



Food and Agriculture
Organization of the
United Nations



Selecting value chains for sustainable food value chain development

Guidelines





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**FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS**

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Pineapple vendor in Suriname.

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Foreword

Much of the work on value chain development started in agriculture. Development practitioners had been trying to understand how to best improve productivity at the farm level. It soon became clear that development impacts would be made more powerful by combining improved production practices with a thorough understanding of the demand situation in agricultural markets, and by simultaneously addressing binding constraints in the downstream segments of the value chain, the existing support services landscape and the value chain's enabling environment. Understanding how value chains and their markets work has therefore become central to rural and agricultural development.

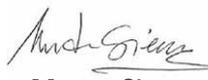
For development practitioners, it is important to understand how value chains and their systems structure and condition the incomes and working conditions of those involved, and their impact on food security and environmental sustainability. Doing this by following a commodity from production to market enables us to break down highly complex problems along a comprehensible and visual model, the value chain. I personally like the word 'value', as it does not only signal that value is created at each step of the chain, but the word 'value' can also be used to ask questions about where and for whom value is created in a specific value chain or market system.

This guide explores a practical issue that is of the utmost importance when intending to sustainably upgrade value chains: value chain selection. Value chain selection is a critical first step in value chain development, as it looks at which value chains and products have promising market demand, but also where the impact of development interventions might be greatest.

Sustainable value chain development has become a core strategy of the United Nations (UN) in its efforts to accelerate the achievement of the Sustainable Development Goals (SDGs). Over the past decade, different UN agencies have joined forces in continuously improving and mainstreaming sustainable value chain development approaches and many fruitful discussions, valuable collaborations and important lessons learned have fed into this publication.

The guide is a very welcome addition to guidance notes in this field and will hopefully become a key resource for Ministries of Agriculture and everyone else working on sustainable agricultural value chain development.


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Abbreviations and acronyms

ACP	Africa, Caribbean and Pacific
3ADI+	Accelerator for Agriculture and Agro-Industry Development and Innovation
FAO	Food and Agriculture Organization of the United Nations
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GHG	greenhouse gas
ILO	International Labour Organization
IUU	illegal, unreported and unregulated fishing
NGO	non-governmental organization
OACPS	Organisation of African, Caribbean and Pacific States
SDG	Sustainable Development Goal
SFVC	Sustainable Food Value Chain
TCP	Technical Cooperation Programme
TWG	Technical Working Group
UN	United Nations
UNIDO	United Nations Industrial Development Organization
VC	value chain
VCA	value chain analysis

Executive summary

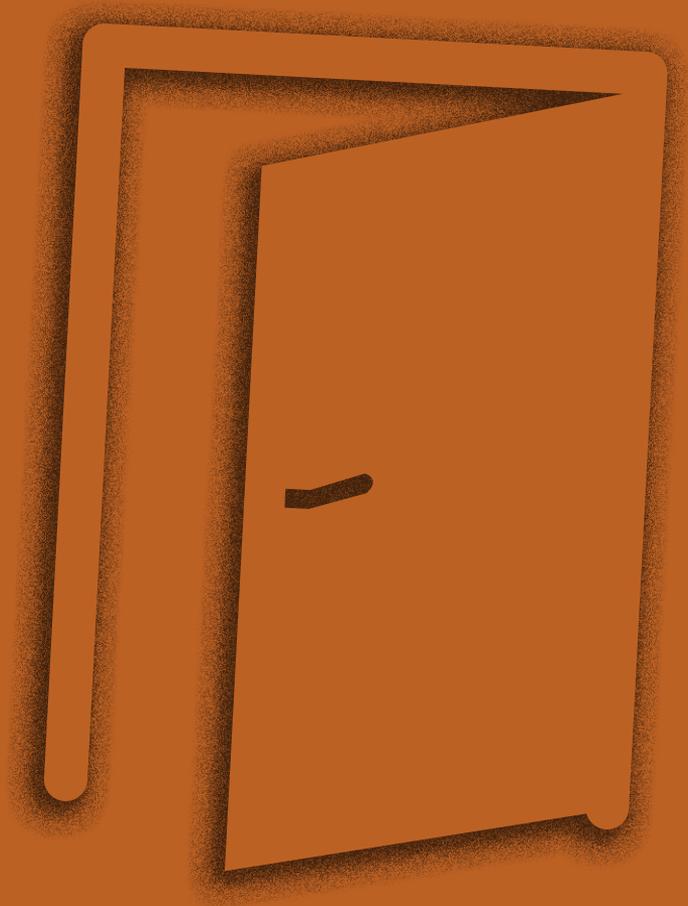
Value chain selection is an important initial step in value chain development; it aims to identify the value chain(s) most suitable for upgrading, based on their potential to achieve the Sustainable Development Goals. These guidelines have been prepared to provide a more structured, participatory and objective approach to value chain selection. It primarily targets development practitioners, including international organizations, non-governmental organizations (NGOs), regional bodies or national governments seeking to achieve certain objectives through agrifood value chain development projects.

The publication has five sections. First, it provides the rationale and key differences between this publication and others on value chain selection. Second, it presents the key principles for value chain selection, focusing particularly on stakeholder engagement. Third, the step-by-step process for value chain selection is explained. Fourth, a series of practical case studies is presented. The guide concludes with closing remarks and recommendations.

The publication proposes a step-by-step process that guides the user in assessing, comparing and selecting value chains. The six steps are to: 1) customize the tools based on identified project goals; 2) generate a longlist of proposed value chains; 3) conduct a shortlisting exercise; 4) collect data on the shortlisted value chains; 5) score the shortlisted value chains; and 6) finalize the selection and inform stakeholders. Following these six steps, and applying the principles presented herein, can help in applying a more rigorous and objective process for value chain selection. This approach is participatory, evidence-based, adaptable and sustainability-focused. It aims to aid in the selection of value chains that are most likely to generate the desired impacts, based on the level of feasibility and impact along the triple bottom line of sustainability (economic, social, environmental).

C H A P T E R 1

Background and scope



Background and scope

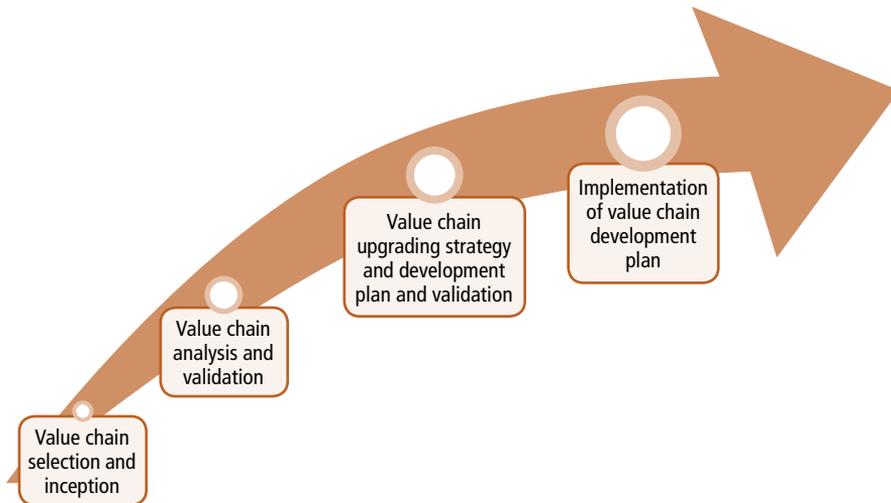
Value chain selection is an important initial step in value chain development, which aims to identify the value chain(s) most suitable for upgrading, based on their potential to achieve Sustainable Development Goals such as poverty reduction, improved food security and nutrition, youth employment generation and gender empowerment, to name but a few. Value chain selection may be conducted by a range of stakeholders, and at varying scales – from global to regional, and from national to subnational. In some cases, this can involve a decision made by one organization, such as a ministry or a donor (see Case study 1), while in others, it is decided in consultation with a range of stakeholders. These guidelines have been prepared to provide a more structured, participatory and objective approach to value chain selection in a multistakeholder process. It mainly targets development practitioners, including international organizations, non-governmental organizations (NGOs), regional bodies and national governments aiming to achieve certain objectives through agrifood value chain development projects.

The guidelines provide a step-by-step process for agricultural value chain selection, which is primarily based on the FAO Sustainable Food Value Chain (SFVC) Framework (FAO, 2014a). It is also adapted from various other guidelines for value chain selection, which include the guide jointly prepared by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the International Labour Organization (ILO) (Schneemann and Vredevelde, 2015): *Guidelines for value chain selection*. This publication serves as the basis for the FAO guide presented here, and must be duly acknowledged as a key reference. Other key references include Marketlinks (2018), the World Bank (2018) and Agri-ProFocus (2012).

After selection, the value chain(s) will typically be analysed to identify the key constraints and opportunities for upgrading. Value chain upgrading involves designing and implementing innovative solutions to address value chain underperformance (FAO, 2014a; Springer-Heinze, 2018). Based on the findings of this analysis, with facilitation by the practitioner, key value chain stakeholders will develop a shared vision and strategy to guide value chain upgrading interventions. However, this publication is specifically focused on Step 1 of the project cycle for value chain selection and project inception (see Figure 1). The subsequent steps are the focus of another SFVC Practitioner's Handbook on value chain development (forthcoming). This publication is part of a series that FAO has developed on value chain analysis and development.

FIGURE 1

The value chain development process



Source: Authors' own elaboration.

This publication has five sections. First, it provides the rationale and key differences between this and other publications on value chain selection. Second, it presents the key principles for value chain selection, focusing on one of the key principles of stakeholder engagement. Third, it explains the step-by-step process for value chain selection. Fourth, it presents four practical case studies of value chain selection that follow the principles. The publication concludes with some closing remarks and recommendations.

Rationale and unique features

The FAO value chain selection tool was developed largely based on the joint GIZ and ILO guide, which served as the main reference for its development (Schneemann and Vredeveld, 2015). However, this guide is adapted to the mandate of FAO and is thus more focused on agricultural and food value chains. It is also aligned with the *Sustainable food value chain guiding principles* (FAO, 2014a) and the *FAO Environmental and social management guidelines* (FAO, 2015). Importantly, it takes a unique approach in differentiating between two categories of selection criteria: **feasibility** and **impact**.



Feasibility examines whether the current context would support value chain upgrading (answering the question: How easily can something be changed?), while **impact** examines the nature and scale of the potential impacts of value chain development (answering the question: What impacts will the changes have?). This is a significant distinction, because while a value chain development project can be highly feasible to implement, it may have no positive impacts, or even pose the risk of generating negative overall impacts. Conversely, a project may be difficult to implement, with low feasibility, but have substantial positive impacts overall. It is therefore important to examine the score for these two components of feasibility and impact, on their own as well as together.

C H A P T E R 2

Key principles





Key principles

The approach for value chain selection presented here follows five key principles: 1) It is **participatory**, involving key stakeholders in the selection process from the outset; 2) it is **evidence-based**, using findings from secondary and, where applicable, primary data; 3) it is **adaptable** to the project context and the value chains under consideration; 4) it is **sustainability-focused**, following the triple bottom line of sustainability, and with consideration of resilience (a meta-dimension of sustainability); and 5) it is **commercially viable**, ensuring that there is sufficient market demand for viability of the selected value chain products. More details on these key principles are provided below.

- 1] Participatory:** It is important to foster the engagement of key stakeholders from the outset of the value chain selection process. These may come from a broad spectrum of society and will depend on the context, both geographically and sectorally. Key stakeholders may include: policy-makers, representatives of the private sector or civil society, and sectoral or thematic experts relevant to the project focus/objective. A participatory approach ensures that the selection process takes into consideration a range of different perspectives, and the varying needs and interests of stakeholders. It is also an important step in fostering ownership and commitment to the effectiveness and sustainability of the proposed upgrading interventions. Without both private and public sector support for the later stages of value chain upgrading, value chain development interventions are unlikely to be effective and sustainable.
- 2] Evidence-based:** The decision-making process for value chain selection is supported by a combination of quantitative and qualitative data from both secondary and primary sources, (if possible) to be collected through a range of data collection methods. These may include: a literature review, key informant interviews, stakeholder consultations, expert meetings and field observations. These findings are compiled into short summary reports to guide the shortlisting and final selection process. Importantly, the information collected should not only capture the current situation, but should also consider the context and dynamics to the greatest extent possible, including historical and potential future trends.
- 3] Adaptable:** This approach and the tools that have been provided in the annexes are not prescriptive, but should be adapted to the project goals, value chains and wider context. For example, a template scoring matrix has been provided (see Annex 1), which should be customized by adding relevant criteria, and/or omitting irrelevant ones. The process itself is also adaptable – as not all steps may be necessary in each case, and modalities for carrying out the steps will inevitably depend on the project scope and budget.

