

# Value Chain Analysis for Development



for



# What ?

Why

Who

Where

How

- A project between Agrinatura and DEVCO (phase I 2016-2020)
- To undertake +30 studies on value chains and their updates in developing countries
- Through a toolkit elaborated by DEVCO (mainly on the basis of existing methods)
- **Providing an overall understanding and a detailed assessment of value chain operations and their impact on the main dimensions of sustainable development**
- Developing a knowledge and information management and sharing system
- Strengthening capacities in European and partner countries to undertake VCAs
- and fine-tuning the Methodological Brief through lessons learnt

« **Knowing what is happening and informing decision-makers**  
through evidence-based analyses and a mostly quantitative approach »



# What Why ? Who Where How

## Why VCA4D:

- To have quantitative and evidence-based reliable information
- To create baselines to be followed up and updated in the course of the years
- To have information for project management (formulation, implementation, etc.), policy dialogue and policy implementation in line with EU development objectives
- **To ensure that investments are development-friendly as well when involving private sector actors**
- To master and manage reputational risks
- To reinforce the partnership between policy makers and research



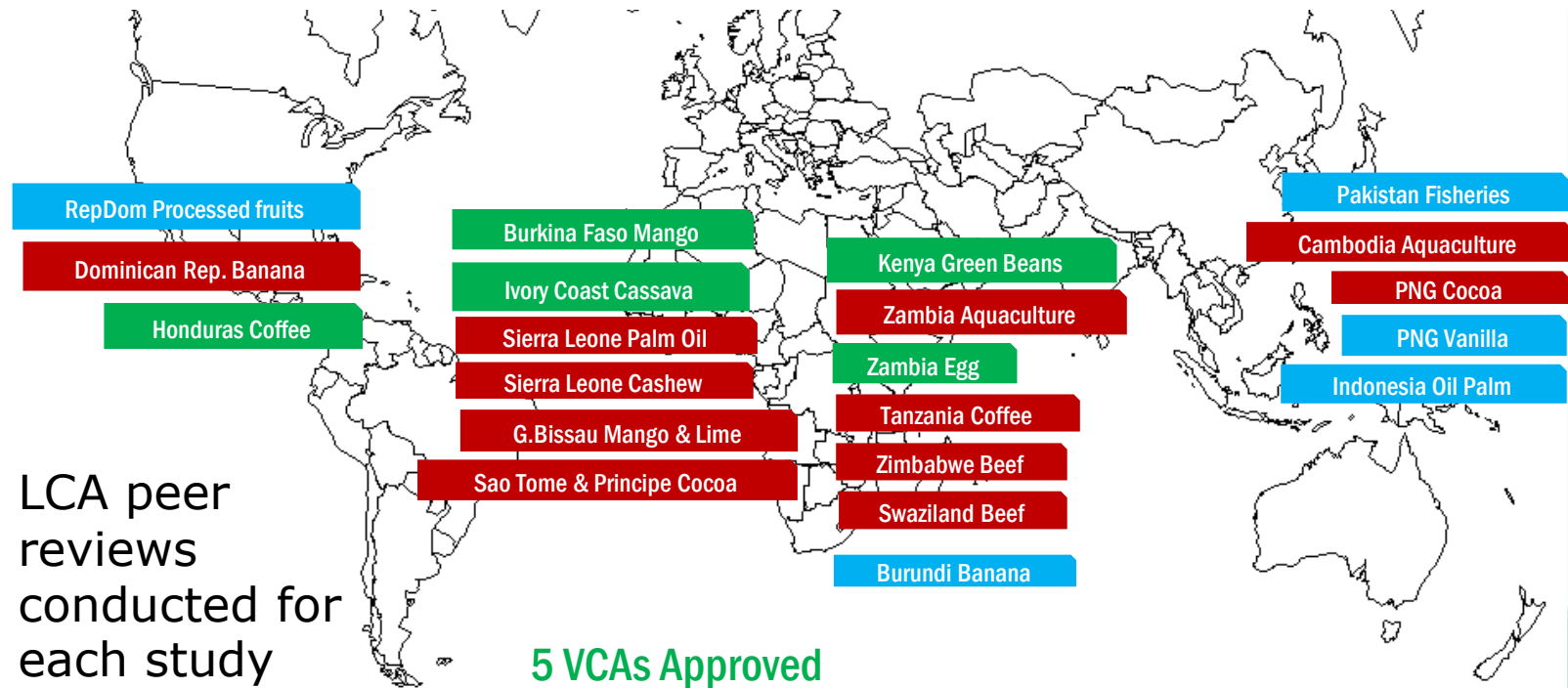
# What Why Who ? Where How

- Implementation by Agrinatura: a partnership of around 30 European Universities and Research centers involved in agriculture and development
- VCA studies are performed by researchers/scientists
- With the purpose to create a pool of expertise, a community of practices across them, to learn lessons from the studies
- Agrinatura set up a Project Management Unit in Brussels and a Steering Group



# What Why Who Where ? How

To date we have engaged around 70 researchers (the majority associated to an Agrinatura member) that contribute to a community of practise and can be mobilised during the duration of the project



5 VCAs Approved

11 VCAs Ongoing

5 VCAs Upcoming



# What

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# How

## **Kenya Green Beans**

Development of joint partnership projects involving smallholders and agribusinesses to provide the European market with quality products

## **Zambia Aquaculture**

Comparison between different existing and developing models of aquaculture : business models, contract farming, outgrower systems...

