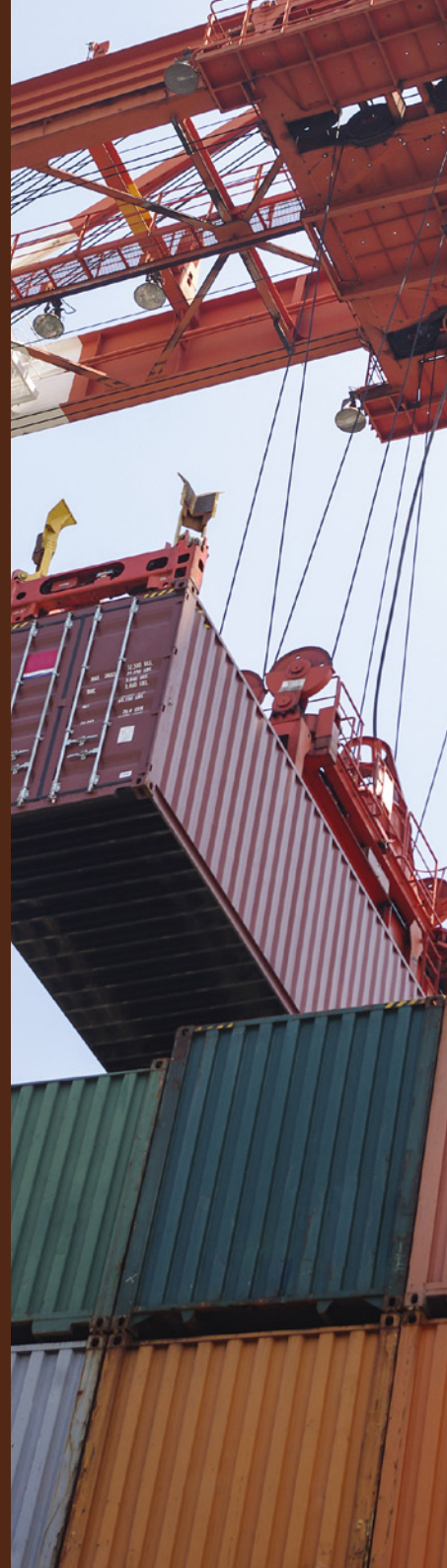


**Value Chains
& Trade**



Guides for value chain development

A comparative review



Guides for value chain development

A comparative review

Prepared for the
Technical Centre for Agricultural
and Rural Cooperation (CTA)

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Summary

In recent years, governments, donors and NGOs have increasingly embraced value chain development (VCD) for stimulating economic growth and combating rural poverty. In general, VCD aims to facilitate the building of mutually beneficial links between smallholders and other chain actors, such as processors, exporters and retailers that interact for the production and marketing of a given product. Chains selected for development interventions must be economically viable while at the same time accessible to poor farmers. The design of interventions for VCD is often based on a careful analysis of the business context, actors in the chain, and the relationships between chain actors. With the emergence of VCD in development programming, numerous guides have been published on how to conduct value chain analysis as an input for the design of VCD interventions. However, the proliferation of guides has taken place in an environment where key conceptual and methodological elements of value chain analysis and development are still evolving. For example, no universal definition for ‘value chain’ exists and there is limited evidence on the impacts of interventions, thus limiting opportunities for debate on the effective design of VCD.

This report presents the results of a review of 11 guides for VCD. The review compares the concepts and methods endorsed and assesses the strengths and limitations of the guides for steering development practice. Overall, the guides provide a useful framework for understanding markets and engaging with chain stakeholders, with a strong emphasis on strengthening institutions and achieving sustainability of interventions. However, the guides often lack discussion of the conditions necessary at different levels for VCD to advance development objectives and achieve sustainability. The guides are designed to be implemented largely independently of the specific context, in which the chain is situated, despite the major implications context has for the design of interventions and overall success of the chain. Attention to mutual learning, whether related to tool design or the outcomes and impacts of VCD interventions, is limited. More critical reflection and debate is needed on the design of guides for VCD. We suggest three areas for this reflection and debate: 1) concepts, methods and tools for addressing the needs of the poor in value chains; 2) tools for deepening analysis and addressing variations in the context; and 3) mechanisms for mutual learning on the design and implementation of VCD. The report concludes with various recommendations for guide authors and donors that support VCD.

Key words

Value chains, value chain development, methods, guides, development practice

Acknowledgements

We thank the Technical Centre for Agricultural and Rural Cooperation (CTA) and the CGIAR consortium research projects on Forests, Trees and Agroforestry (CRP6) and Policies, Institutions, and Markets (CRP2) for providing funds for conducting this study. Special thanks to Veronica Gottret, Douglas Horton, Mark Lundy, Andrew Shepherd, Felicity Proctor and Anne Terheggen for their comments and suggestions on previous versions of this report. We would also like to thank the following authors of guides for value chain analysis and development for their comments and suggestions: Thomas Bernet (FiBL), Ruth Campbell (ACDI/VOCA), Carlos A. da Silva (FAO), Jeanne Downing (USAID), Veronica Gottret (CRS), Frank Hartwich (UNIDO), Mark Lundy (CIAT) and Graham Thiele (CIP). Finally, we would like to thank Ree Sheck for her skilled editing of this report. While the support of all is gratefully acknowledged, the views expressed here are the authors’ sole responsibility.

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1. Introduction

Value chain development (VCD) features prominently in development programming aimed at stimulating economic growth and increasing the competitiveness of the agricultural sector (Humphrey and Navas-Alemán 2010; Staritz 2012; Stoian et al. 2012). The VCD approach challenges governments and civil society to look beyond individual actors, such as smallholders or cooperatives, when considering how to achieve development goals. By focusing on the value chain and the links between the actors spread along it, development interventions can better identify common problems among actors in the chain and solutions that generate win-win outcomes. Improved chain relations and overall chain performance are expected to yield tangible benefits in terms of economic performance and, in some cases, poverty reduction. The potential to include large-scale businesses as active partners in VCD offers development agencies opportunities for achieving outcomes at greater scale, with potentially increased impact and sustainability. For many development agencies, donors and governments, VCD has become a principal element of their poverty-reduction strategies.

Interest in VCD stems, in large part, from an increased awareness among development organisations that success in increasingly complex agrifood markets often requires stronger collaboration among chain actors, including producers, processors and retailers (Hobbs, Conney and Fulton 2000; Humphrey and Memedovic 2006). Growing urban demand for added-value foodstuffs in developing countries, more stringent quality and food safety standards by governments and private firms, the growth of niche markets (for example, organic and fair trade), and concern over the scarcity of agricultural raw materials are important factors that have spurred interest in VCD. In some cases, VCD also responds to a sense of urgency over the need to reinvigorate development processes that led to the formulation of the Millennium Development Goals (MDGs), which view increased income as a precursor to livelihood security and a decent standard of living. The rapid growth in demand for agrifood products in which smallholders are considered to have a comparative advantage — for example horticulture, and specialty crops like coffee, that require extensive labour inputs — has been considered an opportunity to combine economic growth and poverty-reduction goals (Bacon 2005; Weinberger and Lumpkin 2007).

A useful definition of VCD is provided by World Bank (2010, 16), which defines it as an “effort to strengthen mutually beneficial linkages among firms so that they work together to take advantage of market opportunities, that is, to create and build trust among value chain participants.” Concepts often included in definitions of value chain and VCD include win-win relationships, upgrading², innovation and added value. In some cases, VCD may be promoted with an aim to improve the competitiveness of a given sector or subsector, often through changes in the political-legal, institutional and regulatory frameworks in which value chain actors operate. In other cases, interventions for VCD may target a specific set of actors in a given segment of the chain. When the targeted actors include smallholders and other vulnerable populations, VCD may be described as ‘pro-poor’. Pro-poor VCD has been defined as an effort to generate a “positive or desirable change in a value chain to extend or improve productive operations and generate social benefits: poverty reduction, income and

² Upgrading refers to the ability of certain actors in a value chain, often smallholders and small and medium enterprises in the upstream segments of such chains, to respond to opportunities and increase their benefits from chain participation by increasing efficiency, expanding into more sophisticated lines of products, or acquiring new functions in the chain (Humphrey and Schmitz 2000).

employment generation, economic growth, environmental performance, gender equity, and other development goals” (UNIDO 2011, 1).

With the emergence of value chains in development programming came a burst of activity to develop guides and diagnostic tools to help practitioners conduct value chain analysis, usually as an input for the design of interventions. Some development organisations have developed their own guides and tools, while others have adopted and adapted existing methodologies. Recent studies have shown that differences exist in how the guides interpret chain-related concepts (Altenburg 2007; Nang’ole, Mithöfer and Franzel 2011; Proctor and Lucchesi 2011), which can have important repercussions for how interventions are designed and what their development impacts eventually may be. Guides differ in their developmental approach (for example, a focus on better market links versus improved business environment), their developmental goals (poverty reduction, economic growth, decent work), and their targeted users (government agencies, NGOs, private sector). Guides also vary in terms of their information requirements, objectives and overall complexity, conceptualisation of value chain concepts, and incorporation of local actors into research and strategy formulation, among other factors.

This report, commissioned by the Technical Centre for Agricultural and Rural Cooperation (CTA) and elaborated by researchers at the World Agroforestry Centre (ICRAF) and Rhine-Waal University of Applied Sciences, documents the findings from a review of 11 guides for VCD. The review compares the guides’ concepts, objectives and methods, as well as their user-friendliness. Results from these assessments should help development organisations and businesses find the tools that best fit their given context and objectives. Evidence for the findings can be found in the detailed information on each of the guides in the annex of this report. It can also be found in the final section of the main report, in our assessment of the best-fit guides for different VCD scenarios or contexts. The review also aims to guide further tool and guideline development. Taken together, the assessments characterise the state-of-the-art for designing interventions and interactions that seek to build value chains with smallholders. This characterisation allows for recommendations on future work in the design of guides for VCD.

The report is organised as follows: section 2 presents the methodology applied in carrying out the review; section 3 presents the results of this review; and section 4 provides concluding comments. The annex contains detailed assessments of each of the guides reviewed.

2. Methodology

Books, documents and internet-based platforms (such as a wiki website), on how to design and implement VCD vary markedly in their use of key concepts, the level of detail and clarity in their guidance to users, and the expected results from implementation. For the purposes of this review, we considered a guide to include a book, document or internet-based platform that provides users with a logical sequence of activities for designing and implementing VCD with smallholders and other chain actors. At a minimum, implementation of a guide must contribute to the generation of a strategy for: 1) the design of interventions by development organisations for building mutually beneficial chain relations; 2) the design of new interactions between resource-poor chain actors (often smallholders and businesses in the upstream chain segment) and larger, better-endowed businesses further downstream; and/or 3) the design of policies that improve the institutional environment in which value chain actors operate. Some guides look beyond strategy generation to cover implementation and assessment of outcomes, but at a minimum, they must generate a strategy for VCD. Guides whose primary audience is researchers rather than development organisations or private sector representatives were excluded in this review. In some cases, guides may aim to facilitate the building of value chains with smallholders without actual applying the concept of value chain or VCD. For example, guides built around the concept of ‘making markets work for the poor’ (DFID/SDC 2008) aim to identify opportunities for improving the business environment in which the poor operate, and thus, for the purposes of this review, would constitute a guide for VCD.

This review aimed to include a broad selection of guides for VCD. Selection of these guides was based on previous work by Nang’ole, Mithöfer and Franzel (2011) and consultations with CTA. Nang’ole, Mithöfer and Franzel identified 32 guides, tools and manuals related to value chains and VCD that were available on the internet in 2010. Their search included such key words as *value chain manual*, *value chain tool*, *value chain guideline*, *value chain handbook*, and *rapid rural appraisal*. They also identified guides from key informants. Some of the guides described were designed for purposes other than VCD. For example, some focused on the development of a single business; others were designed for use by researchers to understand the implications of globalisation on developing countries; others were collections of cases studies related to VCD. Among the guides identified, eight attempted to guide users in the design of VCD (CIP 2006, FAO 2007, CIAT 2007, IIED 2008, M4P 2008, GTZ 2008, ILO 2009, World Bank 2010). In some cases, the guides also included steps for implementation and assessment of VCD (for example, CIP and GTZ). These guides were complemented with three guides selected by CTA: USAID (no date), an internet-based portal that provides a thorough collection of tools and concepts related to VCD; DFID (2008), which describes how to design policies that improve the participation of the poor in markets; and UNIDO (2011), a recently published guide that provides guidance on important issues for the design of interventions for VCD.

Achieving accuracy and objectivity was a key concern in carrying out the review. We first developed a list of parameters by which the guides would be assessed (Table 2). Based on

these parameters, an initial review of each guide was carried out by one of the authors of this report. This initial review was reviewed by another team member for accuracy and objectivity. The review of each guide was then passed to its corresponding author(s) for feedback on accuracy and objectivity. Authors were asked to identify potential misunderstandings or omissions and to highlight any disagreements. Feedback was received from authors of eight of the guides³. Their comments and suggestions were incorporated into the review. Preliminary versions of this document were presented for discussion and review among the authors of the guides and among selected external reviewers.

Our methodology has certain limitations. There are likely to be guides that meet the selection criteria but that we failed to identify and include in this review. We appreciate suggestions from readers on guides that should be included in a future version of this paper. Nonetheless, our selection of guides is broad enough to provide a strong indication of the overall state-of-the-art concerning the design of guides for VCD. Our review is based exclusively on the guides themselves: it does not present information from other sources on experiences with the application of the guides and the subsequent results. In general, case studies with critical feedback on tool design and application are scarce.

³ One or more authors of the following guides provided feedback on the assessment of their guide: CIP, IIED, CIAT, FAO, GTZ, ILO, UNIDO, USAID.

Table 1. Methodological guidelines reviewed

Methodological guideline	Lead authors	Sponsoring organisation
Participatory market chain approach (CIP 2006)	Thomas Bernet, Graham Thiele, Thomas Zschocke	International Potato Center (CIP)
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	Carlos A. da Silva, Hildo M. de Souza Filho	Food and Agriculture Organization of the United Nations (FAO)
Participatory market chain analysis for small-holder producers (CIAT 2007) ⁴	Mark Lundy, Veronica Gottret, Carlos Ostertag, Rupert Best, Shaun Ferris	International Center for Tropical Agriculture (CIAT)
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	Springfield Centre (specific authors are not specified)	Department for International Development (DFID), Swiss Agency for Development and Cooperation (SDC)
Chain-wide learning for inclusive agrifood market development (IIED 2008)	Sonja Vermeulen, Jim Woodhill, Felicity Proctor, Rik Delnoye	International Institute for Environment and Development (IIED)
Making VC work better for the poor: A tool-book for practitioners of value chain analysis (M4P 2008)	Tim Purcell, Stephen Gniel, Rudy van Gent	Making Markets Work Better for the Poor (M4P) Project, UK Department for International Development (DFID)
ValueLinks manual (GTZ 2008)	Andreas Springer-Heinze	German Agency for Technical Cooperation (GTZ), now German Agency for International Cooperation (GIZ)
VC development for decent work (ILO 2009)	Matthias L. Herr, Taper J. Muzira	International Labour Organization (ILO)
Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications (World Bank 2010)	Martin Webber, Patrick Labaste	World Bank
Pro-poor VC development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011) ⁵	Lone Riisgaard, Stefano Ponte	UN Industrial Development Organization (UNIDO), International Fund for Agricultural Development (IFAD), Danish Institute for International Studies (DIIS)
Value chain development wiki (USAID no date)	Not specified	United States Agency for International Development (USAID)

Table 2. Parameters for the review of guides for VCD

General	Specific
Objectives and motivations	<ul style="list-style-type: none"> • Direct users/intended beneficiaries • Expected outputs from guide implementation • Stated development objective (the expected result of guide implementation) • Market focus (for example, local versus international) • Conditions or assumptions for meeting development objective (either stated or implied)
Definitions of value chain and VCD	<ul style="list-style-type: none"> • Definition of value chain • Definition of VCD • Broad versus narrow application of value chain concept, where <i>broad</i> includes all actors in a given subsector and <i>narrow</i> includes a subset of actors in a given subsector
Key elements of methodological design	<ul style="list-style-type: none"> • Key concepts applied • Key methodological steps and components • Chain selection process • Expected outputs from guide implementation • Expected participation of stakeholders in implementation
Data collection and analysis	<ul style="list-style-type: none"> • Recommendations for data collection from household member (including issues related to gender) • Recommendations for data collection from households • Recommendations for data collection from businesses • Recommendations for data collection from the chain and overall marketing environment • Recommendations for data collection from facilitating organisations • Assessment of the effort required for data collection and analysis
Methods and tools for data collection and analysis	<ul style="list-style-type: none"> • Prescribed data collection methods • Prescribed data analysis methods and tools
User-friendliness and adaptability	<ul style="list-style-type: none"> • Balance of text, diagrams and case study examples • Use of diagrams and case studies • Skills required to use the guide • Flexibility in relation to different contexts and needs
Assessing and monitoring outcomes and impacts	<ul style="list-style-type: none"> • Suggested indicators • Suggested methodology
Originality, innovation, and strengths and limitations	<ul style="list-style-type: none"> • Originality and innovation • Strengths and weaknesses

⁴ CIAT's guide for value chain development was first published in Spanish in 2003. A revised version was published in 2007 in English and Spanish. The revised English version was assessed for this review.

⁵ The guide reviewed here, UNIDO (2011), is part of a toolkit on value chain development for understanding and diagnosing value chains. See http://www.unido.org/fileadmin/user_media/MDGs/IVC_Diagnostic_Tool.pdf.

3. Results

3.1 Users, objectives and assumptions

We began the analysis by asking, “Who is the guide for? What outputs are expected from guide implementation? What are the broader development goals to which guide implementation is expected to contribute?” Table A1 in the annex summarises our responses to these questions and provides information on the overall orientation of the guides. Specifically, the table identifies the direct and indirect users of the guides, the expected outputs from implementation, the stated development objectives, the market focus of the chains considered for guide implementation, and the conditions or assumptions for meeting the development objective (either stated or implied). In the discussion below, we highlight commonalities and differences in the guides, based on the information presented in Table A1.

Users of the guides

All of the guides intend that their direct users, that is, those who collect and analyse data, will be development practitioners from government agencies, donor-funded projects or NGOs. No guide is elaborated for implementation specifically for the private sector or for farmer groups, although many suggest that representatives of these be invited to participate during specific steps in the implementation process. Without exception, the guides are designed to be implemented by the organisations that sponsored the development of the guide and by other organisations.

Intended indirect beneficiaries are farmers and businesses linked to a specific chain or sub-sector. In some cases, cooperatives and other types of small businesses are targeted, while in other cases, the type of business is not specified.

None of the guides restricts implementation to the chain of a specific product or group of products. In most cases, the emphasis is on the collection of individual chains that constitute a given subsector. For example, rather than providing guidance to the analysis of an individual chain that links a group of coffee farmers to an exporter, the guides often look at the aggregate of coffee farmers and their interactions with the aggregate of exporters.

Expected outputs

At a minimum, implementation is expected to yield a strategy for VCD that includes inputs from chain actors and from organisations that are external to the chain, such as service providers. For example, FAO (p. 2) states that implementation allows for the formulation of a “general approach toward the definition of chain interventions aiming at performance improvement, with the identification of stakeholder responsibilities for implementation.” In a similar way, the introduction to DFID (p. 1) states that the guide “provides value chain practitioners with an easy-to-use set of tools for value chain analysis, with a focus on poverty reduction.” Similar approaches to conceptualising the outputs of guide implementation are taken by ILO, World Bank and UNIDO.

In other cases, implementation is also expected to result in new or stronger business relationships that emerge from the sustained dialogue among chain actors during the guide implementation process. The design of these guides places considerably more emphasis on the participatory process for implementation. A focus on both strategy formulation and relationship building is clear in the guide by CIP (p. 16), which considers that “building trust among market chain actors is a prerequisite for successful collaboration.” The design of guides by CIAT and IIED also relies heavily on sustained engagement with smallholders and other chain actors to understand the value chain and facilitate negotiations and interactions between actors. GTZ and USAID provide guidance for the elaboration of a strategy with chain stakeholders, as well as guidance on how to implement VCD, with modules, for example, on strengthening public-private partnerships, financing value chains and improving the business environment of value chains.

Development objectives

As mentioned, the implementation of a given guide provides inputs for the elaboration of a VCD strategy, among other potential outputs. In general, the interventions or changes in business relations that result from a VCD strategy are expected to yield tangible benefits for actors in the chain as well as for the overall business environment. The discussion here focuses on the specific development objectives to be achieved when the VCD strategy is implemented.