- 4] Sustainability-focused:** The approach follows the triple bottom line of sustainability, with criteria for each of the economic, social and environmental dimensions under both the feasibility and impact sections. This also includes criteria on resilience, which is a meta-dimension of sustainability that must be considered to ensure that impacts will be able to sustain changes. The value chain selection process should be based on a holistic understanding of sustainability and resilience, to ensure that the overall impact of the upgrading interventions is positive, sustainable and resilient.
- 5] Commercial viability:** The starting point of value chain development, including value chain selection, is commercial viability involving an end-market opportunity, unmet market demand, or an opportunity to improve efficiency and deliver products at a lower cost. This criterion under economic feasibility must not therefore be ignored, and should be given due weight, regardless of the context. In the absence of adequate and realizable market demand (and resultant profits), a value chain should not be selected for development.

These principles can serve as a checklist to ensure that the value chain selection process has been conducted soundly, asking: 1) Has the process been sufficiently participatory, including both public and private sector actors? 2) Has sufficient evidence been gathered to back the decision-making process? 3) Have the tools been adapted to the country and sectoral contexts? 4) Have economic, social and environmental criteria been taken into account? 5) Have clear opportunities been identified to ensure commercial viability? It is important to keep these principles in mind throughout the value chain selection process.

CHECKLIST:

- ✓ Participatory
- ✓ Evidence-based
- ✓ Adapted
- ✓ Sustainable
- ✓ Commercially viable

Participatory stakeholder engagement

Diverse parties can be involved in the value chain selection process. References are made to these throughout the guide and their roles will be further explained. They include:

- » project partners or donors
- » the implementing team
- » project target groups
- » other key informants



The **project partners or donors** are the project funders, and may be development banks or government institutions funding the value chain development project. The **implementing team** refers to the organization(s) or agency(ies) responsible for facilitating the value chain selection and development process; in many cases this will be a development organization(s), such as an international development organization, NGO, or other consultancy agency. The **project target groups** (sometimes called **project beneficiaries**) include representatives of potential value chain actors and value chain stakeholders, support service providers and government agencies, such as relevant ministries, trade associations, universities and research institutions, NGOs, producer organizations and business organizations (i.e. representing agribusinesses and service providers). In addition, other **key informants** – who may not benefit directly from the project but are familiar with the sector(s) and contexts under consideration – are included to provide key insights; these may range from representatives of external international development organizations (not part of the implementing team) to industry experts on relevant social and environmental subjects (e.g. employment promotion, or climate change) and researchers.¹

Selection of the stakeholders to involve will depend on the project goals and target groups. For example, if the potential value chain development project has a specific focus on youth-sensitive employment generation, representatives of youth organizations and young graduates and unemployed youth should be included in the process; if the focus is on climate-smart agriculture, green groups and environmental NGOs should be included. Regarding the involvement of prospective value chain actors, depending on the longlist generated, it may be challenging to invite value chain (VC) actors from each value chain, especially considering actors from the upstream value chain stages (e.g. production and processing levels). In addition, inviting many commodity-specific actors may sway the value chain selection process. It may therefore be recommended to invite more neutral downstream actors instead, such as buyers who purchase from many producers, or to take a more market systems approach and involve support service providers, such as input suppliers, who serve multiple value chains.

Regardless of the goals of the value chain development project, it is recommended that the participants are gender-balanced, and that the project interventions (including the value chain selection process) are gender-sensitive. This will include involving women's organizations, women-led businesses and women's cooperatives in the process. Additionally, the selection of the public sector representatives to include in the process will depend on project goals. For example, projects focusing on improved food and nutrition security should ensure that representatives from

¹ This list is not exhaustive. Further suggestions on stakeholders' categories may be found at UNIDO, 2011.

the Ministry of Health are present. Nevertheless, it is essential that a wide range of multidisciplinary stakeholders are involved to ensure that trade-offs are identified across economic, social and environmental impacts. Box 1 indicates a list of suggestions for stakeholders to include in the selection process. Those identified should be involved in the following steps to varying degrees.

In terms of the modalities for value chain selection, and how to engage stakeholders throughout the process, ideally a face-to-face multidisciplinary participatory stakeholder workshop(s) should be held to facilitate value chain selection at key stages, though workshops can be costly, and may therefore be out of reach. Alternative approaches – including virtual options – are proposed in the following steps, where appropriate. In cases where barriers may exist to allowing all participants, including project target groups, to express their interests and views freely (these may include marginalized groups such as migrants or refugees, smallholders vs. industrial actors, or women value chain actors in largely male-dominated sectors), separate workshops or other forms of stakeholder consultation may be more suitable. In some cases, key informant interviews and focus group discussions may be more appropriate than stakeholder workshops. In the next section, the step-by-step process is presented to show how the above-mentioned principles for stakeholder engagement can be applied in practice.

Box 1. Tips for stakeholder involvement

- » **Donors:** National government, international organizations, development banks, international funds, etc.
- » **Implementing team:** Development organization, NGO, consultancy, etc.
- » **Government:** Agriculture, industry, environment, finance, health, environment, labour, investment, youth, women etc.
- » **Prospective VC actors:** representatives of farmers' organizations, cooperatives, women's groups, processors, distributors, trade groups, industry organizations and retailers.
- » **Support providers:** input suppliers (e.g. seed, feed, fertilizers) and support service providers (e.g. extension officers and veterinary services).
- » **Industry experts:** leaders of other related projects, industry associations, researchers.
- » **Regional organizations:** other NGOs or development organizations who have supported the country or sectors under consideration in the past.

C H A P T E R 3

The step-by-step process



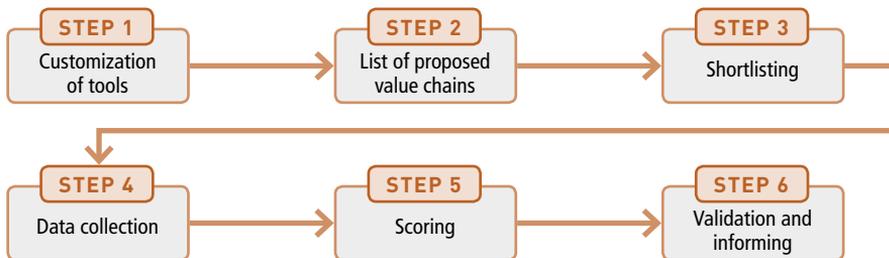


The step-by-step process

The step-by-step process (see Figure 2) guides the user in assessing, comparing and selecting value chains. The modalities for carrying out the steps will differ depending on the project scope, size, objectives and budget. Some steps can be carried out simultaneously (such as during a value chain selection workshop), and this is indicated where relevant. The basic outline of the six steps are to 1) customize the tools based on identified project goals; 2) generate a longlist of proposed value chains; 3) conduct a shortlisting exercise; 4) conduct data collection; 5) score the value chains; and 6) finalize and inform stakeholders. In the next section, different modalities are indicated for how these steps can be applied and adapted in practice.

FIGURE 2

Steps in the process of value chain selection



Source: Authors' own elaboration.

STEP 1 » Customization of the tools

The starting point is to adapt the tools provided here to the value chain development goals or objectives identified. Although a value chain development project may have many goals, and should always strive for sustainability across all elements, there will inevitably be trade-offs, and it is therefore critical to prioritize a few (maximum five) main goals, which will be weighted more heavily and will guide the selection process. Following the principles of sustainability, the goals should include positive **economic impacts** (e.g. poverty reduction, job creation); **social impacts** (e.g. women's empowerment, improved nutrition, improved institutions); and **environmental impacts** (e.g. reduced deforestation, reduced pollution). In the longer run, this prioritization will also allow for a more targeted approach to be adopted throughout the value chain analysis, and will ultimately inform a tailored response strategy or value chain development plan.

The primary tool to adapt is the scoring matrix, which should be adjusted by adding or deleting criteria, and determining the weights for each criterion. The proposed scoring matrix (see Annex 1) is composed of 24 criteria divided into 2 categories: **feasibility** or the potential to facilitate VC upgrading (i.e. how easily can the project do something?), and **impact** or the expected impact of VC upgrading (i.e. will what the project does lead to significant positive changes?). Between these two categories, there are six subcategories to underscore the triple bottom line of sustainability (see Table 1); this means that for each category, economic, social and environmental dimensions are considered in the assessment, as well as an underlying dimension of resilience. Annex 1 provides the tool as a table.² For each of the standard criterion, Annex 2 provides a summary, and Annex 3 provides a full list of guiding questions. All three of these tools should be adapted, based on how the template scoring matrix (see Annex 1) is changed. It is important to note that these questions are just for guidance, and that not all questions will be relevant to each case. This question guidance document may also need to be adapted depending on the final scoring criteria, context, value chain, etc.

TABLE 1

SIX SUBCATEGORIES FOR VALUE CHAIN SELECTION

FEASIBILITY	IMPACT
Economic feasibility	Economic impacts
Societal feasibility	Social impacts
Environmental feasibility	Environmental impacts

Source: Authors' own elaboration.

The proposed matrix needs to be customized to the project context, target beneficiaries and project goals.³ This step is conducted by the implementing team, in close consultation with the donors. It can be carried out via virtual or face-to-face meetings between relevant parties. The implementing team needs to decide on the full set of criteria to be used for the final selection process, as well as a smaller subset of key criteria to be used for shortlisting (Step 3).

² While this tool has been provided in the current document, this exercise should be conducted in Excel, in order to do the calculations automatically and avoid arithmetical errors.

³ Additional references for tailoring the matrix to different contexts and project objectives can be found at GIZ (2013) on value chain development in migration contexts; ILO (2015) on value chain development associated to job creation and improved working conditions; Schneemann and Vredevelde (2015) on value chain selection more generally.



This may depend on the project target groups. For example, if the target beneficiaries are youth, a specific criterion may be added to the section on 'wages and jobs', such as 'potential to generate youth employment'. Or if the project specifically aims to support gender equality and women's empowerment, it may be advisable to add a more gender-targeted criterion to the section on 'sociocultural norms', such as one on 'gender empowerment'. For both these examples, it may also be recommended to add a criterion on 'inclusiveness' to the social impact subcategory. In addition, customization may depend on the range of value chains under selection. For example, animal welfare, which is a consideration under the social impacts of 'sociocultural norms', is not relevant to horticultural value chains, but it may be advisable to add a separate criterion on this for livestock value chains.

Once the criteria have been chosen, the implementing team will assign a weight to each selection criterion to ensure that the final score is aligned with project priorities. Weights should be assigned by distributing 100 percentage points across the criteria. While there may be a temptation to consider these two in sequence, i.e. to focus solely on **feasibility** first, then consider the potential **impacts** of the project second, this represents a potential pitfall that should be avoided. As previously explained, it is important to consider both feasibility and impact, since a project may be highly feasible to implement, but with no positive impacts; vice versa, a project may be challenging or difficult to implement, but with potentially significant positive impacts. A balance between the two – feasibility and impact – is therefore recommended.

To maintain a balance between the two categories of feasibility and impact, 50 percentage points should be distributed among the feasibility criteria, and 50 percentage points among the impact criteria. A higher weight represents a higher relative importance of one criterion over the others. Considering the standard template, which has 24 criteria, each would receive about 4 percentage points or (4 percent) if all were distributed evenly. Thus, depending on the number of final criteria selected, some will be weighted more heavily (e.g. 7 percent), while others may be weighted lower (e.g. 2 percent). It is important to discuss the attribution of weights and to evaluate how this impacts the final scoring results, and make corrections where necessary.

Although the matrix is adaptable, it is recommended to keep at least two criteria for each of the six subcategories (economic, social and environmental subcategories for both feasibility and impact), to underscore the triple bottom line of sustainability. It is also recommended to keep all relevant criteria and lower the weights assigned to them rather than omit them entirely. For example, even if environmental components such as reducing the carbon footprint of the value chain may not be the primary goal of the value chain analysis and development, it is important not to overlook this factor entirely, as it may end up being a substantial trade-off.

The individuals involved in the customization process must understand each proposed criterion, and review the tools in the annexes prior to customization. For example, food loss and waste is a crosscutting issue, which has economic (loss of income), social (loss of food) and environmental (loss of natural resources) ramifications, and is captured in multiple criteria throughout the tool – profits; food security, safety and nutrition; and climate impact and water footprint, respectively. Some additional tips are provided in Box 2. This step will serve as a basis for the following steps of generating a longlist of value chains (Step 2), shortlisting (Step 3), and data collection (Step 4).

Box 2. Tips for customization

- » It is recommended to keep a balance between feasibility and impact criteria.
- » Only delete criteria if absolutely necessary.
- » It is better to alter the weighting of criteria than to remove criteria completely.
- » Must follow triple bottom line of sustainability – maintaining at least two criteria per subcategory.
- » Do not remove market demand, as this is the starting point for value chain development.
- » Review Annexes 2 and 3 prior to customization.



STEP 2 » List of proposed value chains

Depending on the project scope (i.e. local, national, regional or global), size, objectives and budget, various methods for generating a longlist of proposed value chains may be appropriate. Some projects, particularly large-scale multicountry ones, may warrant a call for proposals, requesting, for example, national governments or ministries to submit value chain development proposals (see Case study 2 on FISH4ACP). When issuing a call for proposals for value chains, it is essential to provide a proposal template, explaining what constitutes a value chain and requesting the information needed for the shortlisting decision (see Annex 4 for an example template for a call for value chain proposals from a project on fisheries and aquaculture value chains). Additional tips for calls for proposals are provided in Box 3.

