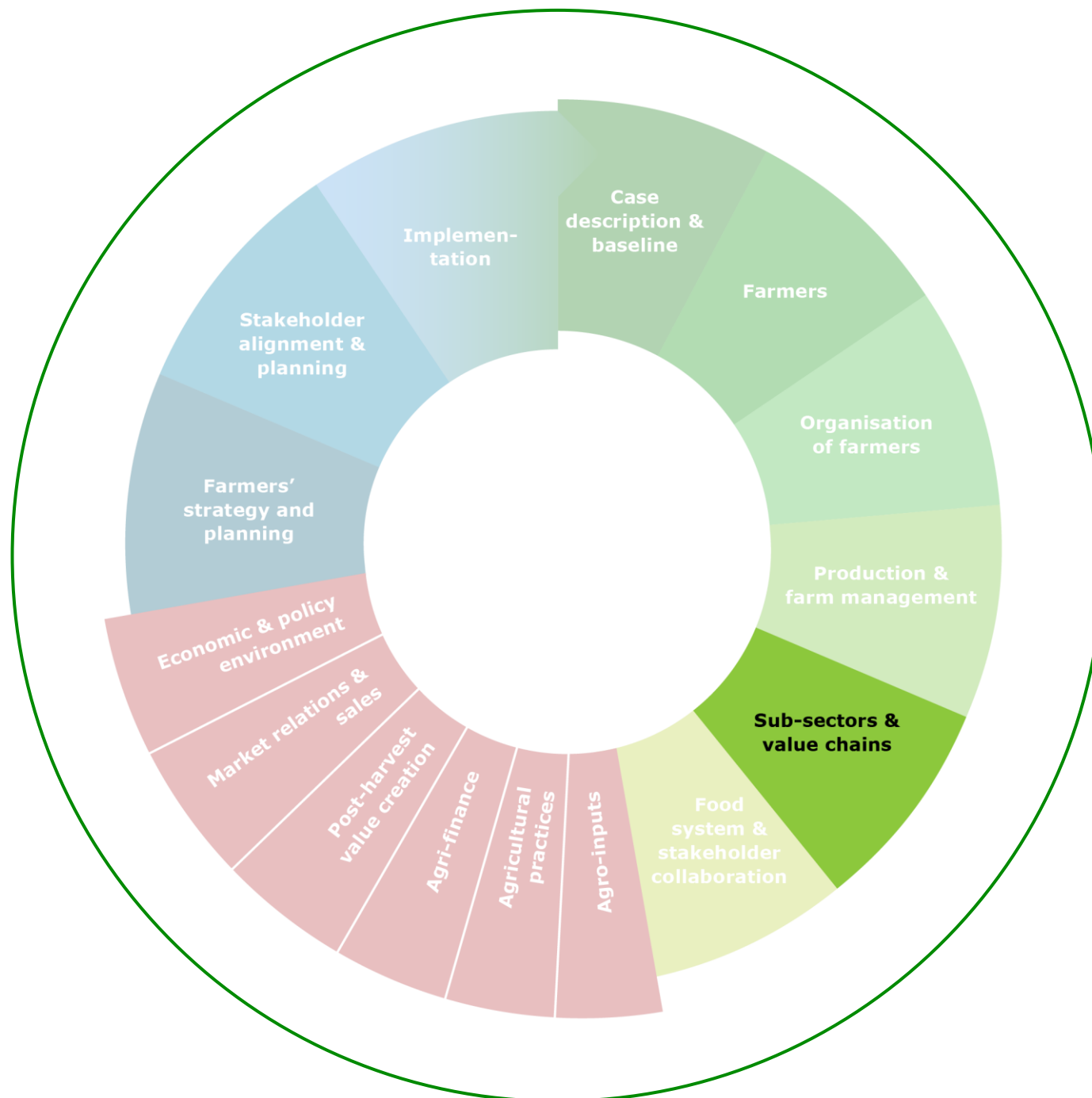


Sub-sector and value chain mapping: for strategic orientations and action planning

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Introduction

In the FARE approach, sub-sector and value chain analysis is conducted to prepare for strategies and actions that are beneficial for farmers and their organisations. Analyses according to six perspectives (cf. 5.2. and 5.3) lead to the identification of strategic orientations.