## **Zambia Egg**

Understanding the linkages between the egg and the input sectors providing poultry, feed, soya.... As well as the competition between the large business and smaller poultry farmers in the egg market

## **Tanzania Coffee**

Comparison of the value added and employment distribution in conventional and fair trade /organic systems

## **Swaziland Beef**

Improving the productivity in small-scale farming for a more inclusive value chain

## **Zimbabwe Beef**

Enhancement of the competitiveness of small-scale farmers to better link to markets

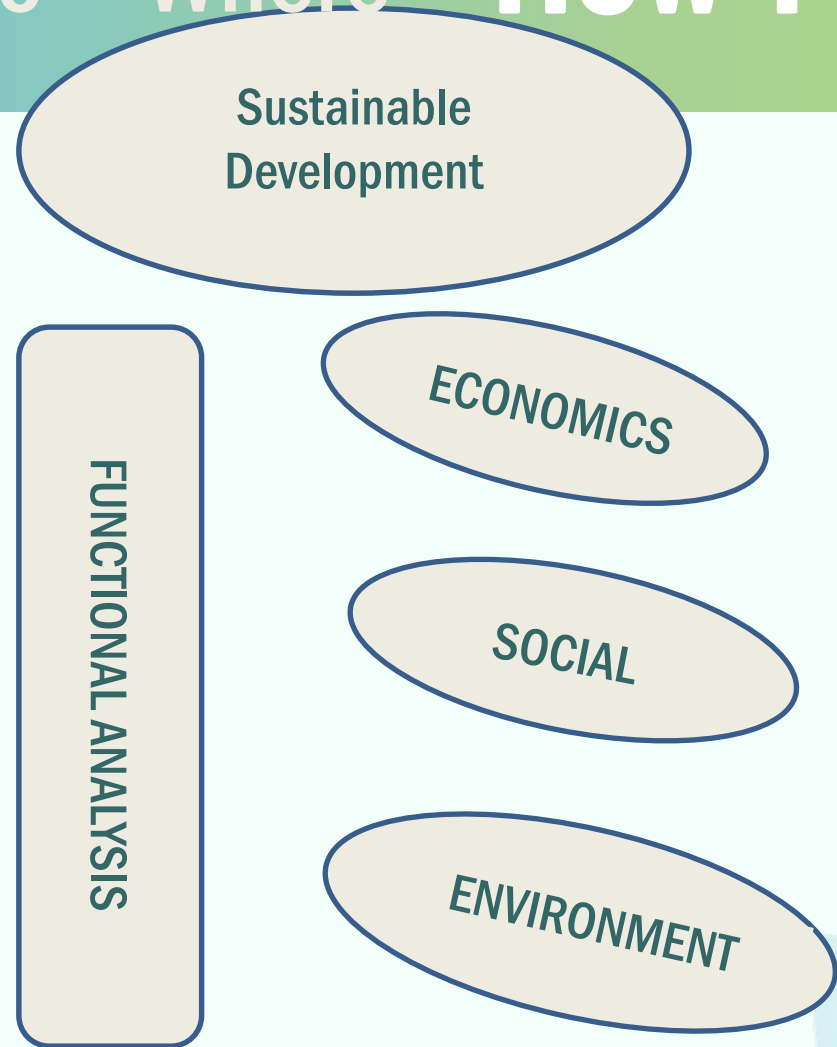


Specific issues related to value chains in West and Southern African countries, as per EU/countries strategies

# What Why Who Where How ?

Provide elements to answer 4 framing questions :

1. What is the contribution of the VC to **economic growth**?
2. Is this economic growth **inclusive**?
3. Is the VC **socially** sustainable?
4. Is the VC **environmentally** sustainable?