It is especially important to indicate to what extent the scope of the value chain proposal will be accepted in its proposed form, or if the scope may be expanded or reduced (see the three examples below, related to fisheries and aquaculture value chains).

- » **Example 1:** A shrimp value chain is proposed, which focuses on three high-value, export-oriented species in the industrial value chain, leaving out the species targeted by artisanal actors for local markets. → It may be necessary to discuss the expansion of the scope to include artisanal actors and the species of shrimp that they exploit.
- » **Example 2:** Alternatively, an aquaculture value chain is proposed, which does not specify any target species, leaving it open to tilapia, catfish and others. → It may be necessary to reduce the scope to focus on just one species.

Box 3. Tips for calls for proposals

It is important that participating national governments/institutions understand the conditions of the selection process, including:

- » Which institutions are eligible to propose value chains?
What will be the involvement of the participating institution if that value chain is selected?
- » What constitutes a value chain?
- » To what extent may the proposed value chain scope change following the selection (e.g. with regards to locations, selected species, technological focus)?
- » On what basis will the proposals be scored?

- » **Example 3:** A tuna fisheries value chain is proposed, which focuses on one landing site only, disregarding other important fishing locations. → It may be necessary to extend the scope to include all main landing sites that are relevant for the target value chain.

However, in most cases of value chain selection – particularly at national level – it is more likely that the implementing team, in consultation with the donors or project partners, will narrow the scope of value chains in a country by looking at the top performing or priority value chains. This may be in terms of high-production volumes, high-export volumes, total value of production, priority value chains in national agricultural development plans (see Case study 4), or value chains with high, yet untapped development potential (see the two examples below from Egypt). These criteria are often used to generate a list of potential value chains for further assessment.

- » **Example 1:** High-value market demand for a product whose local production volumes are low, but for which Egypt has suitable agroclimatic conditions – e.g. artichokes.
- » **Example 2:** High-value market demand for a product that is produced locally, but whose quality/food safety needs improvement – e.g. medicinal and aromatic plants, citrus.

Initial data collection needs to be conducted at this step, to gather the information required for the identification of potential value chains. This should be linked to the subset of criteria selected in Step 1. Typically, this step is conducted by the implementing team. If not performed by launching a call for value chain proposals, initial data collection typically involves rapid desk research (based on, for example, national development strategies, previous studies and survey findings). In some cases, this may also be followed by rapid primary data collection through a few key informant interviews, expert group discussions with key stakeholders (such as the government, local communities, experts), and quick field visits. Note that the evidence generated should be accurate, and regardless of the source, it is best to try to rapidly verify and triangulate the information collected. As time and resources may pose constraints, the implementing team should strive to find a balance between the need to collect sufficient, accurate data and the feasibility of data collection at this stage.

Depending on the scale of the value chain selection process and the length and number of VC proposals, it may be useful to create short value chain summary sheets for each value chain, using the information from the proposals received (see Annex 5 for an example template) and/or data collected during this step to provide the necessary information linked to the subset of criteria. These summary sheets can be used to aid the discussions and determine the shortlist of potential VCs in the next step (Step 3).



STEP 3 » Shortlisting

To make the selection process more efficient, and depending on the number of value chains proposed in the previous step, it is necessary to create a shortlist of value chains from the longlist, using the short summary sheets from the previous step (Step 2) and linked to the subset of scoring criteria. It may also be useful to do a quick scoring exercise of these initial proposals using a stoplight scoring system (red, yellow, green) (see Annex 5). This shortlisting may ease and expedite completion of the full scoring matrix (as presented below in Step 5 – scoring), since it can take about an hour to score one value chain, based on a team of four individuals who are familiar with value chains and the scoring criteria.

The implementing team, in partnership with the donors, will choose the number of value chains to be shortlisted, according to the resources and time available for the selection process and based on the final number of value chains to be selected. See for example, the case study on FISH4ACP, where from nearly 80 proposals submitted, 24 were shortlisted for further consideration, and 12 were finally selected for project support and in-depth assessment (Case study 2). In general, this process is steered by the implementing team, and depending on the situation, may be a participatory process, involving the project target groups and key informants in a value chain selection workshop (see Annex 6 for a concept note for such a workshop).

It is important to shortlist the potential value chains for further assessment based on the project objectives and more heavily weighted criteria (Step 1). For example, if the project aims to increase exports, selection criteria may prioritize 'market demand' and focus on high-value cash crop VCs that have the potential to comply with international standards. If the project aims to reduce distress migration, shortlisting should consider the potential for increasing local employment in outmigration hotspots. While the full scoring matrix has around 24 criteria, a subset including up to 10 criteria may be used to develop a shortlist in order to save time.

Moreover, shortlisting can be done by choosing exclusion and inclusion criteria, or by setting minimum scores for certain criteria from the scoring matrix proposed in Annex 1. Exclusion criteria are those that automatically justify exclusion from the VC selection process, while inclusion criteria are those that must be met in order to be included. For example, for capture fisheries value chains, any negative impacts on 'ecosystem capacity' may be used as an exclusion criterion, as this captures the importance of fish stock status – noting that without sustainable fish stocks,⁴ increasing capture can have drastic negative environmental impacts and may therefore be excluded from consideration.

⁴ Fish stock status refers to whether the fish population is underfished, overfished or maximally sustainably fished (FAO, 2014c).

Lack of ‘private sector interest’ in the feasibility category may also be deemed an exclusion criteria, as without this it is unlikely that there will be sufficient investments for sustainable value chain development. Further, the scorers may decide that if any one of the feasibility criterion is scored as zero, this would indicate that it should be excluded from consideration. In the case of a project aiming to boost decent youth employment in the agrifood system, inclusion criteria should necessarily include the potential impact on ‘jobs and income’, particularly for youth, as well as the quality of job opportunities identified and aspects of ‘workers’ rights and safety’, aiming for decent employment. In addition to inclusion and exclusion criteria, the team may wish to set minimum scores or thresholds for specific criteria or sets of criteria. For example, a minimum score could be set for the sum of the feasibility criteria. Once the shortlist has been created, additional data collection is necessary (Step 4).

STEP 4 » Data collection

For the shortlisted value chains, it is necessary at this stage to collect additional information to guide the final selection process. In all likelihood, the rapidly collected information conducted in Step 2 will be insufficient to address all the criteria in the scoring exercise, as the data collected at that stage were probably linked to a subset of the full criteria. Based on the agreed full set of criteria in the customized matrix (Step 1), the implementing team will collect data on each of the shortlisted value chains in order to address the questions related to each criterion (see Annex 3). In most cases, this data collection step will involve additional secondary data collection, for example from pre-existing publications and value chain analyses; policy statements and programme documents; and available databases (e.g. national statistics, international organizations).

Once sufficient secondary data have been collected, the implementing team will address possible data gaps and double check information from secondary sources, and may pursue additional primary data collection, as needed and feasible. Depending on the project scope and budget, primary data collection is recommended to facilitate stakeholder engagement and buy-in, and ensure that a wide range of multisectoral expertise is considered. To this end, the implementing team can conduct field observations, key informant interviews and focus group discussions (in addition to the information gathered during Step 2). See for example Case study 3, which included interviews and focus group discussions with key stakeholders.

In this step, it is important to consider including consultation of potential project beneficiaries and other key informants, depending on the focus of the assessment (for example, rural youth networks or women’s cooperatives). In some cases, such as for large-scale, multicountry projects, this may involve a participatory stakeholder workshop, inviting technical experts and potential project beneficiaries (see Case study 2). A participatory workshop can be a key



mechanism to gather additional data directly from project beneficiaries, and generate transparency among value chain proposers before the final step of validation and informing. An example concept note for such a regional value chain workshop is provided in Annex 6.

In general though, the implementing team should bear in mind that data collection for value chain selection requires a more rapid and less in-depth process than gathering information for value chain analysis, which will be conducted at a later stage in the project cycle. Data collection should focus on answering the questions related to the matrix criteria (see Annex 3) through information readily available from existing sources and validated through a limited number of interviews (UNIDO, 2011). Limited time and resources available for value chain selection, as well as quantitative data gaps, often lead to comparisons mostly based on expert opinions, available data and statistics, expectations and assumptions of the implementing team and stakeholders (UNIDO, 2011; Schneemann and Vredeveld, 2015). Though rapid, the data collection phase should be participatory to the greatest extent possible, and should involve consultations with project beneficiaries and key informants from various disciplines.

As preparation for the next steps, including the scoring exercise and final validation (Steps 5 and 6), it is advisable to produce a summary report for each shortlisted value chain, organizing the information into pros and cons and sorted by sections that reflect the categories and criteria of the full scoring matrix and including a rapid VC mapping (see Annex 7 – value chain summary report). This can build on the summary sheets if previously prepared for shortlisting (see Step 2 and Annex 5), but should be more detailed. These summary reports may go further to examine the pros and cons or opportunities and challenges associated with each criterion identified in the full selection criteria list (decided in Step 1). The implementing team processes and analyses the data collected and produces a summary report on the state of each shortlisted VC, together with its main issues and development opportunities.

STEP 5 » Scoring

Step 5 aims at filling the full scoring matrix, which was customized in Step 1 based on the full scoring matrix from Annex 1. As a reminder, the matrix should be completed in Excel to do the calculations automatically.

In some cases, it may be that the scoring is conducted by the implementing team, in partnership with the donors (see Case study 2). However, to facilitate stakeholder engagement and to ensure stakeholders' ownership in view of an effective value chain upgrading, this scoring step should ideally be conducted in a participatory format, involving inputs from key stakeholders through a face-to-face or virtual workshop (see Case study 4). It is possible to organize a

Box 4. Tips for scoring

- » Review the scoring guidance, which may also need to be adapted, based on any adaptations to the scoring matrix.
- » It is not necessary to provide scores for each question in the question guidance, but rather a score for each criterion.
- » It is important that all scorers understand what each criterion means, especially the difference between feasibility and impact (see Step 1) before scoring begins.
- » Scorers must also understand the scoring system – with 3 being a high or ‘positive’ score and -1 to -3 being a low or ‘negative’ score.
- » It is best to maintain the same scoring team for all value chains to ensure consistency in scoring, but where this is not possible, at least one person should be present throughout all scoring exercises.
- » Be prepared to adjust the scores as necessary and cross-compare across value chains throughout the scoring exercise.
- » During this step and the next step (Step 6 – validation), ensure that scores are consistently applied for similar justifications.

participatory, multisectoral stakeholder scoring workshop (either face-to-face or virtually), with scoring conducted in groups, followed by plenary discussion to compare scoring across the groups and validate or agree on the selected value chain(s). This is encouraged particularly for national value chain selection. Participants may include government representatives, experts from research centres and financial institutions, cooperatives and business associations from the shortlisted value chains. Even in the case of multicountry value chain selection, it is possible to invite experts from regional institutions (such as universities, research centres and development organizations) to contribute to the evaluation of the value chains proposed (see Case study 2).

It is important that everyone involved in the scoring exercise understands the scoring criteria and scoring system prior to beginning the exercise. Suggestions for guiding questions and considerations are provided in Annex 3. However, as a reminder these questions are just for guidance, and not all questions will be relevant to each case; the scoring guidance should be adapted based on the adaptations made to the scoring matrix (see Step 4). It is not therefore necessary to provide scores for each question, but rather a score for each criterion.



Feasibility criteria are scored from 0 (not feasible) to 3 (highly feasible), while **impact criteria** are scored from -3 (highly negative impact) to 3 (highly positive impact). A short explanation of the rationale behind the score given to the criterion should also be provided in the justification column of the scoring matrix (see Annex 1). This column should provide a few key words or a couple of lines to indicate the reasoning behind the scoring based on the information (interpretation of the data). It is not necessary to delve into too much detail at this stage, as the underlying data, which are raw and uninterpreted, should be summarized in a summary report in the previous Step 4 (see Annex 7 for an example) from the original proposals, and/or additional secondary and primary data collection. This should help the scorers to recall why they assigned a particular score for a criterion for one value chain, and to cross-reference against the other value chains under consideration, enabling the scoring to be reviewed and, if necessary, adjusted at the end of the process and/or during validation (Step 6). For example, scoring may have been more strict in the beginning, and after all proposals are reviewed and scored, it may be necessary to go back and adjust the scores to apply the same thinking. In addition, scorers may become more familiar and comfortable with the scoring over time.

