

Principles and Concepts of Value Chain Analysis

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**Value Chain Analysis Training
ACIAR Project ASEM/2014/053**



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Value Chain Definition

Value chain refers to the full range of activities that are required to bring a product (or a service) from conception through the different phases of production to delivery to final consumers and disposal after use (Kaplinsky 1999; Kaplinsky and Morris 2001).

A value chain looks at the complex range of activities implemented **by various actors** (primary producers, processors, traders, service providers) to bring a raw material through a chain to the sale of the final product. The ‘broad’ value chain starts from the production system of the raw materials and will move along the linkages with other enterprises engaged in trading, assembling, processing, etc.



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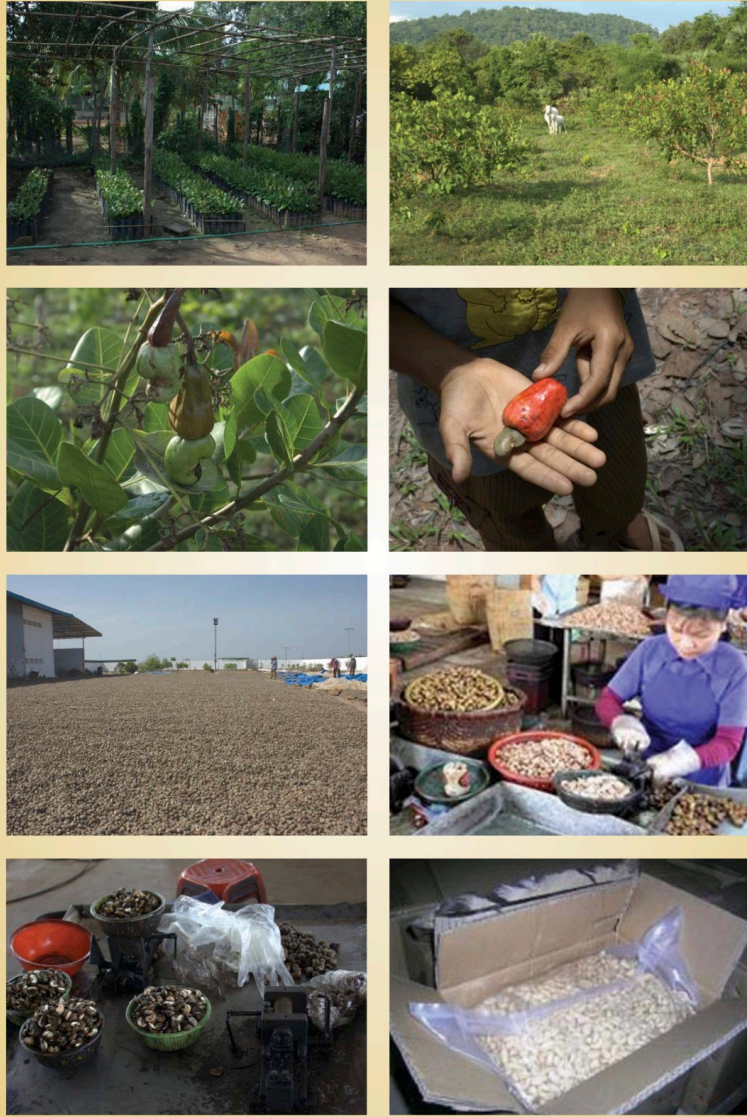
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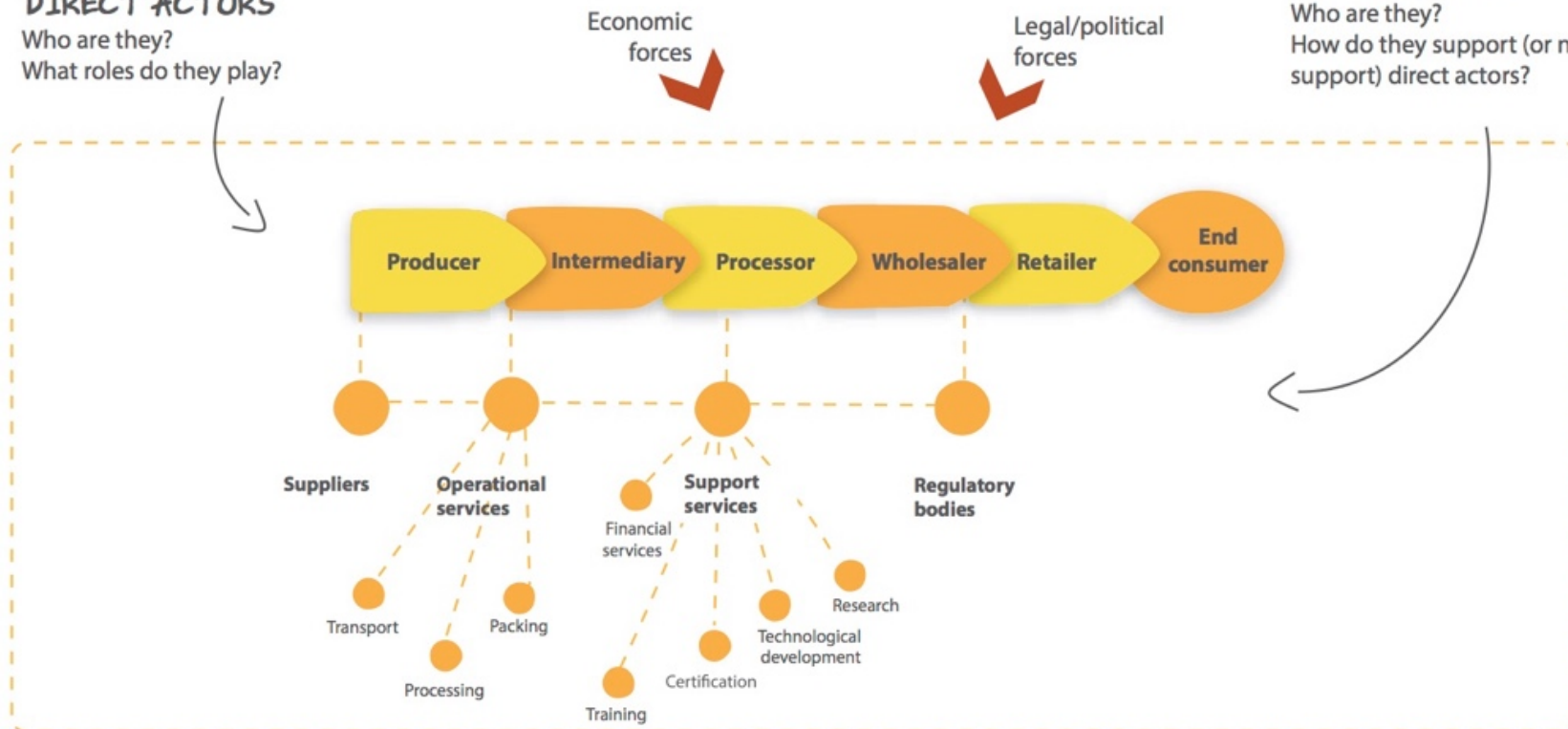