The tool supports you to map the value chains of a particular sub-sector, from a farmer empowerment perspective and to prepare for strategic and operational planning, for product and market development for agricultural producers and their organisations.

This tool is for professionals who want to support farmers and their organisations to better understand the sub-sector they are part of. The focus is on exploring product-market-consumer combinations, creating additional value to farmers' primary produce, and improving farmers' market relations and sales.

It is recommended to involve producers and their organisations as much as possible in the process of analysing and mapping value chains, especially if there are signs of keen interest to improve revenues from farming, processing and marketing of their produce and willingness to collaborate with other value chain operators.

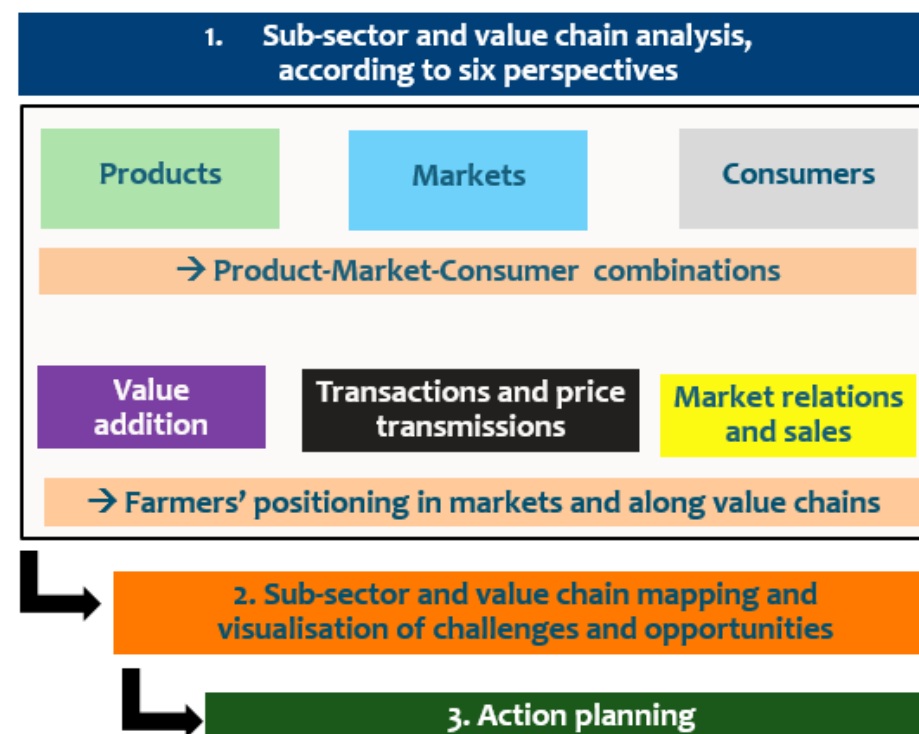
Aims of the tool:

- To apply sub-sector and value chain mapping and analysis to a specific case
- To apply different perspectives for sub-sector and value chain analysis and to use the results for mapping
- To map value chain actors, operations and transactions
- To identify and show farmers' challenges and opportunities
- To identify practical options for action

Sub-sector and value chain analysis for action

The full process of sub-sector and value chain analysis, mapping and action planning consists of three phases:

- Phase 1: Sub-sector and value chain analysis, according to six perspectives
- Phase 2: Sub-sector and value chain mapping and visualisation of challenges and opportunities
- Phase 3: Action planning



After relating the analyses according to the six perspectives to the mapping exercise, the next sections shortly explain all steps for action-oriented sub-sector and value chain mapping. Formats and further explanations are provided in the worksheet.