Ideally, the scoring should be done in a group (face-to-face or online), and all group members should discuss the scores and agree on each one. In addition, the presence of a facilitator or leader from the implementing team can be helpful in clarifying the criteria, and discussing the nuances of the scoring. However, if this is not possible, each person can complete the scoring in their own time, and one individual can compile the scores and justifications to discuss and validate at a later stage. In addition, there should be some consistency in the team that is involved in the scoring process, meaning that ideally, the members of the team scoring all the value chains will be the same. However, if this is not possible – such as when scoring takes place across different geographies (see Case study 2), then at least one person should lead the process and be part of each of the scoring exercises, so as to provide consistency in the scoring process. Nuances of scoring should be discussed – for example some donor support may be seen as a positive factor (posing potential synergies and opportunities to deliver as one), but too much donor support could be a negative factor (the sector could be oversaturated with support, with little scope to add value, or imply too much reliance on external support and not enough private sector interest). Recalling the exclusion and inclusion criteria from the shortlisting step (Step 3), the team may wish to set thresholds for priority criteria, based on minimum requirements (for example, a value chain might be rejected if the feasibility score for capacity to manage sociopolitical risks is below 2) or unacceptable impacts (for example, a value chain should not be considered for shortlisting if the impact score on deforestation is negative). Users may also decide that if any criterion in the feasibility category is a 0, or not feasible, then this value chain should not

be selected. All such considerations should be decided before conducting the scoring exercise, and all involved should be aware of these considerations.

In general, scoring should always take into account the project goals and context. Other salient indicators such as the funds needed for upscaling the value chain and the time needed to achieve certain impacts, should therefore be considered in the context of the project. This means that impact criteria should be assessed with the understanding of the project time frame – asking: “What are the impacts that are possible or likely to be achieved considering the time frame that the project will be active?” In addition, the feasibility section should take into account the project budget and the budget necessary for upgrading, noting the sum total of the financial support that would be possible from ‘private sector support’, ‘government support’, and ‘donor and partner support’.

After scoring, the weight of each criterion (Step 1) is multiplied by its score to obtain a weighted score. The weighted score represents the feasibility/impact of a criterion once weighted with its relevance to the project. For example, if market demand (a feasibility criterion) is weighted at 7 percent (highly relevant)⁵ and scored 2 (feasible), the weighted score will be $0.07 \times 2 = 0.14$. The sum of all weighted scores for feasibility and for impact should then be calculated, as well as the total, which will result in a ranking of the shortlisted value chains. Once you have summed the weighted scores, you may wish to provide the total as a percentage, which depending on the weightings may range from a minimum score of -1.5 (-50 percent) to a maximum score of 3 (100 percent). So you can see that instead of a total score of 1.45 or 2 out of 3, you have $1.45/3 = 48.3$ percent, or $2/3 = 66.7$ percent, which may be more intuitive to understand.

At the end of the scoring exercise, a final review should be conducted. It is important to note that the scoring process is meant to support decision-making, not substitute it. It is intended to stimulate discussion and provide some degree of quantitative rigour to a process that is mainly qualitative (Marketlinks, 2018). At the end of the scoring process, the scoring team should answer the following questions:

- » Do the scores make sense?
- » Have the same scoring principles been applied across each of the value chains?
- » Are any final adjustments necessary?
- » Do the scores reflect the common understanding of the value chains?
- » Do the value chains with the highest scores appear to be the most likely to achieve the project goals identified in Step 1?

⁵ See Step 1 for more information on weights. One hundred percentage points are distributed across 24 criteria, which would indicate an average of 4 percent if distributed evenly. Thus, anything weighted above 4 is more relevant, and under four would be less relevant.



In cases where different value chains produce very similar final scores, there may be a need for a final discussion and adjustment of the scores, recalling the project objectives. The evidence and justification for the scores and ranking should be adequately documented in order to be discussed in the next and final Step 6 – on validation and informing.

STEP 6 » Validation and informing

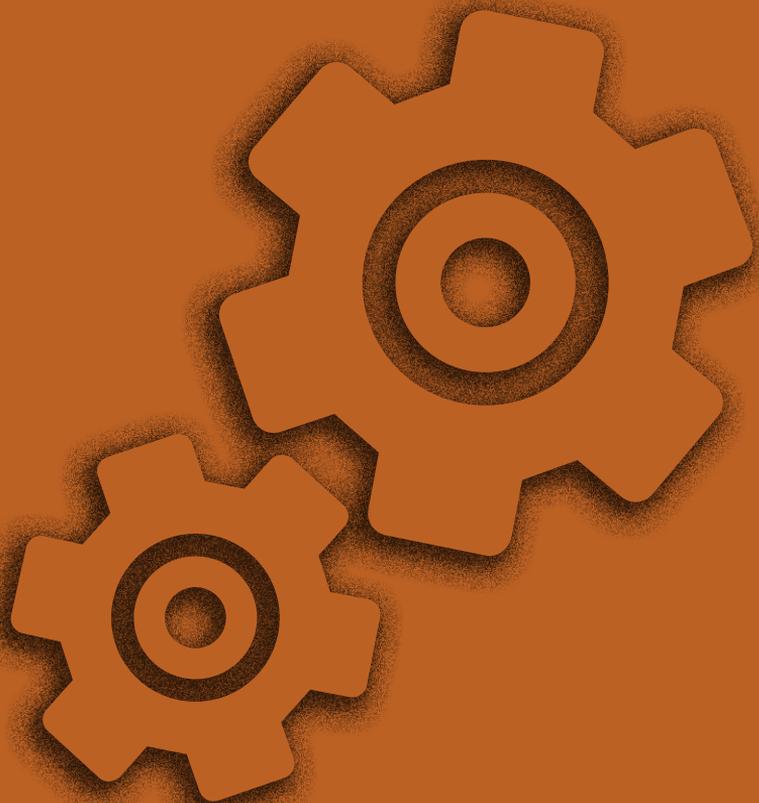
At the end of the exercise, the implementing team should present the findings of the scoring exercise in as transparent a manner as possible to the relevant stakeholders and decision-makers, in order to achieve common agreement on the value chain(s) to be selected. This is particularly relevant for project partners or donors, but if possible, project beneficiaries and key informants should also be included. In some cases, this step can be conducted at the same time as the scoring, depending on who is involved (see for example Case study 4). When the parties involved in the validation do not participate in the scoring (Step 5), it may be advisable to share a summary of the pros/cons of each value chain considered (see Annex 7). In other cases, a separate validation workshop or meeting may be recommended, where endorsement from particular decision-makers is needed. At this stage, other considerations, perhaps political or donor-driven, may also be considered and reflected in the final decision-making process.

Finally, those involved in the process, from proposals to shortlisting to final selection, should be adequately informed of the outcome. At a minimum, this should include a letter sent by email from the implementing team or donor(s) to the participating institutions, to inform them of the value chains selected and the next steps. Internal to the implementing team and original project proposers, this letter should indicate, for example, in a quick overview table or spreadsheet, the number of value chain(s), the area(s), a summary of the pros and cons (extracted from the end of the summary report – Annex 7), final scores and any other relevant information regarding quick indicators (e.g. regions, ease of doing business scores,⁶ production volumes and values, scale – artisanal vs. industrial). The stakeholders who have participated throughout will have invested time and energy in the selection process, and should be informed as to which value chains have been chosen for the next steps of VC analysis and development.

⁶ Every year, the World Bank Group produces a *Doing business* report, with rankings of the ease of doing business in some 190 economies across the globe (World Bank, 2020), which may serve as a good reference for this criterion.

C H A P T E R 4

Practical applications



Practical applications

This section provides four practical examples of how the value chain selection tool has been applied. The first case study on the 3ADI+ project in Suriname demonstrates value chain selection in a country in a rapid format, led by government counterparts. The second case study on the FISH4ACP project demonstrates how value chain selection can be conducted for large-scale multicountry projects, and including regional value chain selection workshops. The third case study on the FAO-ENPARD III project in Georgia is an example of a multisectoral value chain selection process involving substantive data collection and stakeholder engagement. The fourth, on the coffee value in Uganda, demonstrates how value chain selection can be performed to address particular goals such as youth employment generation, and conducted in a participatory manner through a value chain selection workshop.



CASE STUDY 1.

The 3ADI+ Suriname pineapple value chain

In 2018, Suriname was selected as one of the three pilot countries for a joint United Nations programme on value chain and market system development, spearheaded by FAO and the United Nations Industrial Development Organization (UNIDO). The focus of the Accelerator for Agriculture and Agro-Industry Development and Innovation (3ADI+) pilot was to conduct an analysis for a priority value chain, and to develop an action plan for its sustainable development.

To this end, an interministerial workshop was conducted to introduce government stakeholders to the programme, bringing together ministry representatives in the areas of agriculture, trade and industry, health, regional development and foreign affairs. During the workshop, the 3ADI+ team facilitated an open discussion between all participants on the selection of a value chain of high development potential, with the pineapple and coconut value chains emerging as the strongest candidates. A smaller meeting between the team and the Ministry of Agriculture, the Ministry of Trade and Industry, and the Ministry of Regional Development immediately followed the workshop, where further discussions culminated in the selection of the pineapple value chain.

All ministries showed strong interest in pineapple. Officials from the Ministry of Trade and Industry referred to the rise in market demand for pineapple in recent years, leading to an expansion in production and entrepreneurship in processing. The Ministry of Agriculture indicated that there had been several studies on coconut, while technical knowledge on pineapple cultivation was still lacking; a pineapple value chain analysis would be welcome. The Ministry of Regional Development also advocated for pineapple, citing its potential economic and social impacts on indigenous communities in the interior regions, who are invariably more disadvantaged than the coastal population. Following the selection, the team conducted field visits and met key private sector actors in the pineapple value chain, as well as identifying a local partner to commence the analysis work.



CASE STUDY 2.

FISH4ACP sustainable fisheries and aquaculture value chains

FISH4ACP is a value chain development programme implemented by FAO with funding from the European Union. This is a five-year initiative (2020–2024) implemented in 12 countries in Africa, the Caribbean and the Pacific. In 2019, 12 value chains (one per country) were competitively selected for programme implementation from more than 75 proposals.

Value chain selection began with the Organisation of African, Caribbean and Pacific States (OACPS) launching a jointly-designed call for proposals, which included a template explaining what constitutes a value chain, and requesting information on the end-market, economic, social and environmental aspects (see Annex 4). These had to be submitted by representatives of national ministries of agriculture/fisheries, together with an approval letter; regional submissions and proposals from any other institutions (such as NGOs) were not accepted.

Proposals submitted provided a first set of key secondary information on functional, economic, social and environmental components and partnerships. Proposals received were objectively assessed against a subset of selection criteria to gauge the economic, social and environmental feasibility and potential for positive sustainability impacts, in order to compile a shortlist of value chains (see Annex 5). Consideration was also given to geographical spread across the three regions, and to a balance between the production types (e.g. aquaculture and capture fisheries) and species proposed.

Four value chains were shortlisted in the Caribbean and the Pacific, while eight were shortlisted for East/Southern and West/Central Africa (to cover all the sub-Saharan African regions). These figures were representative of the number of countries and number of proposals received from the OACPS regions. In addition, the donors and partner organizations specified geographical criteria, whereby the final selection targeted at least one value chain in the Pacific, one in the Caribbean and no more than ten in Africa.



**CASE STUDY 2. FISH4ACP for sustainable fisheries and aquaculture value chains**

As a next step, three regional value chain selection workshops were organized – in the Pacific, Africa (East/Southern and West/Central) and Caribbean, bringing together representatives of shortlisted value chains) to present the value chain in further detail and address pending questions from the implementing team. A presentation template was provided to presenters, to ensure that the key information was presented in a structured format, linked to the selection criteria. In addition, value chain proposers were sent a set of individual follow-up questions to be addressed in their presentations (see Annex 6 for the workshop concept note and agenda for more information). Participants included both value chain representatives, with recommendations that these should be from both the public and private sector. In addition, representatives from regional institutions working on fisheries and aquaculture in each of the regions (such as WorldFish, the Pacific Community) were invited to validate the information, and provide feedback on the shortlisted value chains. This information fed into the scoring and final selection process.

A final project-specific set of 24 selection criteria was then used for scoring by a committee of agribusiness, fisheries and aquaculture officers from FAO offices, in consultation with the European Union and OACPS. One person was appointed to lead the selection process and to ensure consistency throughout, as the scoring took place face-to-face with different teams of individuals in three separate regions following the regional value chain selection workshops. In at least one of the regions, not all members of the scoring group were able to be present for the discussions, so their scores and comments were shared electronically in advance of the discussion and fed into the group discussions. Summary sheets of the pros and cons were produced to guide the scoring process (see Annex 7). The final summary report was presented to the donors and partners for discussion, validation and final selection as a group. This process culminated in the selection of 12 value chains for programme implementation.



CASE STUDY 3. **FAO-ENPARD III in Georgia**

Under the FAO-ENPARD III project in Georgia (2018–2022), five priority value chains (dairy, beef, vegetables, potato, wheat) were selected in year 1 for deeper analysis and targeted upgrading support in years 2–5.