Seven guides include a development objective that focuses on improved income for marginalised populations. Examples include DFID, which considers that VCD offers an opportunity to “effectively and sustainably improve the lives of poor people by understanding and influencing markets systems,” and IIED (p. 11), which argues that “with the right support, small-scale producers can be efficient and reliable providers of quality produce.” Other development objectives are also specified. ILO includes an overall improved business environment, as well as increased employment and income as outcomes of VCD. UNIDO considers that guide implementation will result in VCD with a greater likelihood of achieving positive impacts on poverty and gender equity. In general, most guides assume that diligent implementation will provide information for the design of interventions, which will ultimately result in increased income and business performance.

Exceptions to the general emphasis on poverty reduction are the guides by FAO and the World Bank, which place emphasis on the economic development aspects of VCD. FAO conceptualises that guide implementation will contribute to the economic growth of a given subsector, with no direct mention of smallholders or small businesses. In a similar way, World Bank (p. 2) notes, “The value chain approach is being used to guide and drive high-impact and sustainable initiatives focused on improving productivity, competitiveness, entrepreneurship, and the growth of small and medium enterprises.” CIP (p. 3) conceptualises the benefits of VCD as creating a self-sustaining “innovation process...that improves the development environment of rural areas, increasing the competitiveness not only of the market chain, but also of the communities and producers, who benefit from improved access to markets, contacts, and information.”

Incorporation of contextual factors

The context in which farmers and businesses operate has important implications for the design and implementation of strategies for VCD. For example, comprehensive strategies to develop value chains that link smallholders with international markets for specialty products

will likely discuss issues related to certification compliance and the ability of cooperatives and producer associations to meet the demands of their members and of downstream buyers. Alternatively, strategies to develop value chains in local markets likely focus attention on understanding consumer demand and the opportunities for value adding with local processors and intermediaries. Context is also important when considering the ability of smallholders to participate in VCD. In cases where VCD requires relatively large investments by smallholders, understanding their interests and capacities will be important for the design of sustainable interventions. The greater a guide's focus on issues particular to a given context, the greater its potential to provide tailored guidance to its users.

To what extent do the guides condition their implementation on key contextual features of the marketing and business environment or the interests and capacities of chain stakeholders? Alternatively, do the guides provide different recommendations for data collection and analysis based on the key contextual issues? Many of the guides recognise the overall importance of the context and provide guidance on how to assess the marketing and business context (for example, CIAT and DFID). However, none of the guides conditions implementation based on a key element of the marketing or business context. At the level of producing households, some guides stipulate that the value chain selected for analysis and development should be relevant to rural livelihoods. However, there is limited discussion on how to measure differences in the interests and capacities by households or on the implication of these differences for achieving the reported goals of VCD.

Section summary

- Guides are written for researchers and experienced NGO and government staff. In most cases, chain actors participate as data providers, validators of information and participants in strategy formulation. The orientation toward NGO and government staff allows for the introduction of relatively complex concepts and research methods but may affect greater take-up by the private sector and smaller NGOs.
- Most of the guides ultimately aim to stimulate economic development and contribute to reduced rural poverty, mainly through increased incomes for smallholders. This adds considerable complexity to the guides, which, in part, accounts for their orientation towards researchers and NGO and government staff. Other guides focus exclusively on economic development as the development objective (see FAO and World Bank, for example).
- Achievement of the development goals related to VCD is often based on various implicit assumptions on the capacities and interests of chain actors and the overall business context in which VCD takes place. For example, the assumption may be that smallholders and small businesses are willing and able to invest in more intensive participation in value chains. The extent to which these assumptions hold true is an issue that has not received much attention in VCD-related debates.

- Guides do not place preconditions for implementation based on the context or the interest or capacities of local actors. Nor do they provide differentiated implementation processes based on the context or local conditions. This allows for broad uptake of the guide but comes at the expense of providing users with more tailored guidance for analysis and strategy formulation.

3.2 Key definitions

Concepts related to value chains and VCD have been debated in the fields of business management, sociology and development studies. Consensus has yet to emerge on the definitions of these concepts. This review examines the guides to understand how they define chain-related concepts. Table A2 in the annex presents the definitions used in the guides for value chain and VCD.

Value chain definition

The reviewed guides do not apply similar terms to describe market actors and the arrangements for production and marketing of agricultural products and services. Among the terms used are *value chain*, *supply chain*, *market system*, *market chain*, and *agrifood chain*. For the purpose of this review, the term *value chain* will be used, independent of the particular term used in the guide.

There are major differences in the understanding of the value chain concept among the selected guides. Value chain definitions can be divided into three groups:

1. Activity based: Various guides base their definition on activities, without any restriction on the type of chain relationships⁶. World Bank (p. 9) provides an illustrative example: “The term *value chain* describes the full range of value adding activities required to bring a product or service through the different phases of production, including procurement of raw materials and other inputs.” The same definition or definitions similar in nature are offered by FAO, IIED, GTZ, ILO and USAID.
2. Actor based: Other guides base their definition on actors. For example, UNIDO (p. 3) defines a value chain as “actors connected along a chain producing, transforming, and bringing goods and services to end-consumers through a sequenced set of activities.” CIP (p. 159) defines a value chain as “all the actors, and the entirety of their productive activities, involved in the process of adding value to a specific crop or product.”
3. Network based: In this case, value chains do not simply exist in a particular space but are built for the purpose of better responding to consumer demand. Borrowing from Hobbs et al. (2000), CIAT (p. 25) defines value chains as a “strategic network among a number of independent business organizations,” where network members are willing to engage in extensive collaboration. DFID (p. 6) defines a market system as a “multi-player, multi-function arrangement comprising three main sets of functions (core, rules, and supporting) undertaken by different players...through which exchange takes place, develops, adapts, and grows.”

Actor and network-based definitions provide a more coherent conceptual framework around which to consider the design of particular interventions for VCD. The definition considered

⁶ Chain relationships vary along a continuum from pure market transactions at one end to fully integrated hierarchical firms at the other end. In the middle of this continuum there are several different types of business relationships, for example long-term relationships and partner relationships characterised by close cooperation between two separate actors (Webster 1992).

in CIAT lends itself to application by a specific set of actors in a given territory (rather than to all the actors in a subsector), and provides a clear orientation for the design of strategies by development organisations and a targeted group of chain actors. Activity-based definitions are compatible with the design of VCD policies at a broad scale, including at the national scale (see FAO and USAID, for example).

Definition of VCD

In general, definitions for VCD are implied rather than explicitly stated. For example, FAO (p. 17) suggests that VCD flows from value chain analysis, whereby the analysis provides a “set of recommendations for the public and private sectors,” which, in turn, contributes “toward the improvement of the economic and financial performance of chain stakeholders.” Similarly, CIAT (p. 26) writes that value chain analysis “lay[s] the groundwork for the formation of a value chain.” In other cases, the guides are explicit in separating out value chain analysis from VCD. For example, ILO (pp. 4–5) suggests that VCD comprises five drivers of change: system efficiency, product quality, product differentiation, social and environmental standards, and an enabling business environment. According to GTZ (p. 17), “Value chain promotion fosters economic growth...by making sure that the additional income generated actually benefits poverty groups.” World Bank (p. 16) offers the most clear-cut definition for VCD: “At the heart of VCD is the effort to strengthen mutually beneficial linkages among firms so that they work together to take advantage of market opportunities, that is, to create and build trust among value chain participants.”

Two general types of definitions for VCD can be drawn from the guides: 1) an actor/chain type that focuses on strengthening certain actors and improving relations between smallholders and other actors in a chain; and 2) a business-environment type that focuses on improving the business environment in which chain actors operate. Seven of the guides include a more actor/network-focused VCD definition. For example, CIAT suggests that VCD aims to increase competitiveness for a subset of chain actors, which results in higher income for smallholders and small businesses. USAID considers that VCD is achieved by establishing win-win relationships among chain actors. World Bank (p. 12) defines VCD as actions that “upgrade the whole system to the benefit of all value chain participants.” Other guides with similar definitions for VCD include: CIP, FAO, GTZ and ILO.

DFID, IIED and M4P consider improving the environment in which the smallholders and other chain actors produce and market agricultural products as the basis for achieving VCD. The guides facilitate the identification of options to enhance opportunities for smallholder chain participation by influencing the political, legal and business environment and by establishing new linkages between smallholders and promising markets. For example, M4P (p. 4) considers that analysis should focus on gaining an understanding of the context in which producers and/or small traders operate as participants of the value chain. Similarly, IIED considers VCD to centre on understanding the institutional framework in which smallholders and other chain actors operate and identifying options for influencing institutional change in a way that creates smallholder opportunities and benefits. A focus on the business environment reflects the influence of debates on globalising food markets (for example, Reardon et al. 2003), and discussions among practitioners about making markets work for the poor (for example, Ferrand, Gibson, and Scott 2004).

The scale of analysis has important implications for data collection and the users of VCD strategies — the typical output of implementation of VCD guides. Many of these guides con-

sider value chains and VCD in the broader sense, that is, they consider all of the actors in the set of chains that make up a given subsector. These guides include FAO, DFID, ILO, M4P and USAID. The broader focus may be most useful for formulating policies at the national or regional level aimed at improving the competitiveness of a given subsector. Other guides applied the VCD concept in a more narrow sense — that is, focused on a specific set of actors that maintain commercial relations for the production and marketing of a product. These guides include: CIP, CIAT, GTZ, IIED and UNIDO. The narrower focus of these guides facilitates the design of strategies that respond to the needs of a selected group of actors that maintain or could maintain commercial relations.

Section summary

- There is no consensus among the guides on terms applied for describing market actors that collaborate to bring a product to market. Terms used in the reviewed guides include: *value chain*, *market system*, *supply chain*, *market chain* and *agrifood chain*. Definitions of value chains can be divided into two types: those focused on activities and those focused on actors. The latter type provides more coherence for a conceptual framework of VCD.
 - In general, clear-cut definitions of VCD are scarce in the guides, despite the developmental nature of all of them. Often VCD is considered to be the logical outcome of value chain analysis. The actors involved and the incentives and mechanisms required for achieving VCD are largely suggested in the text rather than explicitly stated in a definition for VCD.
 - Two basic types of definitions for VCD are represented in the guides: one focuses on chains and chain actors while the other focuses on the overall environment in which chain actors operate.
 - The guides can also be classified based on the scale in which they apply value chain analysis. Two basic types are identified: a broader focus application, which considers all the actors in a given subsector, and a narrower focus application, which considers a specific set of actors within a given subsector.
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3.3 Conceptual and methodological frameworks

A critical element of this review is an analysis of the conceptual and methodological frameworks that underpin the guides. Table A3 in the annex identifies the key concepts applied in the guides, steps involved in guide implementation, outputs derived from implementation, and participants in the implementation process. The table also highlights the criteria applied in the selection of value chains. The following discussion brings to light the commonalities and differences among the guides in terms of their conceptual and methodological frameworks.

Conceptual frameworks

Several guides build their conceptual framework around the concepts of governance⁷ and upgrading. These guides include ILO, GTZ, World Bank and USAID. These guides help users to formulate a VCD strategy for building or improving relations between smallholders and other chain actors, taking into account: 1) the existing governance patterns; and 2) the political, legal and market context in which the chain actors operate. The guides assume that a clear governance pattern can be identified and that chain development prospects are present within existing patterns that provide meaningful benefits to smallholders and other actors. Guides by CIAT and IIED do not use the terms *governance* or *upgrading* but contain conceptual frameworks that are similar in nature. For example, IIED builds its conceptual framework around the formal and informal institutions that make up ‘modern markets’ and the potential for smallholders to respond to the demands of these markets.

Other guides are constructed around a conceptual framework that pays attention to the political, legal and market context in which chain actors operate. For example, DFID aims to understand the ‘market system’ (i.e., the actors that make the production of final products possible and the set of rules that they follow), and identify options for addressing ‘systemic constraints’ (i.e., the underlying reasons for underperformance and possible intervention points). Unlike the value chain concept, the market system concept does not explicitly include an element of vertical coordination. FAO also focuses attention on understanding the political, legal and market environment in which firms operate, as a basis for promoting synergies and increased competitiveness in a chain. Particular areas of focus include the regulatory environment, technologies and inputs available to chain actors, and the degree of competition in the subsector.

Improved coordination and collaboration among chain actors lies at the heart of most of the frameworks. The potential for achieving this improved coordination and collaboration will depend on various factors, including product lead times, access to infrastructure, attitudes and capabilities among chain actors, the distances between businesses, and access to different types of services (such as technical and business advisory services and financial services). It follows that the nature of the opportunities for coordination and collaboration will vary according to the mix of these factors present in a given context. Opportunities may be relatively strong in chains characterised by high-value products and short lead times, such as fresh fruits and vegetables. They may be relatively weak in chains with limited product differentiation and long lead times, such as basic grains. Where opportunities for improved coordination and collaboration are weak, development goals may be achieved through means other than VCD (for example, attention to national-level constraints, such as bureaucratic interference, restricted access to credit and lack of infrastructure). Discussions on the context and its implications for successful VCD are missing from most of the guides.

Among the guides that focus on governance and upgrading, two important questions remain largely unaddressed in the guides. First, how can an upgrading strategy be defined in cases where no clear or uniform governance pattern is discernible? Clear governance patterns do not always exist, as holds true for undifferentiated crops sold in local markets, for example. In other cases, governance patterns may differ within a given node in the chain as well as between different nodes in a chain. At times, government policy in producing countries may be the most important determinant of development options, rather than rules established by value chain actors (Cramer 1999). Where weak vertical relationships exist and unclear governance patterns prevail, a focus on a market structure-conduct-performance framework

⁷ Chain governance often refers to the vertical coordination by firms in one node of the chain with firms in other chain nodes. Coordination can assume various modalities that include strategic alliances and contractual partnerships. These determine how product flows are regulated in terms of prices, quality, quantity and delivery specifications, among other aspects (Humphrey and Schmitz 2005). Governance structures are considered to have important consequences for the access of chain actors in developing countries to markets and the range of activities that developing-country actors can undertake. A wider framing of the governance concept includes legislative aspects that shape business interactions, such as food-safety and environmental standards (Kaplinksy and Morris 2002; Tallontire et al. 2011). The concept of upgrading refers to the potential of businesses and producers in developing countries to improve their performance and obtain greater benefits from value chain participation.

or the supply chain concept—see FAO (2007) for a brief summary of both concepts—may be a more appropriate framework for diagnostics. Second, when does upgrading represent an opportunity for smallholders or other marginalised actors? For some smallholders, the potential benefit from upgrading (for example, improved prices) may be less than the costs (such as increased labour allocation, collective action), especially in the absence of support from development organisations and/or downstream chain actors.

None of the guides discusses how guide implementation leads to development outcomes and impacts for smallholders, other actors in the chain, or the chain itself. For example, the guide by CIP, which conceptualises VCD around innovation, says little about the potential returns from innovation or the conditions under which innovation by one actor could lead to innovation and improved outcomes for others in the chain. In a similar fashion, the guide by ILO, which considers VCD in the context of decent work, does not discuss which chain actors are more likely to promote decent work and how such outcomes would contribute to VCD. Guides by CIAT, FAO, GTZ and IIED consider the potential to achieve VCD based on investments by smallholders and other chain actors but do not describe the actor-specific conditions under which these investments are most likely to take place (for instance, investment needs, potential costs and benefits, and the risks related to investment).

Despite the importance often given to poverty reduction, the guides provide an incomplete framework for understanding the implications of poverty for VCD and the implications of VCD for the poor. For example, recommendations for value chain analysis often overlook potentially critical constraints on smallholder participation, such as limited options for managing risk, competition among a household’s various productive activities for use of scarce resources, high opportunity costs of scarce resources, and market failure in labour and capital markets. VCD needs to incorporate important concepts related to livelihood strategies, such as farming systems, asset endowments, vulnerability, power relations, local ownership and collective action (and other types of horizontal collaboration). These could be incorporated directly into the guides or references could be made to other manuals that deal with them. The limited attention to the complexities of households and small businesses by guides for VCD in general provided the stimulus for elaboration by UNIDO⁸.

Methodological steps

Value chain selection has important implications for the households and businesses involved, as well as for the external organisations that aim to facilitate the development process. Clearly, a well-selected value chain will link to a growing and profitable market. Investments in VCD will deliver benefits only if the underlying market environment is favourable. When VCD includes poor households and under-resourced enterprises, those selecting a particular chain need to consider the risks and requirements for chain participation and the ability of households and enterprises to effectively respond.

Some guides identify steps for chain selection, while others assume that a chain has already been selected (Table 3). Where steps for chain selection are provided, decisions on chain selection rest mainly in the hands of chain stakeholders or with NGOs and others that are external to the chain, often with validation from local stakeholders. In general, steps for chain selection involve the selection of indicators/criteria, an extensive period of data collection and analysis, and one or more workshops to present results and make decisions. Most guides include criteria related to market potential. Those guides aiming to address rural poverty also include criteria on the potential of the value chain to improve rural livelihoods. Few

⁸ Since the publication of most of the guides reviewed in this report, increased attention has been placed on gender in the context of value chain analysis and development. Examples of recent publications include Mayoux and Mackie (2008); Rubin Manfre and Barrett 2009; Riisgaard et al. (2010); Coles and Mitchell (2011); and Laven (2012).

guidelines deal with how to collect and analyse the data. In some cases, effectively responding to a criterion actually would require complex data collection and analysis, for example, assessing the “potential of the product/activity for poverty reduction” (M4P, p. 20) and identifying the “markets with potential for achieving improved growth and access” (DFID, p. 24).

Table 3. Approach to chain selection

Selection led by local stakeholders	Selection led by external experts	Assumption that chain has already been selected
<ul style="list-style-type: none"> • CIAT • M4P 	<ul style="list-style-type: none"> • FAO • DFID • GTZ • ILO • World Bank • UNIDO 	<ul style="list-style-type: none"> • CIP • IIED • USAID

The guides generally follow a similar sequence of activities for data collection and analysis. Implementation begins with chain mapping, where implementation teams identify and describe the value chain actors and the context in which they operate. This is followed by an assessment of the existing relationships among chain actors; the political, legal and market context; and the potential either for smallholders and small businesses to improve their positioning in the chain or for the chain as a whole to develop. Finally, intervention strategies are formulated with inputs from various chain stakeholders. Within the general value chain framework, each guide tends to present a methodological element that is unique. For example, CIAT and CIP stand out for their focus on a participatory and practitioner-friendly implementation approach. M4P is the only guide to include guidance on addressing potential investment costs and technology issues related to VCD. World Bank and USAID present a broad collection of methods and tools for VCD, while GTZ provides a detailed and well-structured approach to carrying out value chain analysis and strategy formulation.

Section summary

- Several guides, including GTZ, ILO, World Bank and USAID, build a conceptual framework mainly around concepts that originate in the value chain literature (for example, governance, upgrading). Attention is placed on understanding existing chain actors, their relations and the resulting upgrading opportunities. There is a general assumption that a clear governance pattern exists and that chain development prospects can be identified within this pattern that can provide meaningful benefits to smallholders.
- CIAT and FAO build their frameworks around the concepts of synergy, efficiency and competitiveness. The result is a conceptual framework similar to the guides that apply value chain concepts. There is an underlying assumption that meaningful, positive outcomes for smallholders and other chain actors can be achieved through increased cooperation.

- DFID and IIED construct a conceptual framework focused on the political, legal and market context in which value chain actors operate. IIED builds its framework around the formal and informal institutions that make up ‘modern markets’, while CIP develops its framework around innovation by value chain actors and the potential to achieve innovation through the building of human and social capital.
- In general, the reviewed guides provide too few insights into how VCD can lead to expected outcomes and impacts. This may reflect little actually being known about the outcomes and impacts of VCD, as well as the challenges involved in linking micro-level interventions with the larger political, legal and market context at national and international levels.
- The development of future guides would benefit from increased attention to the context in which VCD is to be carried out, allowing for differentiated conceptual and methodological discussions depending on the key contextual features of the business environment and resources available to value chain actors, particularly women.
- Despite the importance of poverty reduction for VCD, the guides provide an incomplete framework for understanding the implications of poverty relative to achieving VCD or the impacts of VCD on poverty.
- Some guides provide a brief discussion on how to collect and analyse the data for value chain selection, while others provide no such discussion. This likely reflects an assumption that the value chain will be predetermined within a given project framework. In some cases, selection of a value chain for analysis involves complex data collection and analysis. Where guidance is provided, it is limited to a list of criteria that should be considered in selection. Given the diversified livelihoods of some rural households and the potential for undue trade-offs between different household activities, greater attention should be placed on chain selection, perhaps in the form of a specialised guide on chain selection.
- The guides avoid concepts related to the more technical aspects of production, economic viability, standards and regulations, and logistics, as well as the associated analytical approaches and tools. While this simplifies the guides, making them easier to apply, it may also leave some implementers with limited options for addressing critical aspects of chain development. This suggests that specialised tools may be needed to elaborate VCD strategies within a given sector (for example, fresh fruit, cocoa and dairy) for achieving greater precision and depth in strategy development.