1. Sub-sector and VC analysis, according to six perspectives <ul style="list-style-type: none"> Reflecting about PMC combinations Reflecting about farmers' positioning in markets and along value chains 	2. Sub-sector and value chain mapping and visualization of challenges and opportunities <ul style="list-style-type: none"> The basic map with actors Adding the value adding activities Indicating the prices Importance of the flows Challenges for farmers Opportunities for farmers 	3. Action planning <ul style="list-style-type: none"> Strategies and actions for farmers' value creation Strategies and actions for improving market relations and sales Options for farmers' collective action
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Recap of the first phase: Sub-sector and value chain analysis

Step 1.1.: Reflecting about Product-Market-Consumer combinations

This step concentrates on the diversity of products, markets and consumers and the many possible product-market-consumer combinations. The main objective is to get to grips with the diversity of value chains and the complexity of the sub-sector, to precisely determine and formulate specific Product-Market-Consumer combinations and to select the most important and/or most promising PMC combinations. Detailed explanations were provided in the specific manual (5.2) on PMC combinations and steps and formats were suggested in the related worksheet.

Step 1.2. Reflecting about farmers' positioning in markets and along value chains

Primary produce goes via many different roads to end consumers. In this step the focus is on: current and potential value adding activities, transactions and price transmissions, current market relations and sales, and options for improvement. Also for this step, detailed explanations were provided in the specific manual (5.3) on farmers' positioning in markets and along value chains and steps and formats were suggested in the related worksheet.

Sub-sector and value chain mapping and visualisation of challenges and opportunities

The analyses according to the six perspectives lead to many insights, which can be shown in the sub-sector and value chain map.

Six perspectives	Mapping challenges
<i>Products</i>	Showing the diversity of products in the SS and VC map OR making maps for different products (for instance sweet and bitter cassava)
<i>Markets</i>	Showing the different market locations and visualizing the importance of markets
<i>Consumers and consumer demand</i>	Showing the different consumer groups (who may shop at different outlets, even in the same market location)
<i>Value addition</i>	Showing the value chain operators and operations and highlighting what farmers could do
<i>Transactions and price transmissions</i>	Showing the value chain operators and transactions and showing the purchase/sales prices
<i>Market relations and sales</i>	Highlighting what farmers could do

The different analyses have also led to the identification of many challenges and opportunities. When mapping, it is important to make the most important challenges and opportunities visible. We suggest to make a numbered overview of challenges and opportunities and put the numbers on the map (see page 6).

Mapping - how to do it

After the different reflections, the time has come to map the sub-sector and its value chains. We recommend using the following materials: flip charts, cards or post-its of different colors, marker pens of different colors.

The sub-sector and value chain mapping is done in six steps:

- Step 1: Set up of the basic map with the actors and the diversity of value chains.

- Step 2: Indicate the value adding activities.
- Step 3: Indicate the prices that are paid at different transaction levels
- Step 4: Indicate the importance of the different product flows.
- Step 5: Identify and show the challenges for farmers.
- Step 6: Identify and show the opportunities for farmers.

Step 1: The basic map with actors

On the flip chart, draw the value chains for the commodity of your case:

- Think of all the possible ways that the products of your case can move from the producers to the end consumers. *Think of the diversity of products, markets and consumers, e.g. perspectives 1, 2 and 3.* Identify the customers/consumers at different levels (can be home consumption, neighbours and villagers, clients at local, national and international markets).
- Think of all intermediate actors involved in getting the product from the farm to the plate of the consumer. *Think of value chain operators (perspective 4). Intermediate players are local traders/brokers, processors, wholesalers, retailers, exporters, etc.*
- For all value chains: arrange the value chain operators in the order of how the product moves from the field of the farmer to the fork of the consumer.