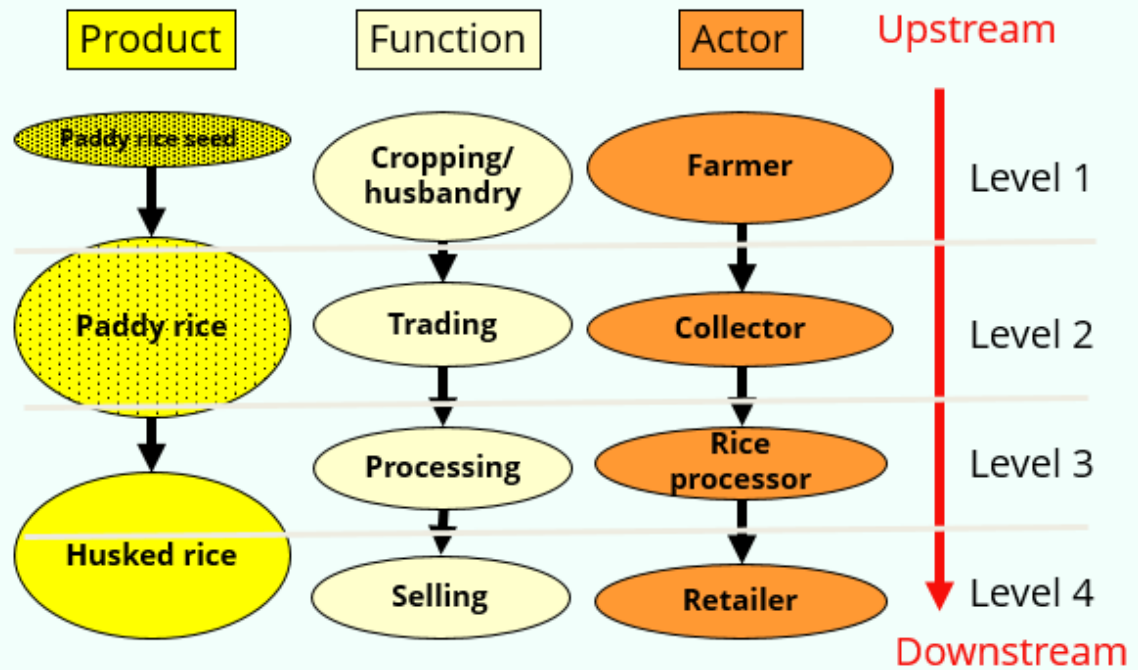
...to give an overall picture of a value chain

# What Why Who Where How ?

## A starting point: the Functional Analysis

Overall understanding of how the VC is organized and how it operates

- General description of the value chain system
- Elements of technical diagnosis
- Understanding the governance





# What

# Why

# Who

# Where

# How ?

## General description of the VC system

Main and end products

Functions

Actors

Flow(s) of products

Location of activities

Production systems and sub-chains

Quantification

## Elements of technical diagnosis

Agricultural production

Services and agro-dealers

Farm equipment and infrastructures

On farm post-harvest

Downstream processing

Marketing and trade

Regional infrastructures

Imports

Exports

## Understanding the governance

Marketing networks and distribution channels

Horizontal coordination

Vertical coordination

Regulatory and policy framework

Governance systems of the VC



# What

# Why

# Who

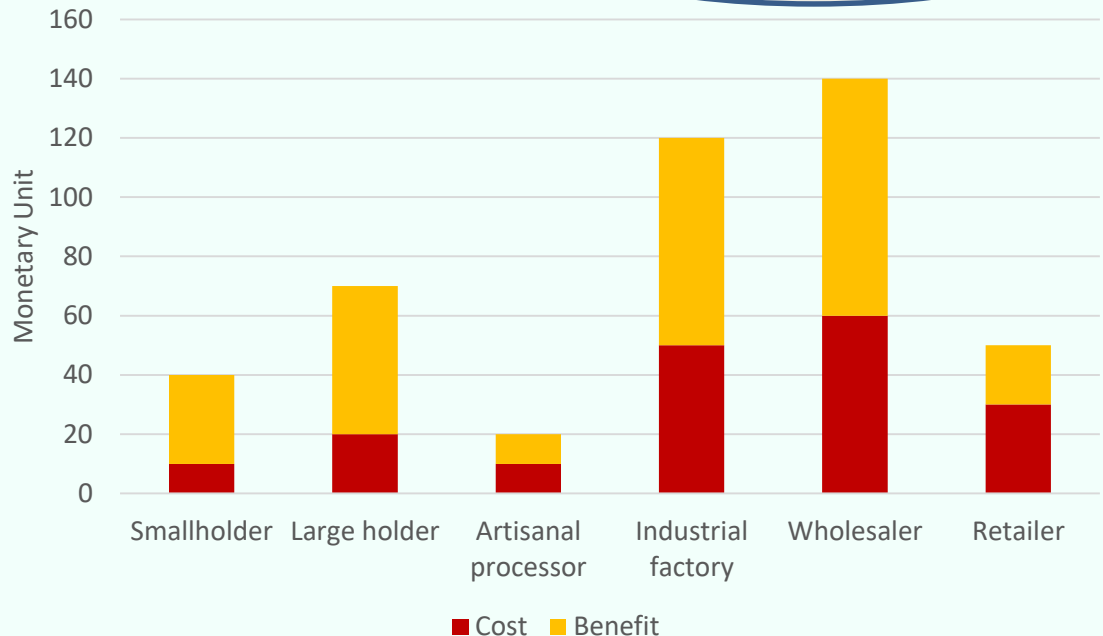
# Where

# How ?

## Estimation of critical indicators

- Economic viability for every type of actors (financial analysis)
- Overall effects in the national economy
- Sustainability and viability within the international economy