3.4 Recommended data collection

Table A4 in the annex summarises the data recommended for collection at different levels of value chain analysis. These levels of analysis include: intra-household, household, business, chain and market, and facilitating organisation. None of the guides recommends data collection at all levels of analysis. Depending on the objectives of the guide and its intended users, some levels of data collection will be more relevant than others. Our review aims to understand the range of options available to potential users of a guide for VCD. The following discussion focuses on the commonalities and differences among the guides in terms of their recommended data collection at the different levels.

The guides differ markedly in their attention to data collection at different levels of value chain analysis. Some guides place more emphasis on understanding actors in the chain and their perspectives on opportunities for VCD, while others concentrate data collection on understanding the value chain itself and the overall context in which it operates. Table 4 compares the recommended data collection at five levels of value chain analysis: intra-household, household, business, chain/market and service provider.

Few guides consider data collection at the intra-household level. As a result, the strategies that emerge from guide application may overestimate the potential for women and other disadvantaged members to participate in and benefit from VCD. In the case of VCD aiming at inclusive or pro-poor development, this omission may also result in outcomes below their potential. UNIDO addresses the lack of attention by existing guides to specific social issues, including gender equity. With regard to gender, UNIDO identifies various important issues that should be considered as part of value chain analysis when marginalised producers are involved, including access to assets, social roles, and risks faced specifically by women. The guide does not provide suggestions on how to collect or analyse gender-related information, but it does provide various references to grey literature where issues related to gender and VCD are addressed.

Attention placed on issues at the household level varies considerably. Three guides stand out for paying relatively strong attention to household-level production and marketing issues: CIAT, M4P and UNIDO. In addition to basic information on output and income, these guides recommend data collection on livelihood strategies, capacities and asset endowments, and perceptions on benefits and challenges in chain participation. In most cases, however, detailed information on how to collect and analyse these data is not provided (for example, assessment of livelihood strategies), although some references to important articles in grey literature are provided. In general, neither the academic nor grey literatures provide extensive insights into rural livelihoods in the context of value chains and VCD (Stoian et al. 2012). Four guides (FAO, GTZ, ILO and USAID) recommend data collection on basic issues related to producing households (such as income, productivity and farm gate prices), while the remaining four guides do not discuss the role of households in value chains and VCD.

Attention placed on businesses⁹ and producer groups also varies considerably. Four guides (CIAT, M4P, FAO and CIP) focus considerable attention on these actors. Data collection recommended by these guides focuses on businesses, their capacities and access to resources, and their incentives to invest in upgrading and/or increased collaboration with chain actors. These guides do not distinguish data collection methods or indicators according to the type of business, for example, smallholder-managed cooperatives or privately owned industrial

processors. Guides that briefly discuss data collection on businesses are USAID, ILO and GTZ. These guides recommend a basic set of assessment indicators, including annual income and sales, export prices and business functions. Four guides forgo data collection on businesses as part of the strategy formulation for VCD: DFID, IIED, World Bank and UNIDO.

All of the guides place a moderate to high level of attention on data collection at the level of value chain and market. Those that place relatively less attention on data collection at the chain and market level are those that focus relatively more attention on individual actors in the chain (CIAT, UNIDO). Most of the guides also recommend data collection on service providers. Data collection is basic, often focusing on the identification of existing service providers in a given area and generally avoiding more complex issues, such as the need for services by chain actors, gaps in service provision in a given territory to meet these needs and how to resolve the latter, and the overall suitability of existing services. CIAT provides the most extensive coverage on service provision, giving guidance on methods for assessing the quality of service provision and identifying the unfulfilled demand for services.

Table 4. Data collection recommended (indicators, guiding questions) by the guides, by level

Level of data collection	Limited or no data recommended authors	Moderate level of data recommended	High level of data recommended
Intra-household	<ul style="list-style-type: none"> • CIP • CIAT • FAO • DFID • GTZ 	<ul style="list-style-type: none"> • IIED • M4P • ILO • World Bank • USAID 	<ul style="list-style-type: none"> UNIDO
Household	<ul style="list-style-type: none"> • CIP • DFID 	<ul style="list-style-type: none"> • IIED • World Bank 	<ul style="list-style-type: none"> • FAO • ILO • GTZ • USAID
Businesses, including cooperatives and producer groups	<ul style="list-style-type: none"> • DFID • IIED 	<ul style="list-style-type: none"> • World Bank • UNIDO 	<ul style="list-style-type: none"> • CIAT • M4P • FAO • UNIDO
Chain/market		<ul style="list-style-type: none"> • CIAT • UNIDO 	<ul style="list-style-type: none"> • CIP • FAO • DFID • GTZ • IIED • M4P • ILO • World Bank • USAID
Service provider	<ul style="list-style-type: none"> • CIP 	<ul style="list-style-type: none"> • CIAT • FAO • DFID • GTZ • IIED 	<ul style="list-style-type: none"> • M4P • ILO • World Bank • UNIDO • USAID

⁹ In this report, the term business refers to privately owned small, medium and large businesses, as well as community-based businesses such as cooperatives, producer associations and farmer organisations that are commercially active. In some cases, businesses may receive VCD interventions from governments and civil society (for example, cooperatives with links to smallholders) and, in other cases, businesses may support VCD, for example, through their investments in more intensive relations with smallholders and upstream businesses (such as large-scale retailers, exporters, and processors).

Section summary

- All of the guides place a moderate to high level of attention on data collection at the level of the value chain (including inter-business relations) and the market and business environment. Guides also recommend that users identify the different types of service providers to chain actors.
 - Few guides recommend intra-household data collection. The exception is UNIDO, which provides an overview of the type of data that would allow for understanding of the constraints faced by women and youth. The guides offer limited help for those interested in understanding the opportunities and limitations of disadvantaged persons to participate in VCD.
 - Several guides recommend data collection on households. However, where households are included, the guides provide limited guidance on sample design and methods for data collection and analysis. This omission likely leaves tool implementers with limited insights into how best to incorporate household-level data into VCD strategies.
 - Several guides recommend data collection on businesses in the chain, which often covers existing bottlenecks and business activities (productivity, inputs and costs). In general, the guides are not designed to provide a close up assessment of the viability of businesses. Where businesses are critical for linking smallholders to value chains and where these businesses are underdeveloped, tool users may overlook important options for achieving more sustainable VCD.
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3.5 Recommended methods and tools

This section spotlights the tools and methods recommended by the guides for data collection and analysis. In assessing tools and methods, we asked: “How prescriptive are the guides? Are they so prescriptive that they alienate potential tool users? Alternatively, are they too open to interpretation, thus leaving tool users ill-equipped to make effective use of their data?” In general, our assessment finds that tool users would benefit from more prescriptions, suggestions and insights on how to effectively collect and analyse data. Table A5 in the annex presents the recommended tools and methods for data collection and analysis. The following discussion compares this information across the guides.

Methods for data collection

The guides provide various indicators or research questions for guiding the collection of data for value chain analysis. Recommendations emphasise both qualitative and quantitative data, although there is a strong inclination towards qualitative data. As for the type of methods prescribed, the guides vary little. These methods include: review of existing information, key informant interviews with chain actors and participatory chain mapping, as well as workshops and focus groups with chain actors. In some cases, methods are also provided for carrying out a market assessment, either as an annex to the guide (CIP) or as a separate,

but linked, guide (CIAT). Three guides (DFID, World Bank and UNIDO) omit information on how to collect or analyse data, perhaps reflecting an orientation towards researchers (with the assumption that a detailed description of methods is not needed), rather than development practitioners.

The guides suggest that tool users increase the rigour or depth of data collection and analysis through triangulation and participatory workshops. However, no guide provides in-depth discussions on the optional levels of rigour and depth or on the various practical options for achieving them. Discussions on practical options for sampling (both how to sample and how many units to sample), data management, and questionnaire design are also scarce among the guides. A salient gap in virtually all guides is the issue of variability in costs and returns. There is considerable evidence that accessing markets often involves increased risk and variability in returns and that some chain actors, particularly marginalised ones, are risk averse and unable to cope with shortfalls in income. Yet analyses of costs and returns are nearly always expressed in means; that is: mean returns, mean incomes and mean benefit-cost ratios. The incorporation of practical, yet effective tools for assessing the risk implications of VCD for smallholders and businesses in the chain represents an important future area of work in guide development.

Inclusion of a detailed discussion on methodological issues would increase the complexity of any guide and also potentially reduce the willingness of users to apply a given guide in the field. We suggest that guides have yet to strike the optimal balance between methodological prescription (rigour) and user-friendliness. The limited discussion on these issues could lead to drawing mistaken conclusions from the data collected and generating development strategies that do not fit the needs and circumstances of one or more chain actors. References to selected publications on research methods may help some tool users address the most generic issues in research design and implementation. However, more specialised guidance will be appropriate where research design and implementation issues are specific to value chain analysis (for example, triangulating data, addressing missing information, engaging large-scale businesses).

Methods and tools for data analysis

All of the guides seek data from chain stakeholders for the design of VCD strategies. The two most commonly recommended methods for analysing data are participatory workshops and key informant interviews. During participatory workshops, tool users report raw and processed data on chains, markets and chain actors to stakeholders for discussion, analysis and decision making. Most guides provide questions and templates for preparation of workshops. Workshops and key informant interviews form the methodological pillar of CIP, CIAT, IIED and ILO. In some cases, guides provide additional support for data analysis as input for participatory workshops, such as value chain mapping (GTZ), participatory rural appraisal tools (CIAT), and analysis of strengths, weaknesses, opportunities and threats, referred to as SWOT in the annex of this report (CIP, FAO and USAID). Involving stakeholders in the process serves two purposes: participatory analysis for decision making and encouraging buy-in to the strategy formulation process.

In general, these guides offer relatively simple analytical tools and methods that allow users to obtain a rough idea of the value chain and the needs and circumstances of its participants. In some cases, the outputs of implementation are likely to be insufficient for the design of development strategies among actors with different interests and varying capacities to invest in

more intensive value chain participation. When VCD does involve resource-poor households and businesses, the case for careful exploration of the needs and capacities of resource-poor chain actors becomes more pressing. An expanded set of tools and methods could improve the outcomes of guide implementation. These might include tools for assessing the return on investments, scoring investment options by households, assessing the viability of small and medium enterprises, and drawing inferences from quantitative data. In some cases, participatory research tools designed for farm and natural resource management may be applicable (for example, Dorward, Shepherd and Galpin 2007). In other cases, new tools specific to the context of VCD may be needed. Discussions are needed among tool designers and tool users about the applicability of different tools under different conditions.

Other guides offer a greater selection of methods and tools for designing VCD strategies. M4P, World Bank, UNIDO and USAID provide an extensive set of methods and tools for analysis of value chains, value chain actors and markets. For example, methods and tools in USAID include knowledge assessment, cost and margin analysis, distribution of income analysis, and competitiveness analysis. M4P stands out for its discussion of a range of qualitative tools for understanding value chain relations and the financial implications of investments in value chains. Among the tools presented by UNIDO, a particularly noteworthy one is the tool for incorporating gender issues in the analysis. In general, for each method or tool presented in the guides, authors provide an overview of the method or tool to be applied, as well as examples of implementation results. In most cases, however, discussion is brief and examples lack detail. The lack of discussion about options for adjusting the methods and tools to different contexts may frustrate implementation by some users given the diversity of contexts in which VCD is carried out and the difficulty of collecting data from households and the private sector.

Section summary

- All of the guides recommend qualitative data collection from chain stakeholders for the design of strategies for VCD. The two most commonly recommended methods for analysing data are participatory workshops and key informant interviews.
 - Overall attention to rigour in data collection, critical assessment, dealing with data variability, and adaption of methods and tools to different contexts is limited. In some cases, greater detail and more practical examples are needed on how to implement methods recommended in the guides. Discussions are needed among tool designers and tool users about the applicability of different tools under different conditions.
 - Other guides offer a greater selection of methods and tools for designing VCD strategies. M4P, World Bank, UNIDO and USAID provide an extensive set of methods and tools for analysis of value chains, value chain actors and markets. However, discussion on implementation is brief and few examples are provided.
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3.6 User friendliness and adaptability

Understanding the various options for VCD often implies a complex set of activities related to research design, data collection, analysis and validation. Authors may reduce complexity in their guides by: 1) applying a relatively simple conceptual and methodical framework; and/or 2) presenting concepts and data collection and analysis in a user-friendly format, employing simple figures and tables and providing insights from field application, for example. In addition, guides may attempt to increase their relevance to development practice by reducing any preconditions for implementation based on the context (for example, focus on international value chains). While this increases adaptability, it assumes that users are able to identify the necessary adjustments according to variations in the context in which they are working.

As highlighted previously, the guides reduce complexity by relying on relatively simple conceptual and methodological frameworks. This section examines the more subjective element of user-friendliness — that is, the extent to which the guides effectively employ figures, tables and text to reduce complexity. It also examines the adaptability of the guides to different contexts for VCD. Table A6 in the annex provides information on the balance of text, diagrams and case study examples. It also provides an assessment of the skills required to use the guide and the flexibility of the guide for different contexts and needs. The following discussion compares this information across the guides.

Nearly all of the guides use case studies, diagrams and figures to increase user-friendliness. Most guides include diagrams for key concepts and tables for organising results, as well as providing insights into tool implementation with text boxes and, in some cases, extensive case studies. The following gaps and limitations in terms of the case studies, diagrams, and figures were identified during the review:

- *Missing diagrams and figures:* Two important diagrams and figures are those that show the relationships between the different elements of the implementation process and those that show how guide implementation contributes to the proposed development outcomes and impacts. In some cases, neither of these is offered (for example, M4P and FAO). In other cases, a diagram of the tool implementation process is offered, without an accompanying diagram or figure of how implementation contributes to development goals (for example, GTZ and CIAT). Some guides do provide diagrams and figures that cover both the tool implementation process and the relationship between tool implementation and related development goals (for example, CIP and DFID).
- *Lack of fully developed case studies:* Many of the guides incorporate insights gained from implementation in various countries (CIP, CIAT, GTZ, IIED and USAID). However, no guide provides a detailed account of tool implementation from a single site or context. Rather, most guides offer insights or lessons from successful implementation in various locations. While these insights are useful, a single, fully developed case study would provide users with a deeper understanding of how to use the guide and of the type of results that could be obtained. World Bank is notable for providing case studies that show how value chains and VCD evolved over long periods, sometimes decades.
- *Few reflections on implementation challenges:* When experiences in tool implementation are offered in the guides, the experiences are generally positive. Limited mention

is made of challenges faced when applying the tools. Increased discussion about the possible pitfalls of implementation and the need for greater learning about how best to facilitate tool implementation would offer potential for improved results from tool usage in the future.

The resources required to use a given methodology are assessed, taking into account: 1) the prescribed steps for data collection and analysis; and 2) the depth and detail in which the guides explain how to implement the steps. Several guides are considered to require a relatively high level of resources for implementation (GTZ, M4P, ILO, World Bank, UNIDO and USAID). This reflects that the guides often include complex concepts (such as governance, benchmarking and transaction costs), and demanding tasks for data collection and analysis (such as calculating value addition along the chain and collecting data from various actors with different needs, objectives and circumstances). Guides considered to require fewer resources for implementation are CIP, CIAT, FAO and IIED. These guides tend to have reduced requirements for data collection and feature relatively simple conceptual frameworks. Nonetheless, effective implementation of these guides also requires considerable experience in qualitative data collection techniques and implementation of participatory workshops for data collection, validation and strategy formulation.

Assessment of the degree of flexibility of the guides considered two criteria: 1) the degree to which users unaffiliated with the organisation that sponsored the guide's development would be able to apply the guide; and 2) the degree to which the guide is applicable and relevant across a wide range of value chains. The assessment found that the guides present a high degree of flexibility. In none would implementation be constrained because of non-affiliation with the organisation that sponsored the guide's development. In general, the guides are based on debates in academic and grey literature rather than on concepts and concerns specific to a single organisation. Without exception, the guides are designed to be applied across a range of value chains. GTZ, for example, provides examples on the use of ValueLinks for assessing a wide variety of value chains, including textiles, leather, handmade paper and coffee. The guides achieve such flexibility, in large part, by avoiding data collection and analysis specific to any one chain or development/market context. To the extent that chain-specific issues (for instance, critical elements of production and processing, and marketing processes specific to a given product/chain), provide important input for strategy formulation, the flexibility may have been achieved at the expense of more tailored, and perhaps more effective, development strategy formulations.

While the guides are applicable across a range of chains, they provide limited alternatives for effective implementation in different contexts. Contextual issues related to a chain and the environment in which the chain operates can have important implications for data collection and the formulation of strategies for VCD. For example, important contextual issues in a chain are: the geographical reach of the chain (local versus international markets); pre-existing institutional arrangements for smallholder participation (for example, contract farming, cooperative affiliation); and the extent to which producers and other chain actors operate in extreme poverty or other conditions. Most of the reviewed guides present a single pathway for implementation, regardless of the context in which chain actors operate. One exception is USAID, which provides specific guidance on VCD in the case of conflict zones. This review contends that guides will increase their flexibility in implementation and provide more useful guidance for implementation by providing alternative pathways for users according to the key elements of the context. For example, a pathway for users with limited ability or re-

sources could be included, together with a different pathway for those with more ability and resources who have a need for a more in-depth assessment and who demand greater rigour and deeper insights into the options for VCD.

Section summary

- The guides are designed for implementation by project leaders, the staff of development organisations and researchers. Businesses and industry associations are likely to have limited staff and other necessary resources to effectively carry out implementation. The design of tools for the private sector represents an important future area of tool development.
 - With few exceptions, the guides make extensive use of case study evidence, diagrams, and figures. Suggestions for future guide development include: incorporation of a conceptual framework diagram, incorporation of at least one fully developed case study, and increased attention to the pitfalls and challenges of tool implementation.
 - Four of the guides are considered to require a relatively high level of skill and resources for effective implementation. These guides include complex concepts and data collection tasks. The remaining guides have fewer data collection requirements. Nonetheless, effective implementation of these guides also requires considerable experience in conducting and collecting data from participatory workshops, focus groups and key-informant interviews.
 - Guides achieve flexibility in application but generally avoid specific issues related to a particular chain or context. To the extent that chain and context-specific issues provide an important structure for strategy formulation, flexibility may have been achieved at the expense of a more tailored and perhaps more efficient development strategy.
 - The guides offer few options for dealing with variations in critical contextual issues that can have important implications for data collection and the formulation of strategies for VCD. Offering alternative implementation pathways, according to the needs, skills and resources of different types of tool users, would also help to improve the flexibility of guidelines for VCD.
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3.7 Monitoring and evaluation of VCD

Effective monitoring and evaluation of VCD allows chain stakeholders to understand the outcomes of their efforts relative to various objectives, as well as the opportunity to learn how to design more effective and efficient interventions. Table A7 in the annex provides insights into how the guides address the issue of monitoring and evaluation, in particular, providing information on the suggested indicators for evaluation and the suggested methodology for monitoring and evaluation. The following discussion compares this information across the guides.

Monitoring and evaluation have an important role in generating insights and knowledge about the conditions under which VCD is most likely to stimulate economic development and contribute to poverty reduction. Such information is important in justifying continued support for VCD by donors and the private sector and in the development of more efficient and effective strategies for VCD. Recent discussions have highlighted the limitations of conventional project assessment methodologies for understanding the implications of VCD for more vulnerable stakeholders (Stoian et al. 2012; Donovan and Stoian 2012).

The review takes into account the indicators applied at different levels in order to understand VCD outcomes and impacts and the recommended methodology for collecting and assessing data and for generating lessons learned about strategy design. Five of the guides include no discussion on monitoring and evaluation (CIP, FAO, IIED, M4P and World Bank). The following analysis therefore focuses on the six guides that do.

CIAT, GTZ and USAID provide the most extensive set of indicators for monitoring and evaluation. Most of their indicators focus on data collection at chain and market levels. Among the recommended indicators are sales volumes and values, production costs, yields, profitability, product offer and technologies applied. CIAT and GTZ also suggest indicators at the household level. In both cases, indicators relate mainly to income and the contribution of the value chain to household income. UNIDO includes the largest selection of indicators at the household level, with indicators on skills and capacities, productive assets and women's control over income. ILO suggests various indicators related to the concept of decent work, including employment creation and labour conditions. The indicators suggested by the guides provide relevant and important information for understanding the outcomes and, in some cases, the impacts of VCD. With the exception of UNIDO, these guides are not designed to provide a deep understanding of the needs and circumstances of more vulnerable actors in a given chain, including household producers and small businesses, or how VCD-related interventions shape their ability to participate and benefit from deeper engagement with markets.