With this first step, you have prepared the basic outline of your sub-sector and value chain map. Because you have a diversity of value chains, you have made a sub-sector map.

Observations:

- The first step determines the quality of your mapping!
- We recommend that you use cards or post-its (one card per actor, one card per value adding activity) so that you can move them around.
- Do not oversimplify your map: identify the diversity of value chains for different products, for long and short value chains, including processed products.
- Remember that each particular combination of a specific product, market location, consumer group and intermediate actors is a value chain.

Step 2: Adding the value adding activities

In addition to actors, a value chain is also about value adding activities, for instance grading, sorting, processing, packaging, marketing, ...

- This information can be added. For each of the value chains, describe what the actors do to create value to the product.
- Write these value adding activities on cards or post-it's of the same colour as the colour of the actor that is doing the activity. Again: be as specific as possible!

Step 3: Indicating the prices

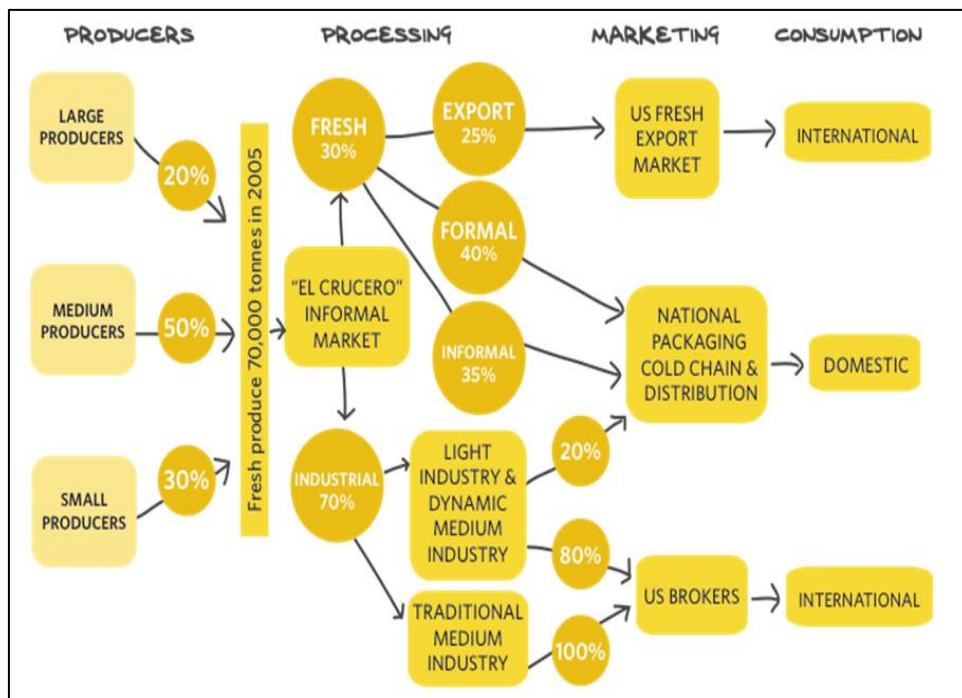
Put all the prices that you know in the map:

- The prices farmers receive
- The prices end consumers pay
- The prices at the level of traders, processors, wholesalers, retailers etc.

Step 4: Showing the importance of the product flows

Try to show the relative importance of different product flows, from different producers to different market segments. The map below is an example.

Understanding how the total production quantity is distributed among different actors along the chain can help to highlight market opportunities and give insight about the size of demand for each of the identified market segments.



Step 5: Challenges for farmers

In sub-sectors and along value chains, challenges can relate to critical issues for farmers and to weak links between farmers and other actors.