The value chain selection process started by identifying the VCs with the potential to benefit the eight municipalities targeted by the project. To identify potential VCs, the project team conducted initial data collection, including desk research (such as reviewing national and municipal development plans, previous studies and surveys), interviews and focus group discussions with key stakeholders in targeted municipalities. Based on this, eight field visit memos (one per municipality) were developed, which provided a rapid assessment of the situation in each municipality in terms of economic overview, main crop/livestock products, historical background, natural conditions, and main constraints and opportunities in the agriculture sector, as well as recommendations for potential VCs for ENPARD III to support. The eight field memos were essential to inform the identification of 32 potential value chains (see Step 3 – shortlisting in the VC selection process).

Additional data collection (i.e. more field visits, interviews, focus groups) was then conducted for the potential value chains identified. Based on these intensive data collection efforts, the project team selected six VCs with the highest development potential (i.e. dairy, beef, vegetables, fruits, potato, wheat), mainly based on rapid assessments of a few key criteria, including the value chains' market demand, competitive advantage, and ecosystem capacity and natural resources. Also during this process, seven other VCs were removed from the potential list because they were already targeted under other programmes, eliminating any need for ENPARD III to provide additional support. The remaining value chains (which were neither selected nor removed) also possessed development potential, but it was decided that ENPARD III's interventions in these would be less impactful than with the selected priority VCs.



**CASE STUDY 3. FAO-ENPARD III in Georgia**

After being selected, the six value chains were scored against a set of five criteria (i.e. market demand, competitive advantage, ecosystem capacity and natural resources, private sector involvement and potential impact of ENPARD intervention) to validate the selection findings. The findings from the value chain scoring were then fed into a selection report, and later validated by VC stakeholders in targeted municipalities at a multistakeholder validation workshop. No major concerns were raised, and the selection was approved at the workshop.

Subsequently, additional data were collected through a survey of the enterprises involved in the selected value chains. The findings from the enterprise survey were then used to further refine and finalize the VC selection, which ended up with five priority value chains being confirmed (i.e. dairy, beef, vegetables, potato, wheat), and one value chain (fruits) being removed, due to its relative lack of relevance to the project and the relatively low potential impacts of ENPARD III's intervention in this VC.

The selection of five priority value chains laid the foundations for the conduct of value chain appraisals (applying the SFVC development approach), which in turn informed the design and implementation of various other project activities, particularly in the identification of potential investments for the project's matching grant component.



CASE STUDY 4.

Coffee value chain in Uganda

Within the framework of the project 'Integrated country approach for promoting decent rural employment', implemented in Uganda with funding from the Swedish International Development Cooperation Agency, FAO conducted country-specific research to increase employment opportunities and improve working conditions in food value chains. After collaborating with the Ministry of Agriculture, Animal Industry and Fisheries to develop the National Strategy for Youth Employment in Agriculture, the project conducted a value chain selection exercise to identify priority value chains with the highest potential for upgrading and the creation of decent youth employment opportunities.

A national NGO was recruited to lead the selection exercise at country level. The NGO reviewed the standard selection matrix and added some criteria to ensure alignment with the project objectives, including the potential to generate job and entrepreneurship opportunities for youth, gender mainstreaming, and youth financial inclusion. Afterwards, the NGO convened a meeting with the project's Technical Working Group (TWG), with the aim of shortlisting 6 value chains from a longlist of 12 value chains strategically prioritized by the Uganda National Development Plan. The TWG included various experts from government institutions, research centres and the private sector, as well as FAO Youth Champions and other value chain actors. Members used a subset of selection criteria to score the 12 proposed value chains and shortlisted the following 6: maize, coffee, fish, cassava, milk and banana.

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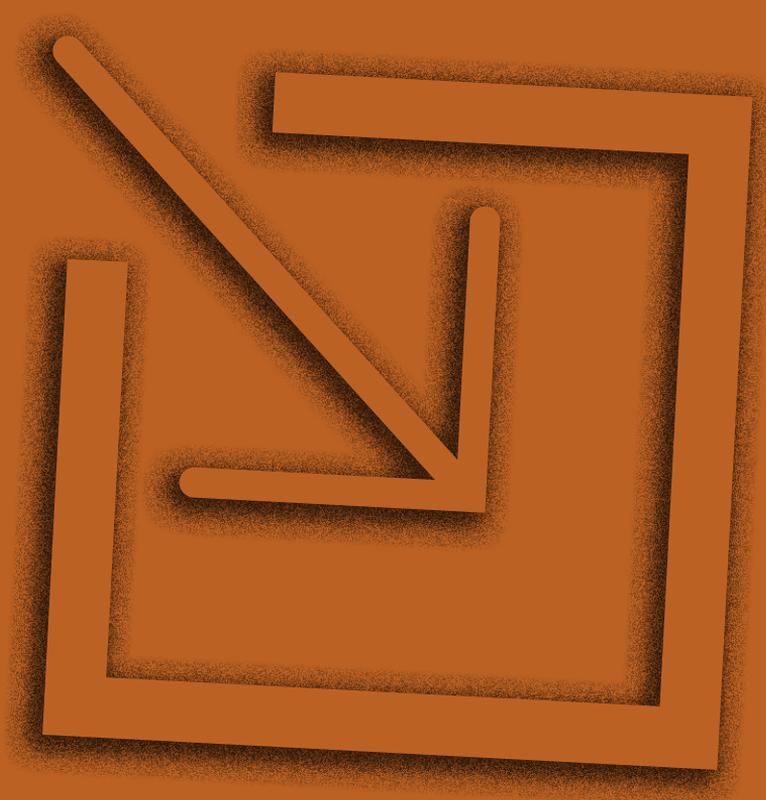
**CASE STUDY 4. Coffee value chain in Uganda**

Afterwards, the NGO collected secondary data and prepared value chain summary reports for each of the shortlisted value chains, to inform the selection exercise. It is recommended to keep the value chain summary reports short and concise (about two pages) to allow efficient use despite the time constraints. Value chain selection and validation was finalized during a one-day face-to-face workshop organized at country level. A total of 37 participants joined the workshop, including government representatives (from the Ministry of Agriculture, the National Planning Authority, the Ministry of Gender, Labour and Social Development and the Presidential Initiative on Banana Industrial Development), experts from research centres and financial institutions, cooperatives and business associations from the shortlisted value chains, and FAO Youth Champions.

The workshop started with the facilitators (representatives of FAO and the NGO) providing an overview of the selection criteria and the value chain summary reports. The weights of the selection criteria were discussed and agreed in plenary, before the participants were divided into three groups to conduct the scoring. Each group comprised a balanced mix of expertise, gender and youth representation, with one facilitator assigned to support each, and provide clarifications, as needed. After each group had assigned the scores and ranked the value chains, a final plenary discussion allowed the stakeholders to validate the ranking and agree on the final selection of the coffee value chain. Following the group scoring stage, it is recommended to allocate sufficient time for the plenary discussion and final validation. A participatory approach will increase stakeholders' ownership of the selection process and lay the foundation for stronger engagement during upgrading interventions.

C H A P T E R 5

Conclusion



Conclusion

This publication has presented a structured and participatory process for value chain selection, which is an important first step in value chain development. The guidelines provide a step-by-step process that supports the practitioner in assessing, comparing and selecting value chains. It describes a participatory approach that encourages the involvement of key stakeholders from the outset and promotes evidence-based decision-making, using secondary and primary data for applying the selection criteria. The step-by-step process outlined in this publication can be easily adapted by development practitioners, so that this approach can be used for projects with different scopes, objectives and budgets. By taking an end-market driven approach, this tool allows development practitioners to identify value chains based on the triple bottom line of sustainability (economic, social and environmental impacts), thereby promoting the selection of value chains that have strong potential for accelerating the achievement of the SDGs.

Focusing on agricultural and food value chains, this publication introduces an approach to value chain selection based on differentiating between two categories of selection criteria: feasibility (what upgrading can be done?) and impact (what impact can its upgrading have?). Using these two groups of selection criteria is of particular importance for the subsequent steps in the value chain development cycle – value chain upgrading design and implementation. Firstly, the impact criteria help to identify value chains that have the potential for positive economic, social and environmental impacts. Secondly, they allow development practitioners to select those value chains for which sustainable upgrading is feasible. In this way, the publication facilitates the identification of value chains that are most suitable for upgrading, based on their potential to achieve the SDGs, and therefore represents a valuable tool that lays the foundations for successful value chain development initiatives.

It is important to stress that the tool presented here does not offer a fixed recipe for value chain selection. Adaptability is a strength of this approach, which implies that users are required to spend sufficient time on customizing the tools presented herein. As illustrated in the four case studies, successful value chain selection can take different forms and procedures, and it is indispensable to tailor the process to the specific country and project contexts. Moreover, to ensure that value chain selection leads to the intended results, development practitioners using this guide need to be familiar with sustainable value chain development concepts (FAO, 2014a). Only when approaching value chain selection from a systems perspective will the process result in the selection of value chains with high potential for achieving positive economic, social and environmental impacts, thereby facilitating a successful start to the value chain development cycle.

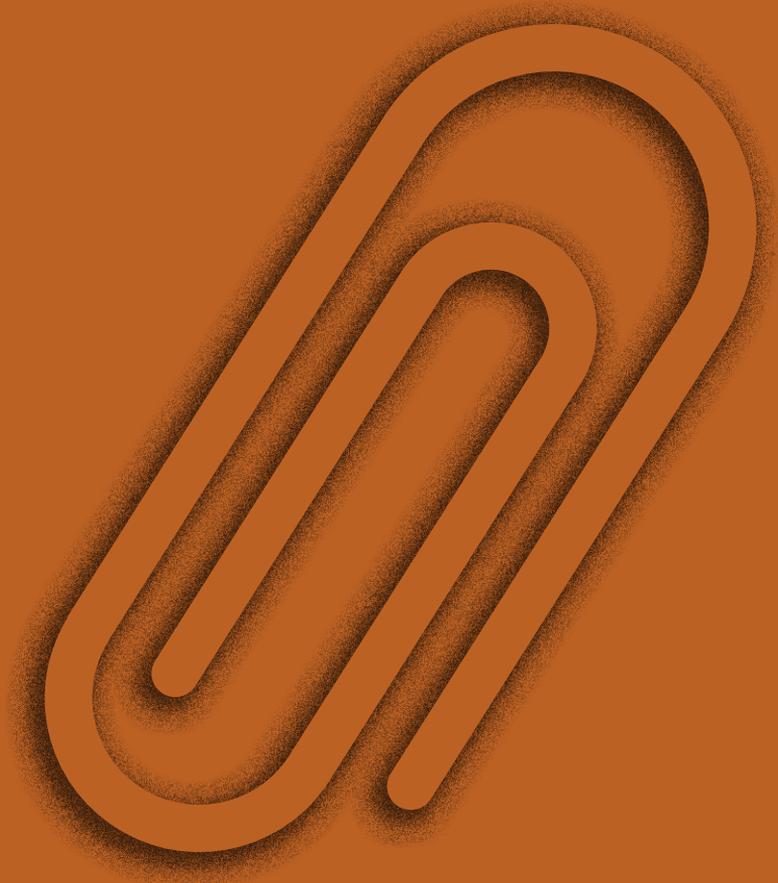
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Annexes



ANNEX 1

Scoring matrix

TABLE A1. SCORING MATRIX TEMPLATE

I	Key criteria	Weight of criteria	Name of value chain		
			Score	Weighted score	Short justification
I	FEASIBILITY	50%			
A	Economic feasibility				
1	Market demand	5%	2	= 5% x 2	
2	Competitive advantage	5%			
3	Private sector support	4%			
4	Market and logistical risks	...%			
5	Governance	...%			
B	Societal feasibility				
6	Government support	...%			
7	Donor and partner support	...%			
8	Support services	...%			
9	Sociopolitical risks	...%			
C	Environmental feasibility				
10	Ecosystem capacity and natural resources	...%			
11	Weather-related, environmental and biological risks	...%			

>>>

TABLE A1 >>>

	Key criteria	Weight of criteria	Name of value chain		
			Score	Weighted score	Short justification
II	IMPACTS	50%			
A	Economic impacts				
12	Jobs and income	7%			
13	Profits	5%			
14	Tax revenues	4%			
15	Consumer benefits	...%			
B	Social impacts				
16	Value-added distribution	...%			
17	Food security, safety and nutrition	...%			
18	Workers' rights and safety	...%			
19	Sociocultural norms	...%			
20	Institutions	...%			
C	Environmental impacts				
21	Carbon footprint	...%			
22	Water footprint	...%			
23	Biodiversity	...%			
24	Ecosystem management	...%			
			Feasibility	X.XX	
			Impact	X.XX	
			Total	X.XX	

Source: Authors' own elaboration.

ANNEX 2

Summary description of value chain selection criteria

FEASIBILITY – What is the potential to facilitate VC upgrading?
(Score from 0–3)

A] Economic feasibility is assessed through:

- 1] unmet or growing **market demand**;
- 2] **competitive advantage** in terms of price advantage, efficiency and product differentiation;
- 3] **private sector** engagement;
- 4] potential to manage **risks related to markets and logistics**; and
- 5] level of stakeholder coordination (**governance**).