In general, guidance on how to collect and analyse information for monitoring and evaluation is limited. GTZ stands out for presenting a rigorous approach to monitoring and evaluation, with recommendations for the elaboration of an impact pathway, formulation of impact hypotheses, and use of control groups for attribution. However, given the complexity of the suggested approach, the guide does not provide sufficient help to practitioners in its implementation. The guides do not address the various assessment options that exist or the trade-offs between different approaches in terms of rigour and ease of implementation. In general, users are expected to already understand the basics of monitoring and evaluation in a VCD context or apply readily available monitoring and evaluation guides designed for project assessment. However, guides designed for the monitoring and evaluation of project assessment are likely to fall short in the context of VCD, given the multiple levels at which VCD takes place and the possibility that changes result from multiple sources (see Stoian et al. 2012 for discussion).

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- Monitoring and evaluation are considered here because of their important role in generating insights and knowledge about the conditions under which VCD is most likely to stimulate economic development and contribute to poverty-reduction goals.
 - Five of the guides include no discussion on monitoring and evaluation (CIP, FAO, IIED, M4P and World Bank). Among the guides that recommend indicators, all include a basic set of indicators for assessing changes at the level of markets and value chains and some include indicators focused on households.
 - With the exception of UNIDO, the guides are not designed to provide a deep understanding of the needs and circumstances of more vulnerable actors in a given chain, including producers and small businesses, and how VCD-related interventions shape their ability to participate and benefit from deeper engagement with markets.
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3.8 Originality, innovation, strengths and limitations

Each of the guides contributes in a particular way to the discourse on how to design and implement strategies for VCD. Table 5 presents a summary of the contributions of each guide (see Table A8 in the annex for details). Innovation can be observed in the implementation process (CIAT and UNIDO), the concepts for understanding systemic competitiveness (CIP, DFID and ILO), as well as the set of tools for data collection (GTZ, World Bank and USAID). Results of this review also highlight opportunities for future innovation around issues such as: 1) fuller incorporation of producers and businesses in strategy formulation; 2) stronger conceptualisation of the role of VCD in achieving development goals; 3) greater flexibility in implementation; and 4) monitoring and evaluation in the context of VCD, among others.

Table 6 presents a summary of the strengths and the limitations of each guide. The strengths of the guides often relate to a focus on a particular element of value chain analysis or the user-friendly nature of the text and layout. Some guides stand out for providing a more developed conceptual framework and relatively simple data collection methods. In many cases, the limitations of the guides relate to insufficient details and insights into how to implement the prescribed methods and tools and incomplete conceptual frameworks. Often there is a need for increased clarity about how individual tools contribute to the development of a VCD strategy or how implementation of the guide contributes to development goals. In general, a wide gap exists between what is recommended in terms of data collection and analysis and the information development practitioners and chain actors need to make investment decisions that effectively incorporate the expectations and realities on the ground. The limitations identified here and in other parts of this review may provide input for work on new guides for VCD or refinement of existing guides.

Table 5. Originality and innovation in the development of guides for VCD

Guide	Contribution to the discourse on VCD
CIP	Focuses on innovation as the motivation behind collaboration among value chain actors and facilitating organisations. Also gives attention to the implementation process itself and the strong role contemplated for research centres in facilitating the implementation process. Implementation designed to be highly participatory.
CIAT	Among the first guides available for helping development practitioners work with smallholders and small businesses in formulating a VCD strategy. Presents a relatively simple and well-integrated conceptual framework. Implementation designed to be highly participatory.
FAO	Stands out for its ability to discuss and apply value-chain-related concepts in a relatively simple manner and its provision of a structure for organising and assessing data for the elaboration of an intervention strategy. Allows for relatively easy uptake by government agencies and other potential users due to its lean conceptual focus.
DFID	Includes a strong focus on calculating costs, investment returns and income/employment distributions. Provides extensive treatment of the context in which the poor participate in markets through its market-system development approach and identifies options for more sustainable and pro-poor outcomes.
GTZ	Stands out for the depth in which it covers a range of important issues affecting VCD, including value chain mapping, value chain implementation, assessment of the business environment and facilitating services, and monitoring and evaluation of VCD-related interventions.
IIED	Unique focus on institutions and the way they promote or hinder the inclusion of smallholders in value chains. Provides rich discussion on the changing demand patterns in food markets and their implications for smallholders. Guides users on how to assess the market and the regulatory environment in which chains operate.
M4P	Brings together thoughts and experiences on designing a pro-poor VCD strategy from a range of development organisations. Stands out for its extensive treatment of various issues that influence the design of VCD (such as mapping knowledge and information flows, mapping value at different nodes in the chain and analysing costs and margins).
ILO	Stands out for its focus on identifying options for improved working conditions for the poor. Highlights the potential role of the private sector in bringing about positive changes in working conditions. Also provides unique concepts and useful suggestions for analysis (social dialogue, working conditions) and identification of incentives for upgrading.
World Bank	Focuses on Africa and export-oriented value chains, presenting concepts and ideas related to VCD that have received limited attention in practitioners' debates (for example, capturing value through integration, economies of scale, clustering and benchmarking).
UNIDO	Aims to address a major gap in the implementation of value chain analysis by development practitioners: limited information on value chain functions and limited focus on intra-household and social issues, including gender equity, poverty, and child labour.
USAID	Contains an impressive selection of tools for analysis, for example: 1) VCD in conflict areas; 2) vulnerable populations and the value chain approach; 3) food security and the value chain approach; 4) tools for communication; and 5) tools for understanding consumers.

Table 6. Summary of strengths and limitations of guides

Guide	Strengths	Sponsoring organisation
CIP	Well-structured with a relatively complete framework for understanding how VCD can lead to improved outcomes for chain actors. Focuses attention on the actions needed to bring about change among a set of chain actors.	To keep data collection and analysis requirements relatively low, forgoes the potential to provide a more robust treatment of key issues related to innovation and the ability of chain actors to invest in and benefit from innovation.
CIAT	Relatively simple to implement and data collection requirements relatively low. A user-friendly tool for NGOs and other supporters for designing their value chain interventions.	Given its focus on VCD with smallholders and small businesses, could give greater attention to needs and circumstances of poor actors in the chain, including attention to power, risks and assets.
FAO	A clear discussion of chain-related concepts and a user-friendly approach to developing an intervention strategy. Useful examples of how to assess the drivers of chain performance for converting data from the field into strategies for VCD.	Weakness due to its linear application and limited options for addressing the weaknesses and threats identified via application. Lacks insights into how actors might address key challenges facing value chain actors across different contexts.
DFID	Serious treatment of the context in which the poor operate, the nature of the marketing system under assessment, and the constraints faced by market actors.	Complex concepts and research steps presented but rather limited discussion on how to implement them. Lacks a fully developed case study that would help users understand the data needed and options for analysis.
GTZ	Well-researched and text enriched with various experiences in the field. Fosters increased rigour in the design and implementation of value chain interventions while remaining accessible to most development practitioners (its intended users).	Would benefit from deeper insights and examples on how to reconcile needs of downstream actors with needs of the poor as well as from a conceptual framework that shows how guide implementation leads to poverty reduction.
IIED	A serious attempt to understand how to design a VCD in national markets in the context of increasingly complex and integrated market structures. Relatively simple guidelines that encourage participation by chain actors.	Needs increased rigour and information for better understanding of the needs and circumstances of chain actors, in order to link smallholders to modern markets.
M4P	Extensive coverage of important issues facing VCD and the ability of the poor to generate economic benefits through chain participation. Stands out for offering guidance on the calculation of costs, margins and other financial analyses.	Recommends a large number of tools for understanding value chains and chain actors, but these are sometimes complex, with limited information on how to implement them. Needs a fully developed case study to help address this.
ILO	Well-written and includes unique elements, such as the assessment of incentives and the concept of decent work.	Would benefit from putting the concept of decent work at the heart of the analysis; the integration of smallholder agricultural production into the decent-work concept is underdeveloped.
World Bank	Good focus on sound conceptual approaches for building competitiveness of value chains and on providing examples of the steps and tools involved.	Insufficient attention to data requirements and analytical methods needed for implementation of the various tools presented. Lack of detail on implementation, likely making it more useful to the most skilled and experienced users.
UNIDO	Reader-friendly and clear presentation of its core objectives, concepts and direct and indirect beneficiaries. Stands out for its attempt to deepen the coverage of technical and social issues in value chain analysis.	Lacks detailed information or a fully developed case study on implementation of the methodological elements that it suggests, likely limiting its usefulness to only the most advanced/dedicated users.
USAID	Presents a comprehensive discussion on important issues related to value chain analysis and development. Useful reference tool for thinking about value chain analysis and development because of mix of information sources.	Lacks a conceptual framework that shows how the individual tools complement each other and how implementation of the guide contributes to development objectives.

Section summary

- Each of the guides contributes in a particular way to the discussion about how to design VCD strategies. Innovation can be observed in the implementation process (CIAT and UNIDO) as well as the concepts for understanding systemic competitiveness (CIP, DFID and ILO) and the tools for data collection (GTZ, World Bank and USAID).
 - Strengths of the guides often relate to a focus on a particular element of value chain analysis or the user-friendly nature of the text and layout. Some guides stand out for providing a more developed conceptual framework and relatively simple data collection methods.
 - Limitations of the guides generally relate to insufficient details and examples on how to implement the prescribed tools and incomplete conceptual frameworks (for example, the need for increased clarity in how the individual tools contribute to the development of a VCD strategy, or the need for increased clarity in how implementation of the guide contributes to development goals).
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4. Conclusions and recommendations

The previous section discusses the commonalities and differences of the 11 guides across various parameters. Among these parameters are development objectives associated with implementation, recommended data collection across different levels of the chain, key elements of implementation, and overall ease of implementation. The discussion is based on a careful analysis of each guide, the results of which are presented in the annex. This section first reflects on the 11 guides in terms of what they do and do not offer development organisations and businesses interested in VCD. This is followed by an assessment of the most appropriate guides according to different contexts, methods and objectives. We conclude with recommendations for future work in guide development.

4.1 Assessing the state of the art for VCD guides

This review of the portfolio of guides sheds light on their usefulness for the design and implementation of VCD. The guides offer their users the following:

- **Innovative frameworks for understanding markets:** In contrast to traditional approaches to private sector development, which focus attention either on the state or on an individual actor in the chain, the guides direct users to consider the relations among key actors in a chain and the implications of these relations for achieving development goals. The guides pay considerable attention to the regulatory and market environment and how it influences chain development. Value chain mapping provides a key element of guide implementation, often with emphasis on issues of power relationships, entry barriers and the potential for actors to work together for mutual benefit. The implementation of the guides is likely to foster a deeper understanding of market-related institutions among practitioners.
- **Innovative frameworks for engaging with market actors:** The guides provide a framework for development practitioners to engage with market actors and set the stage for collaboration in VCD following guide implementation. It is worth repeating that the guides were not designed for application by market actors themselves. The implementation process brings chain actors and development organisations together to seek answers to questions of common interest, including enquiry into the limitations to chain growth and potential solutions that benefit all stakeholders. The guides embrace the use of participatory research methods, including key informant interviews, participatory workshops (participatory chain mapping), and focus groups, thus facilitating their implementation by practitioners working in environments where data is scarce and large-scale sampling may be prohibitively expensive.
- **Strong focus on institutions:** The guides place strong emphasis on understanding the institutions that shape the actions and interactions of chain actors and determine the opportunities for chain development, including the participation of disadvantaged actors. Institutions of particular interest are those governing the relationships, agree-

ments and interactions among chain actors, the informal and formal rules that determine what individuals and organisations should or can do, and the recurring actions carried out by individuals or organisations (such as provision of services, functions and products). The guides view value chains from a broad, systemic perspective, where the chain includes the set of laws, regulations and support services that form the environment where chain activities take place.

- **Attention to sustainability:** The guides reflect the interest of development organisations in achieving greater sustainability for their interventions. An underlying premise is that sustainability can only be achieved with a strong focus on consumer demand and the needs of certain chain actors (for example, supermarkets or overseas importers) for quality, volume and social and environmental responsibility. By focusing attention on demand, the guides recognise that smallholders and other upstream chain actors must be able to respond to the demands of consumers, which opens the door for building more productive dialogue and interactions with the private sector. The role of support services in helping smallholders better meet the needs of downstream chain actors is another aspect in which the guides address sustainability.

The review also sheds light on certain gaps and limitations in the guides related to VCD design. We offer the following generalisations:

- **Attention to the needs and circumstances of poor households:** In general, data collection and analysis is focused on understanding business relations, the market context and access to inputs and services. The guides often implicitly assume that rural households are a homogeneous group and have sufficient resources to participate in VCD, do not face substantial trade-offs when using these resources, and are able to assume higher risks when investing their capital and labour. Insights from the literature show that these assumptions often do not reflect the needs and conditions of the poor. The design of strategies for VCD that include poor and vulnerable populations may require additional concepts and tools that take these aspects into account. This will increase the complexity of tool implementation; however, it also offers the opportunity to design more viable and efficient strategies. Debate continues on which concepts and tools are most useful and how to incorporate them into guides without alienating users.
- **Guidance for dealing with variations in the context:** Most guides assume that users will identify critical elements of the context, understand their relevance for VCD, and make the necessary adjustments for data collection and analysis. These contextual differences may relate to scale in shipping and processing (and the related need for smallholder organisation), the pre-existing asset endowments of smallholders and small businesses (and the related need for investments in asset building prior to VCD), and the overall marketing and policy environment (and the related need for advocacy as part of the VCD). If, for example, smallholder organisation is needed for successful participation in value chains, then data collection and analysis should address the various issues specifically critical to the organisation and to the development of enterprises by smallholders.
- **Support for generating better outputs:** While guides often provide examples of positive experiences and results from implementation, few provide either a fully developed case study of guide implementation or discuss the potential challenges in the field.

Most guides provide scant attention to monitoring and assessment of the interventions and new interactions that may result from strategies for VCD. More critical reflection is needed on the design of the guides, the ability of development practitioners to effectively use the guides, and the ultimate outcomes and impacts that emerge from the implementation of VCD strategies (see Lundy, Gottret and Ashby 2005 for discussion).

4.2 Recommendations for guide application

Based on the results from our analysis of guides, we provide recommendations for tool users according the context in which they are working or plan to work, their objectives in pursuing VCD, and the methods for data collection and analysis that best suit their needs and interests (Table 7).

Table 7. Recommendations for guides based on objectives, contexts and methods

Area of interest	Recommended guides	Remarks
Value chain development for specific contexts		
Design of policies for VCD at the macro level (covering all actors involved in the production and marketing of a given product)	FAO, DFID, M4P, USAID	Considerable attention to understanding the political, legal, and marketing context in which value chain actors operate
Design of interventions and new chain interactions among a selected group of actors in a given subsector	CIP, CIAT, GTZ, ILO	Implementation tied to considerable participation from selected value chain actors for both analysis and design and implementation of development interventions and new chain interactions
Development of value chains that link smallholders to export markets	World Bank	11 detailed case studies on VCD oriented towards export markets
Development of value chains that link smallholders to local and national markets	CIP, CIAT, IIED	Considerable attention given to understanding the circumstances of actors in a chain and the overall marketing context in a given area
Conceptual frameworks (CF)		
CF built around governance and upgrading	GTZ, ILO, World Bank, USAID, M4P	Designed to assess existing chain governance and opportunities for upgrading by smallholders and other chain actors
CF based on synergy, efficiency and competitiveness	FAO, CIAT	Bottlenecks in chain performance and options for increasing chain competitiveness through improved cooperation and coordination identified by users
CF based on political, legal, institutional and market context	DFID, IIED	Assistance with identifying options to design policies that offer smallholders greater development opportunities in regional and national markets
CF based on innovation and potential to achieve innovation	CIP	Implementation aimed at identifying opportunities for innovation within a given market context
CF that address issues related to the conditions of labour in a value chain	ILO	Help with focusing attention on the conditions of labour in a value chain and methods provided for identifying opportunities to improve conditions for labour
Methodological elements		
Selecting a chain for VCD using outside experts	FAO, DFID, ILO, GTZ, USAID	Parameters for data collection recommended that inform the decision on which chain to engage

Area of interest	Recommended guides	Remarks
Selecting a chain for VCD with local stakeholders	CIAT	Steps suggested for carrying out interviews with actors in selected territories for selection of chain
Participatory and practitioner-friendly approach to VCD	CIP, CIAT	Relatively easy-to-follow text, with numerous examples complemented by simple figures and tables; strong focus on participatory workshops and key informant interviews for data collection
Innovative methods and tools for analysing value chains and chain actors and for designing VCD strategies	World Bank, USAID, M4P	Most complete selection of concepts and tools for value chain analysis and VCD provided by USAID, followed by M4P and World Bank
Detailed and well-structured approach to value chain mapping and analysis	GTZ, USAID	Detailed discussion of tools and methods for understanding and mapping the value chain provided by GTZ
Monitoring and evaluation	CIAT, GTZ, USAID	Indicators recommended for data collection for monitoring and evaluation; limited discussions on methodology. For more detailed discussions on monitoring and evaluation in a VCD context, see Tanburn and Sen (2011); CARE (2012); and Donovan and Stoian (2012)
Focus on circumstances of households, businesses and individuals	USAID, UNIDO	Module with general guidance on VCD in conflict zones in USAID; discussion of options for addressing risks and gender in UNIDO
Data collection at different scales		
Gender and intra-household	UNIDO	A short discussion of intra-household data collection and analysis—see Mayoux and Mackie (2008), Rubin et al. (2009), Riisgaard et al. (2010), and Coles and Mitchell (2011) for more detailed discussions on gender and VCD
Household-scale production and marketing	CIAT, M4P, UNIDO	Most in-depth discussion on household-level data collection in UNIDO
Businesses and producer groups	CIAT, M4P, FAO, CIP	Most data collection from key informant interviews with business leaders. More detailed assessments likely to require additional resources; for example see: Ortiz-Marcos, Naranjo and Cabo (2011)
Chain and business environment	CIP, FAO, DFID, GTZ, IIED, M4P, ILO, World Bank, USAID	Most detailed discussion of assessment at the level of chain and business environment in GTZ, DFID and USAID
Service providers	CIAT	Methods to assess the quality of service provision and to identify services without demand, and demands without services

4.3 Recommendations for future guide development

The review of guides for VCD gave rise to the following recommendations for future development of guides and refinement of existing guides:

- **Conceptualise how outcomes and impacts are generated:** Conceptual frameworks should explicitly show the relationships between tool implementation and the ultimate development goals to be achieved. Guides would benefit from a conceptualisation of how guide implementation leads to outcomes and impacts for different types of chain actors. Impact pathways would also highlight other types of interventions that may be important for achieving the development goals often associated with VCD.

- **Provide greater attention to critical contextual elements that impact the design of VCD:** Future guides would benefit from increased attention to critical conceptual issues related to VCD; for example, the need for collective business development, the existing governance pattern along the chain (or lack thereof), and the reach of the chain (international versus national/regional/local). Guides could allow for different implementation pathways based on one or more of these and other contextual issues. Alternative implementation pathways may increase the complexity of the guides themselves but should result in more tailored strategies for VCD.
- **When poverty reduction is an objective, place greater attention on the needs and circumstances of chain actors who are poor:** VCD may not always be suited for poverty reduction goals. High barriers to entry may keep smallholders from capturing higher value or even from participating. That said, many of the guides were designed with the intention of contributing to poverty reduction through VCD, although they provide limited discussion on the implications of poverty for achieving VCD or the potential impacts of VCD on poverty. The incorporation of livelihood concepts, such as asset endowments and resilience, into guides for VCD would help fill the gap. This would allow development organisations to better identify those households that are more likely to benefit from VCD and those that may need additional support before linking to the chain. Recent publications have highlighted the need for greater attention to the needs and interests of smallholders when considering options for VCD (Seville, Buxton and Vorley 2010; Stoian et al. 2012; Vorley, Pozo-Vergnes and Barnett 2012).
- **Offer greater guidance on dealing with difficult methodological and analytical issues:** In general, the guides provide limited advice on sample design and methods for data collection. Greater discussion on how to deal with complex research design and implementation issues, such as variability in returns, may help to improve the overall rigour of assessment and usefulness of the VCD strategies. The incorporation of fully developed case studies (rather than snapshots of good practices from diverse sites), will also help to inform users about potential implementation pitfalls and options for avoiding them.
- **Give much greater attention to the needs, circumstances and constraints of businesses:** The level of attention placed on issues concerning the participation of businesses and producer groups varies across the guides. In general, however, these actors receive limited attention despite their key role in linking smallholders to markets and adding value to raw materials. Recommended data collection focuses on understanding existing bottlenecks and business activities (productivity, inputs and costs). Guides need to distinguish data collection and analysis according to the type of business (cooperative or large-scale, or small and medium sized, privately owned businesses).
- **Explore options for deeper analysis and increased rigour:** Limited attention is generally placed on the reliability and validity of the collected information. Since designing effective strategies for VCD is complex, deeper and more rigorous data collection and analysis may be needed, potentially allowing for more viable and comprehensive strategies. The need to go beyond descriptive analysis of the value chain has been recognised in the literature — for instance, Janson and Torero (2007) and Rich et al. (2011). The incorporation of new tools and methods must recognise the trade-offs

faced by users between ease of use and rigour. New debates and interactions among tool designers and users are needed to identify the costs and benefits of additional tools and rigour. The role of information and communication technology (ICT) in facilitating value chain analysis remains an underexplored area of research and development.