Challenges for farmers can be many:

- Difficulties to access to production factors (land, water, seeds, agro-inputs, ...);
- Limited volume and quality of production, high costs, losses;
- No or limited value addition or value adding activities are not well done;
- Weak market relations / low prices obtained / distance to market;
- Specific challenges for smallholders, female and/or young farmers

Weak farmers' links along value chains and in the market system could be:

- Weak or bad farmers' relations with traders, processors, wholesalers;
- Weak or bad relations with banks, transporters, input suppliers;

- Weak or bad relations with government agencies, ministries, local government, ...

TO DO:

- Look at your sub-sector and value chain map: what are the challenges for farmers?
 - Think of the points mentioned above
- Where are the weak links along the value chains and in the market system?
- Prepare a flipchart with two columns (challenges and opportunities): write the challenges in the first column, preferably in the order of their importance.
- Put the challenges with **RED** numbers in your map (with marker pen or on post-its; see example on next page)

Your flipchart will look like this:

CHALLENGES	OPPORTUNITIES
1. ...	1. ...
2. ...	2. ...
3. ...	3. ...
4. ...	4. ...
5. ...	5. ...
...	...
X	X

- *The flipchart not only provides an overview of challenges and opportunities but is also the legend for the numbers in the map (see next page).*

Step 6: Opportunities for farmers

Opportunities relate to good prospects and chances for farmers to improve their performance and revenues, and/or to improve their relations with other actors.

Opportunities for farmers can be many:

- Better access to production factors and agro-inputs
- Improving the volume and quality of production, reducing costs and/or losses
- Taking up or improving value adding activities (grading, storage, processing, trading)
- Establishing new market relations or improving existing ones
- Negotiating higher prices

- Organising transport to markets
- Specific actions for different farmer categories, women and youth

Examples of taking advantage of farmers' relations with other actors and their positioning along value chains and in market system:

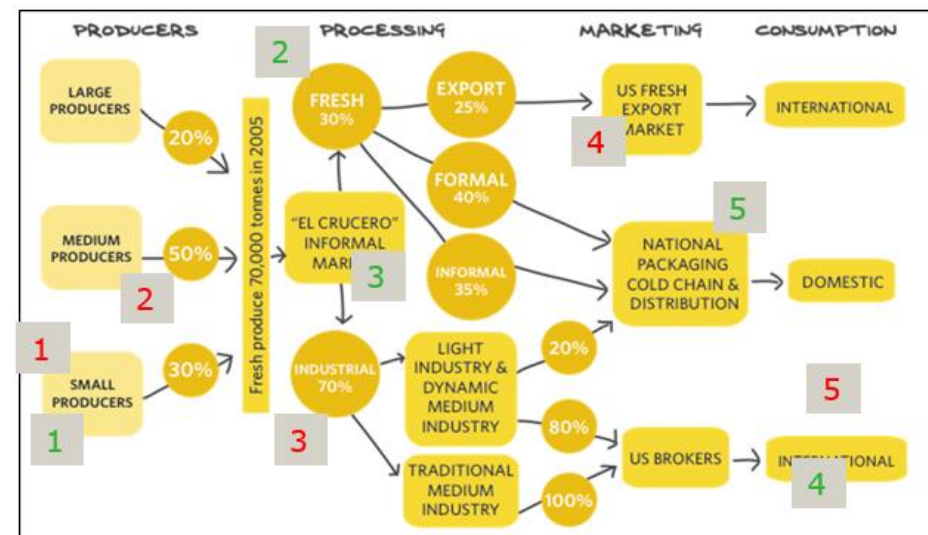
- Establishing/improving relations with traders, processors, wholesalers or by-passing brokers (middlemen).
- Establishing/improving relations with banks, transporters, input suppliers, ...
- Establishing/improving relations with government agencies, ministries, local government, ...

TO DO:

- Look at your sub-sector and value chain map: what are the opportunities for farmers?
 - Think of the points mentioned above
- Write the opportunities in the second column (opportunities), preferably in the order of their importance
- Put the opportunities with **GREEN** numbers in your map (with marker pen or on post-its)

REMARK: Challenges and opportunities are often linked – it is thus possible to identify both challenges and opportunities for the same subject.