B] Social feasibility is assessed through:

- 6] support from **government**;
- 7] support from **donors and partners**;
- 8] availability and access to **support services**; and
- 9] potential to manage **sociopolitical risks**.

C] Environmental feasibility is assessed through:

- 10] suitability of **natural resources** in terms of availability and quality; and
- 11] potential to manage weather-related, biological and **environmental risks**.

IMPACT – What is the expected impact of VC upgrading? (Score from -3 to 3)

A] Economic impact is assessed through value added in terms of:

- 12] increases in **wages and paid jobs**;
- 13] increase in **profits and number of enterprises**;
- 14] increased **tax revenues**; and
- 15] increased **consumer benefits**.

B] Social impact is assessed through value added for society in terms of:

- 16] equitable distribution of **added value**;
- 17] increased **food security, safety and nutrition**;
- 18] enhanced **workers' rights and safety**;
- 19] enhanced and more inclusive **sociocultural norms**; and
- 20] strengthened **social institutions**.

C] Environmental impact is assessed through value added for the natural environment in terms of:

- 21] reduced **climate impact**;
- 22] reduced **water footprint**;
- 23] improved **biodiversity**; and
- 24] improved **ecosystem management**.

ANNEX 3

Guiding questions, considerations – detailed feasibility and impact assessment criteria

TABLE A2. GUIDING QUESTIONS FOR THE FEASIBILITY AND IMPACT ASSESSMENT

I	FEASIBILITY - WHAT IS THE POTENTIAL TO FACILITATE VC UPGRADING?
A	ECONOMIC FEASIBILITY
	<p>MARKET DEMAND</p> <p>1</p> <ul style="list-style-type: none"> » What is the current market demand (specifying, where possible, market segments, market share, trends and seasonality)? » Is there growing and/or unmet demand from local, national, regional and/or international markets, considering all product forms (e.g. fresh, packaged, frozen and processed)? » Are there opportunities to expand to new markets (national or international)? » What are the trends in production volumes compared with consumption volumes? » What are the trends in import volumes compared with export volumes?
	<p>COMPETITIVE ADVANTAGE</p> <p>2</p> <ul style="list-style-type: none"> » Are there opportunities to reduce costs¹ (e.g. strategies, practices, technologies) compared with competing products (including imported)? » Are there opportunities to increase efficiency or scale up operations (e.g. through improving the skills of value chain actors, introduction of new technologies)? » Are there opportunities for product differentiation and value addition (e.g. strategies, practices, technologies to differentiate product and/or substitute imports in terms of quality, nutritional value, origin, taste, compliance with standards, certifications)?
	<p>PRIVATE SECTOR SUPPORT</p> <p>3</p> <ul style="list-style-type: none"> » How many businesses are currently operating in this value chain (what is the current number of VC actors), and at what scale? » What is the gauged interest from VC actors (i.e. producers, aggregators, processors, etc.) to invest and engage in developing this value chain (considering perspectives from both men and women involved in the chain)? » What are VC actors' attitudes towards change, innovation and investment? » What is the availability of labour, by skills and education (compare available and required skill levels for value chain upgrading, as there may be labour shortages due to skills mismatches)?

>>>

¹ Costs should be considered at each stage of the value chain (not just production costs) and include those for labour, energy, physical inputs, taxes and tariffs, infrastructure, etc.

TABLE A2 >>>

I	FEASIBILITY - WHAT IS THE POTENTIAL TO FACILITATE VC UPGRADING?
4	<p>MARKET AND LOGISTICAL RISKS</p> <ul style="list-style-type: none"> » How vulnerable is this value chain to market shocks (e.g. volatility of inputs availability or prices, ability to repay loans, changes in consumer preferences, changes in consumers' purchasing power, changes in quality and food safety requirements)? » How vulnerable is this value chain to logistical risks associated with access to reliable and affordable transport, communications, energy and information (e.g. investments in and maintenance of transport, storage, energy infrastructure, logistics planning, information services and technology)? » What is the potential of the businesses in this value chain to manage these risks at each VC stage (e.g. market and product diversification, adaptability, research and development, price regulations, information services and technology, safety nets, credit and savings)?
5	<p>GOVERNANCE</p> <ul style="list-style-type: none"> » What are the current governance mechanisms, i.e. formal and informal horizontal linkages (e.g. cooperatives, associations) and vertical linkages² (e.g. contractual arrangements) among VC actors and with support service providers? » To what extent do all actors (including small-scale actors) have a say in the overall governance of the value chain? » What is the quality of pre-existing cooperatives, associations, etc. and what are the membership benefits? » What are the current power structures and how concentrated is market influence or control? How dependent are producers on middlepersons and intermediaries? » What is the level of trust between actors, in terms of the flow of information and reliability of transactions among VC actors?
B	SOCIETAL FEASIBILITY
6	<p>GOVERNMENT SUPPORT</p> <ul style="list-style-type: none"> » How does the government support this VC – e.g. have there been any government support projects (past, current or planned) and has this value chain been prioritized as a strategically important national VC (e.g. is this value chain named in national strategies)? » What policies, regulations and laws are applicable to this commodity, and how are they conducive (or not) to VC upgrading (e.g. support to trade, access to inputs, collective action, ease of doing business, labour conditions)? » Are the policies, regulations and laws well enforced? » How well do available public services (e.g. extension, research, education) and physical infrastructure (e.g. road networks, electricity, information and communications technology) support VC upgrading? » How well do relevant governing ministries and agencies coordinate for the benefit of the sector? » How well do the public and private sector collaborate? » What is the ease of doing business (e.g. in terms of reducing the time and resources it takes for business registration, delays, paperwork, fees)?³

>>>

² Horizontal coordination refers to linkages between actors and support service providers at the same stage of the value chain, such as collaboration through producers and business organizations. Vertical coordination refers to linkages between actors and support service providers at different stages of the value chain, such as seller-buyer relationships and support service provision (FAO, 2014a; Springer-Heinze, 2018).

³ Every year, the World Bank Group produces a *Doing business* report with rankings of the ease of doing business in some 190 economies across the globe (World Bank, 2020), which may serve as a good reference for this criterion.

TABLE A2 >>>

I	FEASIBILITY - WHAT IS THE POTENTIAL TO FACILITATE VC UPGRADING?
	<p>DONOR AND PARTNER SUPPORT</p> <p>7 » What are the current contributions by donors and partners (e.g. international organizations, NGOs) to the sector in terms of funds and services?</p> <p>» What are the opportunities for support from donors and partners? Are donors interested in supporting this value chain?</p> <p>» What is the level of coordination between donors and partners, government and local stakeholders (e.g. joint initiatives)?</p>
	<p>SUPPORT SERVICES</p> <p>8 » What is the state of the existing support services (e.g. provision of finance, inputs, extension, transport, storage, business development services)?</p> <p>» What training do VC actors receive and what is their technical capacity to improve their knowledge?</p> <p>» What is the willingness and availability of financial resources (traditional or innovative) to finance any VC upgrading?</p> <p>» How easily can VC actors access these support services and inputs?</p> <p>» Are there targeted services for disadvantaged groups (e.g. smallholders, youth and women)?</p>
	<p>SOCIAL RISKS</p> <p>9 » How might sociocultural norms (e.g. traditions, religious beliefs, codes of conduct, gender norms) support or impede VC upgrading?</p> <p>» What is the potential to overcome adverse sociocultural norms that impede value chain activities (e.g. gender discrimination)?</p> <p>» How does or might the sociopolitical situation impact this value chain (e.g. political instability within a country or with neighbouring countries, social unrest, involuntary resettlement and displacement, upcoming elections, or corruption issues)?</p> <p>» How vulnerable is this value chain to sociopolitical risks, and what is its ability to manage political and institutional risks?</p>
C	ENVIRONMENTAL FEASIBILITY
	<p>ECOSYSTEM CAPACITY AND NATURAL RESOURCES</p> <p>10 » What is the availability and quality of natural resources and elements (e.g. temperature, ecosystem, land, water, good quality soil, fish stocks) at each value chain stage, and is this sufficient to make the end products?</p> <p>» What is the current status of the wider natural resource environment (e.g. pollution and hazardous waste, algal blooms) and how does it impact the value chain activities?</p> <p>» How suitable and effective are the governance and management mechanisms for use of and access to natural resources (e.g. resource monitoring, participatory approaches, access rights)?</p>

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TABLE A2 >>>

I FEASIBILITY - WHAT IS THE POTENTIAL TO FACILITATE VC UPGRADING?	
	<p>WEATHER-RELATED, ENVIRONMENTAL AND BIOLOGICAL RISKS</p> <p>» How vulnerable is this VC to weather-related risks (e.g. deficit and/or excess rainfall or temperature, climate change and extreme weather events such as floods, droughts, storms)?⁴</p> <p>11 » What is the potential of this value chain to manage weather-related risks (e.g. through insurance, capacity development, early warning systems)?</p> <p>» How vulnerable is this VC to environmental and biological risks (e.g. pests and diseases, contamination and degradation of natural resources)?</p> <p>» What is the potential to manage environmental and biological risks (e.g. pest management, research and development, capacity development)?</p>
II IMPACTS – WHAT IS THE EXPECTED IMPACT OF VC UPGRADING?	
A ECONOMIC IMPACTS	
	<p>WAGES AND JOBS</p> <p>12 » Based on the current number of actors involved, and comparing the sector with other similar VCs in-country, regionally or internationally, what is the potential for job growth and job creation through VC upgrading (consider formal and informal jobs created along the core and extended VC and mentioning gender, age and skill level, where possible)? Also, consider the alternative – What is the potential for job losses (e.g. by introducing more efficient and labour-saving technologies: mechanization at farm level, machines for processing and packaging)?</p> <p>» What is the potential for increasing salaries (e.g. increased labour productivity, capacity development, technology adoption, or efficiency)?</p>
	<p>PROFITS</p> <p>13 » What is the potential to increase profits (e.g. through increased productivity, technology adoption, access to financial services, capacity development, waste management or reduced food loss and waste energy efficiency)?⁵</p> <p>» Would consumers be willing to pay higher prices for better quality products (e.g. safer, better packaging)?</p> <p>» What is the potential for growth for new entrepreneurs/enterprises through VC upgrading (consider growth created along the core and extended VC)?</p>
	<p>TAX REVENUE</p> <p>14 » What is the potential to increase in tax revenues through VC upgrading (e.g. formalization of agribusinesses; increase in licences, permits and certificates related to ownership/use of inputs and resources; fees/levies on imports and exports)?</p> <p>» What would be the potential tax generation through agribusiness formalization – based on an estimated number of businesses that could be created or formalized through value chain development and current fees associated with the formalization of businesses (e.g. Occupational Safety and Health Administration, business registration)?</p>

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⁴ The International Fund for Agricultural Development has produced a how-to guide on climate change risk assessments in value chain projects, which helps in the identification and mitigation of climate risks; this may be a helpful reference for this criterion (2015).

⁵ Note: food loss and waste is a crosscutting issue that affects economic, social and environmental impacts, and has thus been included under each of the three sections.

TABLE A2 >>>

II IMPACTS – WHAT IS THE EXPECTED IMPACT OF VC UPGRADING?	
	CONSUMER BENEFITS
15	» What are the potential consumer benefits from VC development (e.g. improved taste, nutritional value, safety, convenience, branding, social standards (such as fair trade), environmental standards (such as eco-labelling or organic))?
B SOCIAL IMPACTS⁶	
	ADDED VALUE DISTRIBUTION
16	Based on the benefits that are currently distributed across the value chain, what is the potential to improve the distribution of economic benefits (i.e. wages, profits) among various actors along the VC, so as to be more equitable, particularly for marginalized or disadvantaged groups?
	FOOD SECURITY, SAFETY AND NUTRITION
17	<ul style="list-style-type: none"> » What is the potential to increase the availability, affordability and consumption of nutritious and safe products (e.g. improved inputs or technology, processing, compliance with standards and regulations, reduction of food loss and waste)? » What is the potential to improve food safety (e.g. improved regulations or enforcement)? » What is the potential to increase demand for nutritious and safe food through this VC (e.g. consumer awareness, direct provision through vouchers and school feeding programmes)?
	WORKERS' RIGHTS AND SAFETY
18	<ul style="list-style-type: none"> » What is the potential to improve working conditions and promote decent work (e.g. prevention and reduction of discrimination at work; ensure an adequate living income; enforcement of working hours; occupational safety and health measures; improved employment security and stability)? » What is the potential to build capacities of workers (e.g. through creation of opportunities for improving skills and education)? » How will value chain development prevent, reduce or eliminate child and forced labour? » What social protection mechanisms are available to compensate for job risks (e.g. unemployment, injury)? » What is the potential to improve worker's rights, including freedom of association and collective bargaining? » How could the VC protect or enhance human health (e.g. safe handling practices, minimization of harmful chemicals)?
	SOCIOCULTURAL NORMS
19	<ul style="list-style-type: none"> » What is the expected impact on sociocultural norms (e.g. gender norms, entrepreneurship, consumer preferences, animal welfare, and food loss and waste)? » What is the potential to avoid/mitigate socially unacceptable outcomes (e.g. tensions, social conflict, human rights violations)? » What is the potential to enhance positive attitudes towards jobs and entrepreneurship in this sector, especially among women and youth?