- **Offer greater flexibility in implementation:** The guides offer few options for dealing with variations in: 1) critical contextual issues (such as local socioeconomic conditions and capacities, or the need for collective business development), that can have important implications for data collection and the formulation of strategies for VCD; or 2) objectives of particular users, such as poverty reduction, gender equity or economic growth. Improved flexibility in the guides could increase flexibility in implementation, according to the context and the needs of different users. Inclusion of implementation pathways in guides, where different pathways are associated with different research questions, methods and outputs, could help achieve this flexibility.
- **Recognise the heterogeneity of smallholders and other actors:** Attention to the differences in capabilities and interests of smallholders and other chain actors offers users the opportunity to design more tailored, and potentially more impactful and efficient strategies for VCD. Recent additions to the literature have highlighted the heterogeneity of smallholders in terms of ability to benefit from participation in more demanding value chains (Mathenge et al. 2010; Donovan and Poole 2012). Not all guides should incorporate additional tools for identifying and assessing the differences between actors. However, a discussion regarding the benefits and costs for assessing differences among chain stakeholders and references to appropriate tools and methods would be appropriate.
- **Focus more attention on outcomes and impacts of VCD:** In general, the guides place limited attention on understanding the outcomes and impacts of interventions for VCD. Without this knowledge, there will be insufficient critical evidence to understand the relation between VCD and economic development and poverty reduction. Recently, specialised guides on monitoring and evaluation of VCD have been published; for instance, CARE (2012), Donovan and Stoian (2012), and Tanburn and Sen (2011). These specialised guides differ in their conceptual and methodological design and their demands on users for data collection and analysis.
- **Promote learning among tool users for improved design and implementation of VCD guides:** Few efforts have been made to promote learning among tool users that could contribute to the development of impact pathways, humanisation of key concepts, and identification of good practices in implementation. While there have been efforts by individual organisations and tool authors to build learning groups around a specific tool, we argue that a wider group of users and tool designers is needed to address the important issues and major dilemmas facing tool design and implementation.

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Annex: Tables of assessment results of reviewed guides

Table A1. Users, outputs and development objectives ¹⁰

Methodological guideline (MG)	Direct users/ Intended beneficiaries	Expected outputs from guide implementation	Stated development objective (result of MG implementation)	Market focus	Conditions or assumptions for meeting development objective (stated or implied)
Participatory market chain approach (PMCA) (CIP 2006)	<ul style="list-style-type: none"> • <i>Direct users</i>: Researchers, project managers and other types of facilitators (p. vii) • <i>Intended beneficiaries</i>: Actors along a given market chain “who are in the best position to identify real market opportunities” (p. 152); smallholders can be targeted with the impact filter tool 	“Methodologically, PMCA seeks to combine R&D activities in participatory processes; build trust among market chain actors as a prerequisite for successful collaboration; stimulate innovation among market chain actors on the basis of demand-oriented interactions” (p.16)	Create self-sustaining “innovation process...that improves the development environment of rural areas, increasing the competitiveness not only of the market chain but also of the communities and producers, who are empowered as they benefit from improved access to markets, contacts and information” (p.2)	Local, national, regional, or global markets	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Innovation allows actors in market chains to better compete in globalising markets (p.1); chain actors are willing for innovation to occur, and the benefits of innovation can be shared among two or more actors • <i>Businesses</i>: Businesses are willing and able to invest in joint innovation • <i>Producers</i>: Not stated or implied
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	<ul style="list-style-type: none"> • <i>Direct users</i>: Field practitioners from government agencies or international organisations • <i>Intended beneficiaries</i>: Firms in a given sub-sector at the national or sub-national level 	“Propose a general approach towards the definition of chain interventions aiming at performance improvement, with the identification of stakeholder responsibilities for implementation” (p. 2)	“Help chain stakeholders and policy makers to delineate corrective measures and to unleash the development of areas and activities where the potential for growth is identified” (p. 1)	Not stated; examples in MG point to its application in national and international contexts	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: economic growth is possible and can be unleashed through greater collaboration among chain actors • <i>Businesses</i>: Chain actors are willing and able to engage in collaborative relations and other activities for performance improvement • <i>Producers</i>: Not specified
Participatory market chain analysis for smallholder producers (CIAT 2007)	<ul style="list-style-type: none"> • <i>Direct users</i>: Providers of advisory services to smallholders and producer groups • <i>Intended beneficiaries</i>: Smallholders and businesses in a given subsector in a given territory 	“Provide a practitioner with a better understanding of a production chain and facilitate sufficient negotiations between participants to lay the groundwork for the formation of a value chain” (p.26)	Increased economic benefits for smallholders, small businesses, and other actors derived from increased collaboration and coordination for responding to market opportunities and addressing bottlenecks	Not stated; examples in MG point to its application in local and international contexts	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Smallholders and businesses will invest in more intensive collaboration (implied) • <i>Businesses</i>: Businesses along a chain share certain objectives and are willing to invest in more intensive inter-business relations • <i>Producers</i>: Smallholders can invest in VCD (implied); selected VC is relevant for rural livelihoods (stated)
ValueLinks manual (GTZ 2008)	<ul style="list-style-type: none"> • <i>Direct users</i>: Development projects and government agencies • <i>Intended beneficiaries</i>: Farmers and small businesses in agribusiness, handicraft or manufacturing subsector 	Provide a framework for preparing and implementing a VCD project (the MG aims to provide “essential know-how on ways to enhance employment and the business income of small actors (farmers and businesses) by promoting the VC they are operating in”	Enhance employment and income of small businesses and farmers	Not stated; (“sectors that offer opportunities for poor”); examples in MG point to its application in local and international contexts	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Interventions can induce growth in subsector and improve marketing conditions, which benefit smallholders through higher income (p. 7) • <i>Businesses</i>: Lead firms play a key role in the VCD process; this is implied via public-private development partnerships (Module 6) • <i>Producers</i>: VC selected is relevant to rural livelihoods (stated)
Making value chains work better for the poor: A toolbook for practitioners of value chain analysis (M4P 2008)	<ul style="list-style-type: none"> • <i>Direct users</i>: NGO and government agency staff • <i>Intended beneficiaries</i>: Smallholders 	Inform the design of projects and programs that provide support to a value chain or set of value chains	Smallholders achieve higher absolute incomes for the poor through their participation in the VC	Not stated; examples in MG point to its application in local and international contexts	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: VC exists that offer opportunities for smallholders to increase incomes (implied) • <i>Businesses</i>: Not specified or implied • <i>Producers</i>: Smallholders are not subsistence producers (stated); selected VC is relevant to rural livelihoods (stated); low entry barriers (stated)
Value chain development for decent work (ILO 2009)	<ul style="list-style-type: none"> • <i>Direct users</i>: ILO staff (and other organisations, e.g., government agencies, development organisations, unions) • <i>Intended beneficiaries</i>: Employers, workers’ organisations, and workers 	Inform the design and implementation of VCD, with a focus on improving the overall business environment for a given subsector (leading to increased employment and incomes)	Institutions/ mechanisms are developed that help VC stakeholders solve their problems on their own in the future using available resources (p. 9)	Not stated; examples point to its application in local and national contexts	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Growth in subsector allows for creation of new jobs and increased income for smallholders (implied) • <i>Businesses</i>: Not specified • <i>Producers/labourers</i>: Not specified

¹⁰ Page numbers reference pages in the guides

Methodological guideline (MG)	Direct users/ Intended beneficiaries	Expected outputs from guide implementation	Stated development objective (result of MG implementation)	Market focus	Conditions or assumptions for meeting development objective (stated or implied)
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	<ul style="list-style-type: none"> • <i>Direct users</i>: Practitioners, market actors, government and development agencies, industry associations and researchers (p. 1) • <i>Intended beneficiaries</i>: Poor, including smallholders 	To provide start-up, analytical and methodological frameworks, tools to deal with common systemic challenges, and governance and good practice considerations that can guide the implementation of M4P (p. 1)	“Effectively and sustainably improve the lives of poor people by understanding and influencing market systems”(p. 3)	Not stated; cases in MG indicate local, national and international markets with upgrading potential	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Inefficient market systems are responsive to change through interventions that are facilitative or catalytic in nature, thus expanding opportunities for inclusion of the poor (p. 9) • <i>Businesses</i>: Not specified or implied • <i>Producers</i>: Enhancing the poor’s access to opportunities and their capacity to respond to opportunities (as entrepreneurs, workers or consumers) provides a route through which poverty is reduced (p.9)
Chain-wide learning for inclusive agrifood market development (IIED 2008)	<ul style="list-style-type: none"> • <i>Direct users</i>: Market actors, government policy makers, producer organisations, NGOs and researchers • <i>Intended beneficiaries</i>: Small-scale producers 	“Provide a deeper understanding of institutions and a process for better engagement between different stakeholders” (p.17), as input for facilitating engagement and partnership between, government, business and civil society; stronger engagement is expected to enhance opportunities for small-scale producers (pp. 12–13)	Smallholders develop into efficient and reliable providers of quality products, which allows for secure access to “modern dynamic markets” (p.11)	National level	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Smallholders’ access to markets is diminishing as “modern markets” replace traditional markets, where correctly designed, institutional mechanisms can empower smallholders to become profitable/reliable VC partners (p.49) • <i>Businesses</i>: Not specified or implied • <i>Producers</i>: Smallholders are willing and able to invest in business opportunities in modern markets (implied)
Building competitiveness in Africa’s agriculture: A guide to value chain concepts and applications (World Bank 2010)	<ul style="list-style-type: none"> • <i>Direct users</i>: Investors, policy makers, farmer/trade organisations, other actors in the VC, practitioners/ program implementers who work closely with VC participants (pp. 1–2) and researchers (p. 7) • <i>Intended beneficiaries</i>: Businesses, farmers and entrepreneurs (p. 7) 	“Contribute to sound operational decisions and results for business and industry development, as well as for policy making with respect to doing business in the context of African agriculture” (p.2); MG can be used to promote the development of traditional and non-traditional VCs (p. 7)	Improved programs and investment projects that enhance value chain competitiveness and increase productivity and performance of sub-Saharan agriculture. Enhancing VC competitiveness is increasingly recognised as an effective approach to generating growth and reducing rural poverty (p.2)	International level	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Focus is clearly on export agriculture: of 14 case studies, 12 deal with commodities and 11 of 12 are export commodities; implicit that findings relevant to export sector are relevant for other sectors • <i>Businesses</i>: Not specified or implied • <i>Producers</i>: Enhancing VC competitiveness is an effective approach to reducing rural poverty
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	<ul style="list-style-type: none"> • <i>Direct users</i>: Project designers and project managers • <i>Intended beneficiaries</i>: Governments, development organisations, and the private sector (p. 2) 	“Complement existing value chain development tools that focus less on bringing together technical and social dimensions” (p. 3)	Assist project designers and project managers working to overcome difficulties of designing VC development initiatives that focus on social benefits, especially poverty reduction and gender equity (p.2)	Local and national, although not explicitly stated	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: 1) helping smallholders and other poor actors overcome entry barriers to higher value markets will contribute to poverty reduction; 2) designers of VC interventions will benefit from increased attention to transformation and value addition process and increased attention to social benefits (poverty, gender) (pp. 1–2) • <i>Businesses</i>: Not specified or implied • <i>Producers</i>: Smallholders may face limitations to engage with VC (e.g., high costs/risks, standards and regulations too cumbersome) (p. 35)
Value chain development wiki (USAID no date)	<ul style="list-style-type: none"> • <i>Direct users</i>: Field practitioners, market actors, government policy makers and NGOs • <i>Intended beneficiaries</i>: Small-scale producers and intermediaries/ businesses 	“Enable private-sector stakeholders to act on their own behalf—to upgrade their firms and collectively create a competitive value chain that contributes to economic growth with poverty reduction” (section III, 1. End Market Competitiveness Plan, p.1)	“Increased competitiveness that benefits SMEs and the poor” (section III, D. Design and Implementation, p.1)	Local, national, regional or global end markets (section II, p. 1)	<ul style="list-style-type: none"> • <i>Business environment/chain relations</i>: Potential exists for improving business environment/relationships, leading to improved development options for smallholders (implied) • <i>Businesses</i>: Businesses along a chain share certain objectives and are willing to invest in more intensive inter-business relations; industry leadership businesses willing to drive upgrading • <i>Producers</i>: VC selection includes sub-criteria on high development impact and inclusion of MSEs (section III, 3, Organising the sub-criteria, p.1)

Table A2. Definitions of value chain and value chain development

Methodological guideline (MG)	VC definition provided	Definition of VCD	Broad versus narrow application of VC definition for VCD <i>Broad: all actors in a given subsector</i> <i>Narrow: subset of actors in a given subsector/chain</i>
Participatory market chain approach (PMCA) (CIP 2006)	The term <i>market chain</i> (MC) is used rather than VC. Definition of MC: “All the actors, and the entirety of their productive activities, involved in the process of adding value to a specific crop or product. An MC involves different interlinked activities: production, transformation, distribution, and consumption. It involves a flow of a product, from production towards consumption” (p. 159)	MC development definition is implicit: increased chain competitiveness by establishing/strengthening (trust) relationships among actors, so as to stimulate joint innovation in the frame of increased efficiency, added value, and sustainable rural development (pp. 2, 17, v)	<i>Narrow:</i> Intervention strategy focuses on a group of actors within a given subsector who are willing to engage in joint innovation (p. 21); innovation is expected to stimulate broader changes
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	“Chains can be seen as sets of inter-related activities that are typically organized as sequences of stages” (p. 1)	Improved chain performance (p. 2) (note: the development objective is implied; the MG is concerned with VC analysis for informing policy decisions)	<i>Broad:</i> Focus is on the analysis of the organisation and performance of a given subsector as a whole (rather than on a particular chain within that sector) (p. 2)
Participatory market chain analysis for smallholder producers (CIAT 2007)	MG distinguishes between two types of chains: (1) a supply chain (SC) that connects all the actors involved in the movement of agricultural goods from the farm to the consumer; actors in a SC are assumed to have limited incentive to engage in more intensive coordination; and (2) a VC that is understood as a strategic network between a number of independent business organisations (p. 25)	VCD is the conversion of a supply chain into a value chain, the formation of which is expected to increase the competitiveness for chain stakeholders (p. 25); it is assumed that increased competitiveness results in higher income for smallholders and small businesses that participate in the VC	<i>Narrow:</i> Intervention strategy focuses on a group of actors within a given subsector that are willing to engage in more strategic business relations
ValueLinks manual (GTZ 2008)	A value chain is “a sequence of related business activities (functions) from the provision of specific inputs for a particular product to primary production, transformation, marketing, and up to the final sale of the particular product to consumers (the functional view of a value chain). According to the sequence of functions and operators, value chains consist of a series of chain links (or stages)” (p. 242, Glossary)	“Value chain promotion thus harnesses market forces to achieve development goals. It is oriented towards business opportunities, and consciously builds on the existing or emerging economic potential of the poor” (p. 17)	<i>Broad-narrow:</i> MG suggests that users define the scope based on market conditions and budget
Chain-wide learning for inclusive agrifood market development (IIED 2008)	“A VC includes all the activities that are undertaken in transforming raw materials into a product that is sold and consumed...We use the term VC to reflect the understanding that value is added at each point in the chain. In modern markets careful management of the entire value or supply chain is critical to ensure quality and safety and to maximise efficiency” (p. 14)	Integrating excluded actors (smallholders) into modern markets, where smallholders develop into efficient and reliable providers of quality produce (p. 1)	<i>Broad-narrow:</i> Focus of MG is on understanding changes in the institutional environment that influence VCD; it could be applied to a particular group of actors in a VC or across a subsector (p. 53)

Methodological guideline (MG)	VC definition provided	Definition of VCD	Broad versus narrow application of VC definition for VCD <i>Broad: all actors in a given subsector</i> <i>Narrow: subset of actors in a given subsector/chain</i>
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	MG focuses on market systems, rather than VC; market system is “the multi-player, multi-function arrangement comprising three main sets of functions (core, rules and supporting) undertaken by different players (private sector, government, representative organisations, civil society, etc.) through which exchange takes place, develops, adapts and grows” (p. 6, Glossary).	“Market system development aims to promote poverty reduction through sustainably changing a given market system while ensuring that market-relevant goods and services continue to be produced and/or consumed by the poor after an intervention” (p.33)	<i>Broad:</i> Focus is on identifying potentialities and challenges for poverty reduction with the possibility of diversification across multiple markets (p. 4)
Making value chains work better for the poor: A toolkit for practitioners of value chain analysis (M4P 2008)	“The full range of activities that are required to bring a product or a service from conception through the different phases of production to delivery to final consumers and disposal after use” (p. 7)	The increase in the total value of products that the poor sell in the VC (higher absolute incomes for the poor) and to sustain the share of the poor in the sector or to increase the margins per product (increase in relative income compared to other VC actors) (pp. 11–12)	<i>Broad:</i> It includes all the actors in a given subsector that are located at the national and international levels
Value chain development for decent work (ILO 2009)	“The full range of activities that are required to bring a product or a service from conception through the different phases of production to delivery to final consumers and disposal after use” (p. 3)	VCD is achieved when there is 1) system efficiency (reduced costs), 2) improved quality, 3) product differentiation, 4) enhanced social/environmental standards, and 5) improved business environment (p. 4)	<i>Broad:</i> It includes all the actors in a given subsector that are located within a given “business eco-system,” which includes business in a given country or territory
Building competitiveness in Africa’s agriculture: A guide to value chain concepts and applications (World Bank 2010)	“The full range of value adding activities required to bring a product or a service from conception through the different phases of production... and ultimately responds to consumer demand” (p. 9)	“Upgrade the whole system to the benefit of all VC participants” (p. 12) (note: the development objective is implied; the MG is concerned with VC analysis for informing policy decisions)	<i>Broad:</i> Focus is on the analysis of the organisation and performance of a given subsector as a whole
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	“Actors connected along a chain producing, transforming and bringing goods and services to end-consumers through a sequenced set of activities. To function properly, VCs require some sort of coordination and depend on services” (p. 3)	“Positive or desirable change in a VC to extend or improve productive operations and generate social benefits: poverty reduction, economic growth, income and employment generation, environmental performance, gender equity and other development goals” (p.1)	<i>Narrow:</i> Intervention strategy focuses on a group of actors within a given subsector that are willing to engage in more strategic business relations
Value chain development wiki (USAID no date)	“The full range of activities and services required to bring a product or service from its conception to sale in its final markets” (section II, p. 1)	VCD definition is not stated, yet MG suggests VCD involves the following principles: focus on end markets, understanding the role of VC governance, recognition of the importance of relationships, transforming relationships, targeting leverage points, empowering the private sector	<i>Broad:</i> Focus is on identifying potentialities and challenges for increased competitiveness of a subsector/sector (section II, E. Supportive Markets, p. 2)