## Financial and Economic Analysis



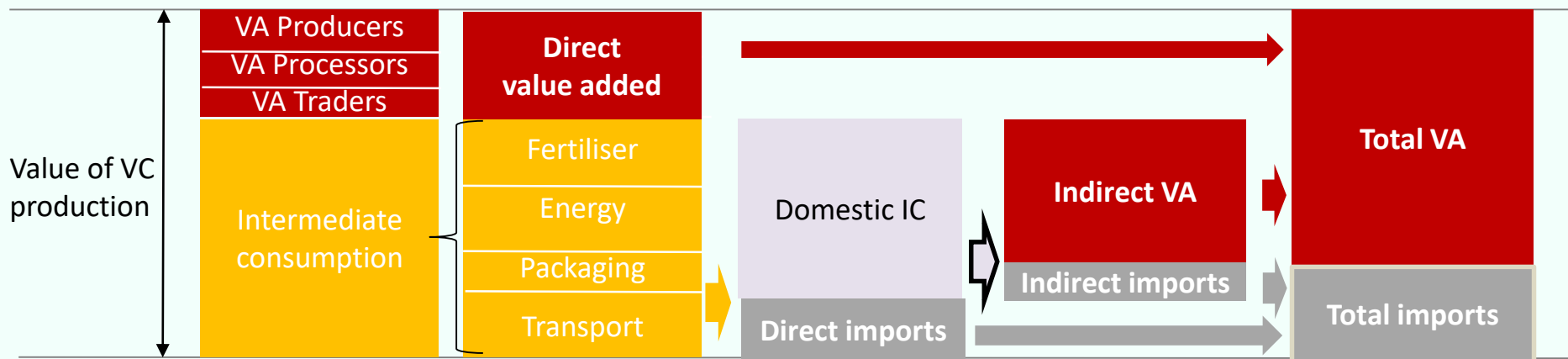
## « Financial analysis » of actors

1. What is the contribution of the value chain to **economic growth**?



# What Why Who Where **How ?**

## Effects within the national economy



Indirect VA and indirect imports estimated through backward linkages computation

Contribution

GDP / Economic Growth

Agricultural GDP

Public Funds

Balance of Trade

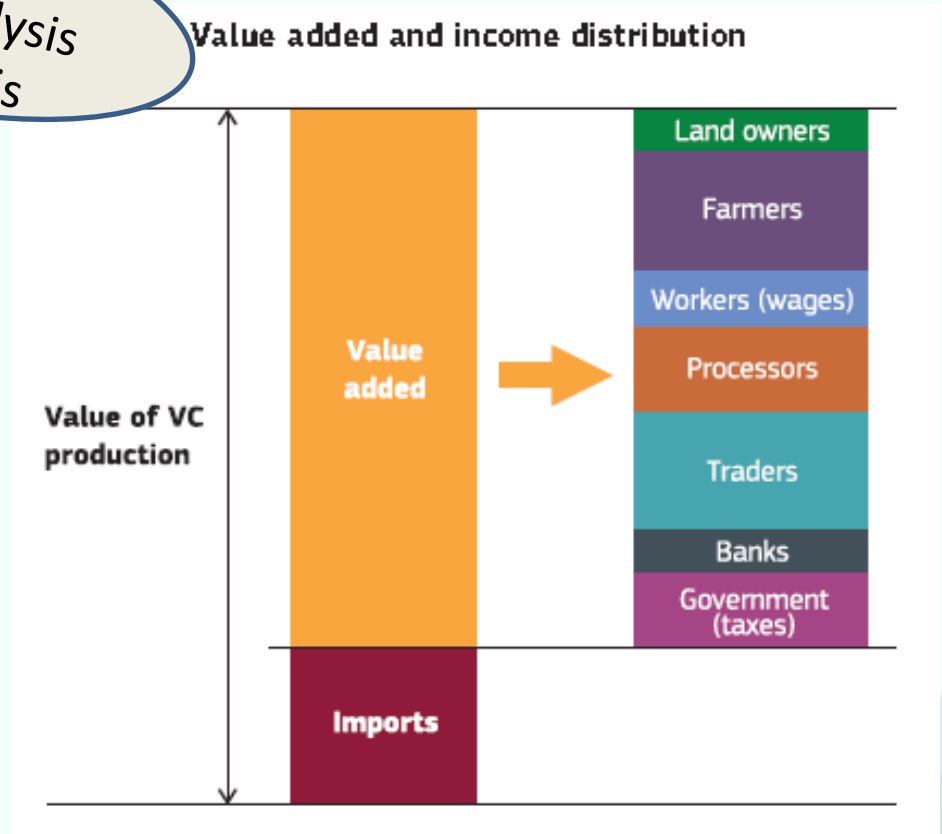


# What Why Who Where How ?

Financial and  
Economic Analysis  
Social Analysis

How is the generated growth benefiting the different population groups, businesses and institutions?

