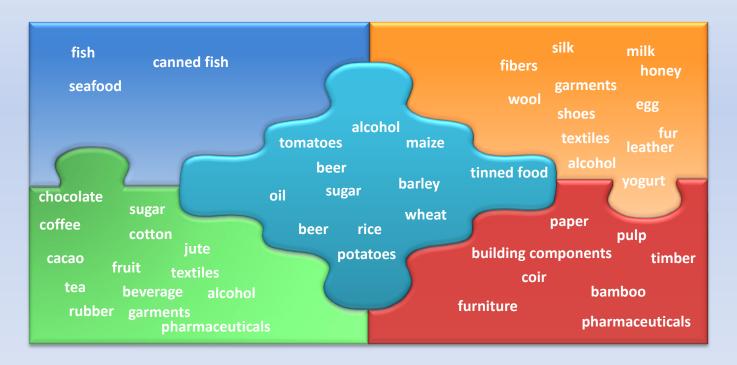




A Conceptual Framework for Agro-Value Chain Analysis and Development



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

•••••

Opportunities.....?

Substantial organizational and institutional changes are taking place in developing countries

Their prospects for further expansion of food manufacturing is higher than the supply of primary commodities

In fact, over the past 25 years, the% of global manufacturing value addition for food, beverages, tobacco, textiles and leather products generated have nearly doubled

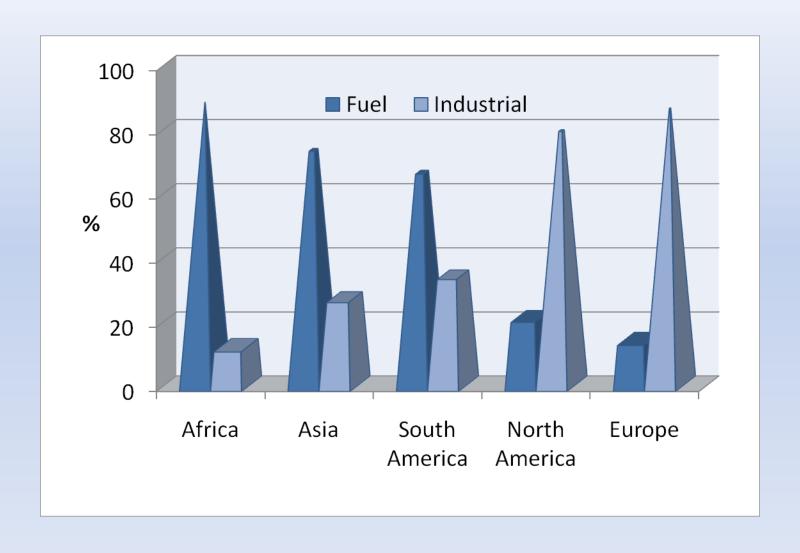
However, large regional disparities – i.e., for the food and beverages, the contribution to value addition is:

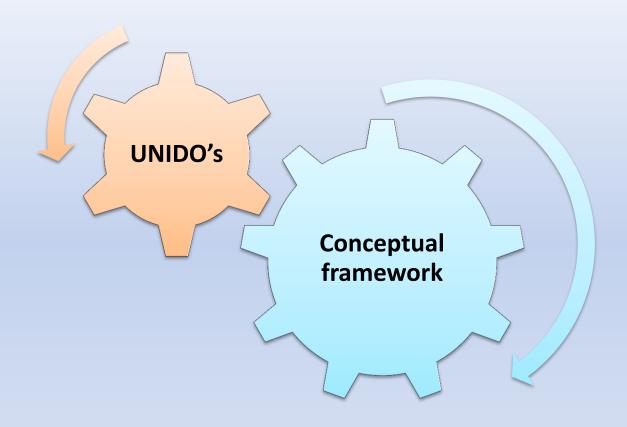
Africa: less than 10% South and Southeast Asia: 39% Latin American countries: 43%