Table A3. Key elements of methodological design

Methodological guideline (MG)	Key concepts applied	Key methodological steps/components	VC selection process	Outputs from guide implementation	Participants in MG implementation
Participatory market chain approach (PMCA) (CIP 2006)	<ul style="list-style-type: none"> Market chain innovation Human and social capital Collaboration and trust building Competitiveness Added value 	<ul style="list-style-type: none"> Identification of market chain actors and their interests/needs Assessment of potential business (innovation) opportunities Implementation of joint market chain interventions (innovation strategy) 	Identification and selection of the market chain/subsector not an explicit part of the methodology, although possible in first phase to identify most interesting subsectors as part of initial assessment of interesting business opportunities (see p. 24); provision of 'impact filter', a specific tool to help assess and prioritise market opportunities relating to the same or different sectors (p. 68)	<ul style="list-style-type: none"> Actors and their interests in engaging in a market chain identified Analysis of opportunities for joint innovations, e.g., matrix and charts with results of impact filter considering socioeconomic and environmental indicators, (pp. 67, 68) and initial steps taken for implementation of opportunities Concrete technological and institutional innovations, e.g., new brand and packaging of Papy Boom—a brand of yellow potato chips—and the creation of CAPAC Peru—an organisation for information sharing and improved coordination among chain actors (p.114) 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> Data collection and analysis Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> Participatory analysis <p><i>Potential for stakeholder involvement</i></p> <p>Active participation of actors (including small businesses and sometimes small farmers and their organisations) in elaborating a chain development strategy:</p> <p>“In order to empower market chain actors and ensure that they develop ownership of the innovations generated, the role of the R&D organisation applying PMCA should progressively shift from (1) leadership towards (2) facilitation and finally (3) backstopping” (p.18)</p>
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	<ul style="list-style-type: none"> Commodity systems approach (CSA), focusing on four elements: 1) interdependency, 2) propagation, 3) feedback, and 4) synergy 	<ul style="list-style-type: none"> Chain delimitation Chain mapping Research planning Data collection Evaluation of chain performance Stakeholder validation Policy and strategy implementation 	Assumes selection of the VC/subsector made prior to implementation of MG; in case selection not been made, references for guidance from authors provided (p. 17)	<ul style="list-style-type: none"> Chain performance drivers (and sub-factors) assessed Scoring method proposed SWOT¹¹ identified and validated Policy proposal elaborated and validated 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> VC selection Data collection and analysis Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> Validation <p><i>Potential for stakeholder involvement</i></p> <ul style="list-style-type: none"> Role of VC actors concentrated in provision and validation of information, as well as on validation and implementation of performance improvement interventions
Participatory market chain analysis for small-holder producers (CIAT 2007)	<ul style="list-style-type: none"> Market chain Value chain Supply chain Synergies Chain support services Competitiveness strategy 	<ul style="list-style-type: none"> Select subsector/chain Rapid market survey Identification of key actors in market chains Participatory chain analysis Analysis of critical points in the chain Elaboration of chain development strategy 	No pre-established criteria provided; formation of group of stakeholders recommended for identifying criteria for chain selection; criteria suggested including market demand, potential economic return, support agencies, and existence of crop in the zone	<ul style="list-style-type: none"> Map of chain (actors, products, prices) Identification of bottlenecks in chain Identification of potential solutions Strategy to increase competitiveness 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> VC selection Data collection and analysis Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> Data collection, participatory analysis Validation <p><i>Potential for stakeholder involvement</i></p> <p>Involvement of stakeholders in data collection, analysis, strategy formulation</p>
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	<ul style="list-style-type: none"> Crowding-in Impact logic Systemic intervention Systemic constraints Institutions Market system (core, rules, supporting functions, players) 	<ul style="list-style-type: none"> Setting the strategic framework Understanding market systems Defining sustainable outcome Facilitating systemic change Assessing change 	Markets selected based on three criteria: (1) potential for achieving large-scale impact, i.e., as indicated by a large number of poor market participants; (2) markets with potential for achieving improved growth and access; (3) feasibility of achieving systemic change within the short to medium term (3-5 years).	<ul style="list-style-type: none"> Understand the profile of the target group and its context Market systems mapped, including: 1) actors, value, relationships, services, rules; (2) their dynamics; (3) the position of the poor Systemic constraints identified as well as upgrading opportunities and access to markets for the poor 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> Markets and VC selection (together with donors) Data collection and analysis Validation and reporting <p><i>VC participants</i></p> <p>Participatory analysis</p> <p><i>Potential for stakeholder involvement</i></p> <p>Aimed mainly at practitioners for the design of interventions to promote market system development. Overall stakeholder participation neither explicitly advocated nor discouraged</p>

¹¹ SWOT: strengths, weaknesses, opportunities and threats

Methodological guideline (MG)	Key concepts applied	Key methodological steps/components	VC selection process	Outputs from guide implementation	Participants in MG implementation
Chain-wide learning for inclusive agrifood market development (IIED 2008)	<ul style="list-style-type: none"> • Modern markets • Value chains • Win-win relationships • Institutions and policies • Multistakeholder processes (p.14) 	<ul style="list-style-type: none"> • Mapping and understanding the VC • Mapping and understanding the institutional and policy environment • Identifying drivers, trends, issues, and opportunities • Future scenarios for markets and inclusion • Options for greater inclusion • Strategies for supporting change (pp. 15, 59) 	No explanation/reference provided on how to select a VC—potential reasons: 1) the assumption that a certain VC already identified; or 2) the intention of keeping the MG approach broad and applicable under numerous circumstances and in different contexts	<ul style="list-style-type: none"> • VC, including actors and institutions, mapped • Assessment of upgrading opportunities • Assessment of integration of actors into modern markets • Matrix of public, private and civil society institutions • Stakeholder action matrix 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • VC selection • Data collection and analysis • Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> • Participatory analysis • Validation <p><i>Potential for stakeholder involvement</i> Due to relatively simple MG and light data collection demands, active participation of chain actors, policy makers and smallholders in all stages of implementation facilitated</p>
ValueLinks manual (GTZ 2008)	<ul style="list-style-type: none"> • Value chain • Governance • Pro-poor growth • Upgrading • Public private partnership • Services that facilitate VC activities • Enabling business environment 	<ul style="list-style-type: none"> • VC mapping (functions, channels, governance, facilitators) • Description of the VC (e.g., volumes, chain actors, service providers) • Analysis of VC (value added along the chains, production costs, income of operators, transaction costs) • Formulation of an upgrading strategy • Strategy for promoting and facilitating VC upgrading 	<ul style="list-style-type: none"> • Three steps: 1) identification of the scope of action (subsector versus VC versus “subchain”); 2) identification of market demand for selected subsectors, VC or subchain; and 3) selection based on user-defined criteria • Market research conducted prior to VC selection to address the questions: 1) is there a market and how can it be characterised? 2) who are the competitors and how do they perform? 3) what are the conditions for access? • Following criteria suggested for VC selection: growth potential (e.g., unmet market demand, scope for value addition, access to infrastructure, raw material, sufficient capacities among businesses) and poverty-reduction potential (e.g., share of poor employed in VC, low entry barriers for poor, labour-intensive technology, in line with livelihood conditions offering chances for women) • How to assess poverty-related criteria across subsector/VC/ subchains left to MG implementers 	<ul style="list-style-type: none"> • Subsector/VC/sub-VC identified • Subsector/VC/sub-VC mapped • Description analysis of subsector/VC/sub-VC • Constraints identified for improved chain performance (3 types: technical, actor skills/capacity, relations) • Upgrading strategy • Impact model for upgrading • Inputs for an VC intervention plan related to interactor collaboration (module 5), public-private partnerships (module 6), strengthened facilitation services (module 7), implementation of social, environmental and quality standards (module 9), and enhancing the business environment (module 10) 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • VC selection • Data collection and analysis • Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> • Participatory analysis • Validation <p><i>Potential for stakeholder involvement</i> Role of VC actors strong in formulation of upgrading strategy and validation. Active participation of stakeholders in other tasks considered optional (e.g., see discussion on VC mapping, task 2.1) or not stated (e.g., modules 4–9)</p>
Making value chains work better for the poor: A toolbox for practitioners of value chain analysis (M4P 2008)	<ul style="list-style-type: none"> • Value chain • Pro-poor • Governance • Trust • Upgrading • Chain support services • Farmers as micro-entrepreneurs 	<ul style="list-style-type: none"> • Select subsector/chain • VC mapping • Analyse costs and margins • Analyse technology, knowledge and upgrading • Analyse incomes in the VC • Analyse employment in the VC • Governance and services 	<p>Following criteria suggested:</p> <ul style="list-style-type: none"> • Potential to improve livelihoods (present integration of the poor, potential for the VC to reduce poverty, labour-intensive technology, low barriers to entry) • Market potential at national and international levels (strong demand, possibility for scaling up, large number of people, potential for leveraging public investments with private investment) • Other criteria: environmental sustainability, social inclusion, gender, in framework of national/regional strategies 	<ul style="list-style-type: none"> • Value chain mapped (product and knowledge flows, relationships, services offered, bottlenecks) • Chain governance identified • Relationships, linkages and trust described • Upgrading opportunities identified • Cost and markets for upgrading • Assessment of income distribution and employment distribution 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • VC selection • Data collection and analysis • Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> • Not stated <p><i>Potential for stakeholder involvement</i> Aimed at guiding research for informing the design of policies for VCD. Stakeholder participation neither advocated nor discouraged</p>
Value Chain Development for Decent Work (ILO 2009)	<ul style="list-style-type: none"> • Subsector • VC • Enabling business environment • Upgrading • Decent work agenda (defined as “an agenda that aims to achieve decent work for all by promoting social dialogue, social protection and employment creation, as well as respect for International Labour Standards”) 	<ul style="list-style-type: none"> • Select subsector/VC • Organise team for VC analysis and VCD • VC mapping and analysis • Identify upgrading options • Implement • Assess and monitor 	<ul style="list-style-type: none"> • Subsector identified through implementation of following four steps: 1) define objectives and target groups; 2) decide on selection criteria; 3) rapid assessment of available sectors; and 4) application of selection criteria in a consultative meeting with stakeholders • Suggested objective: “create job opportunities and higher income” (p. 30) • Following criteria suggested: 1) relevance to target group and size; 2) decent work change potential; and 3) intervention potential (pp. 34–35) 	<ul style="list-style-type: none"> • Sector for VCD and stakeholders identified • VC mapped (with product flows, knowledge flows, value, relationships, services offered, bottlenecks) • Constraints identified (cause of “decent work deficits”) and reasons for constraints • Incentives for change in the existing VC arrangement • Strategy for “sustainable systemic change” (including identification of upgrading options) 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • VC selection • Data collection and analysis • Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> • Backstopping and validation • Participatory analysis <p><i>Potential for stakeholder involvement</i> Stakeholder participation encouraged for validation; however, high level of participation by stakeholders possibly limited by the extensive data collection and analysis requirements</p>

Methodological guideline (MG)	Key concepts applied	Key methodological steps/components	VC selection process	Outputs from guide implementation	Participants in MG implementation
Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications (World Bank 2010)	<ul style="list-style-type: none"> • VC • Cluster • Product and process innovations • Trust and cooperation • Governance • Market power • Innovation and knowledge • Focus/intervention points • Upgrading 	<p>Set of steps for designing VC interventions not presented, but various tools used in different contexts in Africa given, including:</p> <ul style="list-style-type: none"> • Selection of priority sectors • Benchmarking/gap assessment • Upgrading and "deepening" opportunities • Options for replication of effective business models • Adding value through forward and backward integration • Horizontal collaboration (economies of scale) • Standards/certification • Identification of need for support services 	<p>Strategy suggested (pp. 29–32):</p> <ul style="list-style-type: none"> • Initial list of combinations of potential products and markets • Market analyses • Evaluation of operational and strategic opportunities • Willingness of chain leaders and other stakeholders for assessment (need to make them part of the process as early as possible) • Possibility to add criteria, e.g., gender, environmental impact, according to particular needs of stakeholders • Suggestion by authors to use quantitative tools, e.g., domestic resource costs coefficients or revealed comparative advantage 	<p>Not strictly defined, but insights provided into the generation of various outputs for the design of strategies for VCD, including:</p> <ul style="list-style-type: none"> • Identifying priority sectors for VC interventions • Mapping chains • Carrying out competitiveness analysis and VC product unit financial analysis • Benchmarking/gap assessment • Assessment of upgrading and VC deepening opportunities • Repositioning strategy • Mapping of actual and potential business services • Monitoring and evaluation plan 	<p>Broadly the stakeholders but more specifically, business leaders and development practitioners. No details provided on how to carry out the activities, rather, a general set of activities given that should be implemented for a given tool</p>
Pro-poor VC development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	<ul style="list-style-type: none"> • Pro-poor VCD • Poor/marginalised farmers • Social VC analysis • Gender equity 	<p>Conceptual and methodological guidance for deepening VC analysis provided as related to: 1) transformation and value adding; and 2) understanding social issues related to VCD</p> <p>Implementation process envisioned in four steps (p. 4):</p> <ul style="list-style-type: none"> • VC selection/validation • Functional analysis of VC • Social VC analysis • Design of VC intervention • Implementation 	<ul style="list-style-type: none"> • Define objectives and main beneficiaries of VCD • Develop selection/validating criteria • Identify VCs to be considered on the basis of data collection • Develop selection criteria • Select chains based on qualitative and quantitative criteria • Validate the choice of VC based on the evaluation of its potential 	<ul style="list-style-type: none"> • Main objectives and beneficiaries identified • VCs with potential development outcomes selected • Decision to use VC approach or not, better informed 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • Development of VC selection criteria • VC selection • Implementation (functional analysis, social analysis, intervention design) • Validation <p><i>VC participants</i></p> <ul style="list-style-type: none"> • VC selection • Validation <p><i>Potential for stakeholder involvement</i></p> <p>Limited role of chain actors in the analysis of function and social issues; relatively complex nature of concepts and tools a possible limitation to involvement of chain actors in these activities</p>
Value chain development wiki (USAID no date)	<ul style="list-style-type: none"> • Governance • Business enabling environment • Vertical and horizontal linkages • Upgrading • Win-win relationships 	<ul style="list-style-type: none"> • VC mapping and framework (vertical and horizontal linkages between actors) • Business enabling environment (MicroCLIR Assessment: Opportunities, Constraints, Institutional Framework, etc. (section II, B. Business Enabling Environment, the MicroCLIR Process, p. 1) • End-market analysis • Assessment of governance, linkages, and relationships • Implementation of VCD (facilitation, organisational change) 	<ul style="list-style-type: none"> • Selection of VC with high development impact opportunities (including impact of donor funds as well as income and poverty-reduction impact) by ranking value chains based on the following indicators: 1) competitiveness potential, 2) impact potential, 3) cross-cutting issues (e.g., gender), and 4) industry leadership for mutual benefits (section II, B. Business Enabling Environment, p.2, and section III, A. VC Selection, p. 1). • Guidelines provided for identifying VCs that include vulnerable groups 	<ul style="list-style-type: none"> • VC selected based on impact and competitiveness ranking (tools: BCG Matrix and Porter's Five Forces) • VC, including actors and institutions mapped • Assessment of upgrading opportunities • Opportunities and constraints identified for improved competitiveness and chain performance • Assessment of household economy 	<p><i>Development practitioners</i></p> <ul style="list-style-type: none"> • VC selection • Data collection and analysis • Reporting <p><i>VC participants</i></p> <ul style="list-style-type: none"> • Participatory analysis <p><i>Potential for stakeholder involvement</i></p> <p>Participation of VC actors (including small businesses) considered for formulation of upgrading strategy; limitation to broad understanding and its independent implementation because of length and overall complexity of MG (including structure)</p>

Table A4. Data collection and analysis

Methodological guideline (MG)	Level of data collection				Effort required for data collection and analysis, 1-5 (with 5 being most demanding)	
	Household members (including issues related to gender)	Household	Businesses	Chain/market		
Participatory market chain approach (PMCA) (CIP 2006)	Not specified	Not specified	<ul style="list-style-type: none"> • Role in the chain and relations with other chain actors • Main problems in the VC • Need for R&D (innovation, learning) • Perspectives on potential for innovation and growth in the VC • Demand for new products/services from other chain actors 	<ul style="list-style-type: none"> • Chain actors and their relations, problems affecting chain actors and their potential solutions • Rapid market appraisal (pp. 73–83): supply and demand conditions for a given product, assessment of competing products, attributes that add value to the product, consumer uses, preferences and expectations 	Identification of (experienced) R&D organisations	3, information needs are focused at the business and chain levels, with attention to innovation
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	Not specified	<ul style="list-style-type: none"> • Input availability and production costs • Production technologies • Management practices • Transformation processes 	<ul style="list-style-type: none"> • Input availability and production costs • Production technologies • Competitive strategies • Transformation processes 	<ul style="list-style-type: none"> • Governance structures • Market prices • Policies and institutional issues (enabling environment), including trade standards, macroeconomic policies • Product regulations, standards, norms • Infrastructure 	Identification of businesses and organisations that provide services to the chain	2, based on rapid appraisal methods with emphasis on the use of secondary data, direct observation, and key informant interviews
Participatory market chain analysis for smallholder producers (CIAT 2007)	Changes in gender relations are included in suggestions for indicators for understanding impacts of participation in a given VC	<ul style="list-style-type: none"> • VC activities (e.g., role in VC, level of organisation, capacities, willingness to participate in chain improvement) • Problems/potential solutions for the production and marketing of selected products • Internal/external forces facing chain actors and bottlenecks for expansion • Requirements/potential benefits from sale of VC products to actual/potential buyers • Gaps in service offer for upgrading 	<ul style="list-style-type: none"> • VC activities (e.g., role in VC, level of organisation, capacities, willingness to participate in chain improvement) • Bottlenecks for improving business operations and options for overcoming the bottlenecks • Internal/external forces facing chain actors and bottlenecks for expansion • Requirements/potential benefits from sale of VC products to actual/potential buyers • Need/demand for external services 	<ul style="list-style-type: none"> • Trends in consumer demand for the selected products • Information for VC mapping: different actors and their functions, product volumes, prices and margins 	Identification of businesses and organisations that provide services to the chain	3, data collection and analysis is relatively simple but covers various levels in some detail
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	The relevance of intra-household dynamics to VCD outcomes are noted (p.108); however, no guidance is provided on data collection/analysis	<p>Prescriptions not provided on what data to collect or how to collect it, rather, a framework given for thinking about market systems; information and studies considered:</p> <ul style="list-style-type: none"> • Socioeconomic, demographic issues (fig. 7) • Growth, competitiveness potential (fig. 7) • Key trends, prospects, drivers, and barriers to poor's participation (fig. 7) • Relevance of livelihoods analysis noted (pp. 108, 22, 28); however, limited guidance provided on how to implement analysis in the context of VCD 	<p>No prescriptions on what data to collect or how to collect it, rather a framework provided for thinking about market systems; information and studies considered:</p> <ul style="list-style-type: none"> • Market structure • Dynamics of the market systems (changes in the flow and nature of goods, performance relative to competing sectors/regions, major events and changes) 	<p>No prescriptions on what data to collect or how to collect it, rather, a framework presented for thinking about market systems; information and studies considered:</p> <ul style="list-style-type: none"> • VC mapping, analysis of value added for VC products (pp. 85, 99, 115) • Context/structure of market system, including constraints for poor (p. 19) • Consumer behaviour/demand (pp. 85, 117) • Causes of underperformance, incentives, capacity and relationships, obstacles and opportunities to overcoming problems (fig. 6) 	Identification of R&D organisations, (fig 8, p. 28)	Difficult to assess, given lack of detailed data collection requirements; however, complex tools included in the set, e.g., domestic resource costs

Methodological guideline (MG)	Level of data collection			Level of data collection		Effort required for data collection and analysis, 1-5 (with 5 being most demanding)
	Household members (including issues related to gender)	Household	Businesses	Chain/market	Facilitating organisations	
ValueLinks manual (GTZ 2008)	Not specified	<ul style="list-style-type: none"> Conduct a stakeholder analysis, in particular for poor and weak (this seems equated with small) VC participants, at producer level and beyond, analysis including household characteristics (e.g., off-farm income, food security, labour availability, cash resources), as part of “specialized chain study” (p. 67) 	<ul style="list-style-type: none"> Business characteristics for small businesses in the chain (e.g., labour and financial resources, skills, and capacities), included as part of “specialized chain studies” (p. 67) 	<ul style="list-style-type: none"> Market research conducted for VC selection Basic information for VC mapping: different actors and their functions, product volumes, prices and margins Governance between actors along the chain (distinguishing between arm’s length or contractual) Information for VC mapping: number of operators, number of jobs for each operator, prices paid at each link, volumes and turnover in each stage, shares of product flow for the different subchains Regulatory framework and social and cultural factors that influence business relations, included as part of “specialized chain studies” (p. 68) Distribution of value along chain Production costs at each VC stage Note: MG provides greater detail for calculation of key indicators 	Identification of businesses and organisations that provide services to the chain	5, data requirements at the chain/market and household levels extensive
Chain-wide learning for inclusive agrifood market development (IIED 2008)	Not specified	Not specified	Not specified	<ul style="list-style-type: none"> Information for VC mapping: actors involved, product flows, interactor linkages, profitability at each link, value adding along the chain Laws, regulations, standards, taxes Infrastructure Information business relations/cultural context Key drivers, trends, problems and opportunities embedded in VC 	Identification of businesses and organisations that provide services to the chain, including institutional and policy analysis	1, data collection focused at the chain/market level, based mainly on secondary sources
Making value chains work better for the poor: A toolbook for practitioners of value chain analysis (M4P 2008)	Not specified	<ul style="list-style-type: none"> VC activities (product delivered, production volumes, engagement with other actors) Costs and margins for production of VC products Analysis of income Knowledge and skills for VC-related production and use of technology (and related opportunities for upgrading) Services needed to upgrade Bottlenecks and potential solutions Employment generated 	<ul style="list-style-type: none"> VC activities (product delivered, production volumes, engagement with other actors) Identification of bottlenecks and potential solutions Analysis of costs and margins Estimate of income and income variability Employment generated 	<ul style="list-style-type: none"> Information for VC mapping: different actors and their functions, product volumes, prices and margins Supply/demand conditions for final products Coordination arrangements between VC actors Rules and regulations affecting production and marketing by VC actors 	Identification of businesses and organisations that provide services to the chain and their impact on chain development, including costs	5, data collection and analysis relatively complex at the household and business levels (especially as related to cost/margins)
Value chain development for decent work (ILO 2009)	Not specified	<ul style="list-style-type: none"> Identification of strengths and weaknesses for VC participation (households as producers) 	<ul style="list-style-type: none"> Identification of strengths and weaknesses for VC participation Working conditions faced by the poor Incentives to improve working conditions 	<ul style="list-style-type: none"> Information for VC mapping: different actors and their functions, product volumes, prices and margins Negotiation and consultation exchange between VC stakeholders (government agencies, employers, workers) Value addition along the chain Position of women in VC links Costs of activities for actors along VC Nature of business relationships (including power) Subsector’s/chain’s performance against other subsectors/chains 	Identification of businesses and organisations that provide services to the chain	3, information demands greatest at the chain/market level, especially as related to value addition, costs and chain performance

