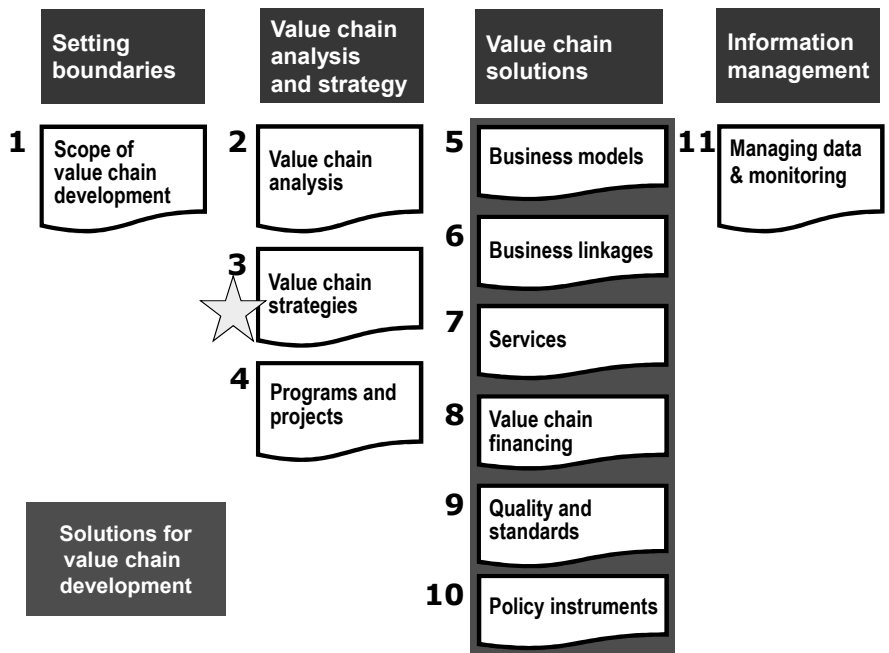




ValueLinks Module 3

Value chain strategies

Structure of ValueLinks 2.0



Three types of strategic considerations

Strategic considerations for economic growth

- What are main market trends and market opportunities?
- How can the value chain become more competitive?
- Are there needs to improve framework conditions?

Strategic considerations for pro-poor growth

- How can poor people benefit more and be included more in the VC?
- How can women and youth be empowered and food security be improved?
- How can the vulnerability of disadvantaged groups be reduced?

Strategic considerations for environmental sustainability

- How to reduce negative impact of the VC on the environment?
- Is there a need to increase climate change resilience of the VC?
- How can environmental policies and regulations be improved?



Value chain development strategy

Contents

- 1** Strategic considerations for economic growth
- 2** Strategic considerations for environmental sustainability
- 3** Strategic considerations for social inclusion
- 4** Elaborating a VC development strategy

Strategic directions for economic growth

Strategic considerations for growth

Assess the drivers and trends of market change

Assess the competitive advantages of the VC

Identify market and government failures

1

Assess current VC against requirements and benchmarks

Value Chain upgrading and innovation

“Making markets work”

5



Assessing the market situation

Identifying market opportunities – and what it implies

- General demand trends (prices and volumes)
- Supply gaps
- Market access requirements
- Existence of investors
- Assessment of competitors and competing products

1

Market research interviewing buyers

- Qualitative judgements on the points above
- Specific buyer requirements
- Specific demand trends
- Identifying real market opportunities

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Strategic options in terms of markets/products

The Ansoff product / market matrix

1



	Current Products	New Products
Current Markets	Market Penetration Strategy	Product Development Strategy
New Markets	Market development Strategy	Diversification Strategy

