

# Value Chains Studies and their Contribution to Rural Livelihoods

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*Exploring the questions that are typically addressed in a Value Chain Study and the approaches to conduct such a study, the article dwells on how these studies can be used to inform the engagement of livelihood practitioners.*

In PRADAN's approach to livelihood engagement, once communities have been mobilized, we engage with them to understand their context, resources and assets base as well as their aspirations with respect to livelihoods. To complement these discussions, we also conduct local area studies, which help us understand the household and village contexts, and the local markets for goods and services, and help us generate potential livelihood options. A local area study, in combination with community engagement, enables our professionals to generate a comprehensive set of livelihood options for a given community, and understand which of these have the highest potential in contributing to improving lives and livelihoods.

Once these high potential livelihoods have been clarified, the next step is to conduct a Value Chain Study. In this article, we explore the questions that are typically addressed by a Value Chain Study, the approaches to conduct such a study and how these studies can be used to inform the engagement of livelihood practitioners.

## **WHAT IS A VALUE CHAIN STUDY?**

A value chain is reflective of the complete range of activities required to produce and add value to a product or service, from its production through delivery to the final consumer. The details of value chains are all unique to their corresponding product or service but would typically include consideration of its conception/design, inputs, financing, production, packaging, transportation, marketing and distribution, as well as value addition at all stages. The objectives of a Value Chain Study may vary, depending on the context; however, in PRADAN's context, there are three things we typically hope to accomplish in conducting such an analysis.

- ♦ Build a robust, common fact base and perspective on the potential and the opportunities for a given value chain for PRADAN staff, the communities and the relevant value chain stakeholders.
- ♦ Engage communities and the relevant value chain stakeholders to set overall priorities for a given value chain.
- ♦ Ensure the best possible livelihood intervention outcomes in a given value chain for the community.

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The objectives, along with the context, will shape both the questions that we seek to answer in conducting a Value Chain Study and how we conduct the study. Although the specific questions that a study seeks to address will vary, depending on the context and objectives, there are at least three critical issues that are important to address if one seeks to develop a robust perspective on the potential and opportunities related to a given value chain: market attractiveness, smallholder suitability, and opportunities and interventions.

#### **CONDUCTING A VALUE CHAIN STUDY:**

##### **LEARNING FROM THE FIELD**

PRADAN has conducted Value Chain Studies across many sectors of its engagement over the past few years, including of vegetables (tomato, cabbage), fruits (mango), livestock (goats, poultry), and forest products (lac). The broad approach to conducting a Value Chain Study involves three distinct phases: planning the study, collecting and analyzing information, drafting the report and developing an action plan.

Within this broad approach, professionals

who have engaged in past Value Chain Studies have identified several tips and lessons, which may be of use to colleagues who are embarking on new studies.

**Team composition:** Wherever possible, involve internal staff, community members or others, engaged in the value chain

interventions to conduct the study (versus outsourcing it to a third party) because the study will help these people develop relationships with key sector stakeholders and gain an in-depth understanding of the industry.

**End product:** Have a vision of the end product and key analyses upfront. Otherwise, you may collect data and information that will not be used, or you may find that once you have completed your data collection and interviews, you have failed to gather the necessary information. Work plan: It takes a lot of time to analyze information and develop insights once you have it. Make sure you allow for sufficient time to analyze, discuss, debate and syndicate (both internally and externally) beyond your data collection, interviews and field visits.

**Interviews:** Remember to prioritize your questions for each interviewer, based on her/his experience and perspective. Even if you have 50 questions, which of these are the most critical, to which this person can contribute real insight? Also, be sure to give any interviewee sufficient context to engage, and be mindful of her/his interest and biases as she/he shares information and data.

**Data collection and analysis:** Don't be afraid to estimate. If you are having trouble getting

data after sufficient research, chances are it is not available. So use your judgement to come up with a realistic approach to develop an estimate.

**Interventions:** Similar to our engagement with the community, value chain development is a long-term engagement. As you identify and prioritize interventions, try wherever possible to sequence them so that the team can focus on successfully implementing the highest potential priorities rather than trying to do all the things at once (which risks doing none of them well).

**Gender issues:** Given PRADAN's focus on women, it is important to explore gender roles and dynamics at different stages of the value chain. Are there specific segments of the value chain in which women are more or less engaged? Why? What are the implications of the different interventions for women? Are there ways to increase the benefits to women?

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### **HOW CAN VALUE CHAIN STUDIES HELP INFORM OUR WORK ON RURAL LIVELIHOODS?**

At the end of the day, in a PRADAN context, Value Chain Studies are only useful to the extent that their findings can be implemented for the benefit of our communities. It is, therefore, important that the study addresses the relevant questions or concerns of both the team and the community. The studies should be conducted in a manner that brings the team, the community and the relevant stakeholders together as part of the process so that once it is complete, it is possible to move forward. Done properly, the study should provide a map for a specific livelihood engagement over time—providing clear direction on the key issues of market attractiveness, the ability of communities to compete, and the corresponding intervention priorities and action plans over time.

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