Methodological guideline (MG)	Level of data collection			Level of data collection		Effort required for data collection and analysis, 1-5 (with 5 being most demanding)
	Household members (including issues related to gender)	Household	Businesses	Chain/market	Facilitating organisations	
Building competitiveness in Africa's agriculture: A guide to VC concepts and applications (World Bank 2010)	Suggests that additional performance criteria, such as gender, can be added according to stakeholder preferences but no guidance provided on data or analyses required	<ul style="list-style-type: none"> Little attention given to household in data collection or analysis (none of the 12 tools focus on households) Issues related to poverty reduction, women's empowerment and employment mentioned under "additional criteria" for value chain selection (p. 31) 	<p>Presents, in general terms, how tools may be implemented for focusing on various aspects of VC analysis; no specific collective requirements identified; tools related to businesses:</p> <ul style="list-style-type: none"> Identification of business models for replication (tool 5) Capturing value through forward and backward integration (tool 6) Horizontal collaboration (tool 7) 	<p>Presents, in general terms, how tools may be implemented for focusing on various aspects of VC analysis; no specific collective requirements identified; tools related to VC/markets:</p> <ul style="list-style-type: none"> Information access for VC strategy formulation (tool 2) VC product unit financial analysis VC upgrading/deepening opportunities (tool 4) Benchmarking/gap assessments (tool 3) Positioning projects and VC for greater value and competitiveness (tool 8) Standards/certification (tool 9) 	Mapping of actual and potential business services (tool 10)	Difficult to assess, given lack of detailed data collection requirements; however, complex tools included in the set, e.g., domestic resource costs coefficients or revealed comparative advantage
Pro-poor VC development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	Gender and youth equity part of the social VC analysis (p. 4); question asked, "Are gender constraints adequately understood?" however, no guidance provided on data collection/analysis	<p>Collection and analysis of following data in "social VC analysis":</p> <ul style="list-style-type: none"> Potential risk scenarios Categories of risk that could impact on actors Rate of livelihood of each scenario Options to eliminate, manage or mitigate potential risk "Poverty issues" included in the analysis; however, no guidance given on how to implement data collection or analysis 	<p>Attention not focused on businesses; however, as part of "functional VC analysis", suggests information be collected on the functions and actors involved in generating final products of the VC (p. 4)</p>	<p>Collection and analysis of the following data in "functional VC analysis":</p> <ul style="list-style-type: none"> Nature and diversity of the VC end products Prevailing product flows and related business interactions Information sharing 	Identification of businesses and organisations that provide services to the chain	4, Few indicators used; however, concepts complex and limited guidance provided on how to implement
Value chain development wiki (USAID no date)	Guidance provided on specific dimensions that are important to consider for conflict, food security, and vulnerable populations (poor, women, and youth)	<ul style="list-style-type: none"> Revenue/kg (section II, Phase 1 Tools: Context, p.2) Selling price (section II, Phase 1 Tools: Context, p.2) Productivity and profitability related to VC participation Other household dimensions included under discussion of food security, vulnerable groups, and conflict 	<ul style="list-style-type: none"> Revenue/kg (section II, Phase 1 Tools: Context, p.2) Purchase, selling and average export prices (section II, Phase 1 Tools: Context, p.2) Productivity and profitability related to VC participation 	<ul style="list-style-type: none"> Information for VC analysis and VC mapping: actors involved, inter-actor linkages, value adding as well as opportunities and constraints along the chain Market map (section II, Phase 1 Tools: Channels, p.1) Institutions involved in and institutional framework related to VC Key drivers, trends, problems and opportunities embedded in the selected VC Production capacity analysis (constraints that limit chain growth) 	Identification of businesses and organisations providing services to the chain and local "points of leverage" (e.g., community leaders)	5, if implemented in its entirety, the MG would require a major data collection and analysis effort

Table A5. Recommended methods and tools

Methodological guideline (MG)	Methods for data collection	Methods and tools for data analysis
Participatory market chain approach (PMCA) (CIP 2006)	<ul style="list-style-type: none"> • Rapid (qualitative) assessment of the market chain • Key informant interviews (20–40 interviewees) • Focus groups • Participatory workshops with chain participants 	<ul style="list-style-type: none"> • SWOT analysis (p. 38) • Impact filter • Market chain sketch • Rapid market appraisal • Quantitative market study • Business Plan (p. ix)
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	<ul style="list-style-type: none"> • Rapid appraisal methods, including key informant interviews • Review of secondary information • Validation workshops 	<ul style="list-style-type: none"> • Scoring approach (breaking down of chain performance drivers into constituting elements, allowing for objective evaluation of their impacts on system performance) (p. 34) • SWOT analysis for assessing chain performance (and variation of SWOT analysis in which opportunities and threats are paired with strengths and weaknesses)
Participatory market chain analysis for small-holder producers (CIAT 2007)	<ul style="list-style-type: none"> • Key informant interviews with VC actors • Review of secondary information • Participatory chain mapping • Participatory workshops with VC participants 	<ul style="list-style-type: none"> • Provides details and examples on how to carry out analysis using participatory data collection and assessment tools (pairwise ranking, problem tree) • Tables (with examples) are provided for organising information • Participatory workshops suggested for ranking of problems and opportunities
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	MG focuses on understanding the “market system” and the linkages between the systems and VC actors. It does not provide details on how to carry out data collection or analysis. Fig 8 (p. 28) gives a good summary of the tools for each level but does not spell out specific implementation steps	Data analysis methods not prescribed but the following tools/methods mentioned: <ul style="list-style-type: none"> • Socioeconomic and investment climate surveys, drivers of change, competitiveness analysis, livelihoods analysis • Access frontier, consumer research • Productivity studies, regulatory reviews, organisational appraisal tools, stakeholder analysis, focus group discussion, participatory and consultative tools (p. 28)
ValueLinks manual (GTZ 2008)	<ul style="list-style-type: none"> • VC mapping, with information collected from secondary information and workshops • Specialised chain studies, focusing, for example, on governance, macro business environment 	<ul style="list-style-type: none"> • Participatory workshops for VC mapping and strategy formulation • Useful examples for data analysis and selection of key indicators characterising VC • Not include much detail on the analysis of the poor and weak actors and their linkage to the different VC criteria • Formulation of upgrading strategy based on lead questions for assessment of results from the mapping exercise (task 3.2)
Chain-wide learning for inclusive agrifood market development (IIED 2008)	<ul style="list-style-type: none"> • Participatory workshops for value chain mapping (box-and-arrow diagram) (pp.61–65) and elaboration of the “institutions matrix” (card clustering) (pp. 66–71) • Review of secondary information • Key informant interviews 	<ul style="list-style-type: none"> • Participatory workshops, for identification of “key issues” for chain development and drivers and trends (p. 75) • Participatory workshops for mapping of future scenarios and options for better inclusion (pp.76–80) • Participatory workshops for force-field analysis, cause-and-effect mapping and solutions tree (pp.84–85)

Methodological guideline (MG)	Methods for data collection	Methods and tools for data analysis
Making value chains work better for the poor: A toolkit for practitioners of value chain analysis (M4P 2008)	<ul style="list-style-type: none"> • Key informant interviews recommended for certain steps (e.g., analysis of governance) • In general, data collection methods not prescribed but information needs identified and examples of data and data analysis carried out by various NGOs presented 	<ul style="list-style-type: none"> • Basic steps required for specific analyses identified (e.g., assessment of knowledge, skills and technology; analysis of costs and margins; distribution of income analysis; and assessment of employment distribution) • Eight tools for chain analysis given (see the eight steps listed in column “key methodological steps.” table 3); example questions and example calculations provided for each of the steps • More emphasis placed on instructions on how to carry out analysis
Value chain development for decent work (ILO 2009)	<ul style="list-style-type: none"> • Key informant interviews with chain actors • Participatory workshops with chain participants • Focus group discussions 	<ul style="list-style-type: none"> • Participatory workshop for assessing incentives • Key questions offered for thinking through analysis • Templates provided for organising results
Building competitiveness in Africa’s agriculture: A guide to value chain concepts and applications (World Bank 2010)	Specific data collection methods not prescribed; rather, general information needs identified and insights learned from the use of specific VCD tools by NGOs in Africa presented	Thirteen tools for VC development included, with basic steps required for specific analyses identified (e.g., assessment of knowledge, skills and technology; analysis of costs and margins; distribution of income analysis; and assessment of employment distribution). Not much attention on tool implementation (e.g., on p. 76, analysis of knowledge and skills suggested by authors, but no insights given on how to do this)
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	Specific data collection methods not given, but general information needs identified (and key research questions) and reasoning behind the needs provided	Specific data analysis methods and tools not prescribed, but a few tools mentioned, including: <ul style="list-style-type: none"> • VC diagnostic study (p. 20) • Ranking of alternative chains (p. 12)
Value chain development wiki (USAID no date)	<ul style="list-style-type: none"> • (Semi-structured) interviews • Focus groups • (Participant) observation (section II, A. End Markets, End Market Research, p.1) • Review of secondary information 	<ul style="list-style-type: none"> • SWOT methodology of chain performance • Shaded Grid Analysis (target markets) • Cost, quality, flexibility, and service analysis • BCG matrix and Porter’s Five Forces tools • End market analysis • Business enabling environment • Conflict, food security, vulnerable groups

Table A6. User friendliness and adaptability

Methodological guideline (MG)	Balance of text, diagrams and case study examples	Use of diagrams and case studies	Skills required to use the MG	Flexibility to different contexts and different needs
Participatory market chain approach (PMCA) (CIP 2006)	<i>Good:</i> The MG provides various diagrams, text boxes and tables that present key concepts and tools related to implementation. Examples are provided from Peru, Bolivia and Uganda (all based on experiences in potato VCs). Tables and diagrams are original and useful for understanding concepts. More case study information would help in understanding how to implement key methodological steps (phases 1–3 of MG).	<i>Good:</i> The number of diagrams is sufficient for visualisation and explanation of concepts. An overview figure is provided; however, no fully developed case study is provided. Figures and case study examples are lacking for key methodological steps. The MG would benefit from examples of what specific products should look like following a successful implementation.	<i>Medium:</i> The MG is not demanding in terms of information needs or analysis. Experience in conducting participatory workshops is a must. Still, considerable analytical skills are needed to understand concepts and extract how concepts link to each other and are to be used for implementing methodological steps. More guidance would be useful on how to adjust MG implementation according to different contexts.	PMCA can be adapted to various chain contexts and different necessities, according to actors that use the MG and are involved in the market chain development process. Success in implementation depends on the existence of meaningful innovation opportunities and the ability/willingness of actors to invest in innovation.
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	<i>Good:</i> The MG includes examples of results from implementation in different subsectors in Brazil, Canada and Malaysia. These examples cover value chain mapping, analysis of drivers and subfactors, and strategy formulation. Lacking are descriptions of experiences with implementation in the field, as well as options for adjusting the analysis to suit local needs.	<i>Good:</i> The guide includes tables and graphs that provide useful information for organising results and presenting them to VC stakeholders and government representatives. A discussion on actual experiences by tool users, including options for adjustment to the tool for addressing specific needs, would increase the applicability of the tool.	<i>Medium:</i> The MG is not highly demanding in terms of information needs or analysis. The detailed, step-by-step guidance and numerous examples make it accessible to a range of potential users.	The relatively simple conceptual framework means that the MG is applicable in a wide variety of situations. The guide prescribes data-collection methods and analyses that are relatively simple.
Participatory market chain analysis for smallholder producers (CIAT 2007)	<i>Good:</i> Tables, diagrams and text boxes appear on each page, with sometimes two or more visual elements on a page. However, at various points in the text, complex concepts and analyses are suggested, but limited information or examples of these are provided (e.g., livelihood assessment, p. 80, and benchmarking, pp. 82–83.)	<i>Good:</i> Results from complex tasks are presented in tables and backed by case study evidence; however, information contained in some diagrams/tables seems too simple for the prescribed task. For example, the business opportunities identified in Table 28 are fairly generic and, as such, provide limited insight into the power of the tool to uncover opportunities for VCD. A diagram that provides an overview of the methodology and the conceptual framework would be a useful addition to the MG.	<i>Medium:</i> Skills in participatory data collection and analysis techniques are needed to develop a strategy that appeals to different VC actors. The MG does an effective job at conveying the concepts and implementation steps in a simple manner. <i>Comment:</i> The target user is not clear: sophisticated marketing concepts and academic citations are mixed with simple figures and cartoons of chain actors.	The MG is relevant under most circumstances. No requirements or preconditions for implementation are imposed. More appropriate for chains where key actors are located in relatively close proximity.
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	<i>Good:</i> The MG provides various useful figures for key elements of the conceptual framework. Text boxes and various graphical elements provide deeper insights into concepts and methods. The guide presents a rich discussion on conceptual issues related to markets and the design of M4P programmes (VCD interventions); however, it provides limited insights on effective implementation based on evidence from the field.	<i>Fair:</i> Diagrams are used throughout the text. Lacking is a comprehensive diagram and case study to visualise and easily understand all components of this approach, including the market system development and intervention design process. Use of the MG would be facilitated with in-depth information on experiences (good and bad) from implementation.	<i>High:</i> Very good analytical skills are required to understand the analytical framework and specific concepts and how they interrelate, as well as relate to the methodological steps.	The M4P approach is not context-specific but context-dependent and relevant under most circumstances. It is characterised by a “flexibility to deal with complex and changing situations” (p. 3). No requirements or preconditions for implementation are imposed. The guide is most useful for practitioners with considerable experience in VC/market development.
ValueLinks manual (GTZ 2008)	<i>Good:</i> The MG provides various diagrams, text boxes and tables that present key concepts and outputs related to implementation. Examples are drawn mainly from MG implementation in GTZ projects in Africa and South Asia. Diagrams are original and most provide useful means for understanding concepts and certain outputs. The text is extensive and at times heavy for the reader.	<i>Excellent:</i> The guide contains useful examples and diagrams. However, some key diagrams, such as those related to task 3.1 and 3.2 (VC maps with constraints and opportunities) would benefit from greater detail, especially since the upgrading strategy is based, in part, on these maps. The MG would benefit from a diagram that shows how VCD generates pro-poor economic growth.	<i>High:</i> The MG is highly demanding in terms of information needs or analysis. The guide presents step-by-step guidance and contains numerous examples that help to make it more accessible to a range of potential users. However, in general, the guide is among the more complex ones reviewed.	The MG is relevant under most circumstances. No requirements or preconditions for implementation are imposed; however, the guide is complex and data requirements are extensive. Effective implementation requires an experienced and well-trained team of facilitators.
Chain-wide learning for inclusive agrifood market development (IIED 2008)	<i>Good:</i> Numerous figures and boxes, which are original and provide the reader with a summary of key concepts and methodological steps related to MG implementation workshops. Layout is user-friendly. The guide would benefit from integrative diagrams that provide an overview of the linkages between different steps on how to implement an inclusive VCD strategy.	<i>Fair:</i> The MG would benefit from a comprehensive diagram containing an overview of VCD strategy, especially the connection between the analytical framework and participatory processes. Various figures are too simple to provide useful insight into effective MG implementation (e.g., fig. 5.1). No detailed case study of tool implementation is provided (rather, the MG presents brief insights from cases in different contexts and references to other MGs).	<i>Medium:</i> The guide is not demanding in terms of information needs or analysis. However, experience in conducting participatory workshops is a requirement. Considerable analytical skills are needed to understand concepts and extract how concepts link to each other and are to be used for implementing methodological steps (workshops). Given the complexity of the issues addressed in the MG, the guide would benefit from a detailed case study, rather than brief insights from various examples.	The MG is relevant to most circumstances. No requirements or preconditions for implementation are imposed. The guide prescribes data collection methods and analyses that are relatively simple. Actors interested in exploring the options for addressing rural poverty through VCD will likely find the MG to be incomplete both conceptually and methodologically.
Making value chains work better for the poor: A toolkit for practitioners of value chain analysis (M4P 2008)	<i>Excellent:</i> Tables and diagrams with examples of field implementation results are included for every step in the guide. Most examples are derived from the implementation of other MGs. The guide would benefit from: 1) a glossary; 2) diagrams for key concepts such as governance, upgrading and pro-poor value chain analysis (see section 1); and 3) a diagram that brings together the various analytical elements for the design of a VCD strategy.	<i>Good:</i> Examples are derived from VC assessment carried out without any direct link to the MG. Some examples are drawn from project reports, while others are drawn from academic sources. In general, examples provide sufficient insight into the research issues at hand and how analysis and calculations were done. In some cases, the examples would benefit from greater detail (e.g., p. 71). The case studies each look at a particular aspect of the value chain; the MG would benefit from at least one fully developed case study.	<i>High:</i> Considerable analytical skills and field experience are needed to respond to the research questions, especially given the limited guidance provided on how to collect data. The demands on data collection are extensive for assessing costs and margins, as well as for determining income distribution. The fact that data are collected at various levels, and from different perspectives, makes elaboration of a VCD strategy a complex undertaking.	The MG is relevant under most circumstances. No requirements or preconditions for implementation are imposed; however, the tool is designed for experienced practitioners in VC and business development.

Methodological guideline (MG)	Balance of text, diagrams and case study examples	Use of diagrams and case studies	Skills required to use the MG	Flexibility to different contexts and different needs
Value chain development for decent work (ILO 2009)	<i>Excellent:</i> The MG contains various text boxes, figures and tables. Examples are derived from ILO's experience and the experiences of other organisations. The summary sections at the beginning of each chapter are helpful and overall layout is reader-friendly.	<i>Good:</i> The guide employs diagrams and case study evidence from other sources (e.g., GTZ, Springfield Centre), as well as from ILO's own work. Some figures lack clarity or are otherwise difficult to understand (e.g., Box 0.6, box 5.12, box 5.3). The MG would benefit from figures and examples for key conceptual elements (e.g., decent work and its relation to smallholder agriculture and VCD, identification of upgrading options on pp. 164–166).	<i>High:</i> Considerable analytical skills and field experience are needed for implementation of some steps (e.g., value addition, gender equity, power relations and margins). The MG would benefit from more discussion of key conceptual elements (e.g., relation between decent work, systematic competitiveness and upgrading).	The MG is not restricted to assessment of labour conditions (decent work) within a business or chain. The guide is designed to be applicable for work with smallholders. However, should a user be interested specifically in labour issues along a VC, then he/she would likely find implication to be difficult. The guide provides limited conceptual or methodological discussions of specific issues related to labour and VCD.
Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications (World Bank 2010)	<i>Fair:</i> The MG offers useful and informative case studies and boxes. A very useful "Value Chain Program Implementation Cycle" (p. 27) provides an overall framework for VCD. If anything, there is too little text. Boxes and case studies make up perhaps 90% of the volume. More detail about how to conduct the prescribed steps and tools (what data to collect and how to collect and analyse them) would have been useful.	<i>Good.</i> Some of the case studies (e.g., Mozambique cashews (p. 100) and Rwanda coffee (p. 109)) look at VCD and interventions over long periods of time, which is very useful. Most case studies give little information on how data was collected, sample sizes, or analyses used.	<i>High:</i> Most of the case studies and boxes appear to be the work of expert consultants with wide knowledge and experience assessing constraints and opportunities. The degree to which the rest of us can implement these is open to question, especially since little guidance is given on data required or analytical methods needed. That said, many of the concepts required are brilliantly illustrated through the case studies, e.g., benchmarking (p. 61) and identifying business models for replication (p. 80).	Most case studies and boxes are from Africa. Twelve of 14 case studies deal with particular commodities and 11 of these 12 are on export commodities. The sole exception is catfish for the domestic market in Nigeria. There is no discussion of the relevance of the framework and tools for domestic products (particularly involving smallholders) and markets.
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	<i>Good:</i> Evidence from the field is incorporated into the MG to illustrate specific points raised, including VC selection and implementation. The MG would benefit from more detailed case study evidence showing results from MG implementation. Figures are useful and abundant in the text. Insights provided by discussion of "stumbling blocks" add depth to the MG.	<i>Good:</i> The MG raises important and often overlooked elements related to the design of VCD strategies and interventions. Concepts presented in the social analysis section are complex. The guide would benefit from a deeper discussion on the concepts, options for employment of these concepts, and examples from experiences in the field.	<i>High:</i> The guide is short, well-written and user-friendly. Considerable experience related to VC assessment and social issues (poverty, rural livelihoods, gender) is needed to implement the MG in an effective manner. Given the importance of the issues presented, more text and examples would be needed to make the MG more accessible.	The guide is generic and hence can be applied to different value chains under different conditions. It would benefit from more text and examples related to functional and social analysis. This is especially true for understanding gender-based constraints to VC participation and development, which are only briefly discussed (pp. 39–40), despite the complexity of the issue.
Value chain development wiki (USAID no date)	<i>Fair:</i> MG includes numerous diagrams, text boxes and tables; however, given the large amount of text provided, MG falls short relative to the other MGs reviewed. Discussion of some tools does not include results or visual elements.	<i>Fair:</i> In some cases, MG includes brief examples and insights from implementation of a given step in a given context. However, more case study evidence is needed. MG would benefit from a diagram that connects the various elements of the implementation process and the expected outputs from implementation.	<i>High:</i> MG provides an extensive collection of concepts and tools for understanding the VC approach to development and for designing interventions for VCD. However, detailed descriptions on how to implement the various tools along with insights from implementation in various costs would help to facilitate implementation.	MG is applicable under numerous circumstances and in different contexts; no requirements or preconditions for implementation are imposed. Guidelines are provided for conflict-affected, environmental and food-security focused projects, and for projects working with women, the poor and youth.