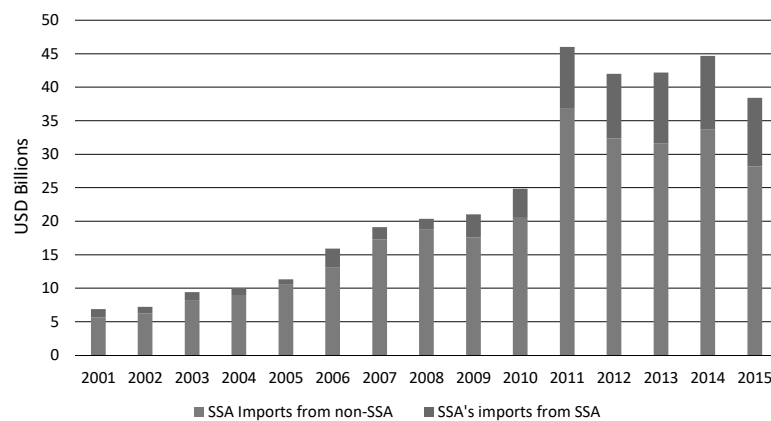
7



Growing food demand on local markets

Import substitution potential

1



Source: GIZ webinar ValueLinks plus 2018

- Rising reliance on imported foods: Sub-Saharan Africa's food import rose from US\$6 billion to US\$ 45 billion between 2001 and 2014
- Food demand to expand in Sub-Saharan Africa, value of Africa's agricultural and food system to reach 1 trillion by 2030 (World Bank, 2015)

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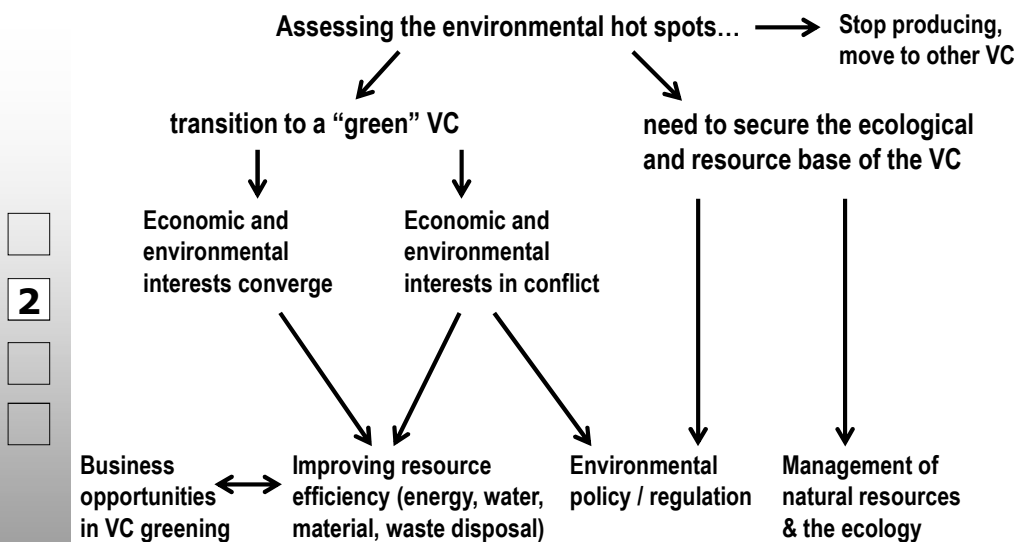


Value chain development strategy

Contents

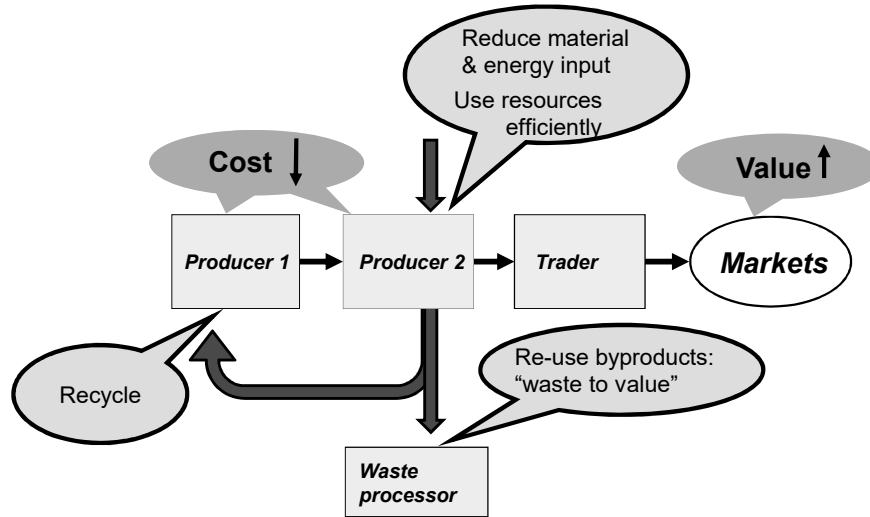
- 1 Strategic considerations for economic growth
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Strategic considerations for the environment