The figure below shows how numbered challenges and opportunities can be indicated in the map:

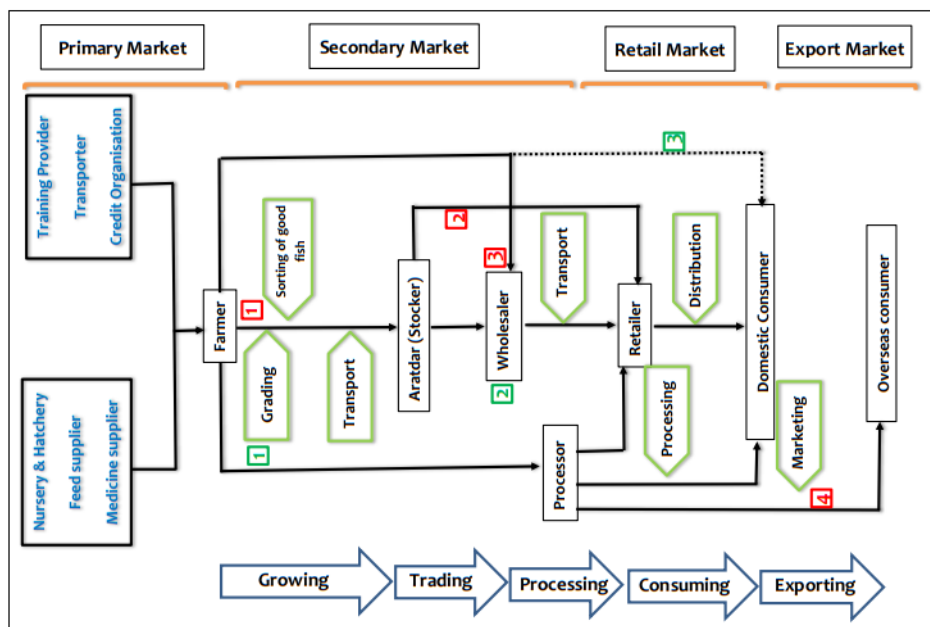


Examples of Sub-sector and value chain maps and most important challenges and opportunities

The two examples on the next pages show the possible output. The clear message is to link the map to the overview of challenges and opportunities and vice versa.

Bangladesh – Tilapia case

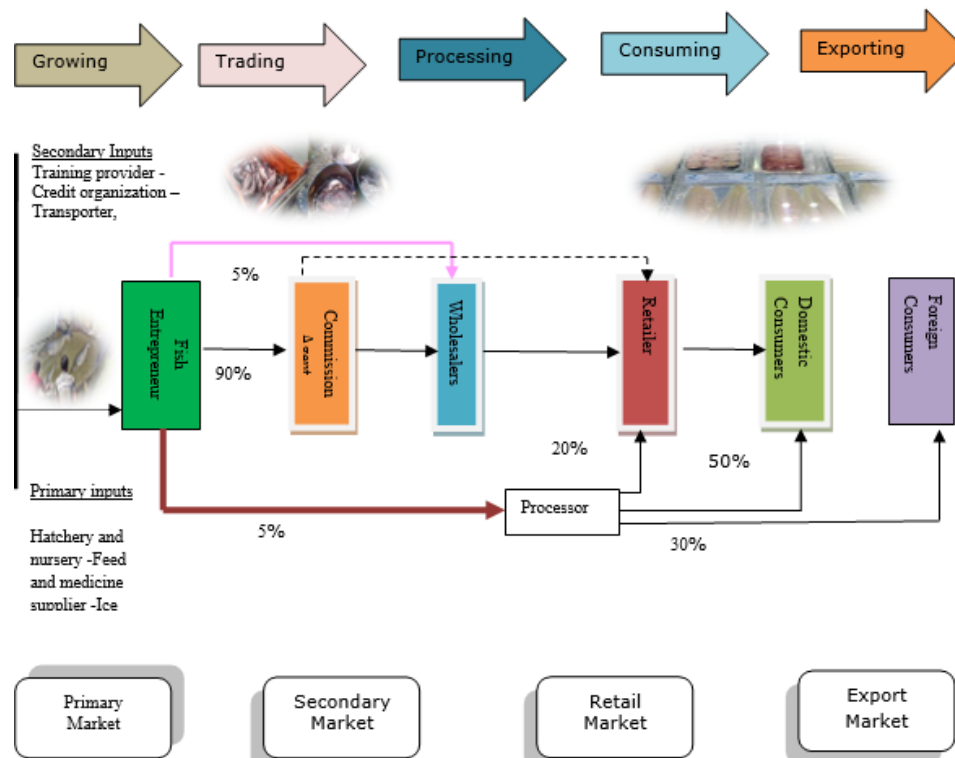
The numbers of challenges and opportunities are indicated on the map. Please do so as well, so as to link the map to the overview of challenges and opportunities and vice versa.