- Income distribution
- Employment creation
- Marginalized groups
- Impact of the organisation on income distribution



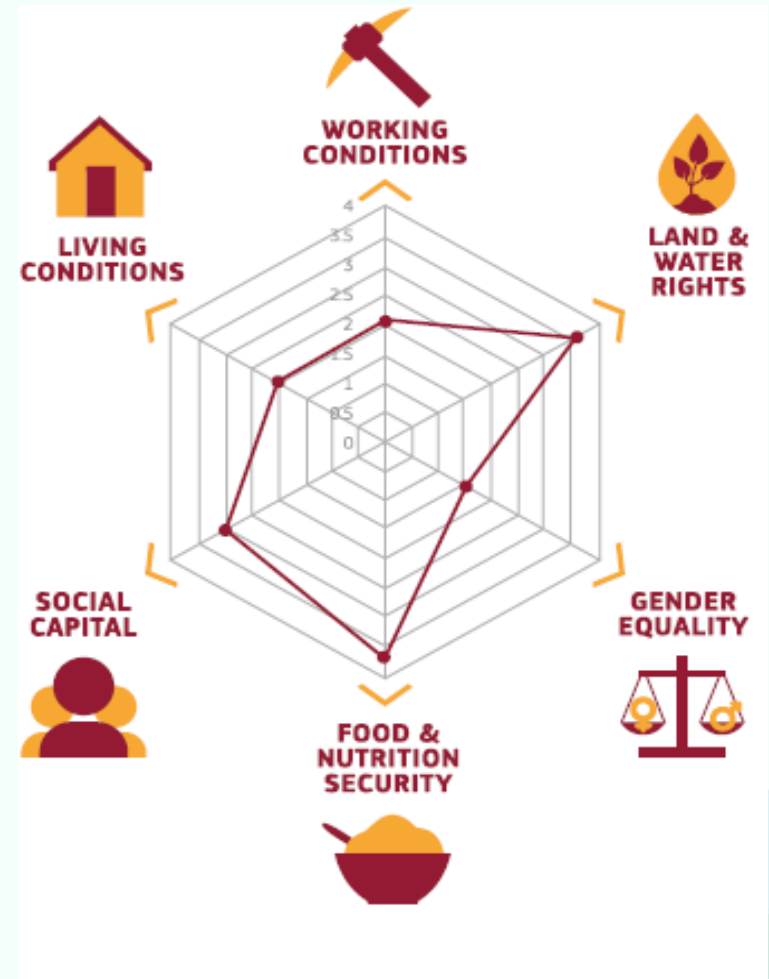
2. Is this economic growth **inclusive**?



# What Why Who Where How ?

## A tailor-made « Social Profile »

- Insights on 6 domains by scoring 63 questions
- To point out social opportunities, benefits, constraints, impacts linked to the value chain
- To be used as a basis for a social analysis



3. Is the value chain **socially** sustainable ?



# What Why Who Where How ?

- **Assessing risks → likelihood and impact**
- **Make your judgement scoring 63 questions:**
  - **High**
  - **Substantial**
  - **Moderate/Low**
  - **Low/Not at all**
  - n/a « Not applicable » or « Not available »
- **Compounded average**
  - Questions ⇔ Sub-domains ⇔ Domains (⇔ Global)
- **A process of reflection**
  - With adjustments possible at sub-domain level
  - Calling for comments, problem identification, mitigating measures...





|    |   |
|----|---|
| 1  | <b>name...</b>                              |
| 2  |   |
| 3  | <b>Dimension</b>                            |
| 4  |   |
| 5  | <b>1 WORKING CONDITIONS</b>                 |
| 6  | 1.1 Respect of labour rights                |
| 7  | 1.2 Child Labour                            |
| 8  | 1.3 Job safety                              |
| 9  | 1.4 Attractiveness                          |
| 10 | Average                                     |
| 11 | <b>2 LAND &amp; WATER RIGHTS</b>            |
| 12 | 2.1 Adherence to VGGT                       |
| 13 | 2.2 Transparency, participation and consult |
| 14 | 2.3 Equity, compensation and justice        |
| 15 | Average                                     |
| 16 | <b>3 GENDER EQUALITY</b>                    |
| 17 | 3.1 Economic activities                     |
| 18 | 3.2 Access to resources and services        |
| 19 | 3.3 Decision making                         |
| 20 | 3.4 Leadership and empowerment              |
| 21 | 3.5 Hardship and division of labour         |
| 22 | Average                                     |
| 23 | <b>4 FOOD AND NUTRITION SECURITY</b>        |
| 24 | 4.1 Availability of food                    |
| 25 | 4.2 Accessibility of food                   |
| 26 | 4.3 Utilisation and nutritional adequacy    |
| 27 | 4.4 Stability                               |
| 28 | Average                                     |