Strategic option 4: "Resource efficiency"

Strategy to enhance the resource efficiency of the VC



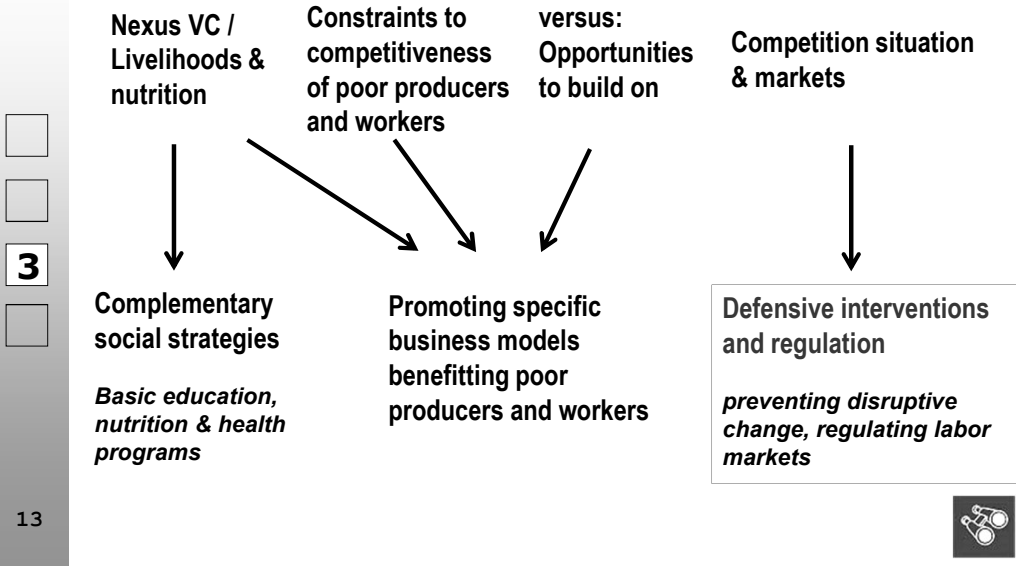
Value chain development strategy

Contents

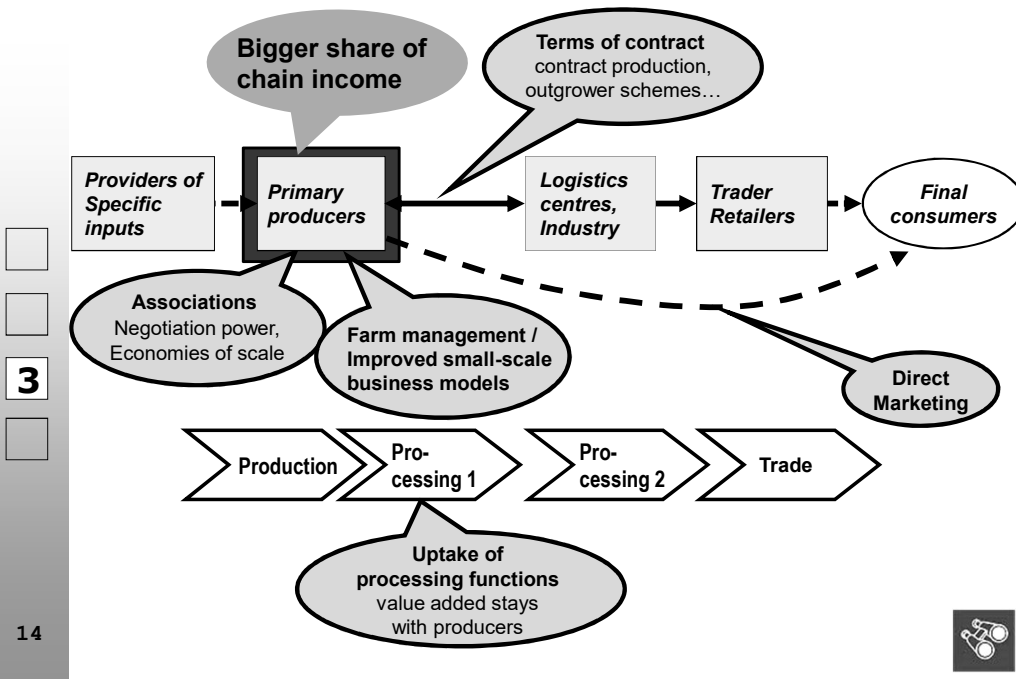
- 1 Strategic considerations for economic growth
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Strategic considerations for pro-poor growth