CHALLENGES	OPPORTUNITIES
<ol style="list-style-type: none"> 1. The farmer sells at a low price 2. Stocker can skip a value creator for a large amount of money 3. Wholesalers earn twice more than the farmers. 4. The processor has the only authorization to export the product. 	<ol style="list-style-type: none"> 1. Ways to sell the product directly to the processor 2. Farmer can also sell to the wholesaler at the right price. 3. Farmers have the opportunity to sell directly to the domestic consumer.

Bangladesh – Pangasius case

Nice mapping. Unfortunately without numbers of challenges and opportunities indicated on the map. The mapping and the table are thus not linked, which is a pity.



CHALLENGES	OPPORTUNITIES
<ol style="list-style-type: none"> 1. Climate change 2. Salinity water 3. Quality seed 4. Quality feed 5. Diversified species 6. Flow of information 	<ol style="list-style-type: none"> 1. High market demand 2. Export prospect 3. Access of modern technology 4. Prospect of entrepreneurship development 5. Diversified by-products

Action planning

Strategic orientations

The different analyses, the sub-sector and value chain map and the identified challenges and opportunities allow for strategizing. In fact, the answers to the lead questions that were asked for the different analysis lead to strategic orientations.

After the analysis of products, markets, consumers and consumer demand, you were asked to formulate strategic orientations, at the end of worksheet 5.2:

What are promising PMC combinations / value chains? You can think of the following questions:

- Which products, markets and consumer segments are important and promising?
- Which specific PMC combinations (value chains) offer good perspectives for improved farmer performance and benefits?
- Which PMC's / value chains should farmers focus on? Why?

Promising Product-Market-Consumer combinations / value chains:

Also, after the analysis of value adding activities, transactions and transmissions and market relations and sales, you were asked to formulate strategic orientations for farmers' positioning in markets and along value chains, at the end of worksheet 5.3:

Value adding activities – what farmers could do

What can farmers do to add value to their primary produce? You can think of the following questions:

- For value adding activities that are done by farmers: Could farmers improve?
- For value adding activities that are done by others: Could farmers start doing it as well and compete? Could/should farmers collaborate with other operators?
- For value adding activities that are not yet done: Could farmers start doing it? Could farmers collaborate with others to start these activities?

Orientations for value adding activities of farmers and farmers' organisations:

Improving, transactions, prices, market relations and sales

What can farmers do to improve their position in the market? You can think of the following questions:

- What is the difference between the price the end consumer pays and the price the farmer received? Can farmers get a larger piece of the pie?
- Which value chain operators seem to be harnessing important net value (profits)?
- Considering the capacity, funds required and risks involved, could farmers operate better or smarter? Until what stage are farmers still the owner of the product? Can this be extended?
- Can market information and prospection be improved?
- Are transactions transparent, for instance weight?
- Can intermediary buyers/brokers be side-lined?
- Can farmers sell at higher value markets themselves?
- Can they consider organizing transport themselves?
- Can existing farmer-buyer relations be improved, can other marketing and sales modalities be considered, for instance contract farming?

