

# Agricultural Production Value Chain



# What value chain is all about?

A 'value chain' in agriculture describes the range of activities and set of actors that bring agricultural product from production in the field to final consumption, wherein at each stage value is added to the product.

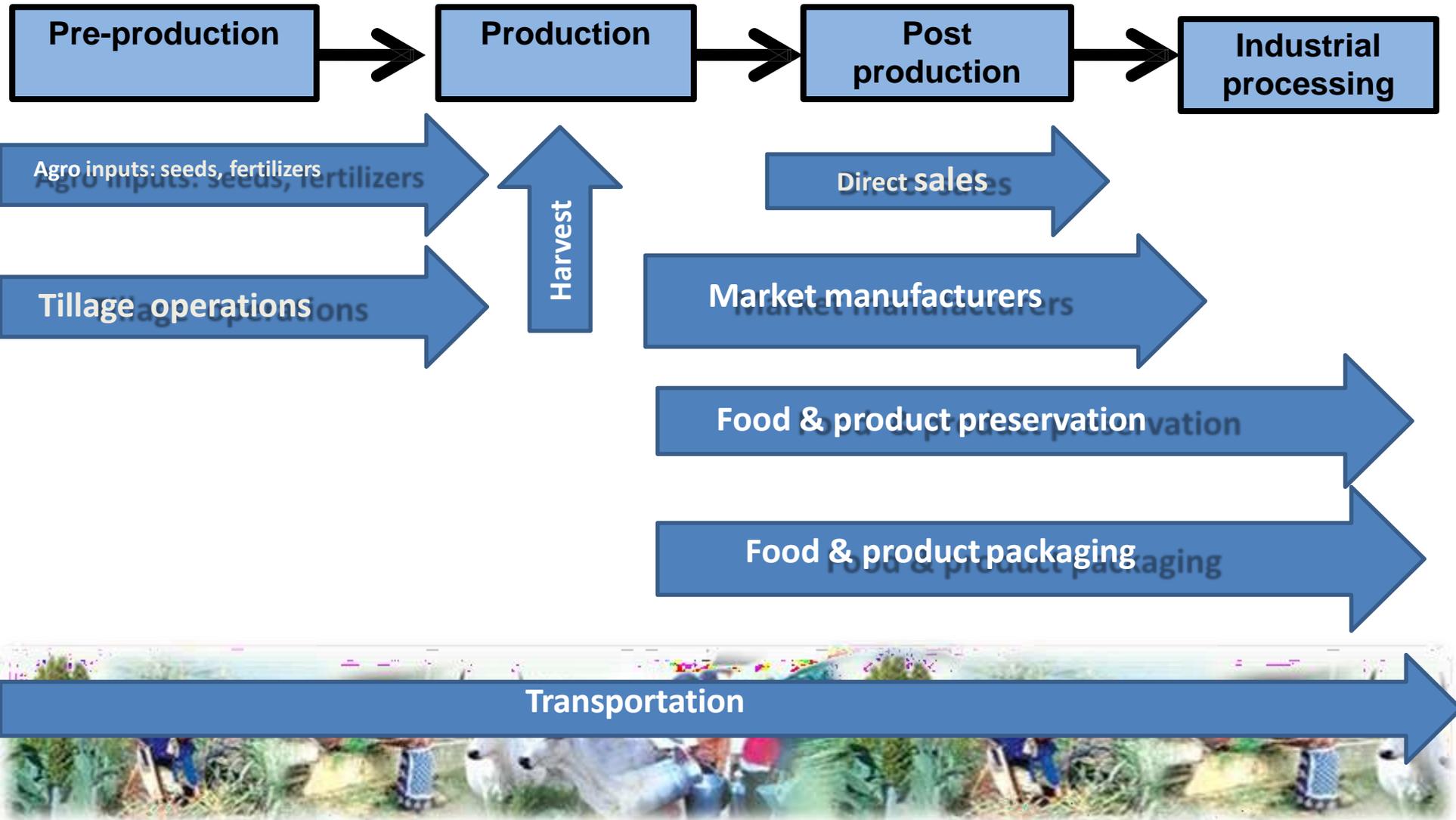


# What value chain is all about?

The production stages entail a combination of **physical transformation** and the participation of various producers and services up to product's disposal after use.



