

DIAGNOSTICS FOR INDUSTRIAL VALUE CHAIN DEVELOPMENT

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CONTENT SUMMARY

Brief Description: This document is a tool for diagnosing industrial value chains. It provides guidance for defining the elements necessary for the development and upgrading of entire value chains. It focuses on industrial value chains, meaning those that engage in the processing and transformation of primary products into consumable goods and thereby generate added value.

Uses: The diagnostics can be applied to situations where value chain development has no single or easy solution and many parallel constraints and development opportunities exist. Analysts may use this information to make policy and program level strategic decisions about whether interventions in value chain development can and should be pursued, and at which points.

Tool Components: The tool includes seven diagnostic dimensions:

- Dimension 1: Sourcing of Inputs and Supplies
- Dimension 2: Production Capacity and Technology
- Dimension 3: End-Markets and Trade
- Dimension 4: Governance of Value Chains
- Dimension 5: Sustainable Production and Energy Use

- Dimension 6: Value Chain Finance
- Dimension 7: Business Environment and Socio-Political Context

OPERATIONS

Number of Staff Required: The number of staff required will vary depending on the depth of analysis and the value chain selected. Given the scope of the diagnostics, it is preferable to form a multidisciplinary team drawing from fields such as engineering, marketing, finance, economics, business administration, and environmental management.

Time: Collecting and analyzing the data and writing a diagnostic report can take anywhere from two weeks to a couple of months, depending on the size of the value chain and the level of detail required.

Cost of Assessment: Not specified; this will depend on the context, the value chain and the depth of the analysis.

Training: Not specified; it is expected that analysts involved in the process are already experts in a relevant specialized field.

Geographic Targeting: The analysis focuses on value chains, which may span multiple geographical areas. Therefore, the geography will be determined by the value chain selected.

Type of Data Collection: Substantial data collection is required for meaningful results. This includes conducting interviews with a range of government officials and other key stakeholders, especially businesses in the value chain.

Degree of Technical Difficulty: The tool can be characterized as rapid, in the sense that it is simple and its application can be accomplished in a short period of time, making it an effective way of obtaining relevant information. However, it is expected that the diagnostics will be carried out by specialists who are familiar with value chain projects and project cycle management, and who most likely are capable and experienced enough to select the elements of the tool that are most relevant and adapt them to the specific context.

Complements other Resources: Unlike conventional value chain analysis, this tool emphasizes the processing and manufacturing segment with its downstream (market) and upstream (supplies) relationships. This document adds to the existing literature on value chain analysis by introducing the "industrial perspective" and complements other value chain analysis tools that center on "primary production" and "market orientation."