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

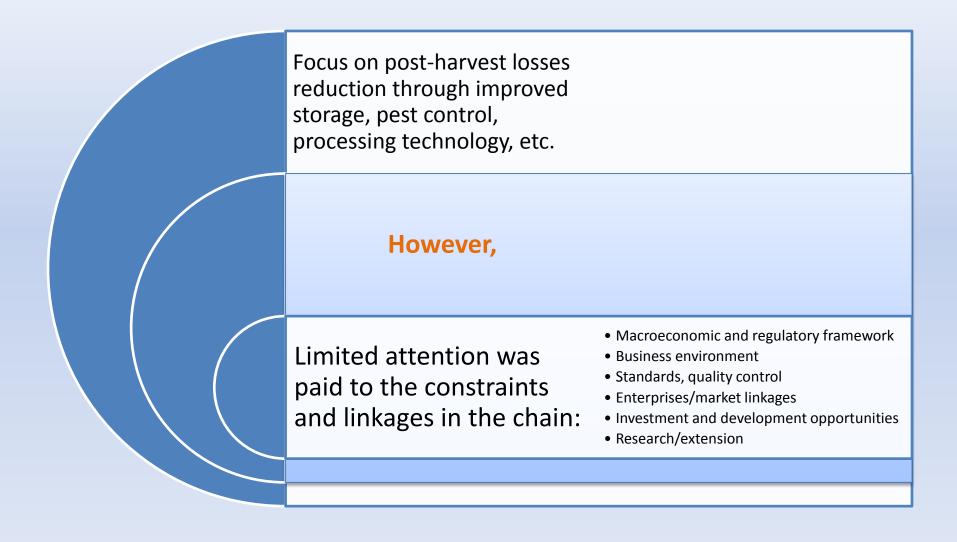
Use of natural resources......the case of wood:



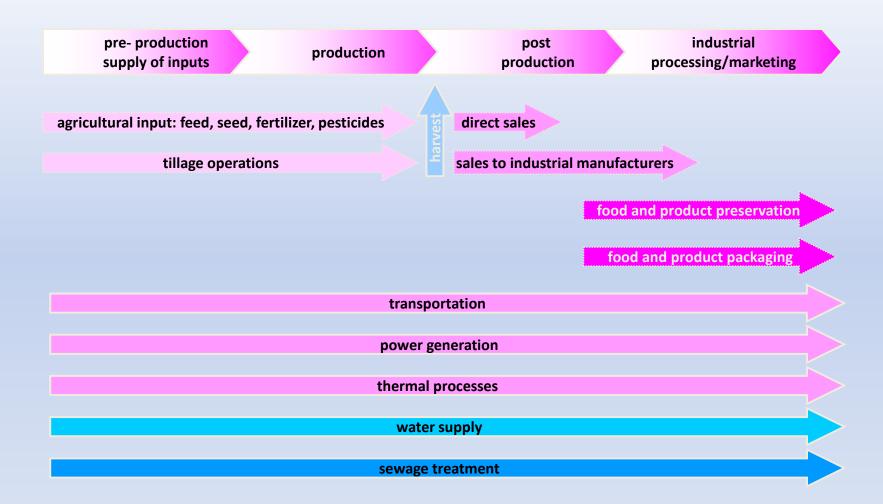


Past interventions.....isolated technical solutions...