>>>

⁶ Practitioners at FAO should note that FAO has specific guidance on environmental and social standards, which includes involuntary resettlement and displacement (ESS 6), decent work (ESS 7), gender equality (ESS 8), and indigenous peoples and cultural heritage (ESS 9) (FAO, 2015).

TABLE A2 >>>

II IMPACTS – WHAT IS THE EXPECTED IMPACT OF VC UPGRADING?	
	<p>INSTITUTIONS</p> <p>20 » What is the potential impact of value chain development on policies and institutions ('rules of the game', including policies, laws, regulations and business practices) – (e.g. through creating, amending or removing policies)?</p> <p>» What is the impact on organizations (e.g. organizations, cooperatives, associations)?</p> <p>» What is the potential to increase coordination and reduce transaction costs along the VC? How likely would it be to implement these changes?</p> <p>» How would VC development impact related policies, laws, regulations, business practices, government coordination and public-private partnerships (policies may be related to markets and trade, input provision, business registration, natural resource management protection)?</p>
	<p>C ENVIRONMENTAL IMPACTS⁷</p> <p>CLIMATE IMPACT</p> <p>21 » What is the potential impact on greenhouse gas (GHG) emissions, such as carbon dioxide and other hazardous gas emissions?</p> <p>» Which potential practices, regulations and knowledge could be improved to reduce carbon and hazardous gas emissions along the core and extended value chain, including food loss and waste management?</p> <p>» What is the potential impact on energy efficiency and increased use of renewable energy (e.g. electricity, cold chain, transportation)?</p>
	<p>WATER FOOTPRINT</p> <p>22 » What is the potential impact of the value chain upgrading activities on the water footprint?</p> <p>» Are there potential practices, regulations and knowledge that could be improved to reduce water use or water pollution (e.g. wastewater treatment)?</p> <p>» What is the potential to improve water management and water-use efficiency (e.g. improved irrigation or reduction of food loss and waste)?</p>
	<p>BIODIVERSITY</p> <p>23 » Considering the current risk of biodiversity loss, either through overexploitation of target or non-target resources or production practices (including genetic dilution or introduction of diseases or invasive species), what is the potential impact on biodiversity (e.g. endangered or threatened species, improved agrobiodiversity)?</p> <p>» How could practices, regulations and knowledge for the conservation of natural habitats, species and genetic diversity, endangered or threatened species and ecosystem services be improved through VC development?</p>
	<p>ECOSYSTEM MANAGEMENT</p> <p>24 » What is the potential impact of the value chain, including the equipment, tools and practices employed (e.g. gear, fishing practices, processing technology) on the supporting or surrounding ecosystems (e.g. habitats, soils, forests, water or air quality, waste management)?</p> <p>» What is the potential impact of value chain upgrading on habitats, ecosystems or ecosystem services (e.g. controlling pests and diseases, toxicity, air pollution, solid inorganic or organic waste disposal)?</p> <p>» How could practices, regulations and knowledge support ecosystems (e.g. through agro-ecological approaches (FAO, 2018b) and integrated pest management) (FAO, 2018a)?</p>

Source: Authors' own elaboration.

⁷ Practitioners at FAO should note that FAO has specific guidance on environmental and social standards, which include natural resource management (ESS 1), biodiversity, ecosystems and natural habitats (ESS 2), plant genetic resources (ESS 3), animal, livestock and aquatic genetic resources (ESS 4), and pest and pesticide management (ESS 5) (FAO, 2015).

ANNEX 4

Example call for proposal template**Instructions for proposing a value chain**

For each proposed value chain, please complete the form starting on Page 3. Each value chain name should be as specific as possible. Examples include:

- 1] Country A shrimp fishery value chain (for export to Country B).
- 2] Farmed tilapia value chain in Country A (for sale in domestic market).
- 3] Small pelagic fisheries value chain from Country A (to markets in Region B).
- 4] Seaweed value chain from islands of Country A (for mainland Country A).

There is also space to indicate the **key species with scientific name(s), fishery type or main aquaculture system, product form(s) and originating location and final market(s)**.

Box A1. What is a food value chain?

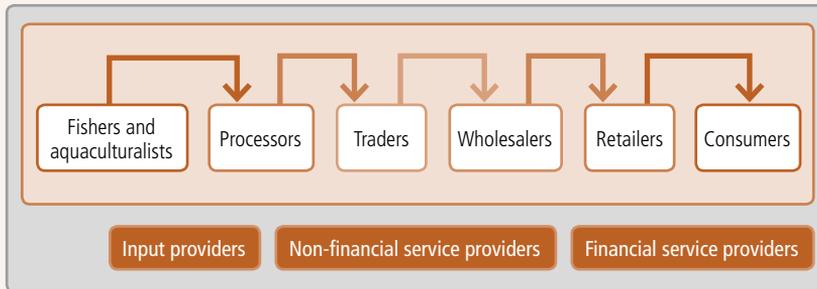
A **food value chain** is the full range of enterprises and their coordinated activities that produce particular raw materials (or services) and transform them into food products that are sold to final consumers. In fisheries and aquaculture value chains, this includes **fishing and aquaculture, processing, trade, wholesale, retail and consumption**. Value chains can be restricted to local markets, but can also expand globally.

Value chain actors are supported by **service providers**, who play an essential role in facilitating the process from production to consumption. There are three main types of support provided to all actors along the value chain: (1) **input provision** for physical inputs (such as seed and feed, packaging); (2) **service provision** of non-financial services (such as storage, transport and market research); and (3) **financial services**.

>>>

Box A1 >>>

FIGURE 3

The fisheries and aquaculture value chain

Source: Authors' own elaboration.

In answering the guiding questions and providing your responses, please note that value chain actors include fisherfolk and aquaculturists, processors, traders/middlepersons, wholesalers, retailers and consumers. You should therefore keep in mind that the responses should take into account all activities and actors involved, from production to consumption.

For more information about value chains, please see FAO report *Developing sustainable food value chains – Guiding principles* (FAO, 2014a).

Supporting information

Please provide clear responses, describing the current situation of the value chain and the potential for improvement. The justifications should be evidence-based, and include links to information sources and references, where possible. In cases where it is not possible to provide written evidence, anecdotal evidence may suffice. Please explain each response in as much detail as possible; links alone are not sufficient. Please also spell out all acronyms.

Examples of data sources are listed below:

- » National government databases
- » National/regional reports
- » Project reports
- » FAOSTAT
- » Eurostat
- » Regional Fishery Bodies (RFB)/Regional Fisheries Management Organizations (RFMO) management plans/websites
- » Publicly available project documents
- » World Bank indices (e.g. ease of doing business)
- » Trade data (e.g. ITC TradeMap)
- » Websites and articles (e.g. potential funders)
- » Links to cooperative/association websites
- » Studies
- » Case studies
- » Anecdotal evidence from VC actors
- » Reports from fishery workers' associations

Stakeholders

In conducting this exercise, please consult with the private sector actors involved in the value chain from production to consumption. Provide contact information for delegates or representatives from the value chain, if possible. There is space at the end of the form to provide this, and you are strongly encouraged to include this information.

Evaluation

The information provided in this form will be used to select the value chains to be supported under the programme. Please keep in mind that if this value chain is shortlisted, it will later be assessed by the committee against additional criteria, indicating how feasible it will be to develop the value chain and the potential impacts of developing it. The nominating agency should be prepared to provide additional information as and when requested.

TABLE A3. **VALUE CHAIN PROPOSAL TEMPLATE**

Please fill in the entire form to the best of your abilities to aid in the assessment of this value chain, providing links and references, where possible.

GENERAL INFORMATION			
Name of value chain:			
Key species with scientific name(s):			
Type of fishery (fishery only):			
Gear used:		Number of vessels:	
Main aquaculture system: (aquaculture only)	Intensive	Semi-intensive	Extensive
Area under production: hectares			
Location (country/ locality):			
Product form(s):			
Final market(s):			
Relevant Regional Economic Commission:			
Relevant Regional Fisheries Body/Regional Fisheries Management Organization:			
<p>Please describe this value chain (using Figure 3 as a guide). Your response may include details on the types of actors, equipment, inputs, labour, skills and services used in this value chain at each stage, including the end products, markets and consumer preferences. You may also want to comment on the wider environment, challenges and social aspects. [Please limit to one page]</p>			

ACTOR	NUMBER OF ENTERPRISES	NUMBER OF WORKERS	MORE THAN 30%	
			Women	Youth
Fishers/aquaculturists			<input type="checkbox"/>	<input type="checkbox"/>
Processors			<input type="checkbox"/>	<input type="checkbox"/>
Traders/middlepersons			<input type="checkbox"/>	<input type="checkbox"/>
Wholesalers			<input type="checkbox"/>	<input type="checkbox"/>
Retailers			<input type="checkbox"/>	<input type="checkbox"/>
Input providers (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Non-financial service providers (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Financial service providers (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Other: (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Other: (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Other: (specify)			<input type="checkbox"/>	<input type="checkbox"/>
Notes and sources:				

Please estimate the number of value chain actors involved at each value chain stage using available information, indicating where women or youth (age 15–29) represent an important percentage of actors (more than 30 percent). Please indicate N/A where not applicable. Feel free to comment below in the notes section if actors’ names are different, or if you would like to clarify the numbers or missing data.

ECONOMIC ELEMENTS			
1.1. Markets – current and potential markets for value chain products			
What is the volume and value of production?	Tonnes USD	Please indicate export and import volumes.	Exports: tonnes Imports: tonnes
Source:			
What are currently the main markets for the products from this value chain (by volume or percentage)?	<input type="checkbox"/> National: _____ <input type="checkbox"/> Regional: _____ <input type="checkbox"/> International: _____ Please explain: Source:		
What regulatory requirements or certification schemes are applied to the product (if any) [e.g. food safety, ecolabelling, aquaculture certification, fair trade certification]?	Please describe: Source:		
Based on the above, please describe potential markets – new or expanded, including national or international.	Please describe: Source:		
What are the limitations to accessing the markets?	Please explain: Source:		

>>>



1.2 Support services – availability of inputs and services for value chain actors	
Please comment on the availability of inputs for value chain actors. (Note: seed and feed applies to aquaculture only)	Seed: Feed: Ice: Packaging: Fuel: Other: _____ (please specify)
Can value chain actors easily access these inputs and services?	<input type="checkbox"/> Yes <input type="checkbox"/> No Please elaborate: Source:
Please comment on the services available to value chain actors.	Training/extension: Transport, logistics and distribution: Marketing and branding: Processing technology design and maintenance: Storage/cold chain services: Other (please specify):
What specific financial products are offered by financial institutions (e.g. banks and microfinance institutions) to support value chain actors?	Please explain: Source:
1.3 Competitive advantage – potential to differentiate products or increase products' value	
Please describe potential ways to differentiate or improve (i.e. add value to) the products of this value chain (e.g. introduce new products, improve quality, safety, packaging, marketing).	Please describe: Source:



SOCIAL ELEMENTS	
2.1 Coordination – relationships among value chain actors	
<p>Are value chain actors organized in some form of cooperative/association?</p> <p>If yes, please specify what services the cooperative/ association provides to members (e.g. marketing the product).</p>	<p>Fishers and aquaculturists</p> <p><input type="checkbox"/> Yes If yes, please specify services offered: <input type="checkbox"/> No <input type="checkbox"/> Not sure</p>
	<p>Processors</p> <p><input type="checkbox"/> Yes If yes, please specify services offered: <input type="checkbox"/> No <input type="checkbox"/> Not sure</p>
	<p>Middlepersons/ traders/ exporters</p> <p><input type="checkbox"/> Yes If yes, please specify services offered: <input type="checkbox"/> No <input type="checkbox"/> Not sure</p>
	<p>Retailers and distributors</p> <p><input type="checkbox"/> Yes If yes, please specify services offered: <input type="checkbox"/> No <input type="checkbox"/> Not sure</p>
2.2 Social benefits – potential for societal improvement	
<p>What are the main opportunities for improving social benefits (e.g. working conditions, food and nutrition security) through the development of this value chain?</p>	<p>Please describe:</p> <p>Sources:</p>
2.3 Policy and institutional support – regulations and oversight	
<p>Please indicate the 3 main government ministries and agencies that oversee this value chain and indicate their roles and responsibilities in it (e.g. fisheries and aquaculture, environment, trade, food safety and health).</p>	
Ministry/agency title	Responsibility
1.	
2.	
3.	
<p>Please list the five most relevant national or regional regulations and laws that govern this value chain.</p>	<p>1. 2. 3. 4. 5.</p>



