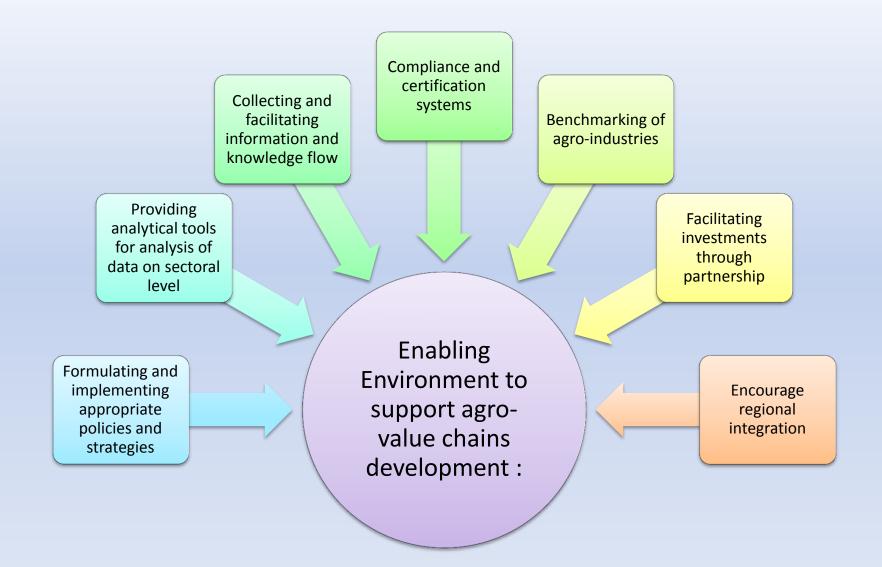
Synthesize existing knowledge and experience: key problems and options

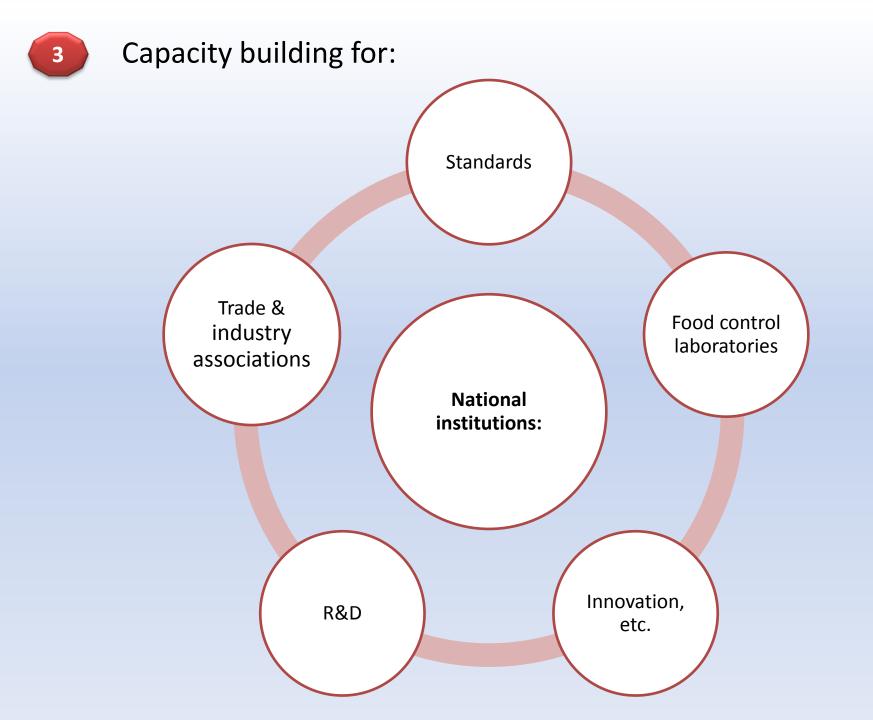
Information /data to be gathered from different sources in order to avoid institutional bias

Ensure active participation of all stakeholders in the assessment and development

Provide a monitoring tool for the various interventions

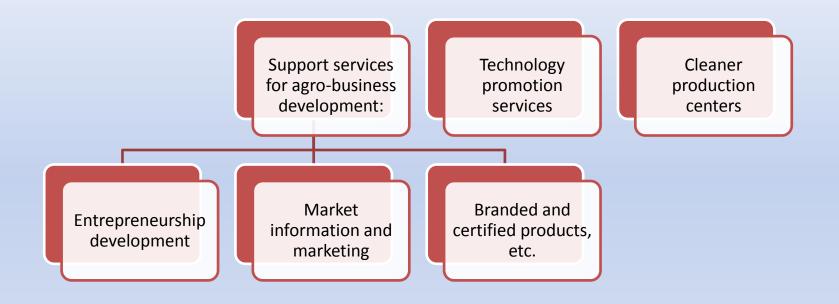






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Development of basic infrastructure to facilitate market access and enhance competitiveness....





Technology and knowledge transfer to the private sector...

Enhance productivity:

- Skills up-grading
- Promote processing technologies
- Wastes minimization
- Energy efficiency

Create a forum for dialogue: Analysis of country, regional and global trends

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Partnership building:

Given the large scope of interventions required, other partners organizations will be actively integrated

