

## **A Conceptual Framework for Agro-Value Chain Analysis and Development**

Abstract:

Developing competitive agro-industries is crucial for generating employment and income opportunities. It also contributes to enhancing the quality of, and the demand for farm products. Agro-industries have the potential to provide employment for the rural population not only in farming, but also in off-farm activities such as handling, packaging, processing, transporting and marketing of food and agricultural products. There are clear indications that agro-industries are having a significant global impact on economic development and poverty reduction, in both urban and rural communities. However, the full potential of agro-industries as an engine for economic development has not yet been realized in many developing countries.

Policy-makers focus increasingly on the development of agro-industries with emphasis on promoting effective agro-value chains as a means of further expanding the leading role played agriculture in economic development and poverty reduction. Such chains uniquely integrate natural sources of supply with the dynamics of food and fibre demand. Their development has a positive impact on employment in both rural and urban areas (off-farm processing and income diversification), offers market access to smallholders, and creates business linkages to small and medium enterprises (SMEs). It also builds up responsible and sustainable relationships among chain actors and enhances food security by reducing post-harvest losses and by extending the shelf life of food and fibres for rapidly growing urban population. With their combined effects of employment gains and food security, efficient agro-value chains can play a key role in reducing poverty in developing world.

However, to participate successfully in sustainable agro-value chains, developing countries must cope with the numerous challenges and constraints posed by the continuously changing marketplace. Most noteworthy among these challenges are the intense competition due to globalization of economies and the liberalization of markets; the impact of the governance of international supermarkets, retailers and buyers has on access to markets; the growing demand for high quality, organic, minimally processed producers and the emphasis on traceability and social responsibility, and the increasing risk of marginalization faced by areas with poor infrastructure and small farms.

The presentation entitled “A Conceptual Framework for Agro-Value Chain Analysis and Development” describes UNIDO’s approach to agro-value chain analysis and development. Its purpose is to promote a pragmatic scrutiny of value chain realities and opportunities in order to single out areas of possible performance improvement and consequently design custom-tailored projects to be supported jointly by donors and development partners.