Has this value chain been prioritized by the government?	<input type="checkbox"/> Yes If yes, please explain why: <input type="checkbox"/> No	
Is there a fisheries management plan/ aquaculture strategy in place?	<input type="checkbox"/> Yes If yes, please explain: <input type="checkbox"/> No	
ENVIRONMENTAL ELEMENTS		
3.1 Sustainability of production – ability to maintain or expand production		
For capture fish (only): What is the current fishery stock status? (definitions available at www.fao.org/3/i9540en/i9540EN.pdf)	<input type="checkbox"/> Overfished <input type="checkbox"/> Maximally sustainably fished <input type="checkbox"/> Underfished <input type="checkbox"/> Not sure	Source:
For capture fish (only): Are there any mechanisms to prevent or deter illegal, unreported and unregulated fishing (IUU)?	<input type="checkbox"/> Yes Please explain: <input type="checkbox"/> No Source:	
For capture fish (only): Can the resource sustain increased fishing effort?	<input type="checkbox"/> Yes Please explain: <input type="checkbox"/> No Source:	
For aquaculture (only): Is there scope for expansion?	<input type="checkbox"/> Yes Please explain: <input type="checkbox"/> No Source:	



3.2 Environmental impacts – current environmental impacts of this value chain				
<p>What are the negative impacts of this value chain on the surrounding environment? Feel free to indicate 'do not know' if not applicable or unknown.</p>	Impact	Negative	Not sure	<p>Please elaborate if possible, including mitigating measures that have been or could be developed:</p> <p>Source:</p>
	Water pollution	<input type="checkbox"/>	<input type="checkbox"/>	
	Air pollution	<input type="checkbox"/>	<input type="checkbox"/>	
	Invasive species	<input type="checkbox"/>	<input type="checkbox"/>	
	High levels of by catch	<input type="checkbox"/>	<input type="checkbox"/>	
	Biodiversity loss	<input type="checkbox"/>	<input type="checkbox"/>	
	Greenhouse gas emissions	<input type="checkbox"/>	<input type="checkbox"/>	
Other (specify):	<input type="checkbox"/>	<input type="checkbox"/>		
OTHER				
<p>Please list the 5 most relevant ongoing or recent projects (if any) supporting the development of this value chain, providing links where possible.</p>	<ol style="list-style-type: none"> 1. 2. 3. 4. 5. 			
<p>Please explain why this value chain should be selected for development under the FISH4ACP programme.</p>				
<p>Please provide any other comments or details to support this proposal.</p>				
<p>Please provide a list and contact information for persons, private companies and associations consulted in the completion of this proposal.</p>				
<p>Proposer's contact information</p> <p>Name:</p> <p>Position:</p> <p>Email:</p> <p>Telephone:</p>				

Source: Authors' own elaboration.

ANNEX 5

Sample value chain summary sheet

TABLE A4. **TEMPLATE FOR SHORT VALUE CHAIN PROPOSAL SUMMARY SHEET**

NAME OF VC:		SCORE		
Topic	Comments/justification	Green	Yellow	Red
General information (value chain description and actors table with # of enterprises, employees across the VC, inputs and services, as well as % of women and youth)				
1.1 Markets – current and potential (production volume and value; regulatory requirements and certification schemes; access to markets)				
1.2 Support services – availability of inputs and services and ease of access (seed, feed, ice, packaging, fuel, training, transport, marketing, technology, financial)				
1.3 Competitive advantage potential ways to differentiate or improve the products (e.g. new products, improved quality, safety, packaging, marketing)				
2.1 Coordination – organization of VC actors into cooperatives or associations (including services accessed through cooperatives)				
2.2 Social benefits – main opportunities for improving social benefits (e.g. working conditions, food and nutrition security)				
2.3 Policy and institutional support (relevant ministries, agencies and policies; prioritized by government; fisheries management plan or aquaculture strategy)				

>>>

TABLE A4 >>>

NAME OF VC:		SCORE		
Topic	Comments/justification	Green	Yellow	Red
3.1 Sustainability of production – ability to sustain or expand (fish stock status; mechanisms to prevent IUU; scope for expansion or increased effort)				
3.2 Environmental impacts – negative impacts (e.g. on water, air, invasive species, bycatch, biodiversity, GHGs)				
Other (ongoing projects, other comments, persons/institutions/associations consulted, inclusion of sources throughout)				
Final (why this VC should be selected, including measure of the ease of doing business)				
Final assessment	Green, yellow or red			

Source: Authors' own elaboration.

ANNEX 6

Example of regional value chain selection workshop concept note

FISH4ACP Regional value chain selection and prioritization workshop

1. Background

FAO has launched a Technical Cooperation Programme (TCP) for project formulation in the lead-up to implementation of the FISH4ACP programme. One of the main goals of the TCP is to select ten fisheries or aquaculture value chains across the Africa, Caribbean and Pacific (ACP) regions for analysis and development under the programme. Three regional prioritization workshops, of which the Pacific regional workshop is one, will allow national representatives and value chain experts from the shortlisted value chains to present their proposals and answer technical questions for assessment and potentially final selection in the FISH4ACP project.

2. Objectives

Part I: Obtain additional information from value chain representatives for VC selection

The overall objective of the regional workshops is to obtain additional information on the shortlisted value chains submitted through the ACP Secretariat's call for proposals. Selected participants representing the shortlisted value chains will be invited to provide presentations in two rounds – on Day 1 for approximately 30 minutes, and on Day 2 for an additional 15–20 minutes. After each presentation, technical questions will be asked so that FAO, OACPS and the European Commission Directorate-General for International Cooperation and Development can make the final selection of the ten value chains to be analysed and developed, commencing in 2020. The workshops will also sensitize regional technical experts on the overall project context.

Part II: Identify suitable regional partners to support the programme

FAO will work with regional fisheries (duly mandated) and value chain institutions as potential regional partners on the value chain analysis (VCA) methodology. Identifying qualified and capable regional organizations to support the VCAs to be conducted in the first year of Fish4ACP is vital. These VCAs will feed into the development of an upgrading strategy, including action and investment plans, and regional partners may support all areas of analysis and implementation. In addition, these institutions may be able to replicate the VCA methodologies for other fisheries value chains in the region.

3. Participants and roles

National representatives: For each of the shortlisted value chains, one technical representative from the ministry or national directorate charged with fisheries or aquaculture and one commodity expert will be invited to present the value chain. It is imperative that the country representatives have thorough technical knowledge of the fishery or aquaculture value chain proposed, from production to consumption. In many cases this may be the technical expert from the ministry or national directorate who prepared or coordinated preparation of the proposal, as well as a key commodity expert consulted for its preparation.

Regional representatives: Representatives from relevant regional economic commissions and regional fisheries agencies will be invited to participate and engage in the technical question-and-answer sessions. Relevant fisheries and agribusiness/value chain institutions will be invited as potential partners to support the VCAs and implementation; representatives will be expected to engage in the technical Q&A sessions after each value chain presentation and provide insight into the VCA methodology, which will be presented on Day 2.

4. Agenda

DAY 1 – DATE		
Workshop Part I: all participants invited		
Time	Agenda item	Speaker
9:00–9:10	Opening remarks	Speaker
9:10–9:25	Participant introductions	All participants
9:25–9:45	Project context	Speaker
9:45–10:15	Workshop objectives and expectations	Speaker
10:15–10:30	Tea/coffee break	
10:30–11:00	VC Presentation no. 1	Representative(s) of VC 1
11:00–12:00	Q&A on VC 1	Plenary
12:00–12:30	VC Presentation no. 2	Representative(s) of VC 2
12:30–13:30	Q&A on VC 2	Plenary
13:30–14:30	Lunch	
14:30–15:00	VC Presentation no. 3	Representative(s) of VC 3
15:00–16:00	Q&A on VC 3	Plenary
16:00–16:15	Tea/coffee break	
16:15–16:45	VC Presentation no. 4	Representative(s) of VC 4
16:45–17:45	Q&A on VC 4	Plenary
17:45–18:00	Close of day 1	Speaker

DAY 2 – DATE		
Time	Agenda item	Speaker
9:00–9:15	Morning check-in	Speaker
9:15–9:45	VC Presentation no. 4	Representative(s) of VC 4
9:45–10:15	VC Presentation no. 3	Representative(s) of VC 3
10:15–10:30	Tea/coffee break	
10:30–11:00	VC Presentation no. 2	Representative(s) of VC 2
11:00–11:30	VC Presentation no. 1	Representative(s) of VC 1
11:30–12:00	Closing remarks – Part I Group photo	Speaker
12:00–13:30	Lunch and VC participants' departure	
Workshop Part II: FAO and regional partners only (fisheries and VC)		
13:30–15:00	Feedback on the proposals	Regional partners
15:00–15:45	Presentation on VC approach	Presenter
15:45–16:00	Tea/coffee break	
16:00–17:00	Discussion on the VC methodology	Presenter
17:00–17:15	Closing remarks – Part II	Speaker

ANNEX 7

Sample value chain summary report

TABLE A5. EXAMPLE OF A VALUE CHAIN SUMMARY REPORT

NAME OF VALUE CHAIN:		
I. FEASIBILITY	Pros/opportunities (+)	Cons/challenges (-)
A	Economic feasibility	
1. Market demand	+ landings increasing until 2016–2017 + increasing imports and exports + local market demand for quality fish	» local disposable income not high
2. Competitive advantage	+ good handling practices with industrial fleet + aiming to add value for tourist and high-end markets, traceability – digitizing data collection + aiming to improve branding	» question of competitiveness » not getting the prices that they want from the USA » high competition – constrained int'l market competitiveness » high operating costs
3. Inputs and services	+ training on fish handling, safety at sea, navigation	» loans and insurance difficult to obtain » local transport results in quality losses
4. Market risk	+ packing hall, processing facilities, with grading and recording of temperatures + auction hall + good air transport with USA and European Union (only takes 6 hrs to reach the US market) + potential to manage market risk with contractual arrangements	» beholden to buyers in the USA
5. Coordination	+ aiming to apply principles of good governance at all levels + umbrella body of 8 primary fishers associations for basic training, representation and letters to acquire social benefits	» no direct role of the cooperatives in the VC
B	Societal feasibility	
6. Government	+ Govt. is clearly supportive of this VC	
7. Donors	+ FAO TCP 6 years ago – food safety problems at the fish landing sites and markets	

>>>

TABLE A5 >>>

NAME OF VALUE CHAIN:		
8. Private	+ 800 primarily women involved in local artisanal processing + 8 processing plants with 100 employees	<ul style="list-style-type: none"> » not willing to invest further, unless they get access to loans » complain that fuel is too costly and there are few concessions to support the industry
9. Societal risks	+ women are powerful; they set the prices and are decision-makers + stable country, elections completed	<ul style="list-style-type: none"> » poor economic status of the country (heavy debts, poor fiscal situation) » broader economic environment » financial constraints are growing
C	Environmental feasibility	
10. National resource capacity	+ not currently overfished – maximally sustainably fished	» highly migratory stock
11. Environmental risk		<ul style="list-style-type: none"> » strong weather systems can destroy fleet and damage landing sites » climate change can impact migration and distribution e.g. in 2016 high temperatures affected stocks
D	Governance	
12. Governance	+ Draft VC Management Plan already being implemented + signatory to Agreement on Port State Measures	» need for national quota allocations
II. IMPACTS	Pros/opportunities	Cons/challenges
A	Economic impacts	
13. Jobs/ livelihoods	+ good potential for job creation associated with value addition	
14. Profits		
15. Taxes	+ relatively large special economic zone	
16. Consumer benefits	+ improving safety and quality of products	



TABLE A5 >>>

NAME OF VALUE CHAIN:		
B	Social benefits	
17. Added value	+ potential to increase inclusion of women and youth + youth will be attracted by new technology	
18. Nutrition and health		
19. Decent work	+ aiming to improve decent work on the vessels through safety at sea	
20. Sociocultural norms	+ strong potential to change mindsets about women in fishing	
21. Institutions	+	-
C	Environmental impact	
22. Carbon footprint	+ reduction of food loss and waste	likely to lead to an increase in GHGs through increase in agroprocessing
23. Biodiversity	+	-
24. Ecosystem management	+	-

PROS	Summary of pros
CONS	Summary of cons

Source: Authors' own elaboration.

Selecting value chains for sustainable food value chain development

Guidelines

Value chain development can make significant contributions to achieving the Sustainable Development Goals (SDGs) because it is a powerful approach to address root causes and binding constraints that impede the sustainable development of food value chains.

The first step in value chain development is selecting those value chains that, when upgraded, can have the biggest SDG impact. This publication provides practical guidelines on how to select value chains for which upgrading is feasible and impactful in terms of the potential for generating positive economic, social and environmental outcomes. The handbook describes a step-by-step process that helps to assess, compare and select value chains in a participatory and evidence-based manner. It presents a toolbox that can be customized to projects with different budgets, scopes and objectives.

This publication forms part of a set of FAO handbooks on Sustainable Food Value Chain (SFVC) development, which together provide hands-on guidance for development practitioners, including international organizations, NGOs, regional bodies and national governments seeking to achieve sustainability objectives through agrifood value chain development projects.

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