Value Chain Analysis

fact sheet

What is a value chain?

A Value Chain involves *the full range of activities involved in bringing a product from production to the customers.* (definition based on FAO)

Example of a simple value chain:

| Seed → Suppliers | Farmers → | Traders → | Processors → | Exporters/ importers → | Retailers → | Consumers |

Why are Value Chains important?

Understanding the value chain helps identify opportunities to improve product flow and thus opportunities to potentially improve price, quantity and quality of the commodity. Better prices for farmers strongly influence the options they have.

How to review the Village Value Chain?

Use the following table and example as a guide for working with the village. Ask people to help you fill out the Table – asking about operations and their effects on quality and yield. Then identify where and what the best options are for intervention.

Crop (commodity)_____

Step in the commodities life	Who is involved?	Changes in quality	Potential interventions

Note the Influence on the value chain of others (such as policy makers and Input suppliers (e.g., those providing fertilizer, etc.)).

Once the analysis is done,

1. Assess potential interventions to improve the system. Note that changes will most likely only be made if there is some financial incentive.
2. Discuss options with the local community and see which ones they believe can be most easily tested.
3. Test interventions with a subset of producers before promoting widely

Value Chain Analysis

fact sheet

Example Value Chain analysis

Crop: Tomatoes

Step in the crops life	Who is involved?	Implications for quality	Potential interventions
Planting. Variety and seed choice	Farmer	Do they match consumer preference and when do they mature? Is seed healthy and uniform?	Change variety Improve seed quality
Crop management (e.g., Nutrition & irrigation)	Farmer and/or hired labor	Product yield and size? When does the crop mature?	Improve relevant management factor to improve yield. Change variety or possibly planting date.
Pest management	Farmer and/or hired labor	Product quality and safety (any residues)?	Only apply "approved" products at the appropriate time
Harvest	Farmer and/or hired labor	How handled in the field (e.g., afternoon harvested fruit will be hotter. Product left to sit in the sun will be hotter)	Minimize physical damage with the harvesting technique Harvest during the cool of the day (morning) and/or hold product in shaded areas
Storage	Farmer or middle man	Is product put in containers to limit physical damage? Are they stored where they can be cooler?	Keep in a shaded or cool area Use containers that limit damage
Transport	Farmer or middle man	What containers are used? What physical damage happens? Does product increase in temperature during transport	Use containers that limit damage Cover load to reduce temperatures during transport
Retail (e.g., Market)	Market operators	Does the product look healthy in the market? Do farmers and other receive good prices and do prices vary based on quality?	Work on better packaging and minimizing temperature and physical damage during transport. Try to match supply with demand to get better prices. Use storage to send product to market when prices are higher.