|    |  |
|----|--|
| 29 | <b>5 SOCIAL CAPITAL</b>                |
| 30 | 5.1 Strength of producer organisations |
| 31 | 5.2 Information and confidence         |
| 32 | 5.3 Social involvement                 |
| 33 | Average                                |
| 34 | <b>6 LIVING CONDITIONS</b>             |
| 35 | 6.1 Health services                    |
| 36 | 6.2 Housing                            |
| 37 | 6.3 Education and training             |
| 38 | 6.4 Mobility ??????                    |
| 39 | Average                                |

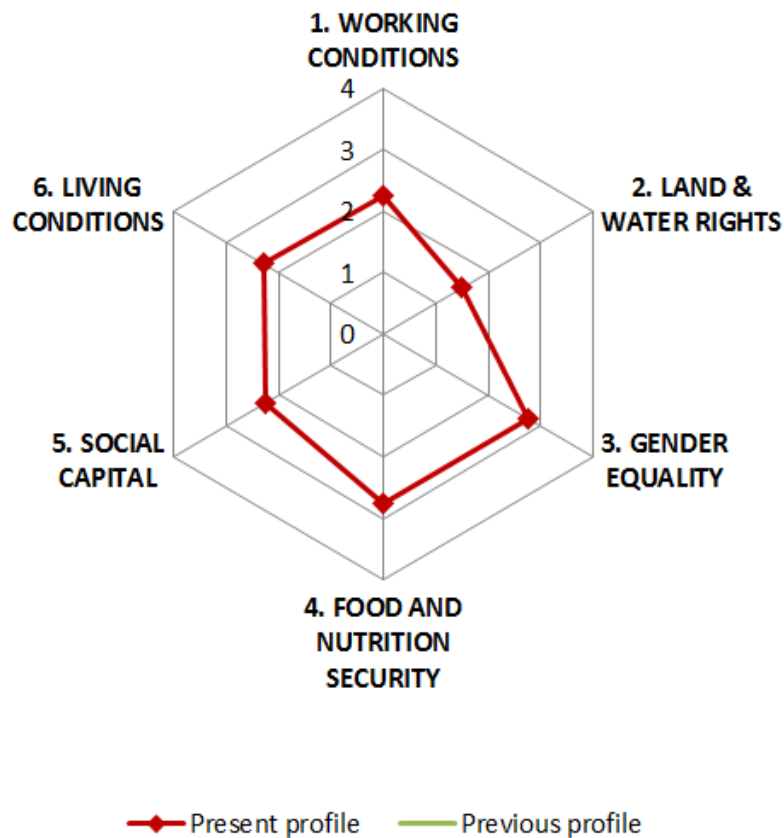


# A score grid of 63 questions

|    |   |                         |   |       |                           |        |             |      |  |  |
|----|---|-------------------------|---|-------|---------------------------|--------|-------------|------|--|--|
| 1  | Value chain: <i>name...</i>   | Country: <i>name...</i> | Date Last Modification: .. / .. / 20 .. |       |                           |        |             |      | Explanations   |  |
| 2  | Question  | Source                  | Score level                             | Count | Comments                  |        |             |      |  |  |
| 3  | 1 WORKING CONDITIONS  |                         |   |       |                           |        |             |      |  |  |
| 4  | 1.1 Respect of labour rights  |                         |   |       |                           |        |             |      |  |  |
| 5  | 1.1.1 To what extent do companies involved in the value chain respect the standards elaborated in the 8 fundamental ILO international labour conventions and in the ICESCR and ICCPR? |                         | High                                    | 4     | Please add justification. |        |             |      |  |  |
| 6  | 1.1.2 Is freedom of association allowed and effective (collective bargaining)?  |                         | Substantial                             | 3     | Please add justification. |        |             |      |  |  |
| 7  | 1.1.3 To what extent do workers benefit from enforceable and fair contracts   |                         | Moderate/Low                            | 2     | Please add justification. |        |             |      |  |  |
| 8  | 1.1.4 To what extent are risks of forced labour in any segment of the value chain minimised?  |                         | Not at all                              | 1     | Please add justification. |        |             |      |  |  |
| 9  | 1.1.5 To what extent are any risks of discrimination in employment for specific categories of the population minimised?   |                         | n/a                                     | n/a   | Please add justification. |        |             |      |  |  |
| 10 |   | Average:                | Substantial                             | 2,50  | 2,50                      | Final: | Substantial | 2,50 | Justification if adjustment of the score level = ... |  |
| 11 | 1.2 Child Labour  |                         |   |       |                           |        |             |      |  |  |
| 12 | 1.2.1 Degree of school attendance in case children are working (in any segment of the value chain)?   |                         | n/a                                     | n/a   | Please add justification. |        |             |      | Cf: Guidance   |  |
| 13 | 1.2.2 Are children protected from exposure to harmful jobs?   |                         | n/a                                     | n/a   | Please add justification. |        |             |      | Cf: Guidance   |  |
| 14 |   | Average:                | n/a                                     | n/a   | n/a                       | Final: | n/a         | n/a  | Justification if adjustment of the score level = ... |  |
| 15 | 1.3 Job safety  |                         |   |       |                           |        |             |      |  |  |
| 16 | 1.3.1 Degree of protection from accidents and health damages (in any segment of the value chain)?   |                         | n/a                                     | n/a   | Please add justification. |        |             |      |  |  |
| 17 |   | Average:                | n/a                                     | n/a   | n/a                       | Final: | n/a         | n/a  | Justification if adjustment of the score level = ... |  |
| 18 | 1.4 Attractiveness  |                         |   |       |                           |        |             |      |  |  |
|    | 1.4.1 To what extent are remunerations in   |                         | n/a                                     | n/a   | Please add justification. |        |             |      | Cf: Guidance   |  |