Table A7. Assessing and monitoring outcomes and impacts

Methodological guideline (MG)	Suggested indicators	Suggested methodology
Participatory market chain approach (CIP 2006)	Not specified	Not specified
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	Not specified	Not specified
Participatory market chain analysis for small-holder producers (CIAT 2007)	<ul style="list-style-type: none"> Market chain (production costs, yields, value of final products, profitability, distribution of benefits, improvement of chains and efficiency) Market (market penetration, sales volumes, sales value, product differentiation) Livelihoods (income, diversification of income sources, market chain's contribution to income, employment generation) 	Not specified
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	<ul style="list-style-type: none"> "Increase in farmers' income or employment levels [by target date]," "Farmers' productivity increases [by target date]," "Farmers seek and get information [by target date]" (p. 66) 	<p>The main steps in M&E for M4P:</p> <p>Step 1: Develop impact logics for each market system and related interventions in that market system, based on the overall program strategic framework</p> <p>Step 2: Use the impact logics to identify appropriate indicators to monitor the outcomes of specific interventions and their impact on the market system</p> <p>Step 3: Establish a baseline for key indicators</p> <p>Step 4: Predict at the beginning of intervention the amount of change in each indicator that may be expected to result from each intervention</p> <p>Step 5: Design and implement a plan for collecting data to monitor and measure performance</p> <p>Step 6: Analyse the information generated and feed into regular decision making (internal) and report the appropriate outputs of analysis (external) (p. 63)</p>
ValueLinks manual (GTZ 2008)	<ul style="list-style-type: none"> Chain upgrading: new outlets for products, new technologies used, new/improved products sold, new producer associations formed Economic growth: increase in value added, increase in sales of lead firms Poverty reduction: number of poor households benefiting from VC upgrading, number of poor in VC, chain income captured by the poor 	<ul style="list-style-type: none"> Construction of an impact model based on the upgrading strategy Monitoring is suggested to verify the impact model Formulation and testing of impact hypothesis Control groups are suggested for attribution of the VC interventions; however, no details are provided on the related risks and complications
Chain-wide learning for inclusive agrifood market development (IIED 2008)	Not specified	Not specified
Making value chains work better for the poor: A toolbox for practitioners of value chain analysis (M4P 2008)	Not specified	Not specified

Methodological guideline (MG)	Suggested indicators	Suggested methodology
Value chain development for decent work (ILO 2009)	<ul style="list-style-type: none"> Selection of indicators based on "decent work criteria" (p. 199): employment creation, labour conditions, % of women involved (gender equity), and industry growth perspectives 	<ul style="list-style-type: none"> Identify main intervention areas, activities, expected outcomes, responsibilities Select indicators Elaborate a format for tracking activities and immediate outputs Elaborate a format for evaluating outcomes
Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications (World Bank 2010)	Not specified	Not specified
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	<ul style="list-style-type: none"> Income and employment Poverty (number of poor in VC, income of poor, income stability, food security) Gender equity (number of female participants, women's control of income, gender division of labour) Environment (quantity of natural resources, greenhouse gas emissions, pollution) 	Not specified
Value chain development wiki (USAID no date)	<ul style="list-style-type: none"> Impact indicators: agricultural inputs, price, revenue, productivity, employment, sales, marketing channels, capital investments, assets, interbusiness collaborations, skills, knowledge and practices (section III, E. Monitoring and Evaluation, Impact Assessment Primer 3, p.2) 	<ul style="list-style-type: none"> M&E has two steps: 1) Program Monitoring focuses on project and firm level and analyses whether the right road is followed; and 2) Impact Assessment focuses on households and business level and analyses whether the final destination is reached while attributing outcomes and impacts to a given project/intervention, as well as what would have happened without a given project/intervention Control group is suggested for attribution of VC interventions

Table A8. Originality, innovation and strengths and limitations for planning

Methodological guideline (MG)	Originality and innovation	Strengths and weaknesses for business planning and for designing development interventions
Participatory market chain approach (PMCA) (CIP 2006)	<ul style="list-style-type: none"> • Originality: Inspired by RAAKS (Rapid Appraisal of Agricultural Knowledge Systems), the MG is the only guide reviewed that focuses on innovation as the motivation behind collaboration among VC actors and facilitating organisations. Another original aspect of the MG is its attention to the implementation process itself and the strong role contemplated for research centres in helping to facilitate the implementation process. The MG itself is rich with practical examples of what can be achieved with effective implementation. • Innovation: The focus on innovation in business relations, technology and institutions, and the role of improved VC relations as a base for achieving innovation, represents an important innovation in thinking, concerning the application of VC concepts to rural development practice. The MG is among the most participatory of the ones reviewed for this document. 	<ul style="list-style-type: none"> • Strengths: The MG is well-structured, logical and easy to navigate. It provides a relatively complete conceptual framework for how VCD can lead to improved outcomes for actors along a VC. The MG also provides an informed discussion of the actions needed to bring about change among a subset of VC actors. The text of the MG is well-formulated and well-designed and includes useful examples from the field of effective implementation. Requirements are relatively light for data collection and analysis. • Weaknesses: In its attempt to keep data collection and analysis requirements relatively low, the MG forgoes the potential to provide a more robust treatment of key issues related to innovation and the ability of chain actors to invest in and benefit from innovation. For example, the MG does not explore risks affecting chains and their actors. Smallholders are assumed to benefit from innovation downstream in the chain; more critical thinking is needed to understand under what conditions this might be true. Like other MGs reviewed for this document, PMCA does not present guidance on how to implement the MG under different contexts. A clearer idea of how the MG performs under different market, political and institutional conditions, and the need for a longer-term strategy beyond a single iteration of PMCA, would provide for more effective implementation.
Guidelines for rapid appraisals of agrifood chain performance in developing countries (FAO 2007)	<ul style="list-style-type: none"> • Originality: The MG stands out for two reasons: 1) its ability to discuss and apply VC related concepts in a simple manner; and 2) its attempt to provide a structure for organising and assessing data for the elaboration of an intervention strategy. • Innovation: The MG relies on a few basic concepts that are applied in a straightforward manner. The lean conceptual focus allows for easy uptake by government agencies and other potential users. If the design of economic development strategies is the main goal (rather than poverty reduction), then this MG will facilitate thinking on important issues related to competitiveness at the subsector level. 	<ul style="list-style-type: none"> • Strengths: The MG brings clarity to chain-related concepts and provides a user-friendly approach to developing an intervention strategy. Examples of how to assess the drivers of chain performance are useful for converting data from the field into strategies for VCD. The guide can be implemented in a relatively short time and with limited resources. • Weaknesses: The MG will appeal to those interested in a relatively easy-to-use tool for identifying options for economic growth within a given VC. The development strategy emerges from simple analysis of available data. Its weakness rests in its linear application and limited options for addressing the weaknesses and threats identified via application. Insights into how actors might address key challenges facing VC actors (across different contexts) are recommended.
Participatory market chain analysis for smallholder producers (CIAT 2007)	<ul style="list-style-type: none"> • Originality: Among the first guides available for helping development practitioners to work with smallholders and small businesses in formulating a strategy for VCD (the MG reviewed was based on a previous version published in 2003); concepts are borrowed from the grey and academic literatures, but most of the methodology is original, emerging from field tests in Latin America and Africa. • Innovation: Strong attention is paid to understanding upgrading potential of the chain and the role of service providers in working with chain actors. The strong focus on the role of facilitating organisations in VCD, in both MG implementation and strategy implementation, is part of what makes this guide stand out. 	<ul style="list-style-type: none"> • Strengths: The MG is relatively simple to implement. Data collection requirements are relatively low. It provides NGOs and other supporters with a user-friendly tool for designing their VC interventions. • Weaknesses: The MG would benefit from increased attention to the needs and circumstances of smallholders and other poor actors in the subsector. This would require more critical analysis and more extensive data collection. The MG would also benefit from more attention to issues of power, distrust, livelihoods strategies, asset endowments and risk tolerance.

Methodological guideline (MG)	Originality and innovation	Strengths and weaknesses for business planning and for designing development interventions
The operational guide for the making markets work for the poor (M4P) approach (DFID 2008)	<ul style="list-style-type: none"> • Originality: The MG stands out for several reasons. First, it is focussed on the analytical aspects of VC analysis (e.g., 11 steps are included for VC mapping and both qualitative and quantitative tools are suggested for assessing VC relationships and investment options). The strong focus on calculating costs, investment returns, and income/employment distributions is also unique to this MG. • Innovation: The market system development approach is innovative in its providing an extensive treatment of the overall context in which the poor participate in markets and identifying options for more sustainable and pro-poor outcomes. The M4P is characterised by a comprehensive framework that contemplates value chains at its core, having related rules/institutions and supporting services as part of this systemic approach. 	<ul style="list-style-type: none"> • Strengths: The MG provides a systematic and comprehensive set of research activities for understanding the context in which the poor operate, the nature of the marketing system under assessment, and the constraints faced by major actors in the system to source more from, or provide better terms to, poor suppliers. The focus on major market players and their problems in sourcing more from the poor (or providing better terms to the poor) gives users a clear market orientation for designing an intervention strategy. The guide has an appendix with good practice notes, which are useful. • Weaknesses: The MG presents various complex concepts and research steps but provides rather limited discussion on how to carry them out. A detailed case study would help users to better understand the data needed and the options for assessment; however, no such case is presented. Despite the centrality of poverty reduction to the objectives of the MG, the poor receive relatively limited attention in data collection and analysis. A deeper and more integrated approach to understanding the poor and their ability to participate in and benefit from the improved performance of market systems is needed.
ValueLinks manual (GTZ 2008)	<ul style="list-style-type: none"> • Originality: The MG stands out for the depth in which it covers a range of important issues affecting VCD, including VC implementation, the business environment, and the role of facilitating services in VD. The guidelines are based on experiences in various GTZ-funded projects. The result is a framework that provides a clear linkage between its various implementation steps. • Innovation: The MG provides a serious treatment of key issues for VC assessment and VCD implementation, such as understanding the role of the business context in shaping VCD, impact assessment, how to implement a VCD strategy with diverse actors, and how to discuss opportunities for support from the private sector in VCD. 	<ul style="list-style-type: none"> • Strengths: The MG is well-researched and the text is enriched with various experiences in the field. It fosters increased rigour in the design and implementation of VC interventions while remaining accessible to most development practitioners (its intended users). • Weaknesses: The MG would benefit from deeper insights and examples on how best to reconcile the needs of downstream actors with the needs and circumstances of the poor. It would also benefit from a conceptual framework for showing how VCD focused on competitive issues will contribute to poverty reduction. Like other MGs, ValueLinks, when applied at the subsector level, treats all actors in a given link (chain segment) as uniform in their interest and capacity to invest in VC upgrading.

Methodological guideline (MG)	Originality and innovation	Strengths and weaknesses for business planning and for designing development interventions
Chain-wide learning for inclusive agrifood market development (IIED 2008)	<ul style="list-style-type: none"> • Originality: The MG's focus on various institutions and the way they promote/hinder inclusion in the VC is original. Despite the relevance of the institutional context for VCD, most of the MGs reviewed here have tended to dedicate limited attention to data collection and analysis of the institutional context in which smallholders operate. No other MG reviewed here presents such a strong focus on the changing demand patterns for food. • Innovation: The MG is innovative in its ability to focus data collection and analysis on the role of the political, legal and market environments in determining the options for VCD for smallholders. The guide does a good job of helping practitioners understand how the institutional context impacts on the set of options available for VCD. Generally, MGs for VCD gloss over the institutional context; this one is an exception. 	<ul style="list-style-type: none"> • Strengths: The MG states its objective, key concepts, target group and how to use it in the well-structured first chapter (pp.11–18), which is useful for the reader and for users who are to implement the methodology while designing VCD interventions. Every step of the activities within the methodological section (pp.59–95) has the same structure (approach, concepts, key questions and facilitation guidance). It is transparent about its scope, especially when stating that M&E would be beyond its scope (p.58). Useful boxes present further references and guidance, e.g., on p.58. The MG makes a serious attempt to guide users in how to analyse information in a participatory manner for the elaboration of a development strategy. • Weaknesses: The guidelines are simple and participatory. However, this emerges as a problem given that the aim of the MG is to identify options for incorporation of the poor into modern markets. Increased rigour and greater information and learning are necessary to understand the needs of the poor and the ability of poor businesses to link the smallholders to modern markets. The MG would benefit from further guidance based on a set of indicators for VC selection and participation.
Making value chains work better for the Poor: A toolbook for practitioners of value chain analysis (M4P 2008)	<ul style="list-style-type: none"> • Originality: The MG brings together thoughts and experiences from a range of development organisations for designing a pro-poor VCD strategy. It stands out for its extensive treatment of various issues that influence the design of VCD (e.g., mapping knowledge and information flows, mapping value at different nodes in the chain, analysing costs and margins). • Innovation: The MG is a collection of previously existing tools, ideas and experiences related to VC analysis. The collection of tools is impressive in terms of number and breadth of focus. No new concepts or tools emerge in the guide, nor do challenges to existing concepts and tools emerge. 	<ul style="list-style-type: none"> • Strengths: Extensive coverage of important contextual issues facing the VCD and the ability of the poor to generate economic benefits through their participation in the chain. MG provides guidance on the calculation of costs, margins and other financial elements. While guidance on any one tool is not extensive, most MGs do not address such issues in any form. The strength of this MG is its collection of examples from different case studies that show the reader how certain indicators were calculated. • Weaknesses: The MG states the ultimate goal of a pro-poor VC strategy, but provides limited guidance or tools for understanding the complexities of households or for reconciling the needs and capacities of households with the needs of other VC actors. The MG would also be improved by deeper insights into the formulation of upgrading opportunities taking into account the complexities of the context and the interests of the poor.
Value chain development for decent work (ILO 2009)	<ul style="list-style-type: none"> • Originality: The MG stands out for its focus on identifying options for improved working conditions for the poor. It highlights the potential role of the private sector in bringing about positive changes in working conditions. Its focus on incentives for upgrading (section 5.1.3) is useful and rare among MGs. • Innovation: The MG provides unique concepts and useful suggestions for analysis (e.g., social dialogue (section 4.3.1), working conditions, (section 4.3.2), and identification of incentives for upgrading (section 5.1.3). 	<ul style="list-style-type: none"> • Strengths: The MG is well-written and relatively easy to follow. It includes unique elements, such as the assessment of incentives and the concept of decent work. • Weaknesses: The concept of decent work remains somewhat underdeveloped in the MG. The mix and match of concepts related to smallholder production (and related VCD efforts) distracts from a focus on improved working conditions for the poor. The MG does not distinguish between different types of the working poor, (e.g., producers, farm labourers, factory workers), despite the potential differences in the set of opportunities and challenges faced by these actors.

Methodological guideline (MG)	Originality and innovation	Strengths and weaknesses for business planning and for designing development interventions
Building competitiveness in Africa's agriculture: A guide to value chain concepts and applications (World Bank 2010)	<ul style="list-style-type: none"> • Originality: Original aspects of the MG include its focus on Africa and export-oriented VC (most MG reviewed for this document do not distinguish between implementation in local versus international markets) and the presentation of concepts and ideas related to VCD that have received limited attention in practitioners' debates (e.g., capturing value through integration, economies of scale, clustering, and benchmarking). • Innovation: Innovation rests in the MG's attempt to introduce new concepts and ideas to VCD debates, such as capturing value through integration, economies of scale, clustering and benchmarking. 	<ul style="list-style-type: none"> • Strengths: Great is its focus on sound conceptual approaches for building competitiveness of value chains and on providing examples of the steps and tools involved. • Weaknesses: Weaknesses relate to insufficient attention given to presenting data required, detailing analytical methods required, and dealing with issues such as data variability. Note that authors do not address issues related to impact of VCD or constraints that smallholders and households have in participating in value chains.
Pro-poor value chain development: 25 guiding questions for designing and implementing agroindustry projects (UNIDO 2011)	<ul style="list-style-type: none"> • Originality: The MG aims to address a major gap in the implementation of VC analysis by development practitioners: the limited information on VC functions and the limited focus on social issues, including poverty, child labour and gender. It is the only guide reviewed here to place considerable emphasis on social issues. • Innovation: The MG provides a generic approach that can easily be adapted to suit the specificities of various agriculture-based VCs. It is one of the few guides that combine business considerations with social needs like gender equity, child labour and the interest of the poor and marginalised. 	<ul style="list-style-type: none"> • Strengths: The MG is reader-friendly and makes clear its core objectives, concepts and direct and indirect beneficiaries. It is also relatively easy to apply and the prescribed questions are relevant and simple. It provides insights on how to do chain selection and implementation that bring business and social needs together. • Weaknesses: The MG does not guide users in how to conduct a fully-fledged VC project implementation plan. The authors point out, however, that the guide is geared to program designers and project managers who know how to develop project implementation plans but need to know how to make them conform to pro-poor VCD.
Using a value chain approach to design a competitiveness strategy (USAID no date)	<ul style="list-style-type: none"> • Originality: The MG contains the largest selection of ideas, tools and concepts for VC analysis of any guide reviewed in this document. Among the original ideas related to VCs are: 1) VCD in conflict areas; 2) vulnerable populations and the VC approach; 3) food security and the VC approach; 4) tools for communication; and 5) tools for understanding consumers. Many of the tools presented are backed up with insights on their use from the field. • Innovation: The MG is innovative in its ability to translate new innovative insights and ideas for VC analysis from academics and learning consultants/consultancy firms into practical actions that could be taken by development practitioners. Examples include: discussions on "productive communications" (by C. Argyris of Harvard), "customers" (by Boston Consulting Group), and "end market competitiveness plan" (author unknown). 	<ul style="list-style-type: none"> • Strengths: The MG presents a comprehensive discussion on important issues related to VC analysis and development. Each section presents a snapshot of an output from the implementation of a given tool. Concepts presented are drawn from the literatures of business management, marketing and on VCs, backed with considerable evidence from the field. The mix of information sources and experiences makes it a useful reference tool for thinking about VC analysis and development. The guide provides serious treatment of important issues related to VCD, such as impact assessment and working with vulnerable populations. • Weaknesses: The MG's greatest strength (i.e., its extensive coverage of concepts and tools for understanding VC and for designing and implementing VC interventions), is also its greatest weakness. The extensive collection of concepts and tools makes it a challenge to understand how the individual elements could be combined for application in the field depending on local conditions. Important issues related to VCD, such as how to strengthen collaboration among smallholders for VC participation, are addressed in the MG, but the related discussions are limited to the basic issues at hand and may not provide sufficient guidance for most development practitioners.

Published by the ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA) and the World Agroforestry Centre.



The Technical Centre for Agricultural and Rural Cooperation (CTA) is a joint international institution of the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU). Its mission is to advance food and nutritional security, increase prosperity and encourage sound natural resource management in ACP countries. It provides access to information and knowledge, facilitates policy dialogue and strengthens the capacity of agricultural and rural development institutions and communities. CTA operates under the framework of the Cotonou Agreement and is funded by the EU. For more information on CTA, visit www.cta.int or contact

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ISBN: 978-92-9081-527-3

Citation: Donovan, J., Cunha, M., Franzel, S., Gyau, A. & Mithöfer, D. 2013. *Guides for Value Chain Development – A Comparative Review*, CTA & World Agroforestry Centre, Wageningen, The Netherlands.

Design and layout: Pitch Black Graphic Design

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With the emergence of value chain development (VCD) in development programming, numerous guides have been published on how to conduct value chain analysis as an input for the design of VCD interventions.

This report presents the results of a review of 11 guides for VCD. The review compares the concepts and methods endorsed, and assesses the strengths and limitations of the guides for steering development practice.

Overall, the guides provide a useful framework for understanding markets and engaging with chain stakeholders, with a strong emphasis on strengthening institutions and achieving sustainability of interventions.

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