DIRECT ACTORS

Who are they?
What roles do they play?

INDIRECT ACTORS

Who are they?
How do they support (or not support) direct actors?



EXTERNAL INFLUENCES

Within what context does the value chain operate?



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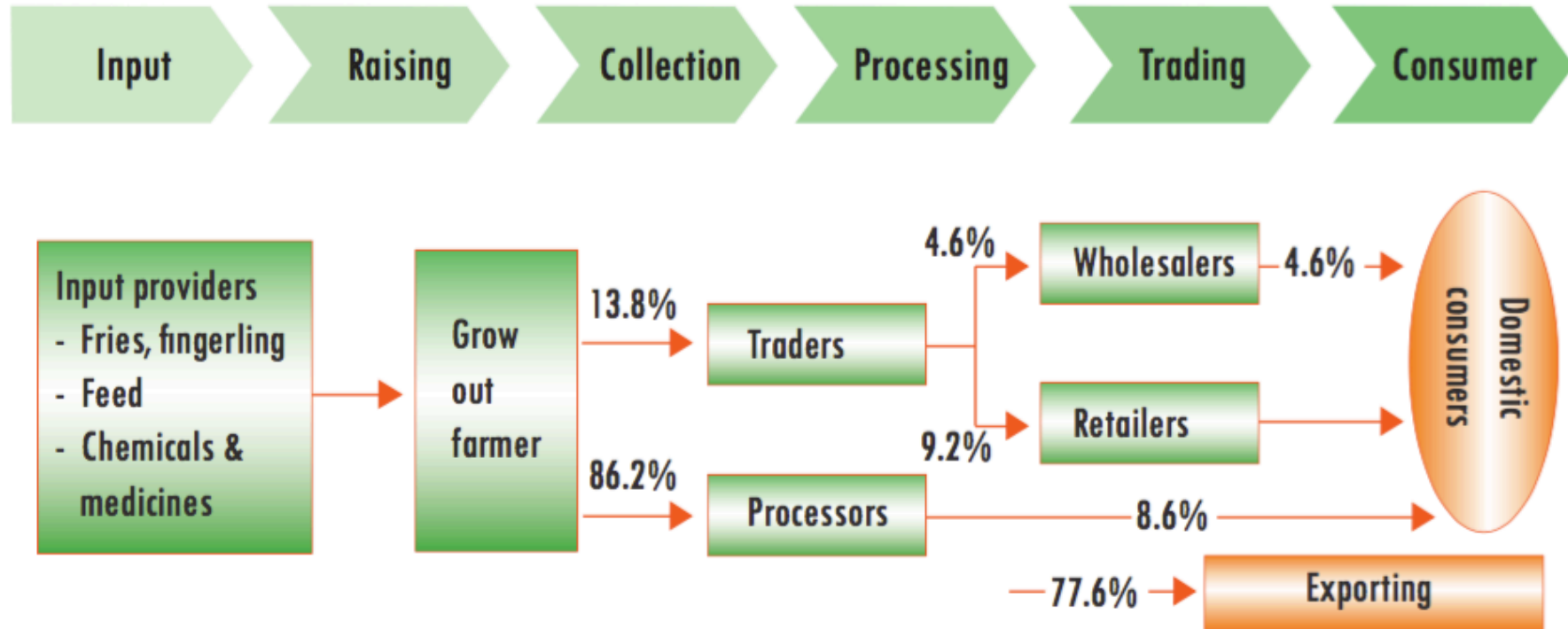
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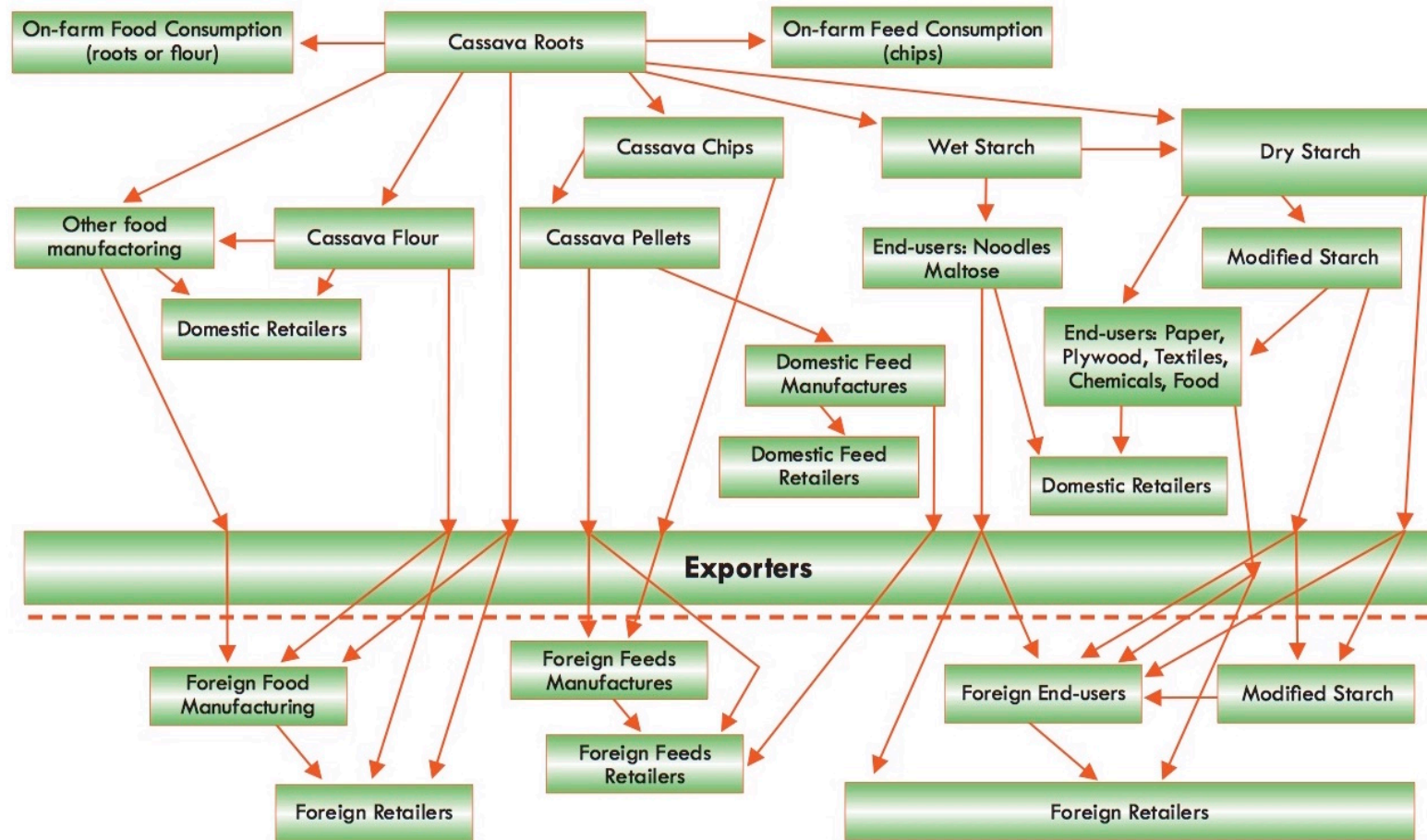
Value Chains can be relatively simple