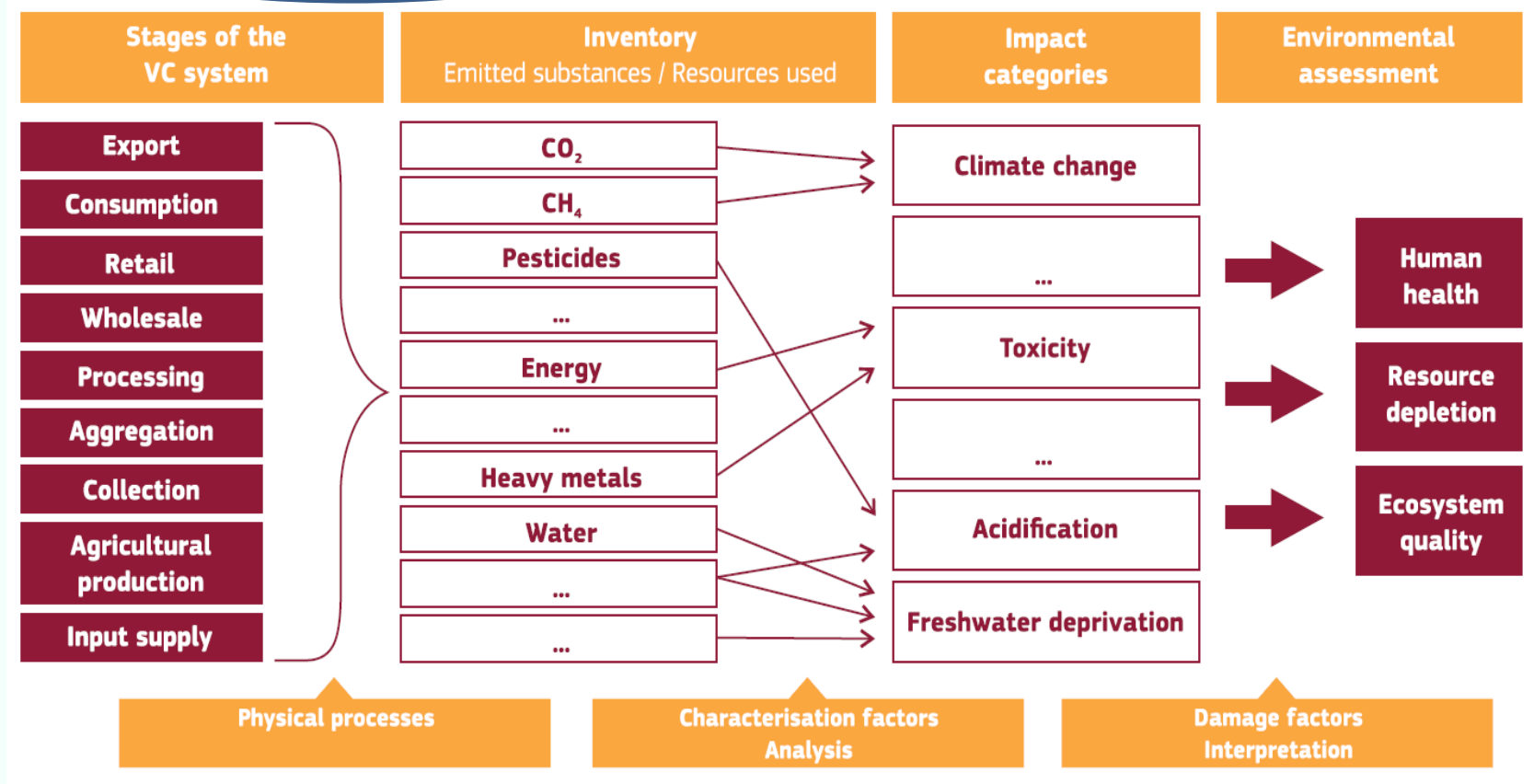


| Domain                        | Present profile |       | Trend | Previous profile ../20.. |       |
|-------------------------------|-----------------|-------|-------|--------------------------|-------|
|                               | Score level     | Count |       | Score level              | Count |
| 1 WORKING CONDITIONS          | Moderate/Low    | 2.25  | ↑     | Not at all               | 0.00  |
| 2 LAND & WATER RIGHTS         | Moderate/Low    | 1.58  | ↑     | Not at all               | 0.00  |
| 3 GENDER EQUALITY             | Substantial     | 2.69  | ↑     | Not at all               | 0.00  |
| 4 FOOD AND NUTRITION SECURITY | Substantial     | 2.63  | ↑     | Not at all               | 0.00  |
| 5 SOCIAL CAPITAL              | Moderate/Low    | 2.11  | ↑     | Not at all               | 0.00  |
| 6 LIVING CONDITIONS           | Moderate/Low    | 2.50  | ↑     | Not at all               | 0.00  |



# What Why Who Where **How ?**

## Environmental Analysis



4. Is the value chain **environmentally** sustainable ?



| Core Questions   |  |  |
|--|--|--|
| Economic Analysis  | Social Analysis  | Environmental Analysis   |
| <b>FQ1. What is the contribution of the VC to economic growth?</b><br><br>CQ1.1. How <b>profitable</b> and sustainable are the VC activities <b>for the entities involved</b> ?<br>CQ1.2. What is the <b>contribution</b> of the VC to the <b>GDP</b> ?<br>CQ1.3. What is the <b>contribution</b> of the VC to the <b>agriculture sector GDP</b> ?<br>CQ1.4. What is the contribution of the VC to the <b>public finances</b> ?<br>CQ1.5. What is the contribution of the VC to the <b>balance of trade</b> ?<br>CQ1.6. Is the VC <b>viable in the international economy</b> ? | <b>FQ3. Is the VC socially sustainable?</b><br><br>CQ3.1. Are <b>working conditions</b> throughout the VC socially acceptable and sustainable?<br>CQ3.2. Are <b>land and water rights</b> socially acceptable and sustainable?<br>CQ3.3. Is <b>gender equality</b> throughout the VC acknowledged, accepted and enhanced?<br>CQ3.4. Are <b>food and nutrition conditions</b> acceptable and secure?