# A simple value chain



# What is value chain Analysis?

**It is an approach that analyzes a production unit or process in a market chain—from input suppliers to final buyers—and the relationships among them.**



# What is value chain Analysis 2

- It analyzes the factors influencing performance, including access to and the requirements of end markets; the legal, regulatory and policy environment; coordination between firms in the industry; and the level and quality of support services.



# Usefulness of Value chain analyses

Value chain analysis is a useful analytical tool that helps understand overall trends of industrial reorganization and identify change agents and leverage points for policy and technical interventions.



# Usefulness of Value chain analyses

It breaks the value chain into its constituent parts in order to better understand its structure and functioning.



# Usefulness of Value chain analyses

It identifies chain actors at each stage and discerning their functions and relationships; determine the chain governance, or leadership, to facilitate chain formation and strengthening



# Usefulness of Value chain analyses

It identifies value adding activities in the chain and assign costs and added value to each of those activities.



# Usefulness of Value chain analyses

It identifies the flow of goods, information and finance through the various stages of the chain



# Usefulness of Value chain analyses

Evaluate each stage in order to detect problems or identify opportunities to improve the contribution of specific actors and the overall performance of the chain



# Tools used in value chain analysis

- There are no fixed rules as to how value chain analysis should be carried out
- A range of qualitative and/or quantitative research tools are available
  - Participant observation
  - Semi-structured interviews
  - Focus group meetings
  - Structured Questionnaire
  - Market Mapping



# Steps used in Value chain analysis

- **Activity Analysis**
- **Value Analysis**
- **Evaluation and Planning**



# Steps used in Value chain analysis

- **Step 1 – Activity Analysis**
  - Brainstorm the activities that you, your team or your company undertakes that in some way contribute towards your customer's experience.
  - Identify step-by-step flow of work that you or your team carry out



# Steps used in Value chain analysis

- **Step 2 – Value Analysis**
  - For each activity you've identified, list the "Value Factors" – the things that your customers' value in the way that each activity is conducted
  - Write down these Value Factors.
  - Write down what needs to be done or changed to provide great value for each Value Factor.



# Steps used in Value chain analysis

- **Step 3 – Evaluate Changes and Plan for Action**
  - Pick out the quick, easy, cheap wins
  - Screen the more difficult changes
  - Prioritize the remaining tasks and plan to tackle them in an achievable way

# Activities: Pre-Production

- Set of activities carried out by other practitioners outside the farmers that contribute to effective production of agricultural commodities.
  - Research
  - Extension
  - Land policies
  - Infrastructures
  - Etc.



# Activities: Production

- All the activities of the farmers that lead to effective cultivation of crops, husbandry of livestock to yield the different commodities.
  - Tillage
  - Planting
  - Agronomic /husbandry practices
  - Harvesting
  - Post harvest practices
- **Factors Affecting Production efficiencies.**
- **How can balanced value be accorded to the primary producer in the agricultural value chain?**



## Activities: Transportation

A facility consisting of the means and equipment necessary for the movement of passengers or goods.

- Effect of transportation efficiencies on agricultural production.