Limited impact:



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



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

Enabling Environment

Macroeconomic climate and Sectoral Policies and Regulations

Facilitating Institutions

Policy, commercial law, finance, market information, standards, markets, technology, food safety, R&D, innovation, property rights, etc.

pre-production Supply of inputs

production

post production

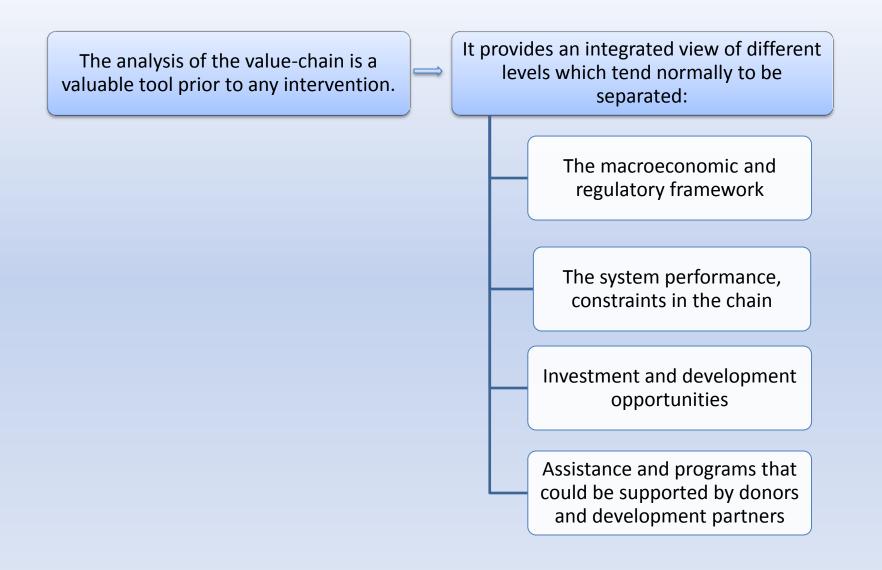
industrial processing and marketing

Facilitating Services

Transport, storage, processing, packaging, imports, exports, dealers, communications, etc.

Incentive: value added by every function for each partcipant

The need for such an assessment?



What should be the performance indicators?

Utilize the full potential of the agricultural sector.

The value-chain must be effective in terms of:

- Quantity: volume, regularity, continuity
- Quality: consistent
- Timeliness: Just in time
- Transaction costs minimized

The performance indicators should be elaborated for:

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

Diagnostic of institutional failures and appropriateness of government interventions:

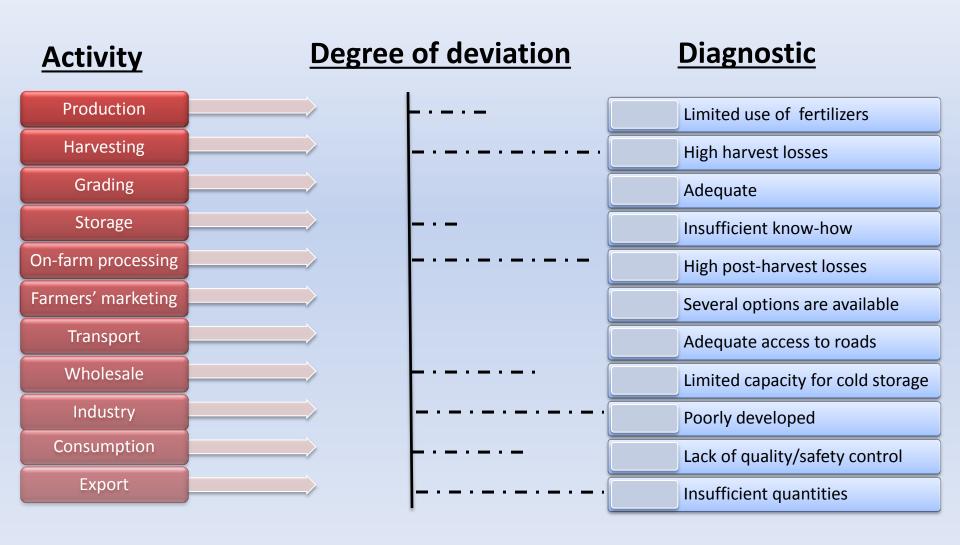
Comparative assessment of effectiveness:

- 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

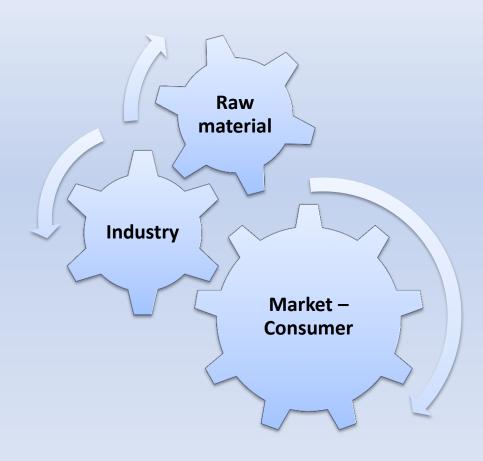
Inadequate and ineffective financial and other facilitating services

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

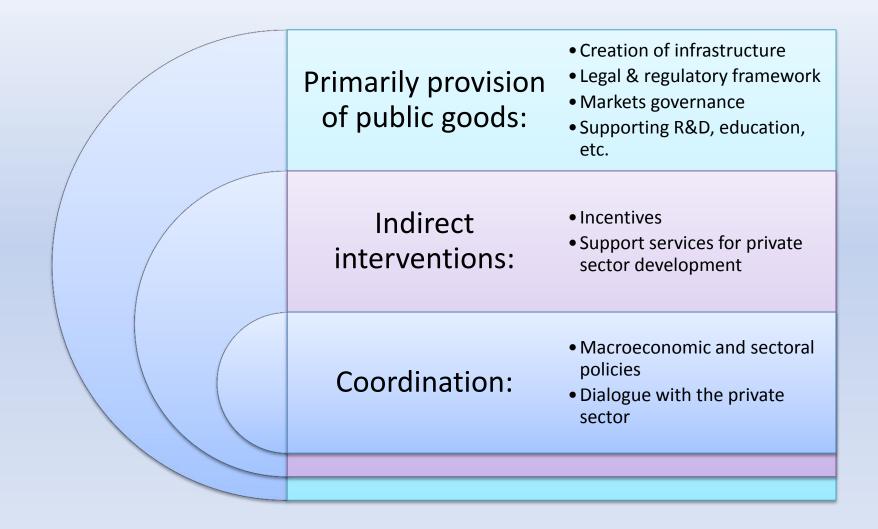
Lack of technical knowledge and business skills in all the agro-value chain

Limited coordination of donors activities, etc.

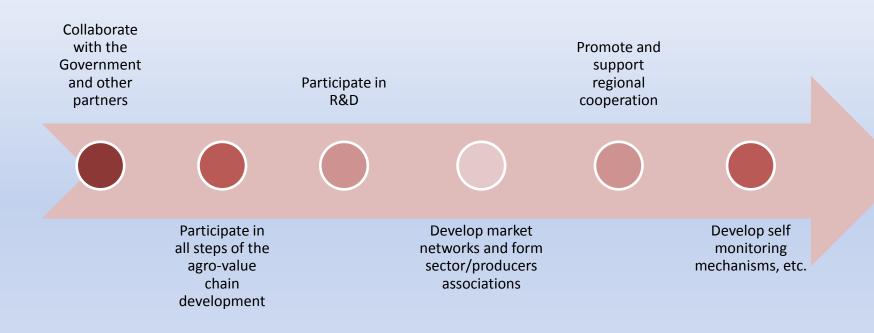
In a further step, identified constraints can be ranked according to their priority and can be assessed with regard to their influence on backward and forward linkages in the chain.



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.