<br>CQ3.5. Is <b>social capital</b> enhanced and equitably distributed throughout the VC?<br>CQ3.6. To which standards are <b>major social infrastructures and services</b> acceptable and do the VC operations contribute to improving them? | <b>FQ4. Is the VC environmentally sustainable?</b><br><br>CQ4.1. What is the potential impact of the VC on <b>resources depletion</b> ?<br>CQ4.2. What is the potential impact of VC on <b>ecosystem quality</b> ?<br>CQ4.3. What is the potential impact of the VC on <b>human health</b> ? |
| <b>FQ2. Is this economic growth inclusive?</b><br><br>CQ2.1. How is <b>income distributed</b> across actors of the VC?<br>CQ2.2. What is the <b>impact of the governance systems on income distribution</b> ?<br>CQ2.3. How is <b>employment distributed</b> across the VC?  |  |  |
| <b>Addressing the 4 Framing Questions</b><br><br>Cross-cutting CQ. Which <b>risks</b> may affect the performance of the VC?  |  |  |

Strong methodological choice:  
**no aggregation of the knowledge elements into one global appraisal or one single indicator**

- The 19 core questions shed light on the 3 dimensions of impact
- Supporting the formulation of the appraisal on the 4 framing questions
- Allowing decision-makers to make their own judgement

# What Why Who Where How ?

How to have more information on VCA4D please consult:

- Methodological Brief: <https://europa.eu/capacity4dev/value-chain-analysis-for-development-vca4d-/wiki/1-vca4d-methodology>
- On the project: <https://europa.eu/capacity4dev/value-chain-analysis-for-development-vca4d->

To get in contact with DEVCO C1:

- Regis Meritan: [regis.meritan@ec.europa.eu](mailto:regis.meritan@ec.europa.eu)
- Pierre Fabre: [pierre.fabre@ec.europa.eu](mailto:pierre.fabre@ec.europa.eu)

To get in contact with the Agrinatura PMU:

- Scientific Director: Marie Hélène Dabat: [marie-helene.dabat@agrinatura-eu.eu](mailto:marie-helene.dabat@agrinatura-eu.eu)
- Project Coordinator: Olimpia Orlandoni: [olimpia.orlandoni@agrinatura-eu.eu](mailto:olimpia.orlandoni@agrinatura-eu.eu)
- Project Administrator: Sara Jones: [sara.jones@agrinatura-eu.eu](mailto:sara.jones@agrinatura-eu.eu)