Improving transactions, prices, market relations and sales:

Format for identifying practical options for action

For moving to action, it is important and useful to reflect about practical options for (collective) action that can be undertaken. Formats for two intervention areas (Post-harvest value creation and Market relations and sales) are suggested in the worksheet (5.4). They have the following outline:

Activity domains	Options for action for farmers and their organisation	Collaboration

Activity domains

The first column (activity domains) is a checklist that helps to consider a broad array of possible actions. The following activity domains are suggested:

Post-harvest value creation	Market relations and sales
<ul style="list-style-type: none">• <i>Analysis/prospection of value adding options</i>• <i>Drying</i>• <i>Threshing/winnowing</i>• <i>Cleaning/washing</i>• <i>Sorting and grading</i>• <i>Storing and conserving</i>• <i>Transporting / distributing</i>• <i>Home or local processing</i>• <i>Industrial or semi-industrial processing</i>• <i>Packaging / repackaging</i>• <i>Branding / labelling</i>• <i>Tracing / certifying</i>• <i>Putting by-products to value</i>• ...	<ul style="list-style-type: none">• Market information and prospection• Market segmentation• Price negotiation and transparency• Weight transparency• Transport (other market location)• Storage and conservation (other marketing moment)• Contract farming and outgrowing• Services to buyers (first sorting, grading, bagging, collection, loading, ...)• Product promotion / marketing•

The activity domains are suggestions. The list is not complete so others can be added. You can also decide to merge activity domains or to eliminate them when they are not relevant. Before identifying practical options for action, it is thus important to review the possible activity domains.

Identifying practical options for action for farmers and their organisation(s)

This is about operational action planning. FARE is about farmer agency, so the focus is on specific practical options for action that are possible for farmers and their organisations.

- In the field, the identification of practical options is best done with farmers, their organisations and relevant other actors. For assessing the feasibility of options, it is good to reflect how to organize collective action of farmers. This requires thinking about the governance, management and performance of farmers' organisations; required capacities for identified actions; possibilities to mobilize capital (internal capital mobilization, access to credit) and possible risks.

- In a training situation, it is good to brainstorm about options for action with course participants and to learn from experiences from different countries and cases.

Collaboration

Farmers cannot and should not work in isolation. Most actions require collaboration with others. In the same logic, practical activities of other actors (training from extension service, financing of agricultural sector, sourcing primary produce, ...) require collaboration with farmers. The format suggests to indicate the needs, possibilities and requirements for collaboration in the third column.

Actions needed for other intervention areas

The action planning concentrates on intervention areas 4 (Post-harvest value creation) and intervention area 5 (Market relations and sales). Often actions are also needed in other intervention domains. Some examples:

- Production factors and agro-inputs: Use of quality seed of specific variety to satisfy market and consumer demand.
- Agricultural practices: Respect of soil fertility and crop protection standards in order to qualify for certification.
- Agri-finance: Bank loan to cooperative for investment in processing unit.
- Enabling environment: Repair of bridge to make transport to market possible.

The overview of challenges and opportunities and options for action can be put in the following table.

CHALLENGES AND OPPORTUNITIES IDENTIFIED WITH SUB-SECTOR AND VALUE CHAIN MAPPING AND ANALYSIS		
Intervention areas	Challenges and opportunities	Options for action
<i>Production factors and agro-inputs</i>	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
<i>Agricultural practices</i>	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
<i>Agri-finance</i>	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
Post-harvest value creation	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
Market relations and sales	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
<i>Enabling environment</i>	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...
<i>FO Governance and management</i>	<ul style="list-style-type: none"> • ... • ... 	<ul style="list-style-type: none"> • ... • ...

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