Assessing poor producers and workers in the value chain

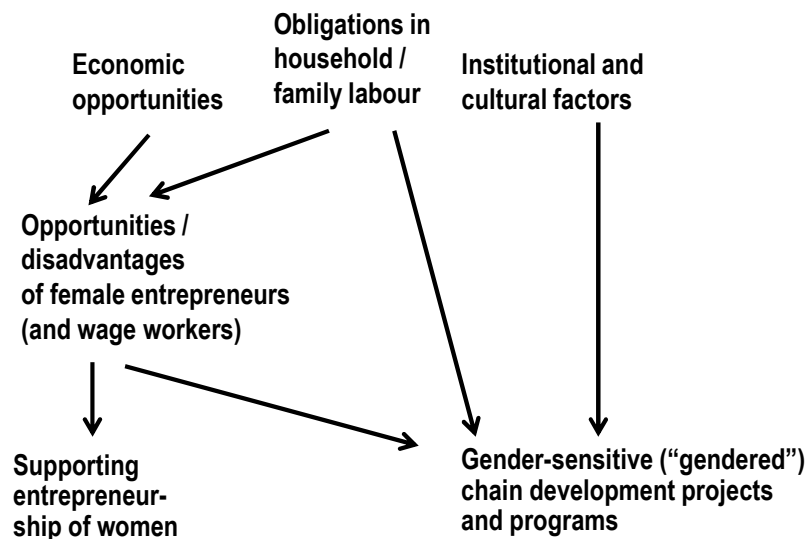


Strategic option: "Business models for the poor"



Gender strategy

Gender groups in the value chain



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Youth employment in agri-food VCs

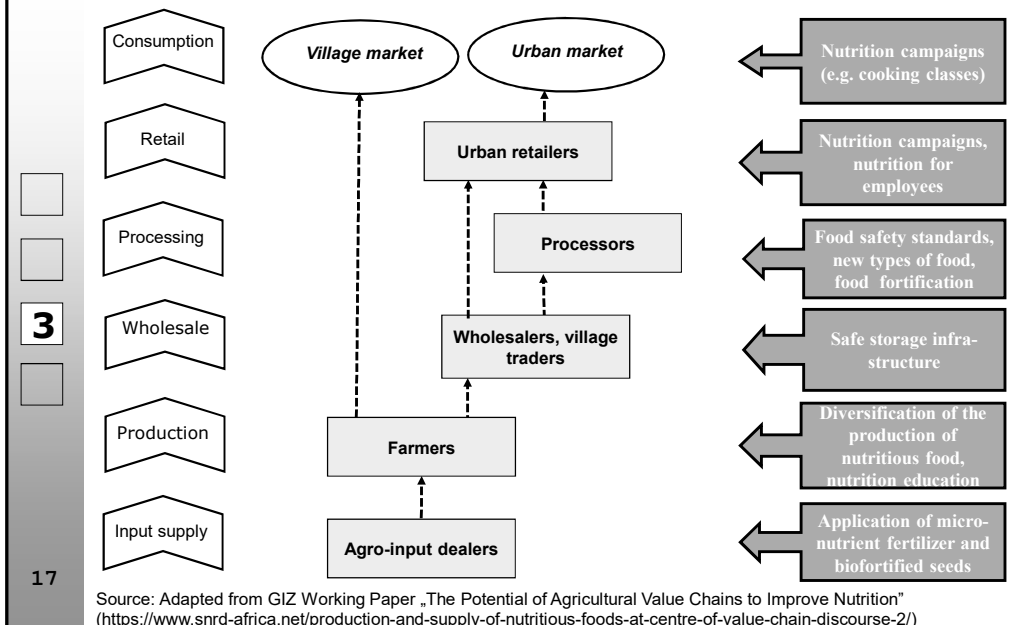
Promote broad-based agricultural productivity growth for youth employment