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



Rapid appraisal techniques by multidisciplinary team of experts

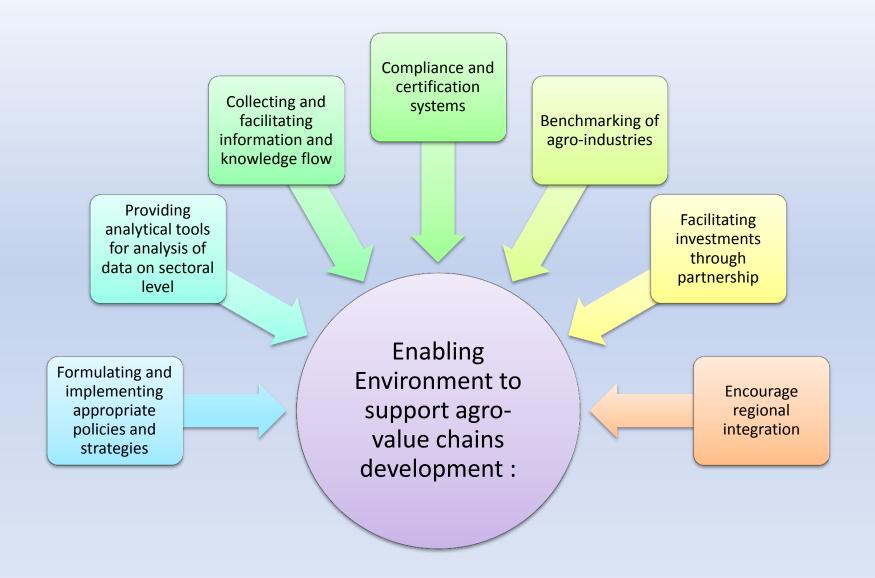
Synthesize existing knowledge and experience: key problems and options

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

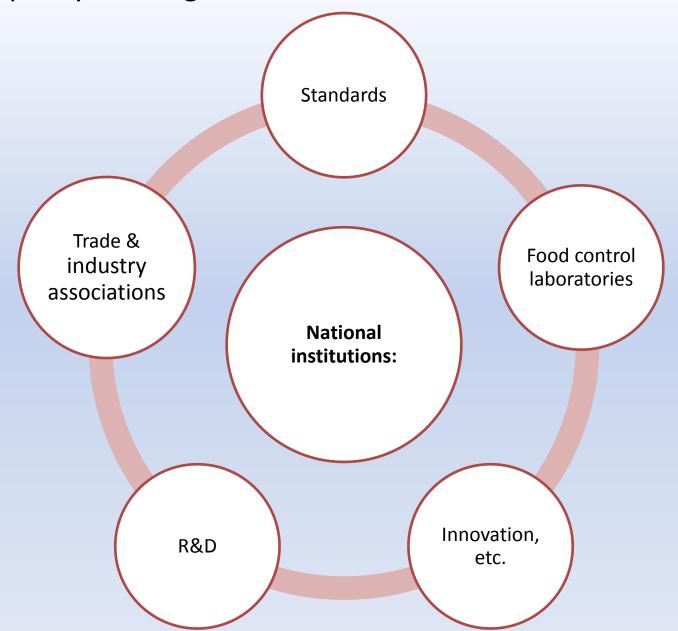
Ensure active participation of all stakeholders in the assessment and development

Provide a monitoring tool for the various interventions

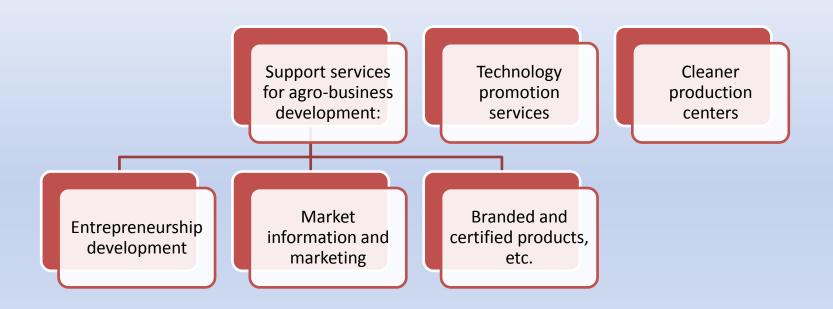
Barriers removal:



Capacity building for:



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

Partnership building:

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