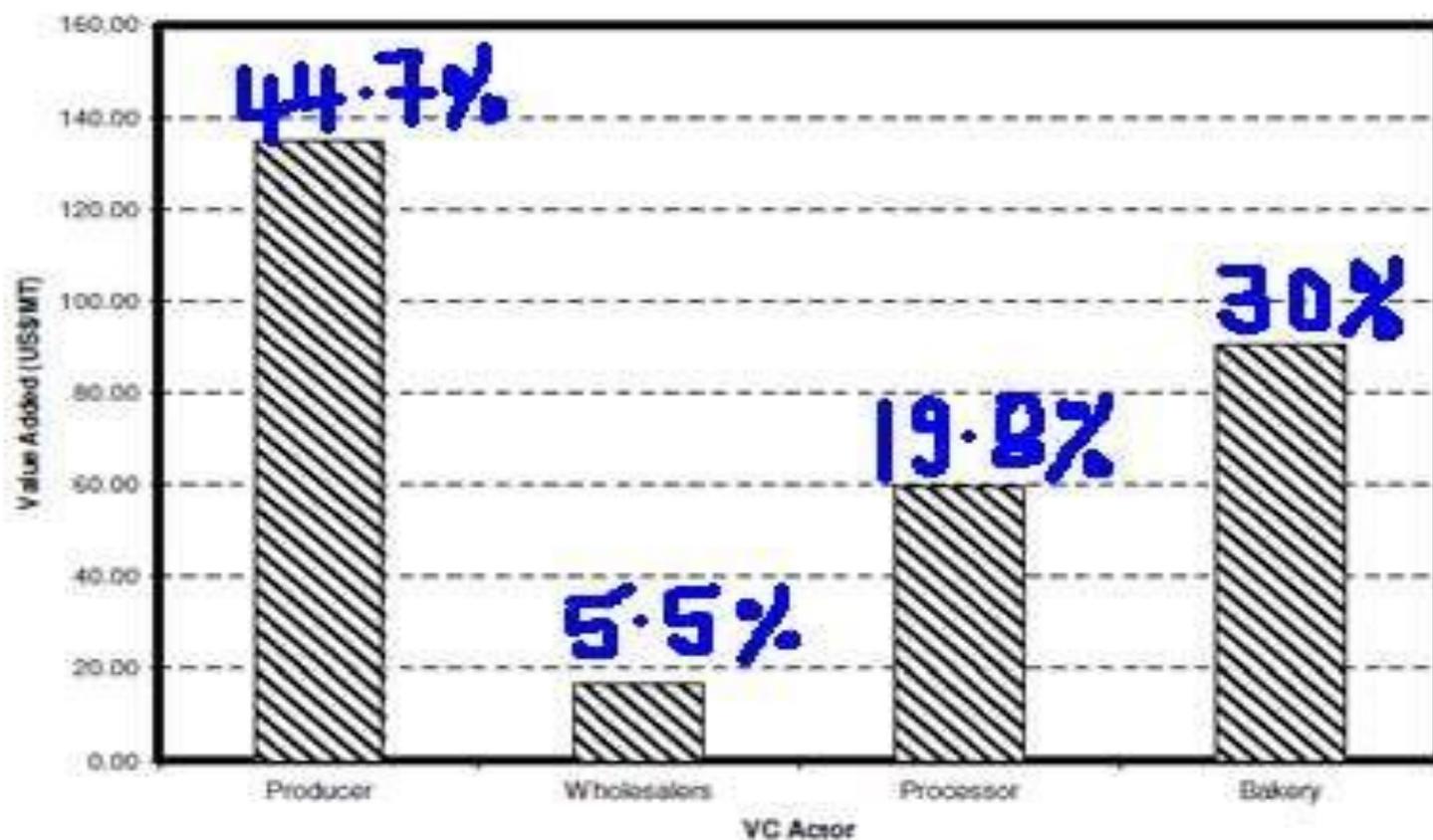


## Activities: Processing / Value addition

- Local and Industrial transformation of raw agricultural commodities semi finished or finished product.
- How do we secure true value addition from processing and balanced reward among stakeholders.



Value Added by VC Actors



# Activities: Marketing

- **Agricultural marketing** covers the services involved in moving an agricultural product from the farm to the consumer.
- Numerous interconnected activities are involved in doing this, such as planning production, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale.
- Is market truly available for agricultural product?
- How do we ensure competitive marketing?
- Are middle-men truly evil in agriculture value chain?



# Summary

- **Understanding the agricultural value chain is vital to the development of the sector.**
- **Quantification of the value addition along the chain is vital to equitable sharing of benefits among the stakeholders.**
- **Efficiency lag can easily be removed with good appreciation of the value chain.**

