Uses of the value chain approach in livestock and beef

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Value chain approach
What is it & when is it used?

Who has participated in a value chain workshop/analysis?

Different for different people

• Ask an economist

• A veterinary epidemiologist

• Development sociologist
“The value chain describes the full range of activities required to bring a product or service from conception, through production (involving physical transformation and inputs of services), delivery to final consumers, and final disposal after use.”
Forestry, timber and furniture value chain

- Activities in the value chain add value to the product
- Private sector actors do so to make an individual profit
- Public sector to benefit overall economic wellbeing (facilitate trade, comply with trade standards, certification, taxation, regulation)

For livestock

Products

For livestock

Domestic retail

Foreign retail

Consumers

Recycling

A handbook for value chain research. Prepared for the IDRC by Raphael Kaplinsky and Mike Morris
Economic analysis – Understand process, strengths, weaknesses, opportunities, considering the dynamic response of people & environment.

Value chains – chains that link production systems, markets and consumers.
Botswana beef value chain

PSDP: CDE/ITC project on value chains – Botswana beef value chain, Chatterji & - Hatzipetros, 2014
FAO-MoA Botswana agricultural value chain project, van Engelen, Malope, Keyser & Neven, 2013
Identifies & investigates:

- Bottlenecks
- Holistic strategies for upgrading
- Assesses how value in an end market is created by activities conducted by actors supported by service providers
- How actors are influenced by the business environment in which they operate
- Goes beyond linkages between suppliers and buyers
- Dynamic, evolving & reacting
- Focus on key growth and upgrading opportunities
Value chain analysis - purpose

Outputs

Strategic activity options for Botswana’s beef value chain

- Production
- Aggregation & Processing
- Marketing

Inputs → Production → Aggregation → Processing → Wholesale, retail distribution → Consumption

High priority:
- Production
- Aggregation
- Processing
- Wholesale, retail distribution

SYSTEMIC ISSUES

High priority:
Porter’s value system

For each step - Separate different aspects

- Supply (inbound logistics, operations, outbound logistics, marketing & sales, after sales)
- Transformation of inputs into outputs (production, logistics, quality & improvement)
- Support services (strategy, human resources, management, technology development & procurement)

Assess costs and profitability at each step
Porter’s value system

- Identify core competences -> outsource where not competitive
- Improve efficiency
- Identify where you have a competitive edge and maximise profits
- Identify other parties whose behaviour affects success
- Efforts to improve efficiency will not affect parts of chain in the hands of others
- Also true for national economic management – improving efficiency of a few firms may be unsuccessful if sector/economy wide inefficiencies
Value chain and risk analysis

Requires:
1. Value chain analysis
   - Understand livestock production systems
   - Who are stakeholders and how do they behave

2. Risk analysis
   - Evaluate disease risks and control measures within livestock production systems
   - Identify risk hotspots to target control efforts

FAO, 2011, A value chain approach to animal diseases risk management – Taylor & Rushton
Who is most important in the control spread of FMD?
Where to focus limited control resources for maximum impact?
Common grazing

Animal market
Other value chain approaches

- Value chain approaches also used for food safety assessment
- Chain of actors involved in creation of final product
- All can impact on quality of final product
- Safety/quality related to input costs (margins/profits?)
- Regulation important
- Dynamic
Food safety and animal disease risk management along beef value chain

Are actors likely to act as you would like?
What governs this? Are incentives sufficient?
Is regulatory enforcement adequate?
How will compliance be recorded & demonstrated to trading partners?

Thomson & Penrith, 2015, Guidelines for implementation of a value chain approach to management of FMD risk for beef export enterprises in Southern Africa. WCS-AHEAD
A (comprehensive) approach to assess a production process

- Involves consideration of inputs, services, actors involved in the process and the environment they operate in

- Understand how actors (consumers, regulators, producers, services) behave & why - and estimate how they would respond to changes

- Assess costs, efficiency and competitiveness of steps and how this effects final product value and profits

- May use value chain approach to assess other things (hazards & risks)
Questions?
Suggested interventions are interlinked and address key constraints in the beef export value chain.