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Value Chains can be very complex



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Systematic Mapping

Value-chain analysis **systematically maps the actors** participating in the production, distribution, marketing, and sales of a particular product (or products). This mapping assesses the characteristics of actors, profit and cost structures, flows of goods throughout the chain, employment characteristics, and the destination and volumes of domestic and foreign sales.



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Distribution of Benefits

Value-chain analysis can play a key role in **identifying the distribution of benefits of actors in the chain**. That is, through the analysis of margins and profits within the chain, it is possible to determine who benefits from participation in the chain and which actors could benefit from increased support or organisation.



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Upgrading

Value-chain analysis can be used to **examine the role of upgrading within the chain**. Upgrading can involve improvements in quality and product design or diversification in the product lines served, allowing producers to gain higher value. An analysis of the upgrading process includes an assessment of the profitability of actors within the value chain as well as information on limitations that are currently present.



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Governance

Value-chain analysis **highlights the role of governance** in the value-chain, which can be internal or external. Governance within a value-chain refers to the structure of relationships and coordination mechanisms that exist between actors in the value-chain. Governance is a broad concept which basically ensures that interactions between chain participants are organised, rather than being simply random.



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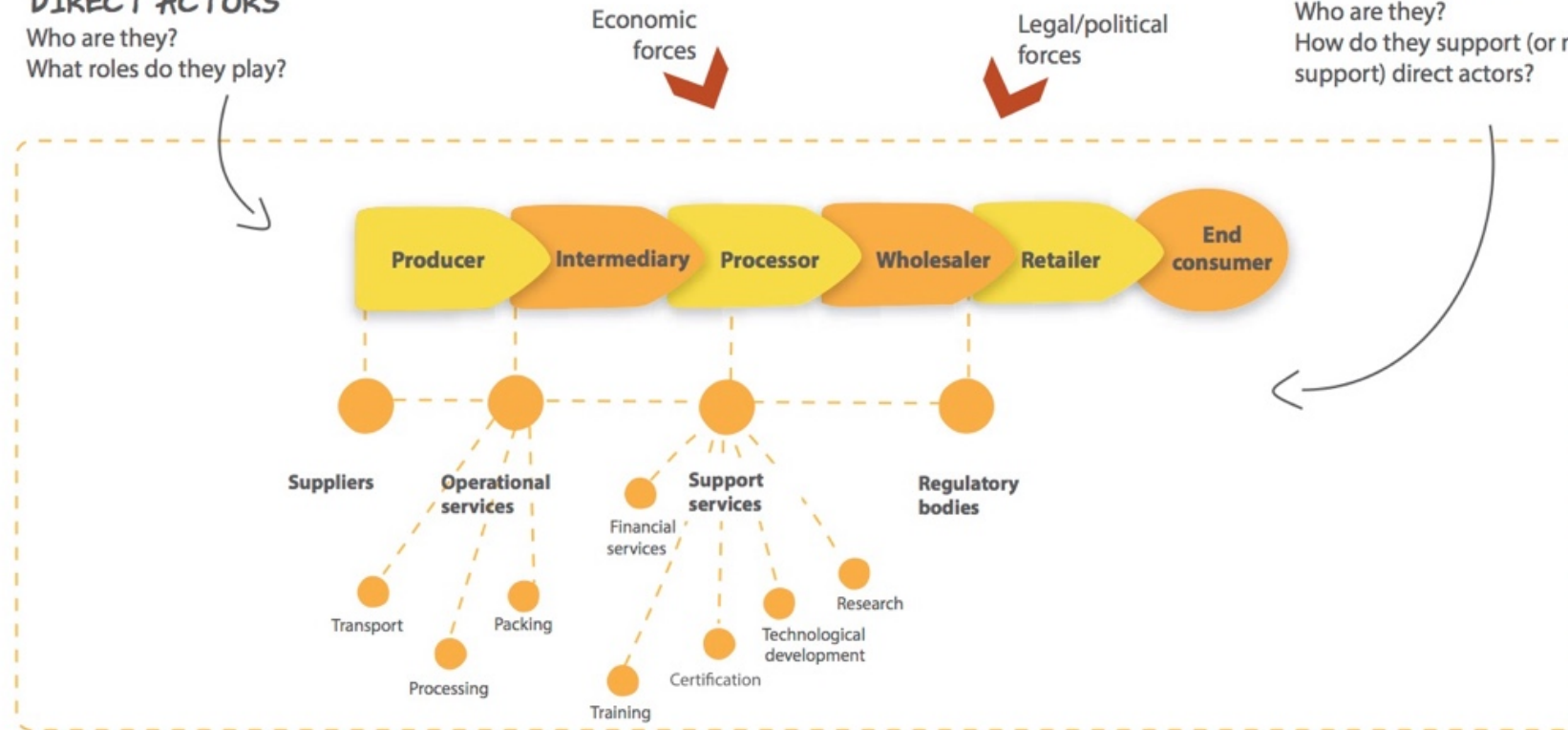


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Holistic Approach

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Thank You!



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