- Improve on-farm productivity (crop R&D, extension, infrastructure): By making farming more competitive, good jobs in farming will grow.
- Multiplier effects: Performance of farming will influence the pace of growth in good off-farm jobs
- Invest in youth through quality education, vocational training, mentoring programs, etc. to promote off-farm employment
- Review education curricula to keep abreast of current labor market needs and new technologies
- Promote youth entrepreneurship
- Strengthen youth voice in policy dialogue and program design
- Educate the public to reform social norms that limit youth development

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Target groups in nutrition-sensitive VC promotion



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Strategic options...

- (1) Value chain upgrading and innovation
- (2) Addressing market failure - making markets work

- (3) Management of local ecosystems
- (4) Improving natural resource efficiency
- (5) Environmental regulations

- (6) Business models benefitting the poor
- (7) Regulation and social policies in defense of the poor
- (8) „Gendered“ VC development projects
- (9) Economic empowerment of women and young people
- (10) Nutrition-sensitive VC development

...that may be combined

**Why engage in visioning?**

- Visioning focuses on the opportunities
- Visioning provides strategic direction
 - How should the value chain look five years from now?
Unless this perspective is clear, it is difficult to prioritize action and stay focused
- Visioning is the basis for consensus among chain actors
 - Unless chain actors share the view on the future, they will not be motivated to cooperate



Goals of VC development

Template of a "vision" for value chain development

Value added of the VC (= prices obtained and/or volumes sold)

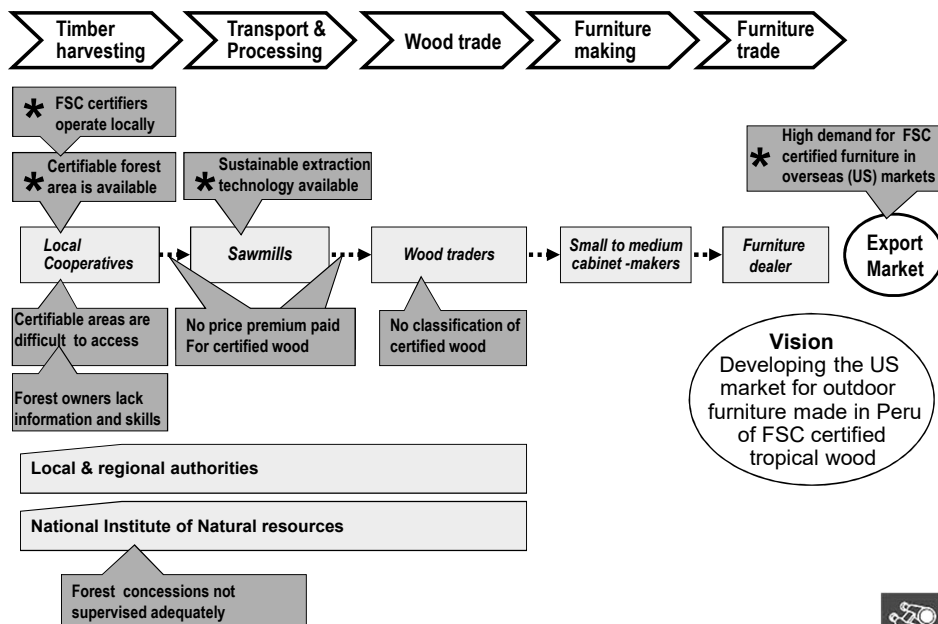
- **for the product** (specify type, quality, etc.)
- **increased** by ... \$\$ in the year ... (5 years from now)
- **while increasing income of poverty groups** (in \$ /year, specify)
- **Creating jobs for poor underemployed** (numbers of jobs)
- **improving water and energy and material use efficiency**
- **preserving the ecosystem upon which the VC relies**

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Example: Furniture in Peru



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