

WORKFORCE CONNECTIONS



Labor Market Assessment Tools

Value Chain Mapping¹

► Why is this tool important?

The Value Chain Mapping tool helps implementers and policymakers understand the systemic competitiveness resulting from linkages between firms that increase efficiency in an economy.² The value chain approach was developed initially in agriculture marketing and later taught as an economic concept that has been used by agribusiness firms, development professionals, and academics. A value chain map shows the range of activities required to bring a good or service from conception to the end user and beyond, i.e.: design, input provision, production, marketing, and disposal. It helps implementers and policy makers understand how actors in an industry are related to each other; what their functions are; how they're organized into alternative channels of production and distribution, and how products or services move through these channels in a given economy. It can also help identify opportunities for youth to upgrade their skills within a sector. By identifying the nature of existing employment as well as possible investments in the value chain, a Workforce Overlay to a Value Chain Map adds an additional layer of analysis to give the user a sense of the current and future demand for skills in a sector. This tool ideally allows the user the best opportunity to identify a way to upgrade the economy while building a foundation for addressing future problems.³

► How does this tool help me understand information?

The purpose of the Value Chain Map is to show how a particular product flows through different production channels at the country level, and to identify constraints and opportunities for improving the performance of each channel at different levels of the chain throughout the life of a product.⁴ The Value Chain Mapping tool is an analytical overlay of a value chain that allows the user to define the key jobs in the chain, use visual markers for identifying entry points for key skill sets needed, and identify where to implement skills upgrades to maximize resources available, such as through formal or technical education, or vocational training.

This exercise should answer the following questions:

- What products, services, and processes exist in the value chain?
- Who are the key players involved? Diagram should demonstrate interdependency between actors and processes in the value chain.
- How is the product/service reaching end markets? Diagram should help identify constraints and possible solutions at different levels in the value chain.

¹ This tool was produced through the Workforce Connections project funded by the USAID Office of Education and managed by FHI 360 under the FIELD-Support Leader with Associates, with the assistance of Clare Ofodile. See <http://www.wfconnections.org> for more information. Draft version: 3/10/2016.

² Steen, Cynthia, Rich Magnani, and Lara Goldmark. 2005 "Competitiveness Strategies for Agriculture-Related MSES: From Seeds to Supermarket Shelves." USAID. MicroREPORT #37 P 10.

³ Williams, Louise D. 2012. "TRAINING FOR THE WORLD OF WORK: A VALUE CHAIN APPROACH." *The Jobs Challenge: Fresh Perspectives on the Global Employment Crisis*. (Vol 15: 1).

⁴ Ibid.

- What market channels are available to reach those end markets? Diagram should provide visualization of networks to get a better understanding of connections between actors and processes.

► **How do I use this tool?**

Steps to create the value chain map:

1. Map the core processes in the value chain
2. Identify and map the main actors in the process
3. Map flows of products or services
4. Map relationships and linkages between value chain actors

Reading the Value Chain Mapping Tool:

Begin at the base, which represents the entire country market for a good, with different channels in which the good is produced. In the figure below these channels are 'Artisanal/Homemade,' 'Small and Medium,' 'Large,' and 'Imported', allowing users to identify horticulture sector opportunities for youth in Zimbabwe. Beginning with the first stage of 'Inputs,' directly above the channels, the user then follows the products up as they move through a process of production and differing market actors in different stages. This process maps out the interactions between channels at each stage, both horizontally, and as the product progresses further, vertically. As the products move further up, constraints can be identified, and potential areas of opportunity to address these constraints are noted by the different arrows.

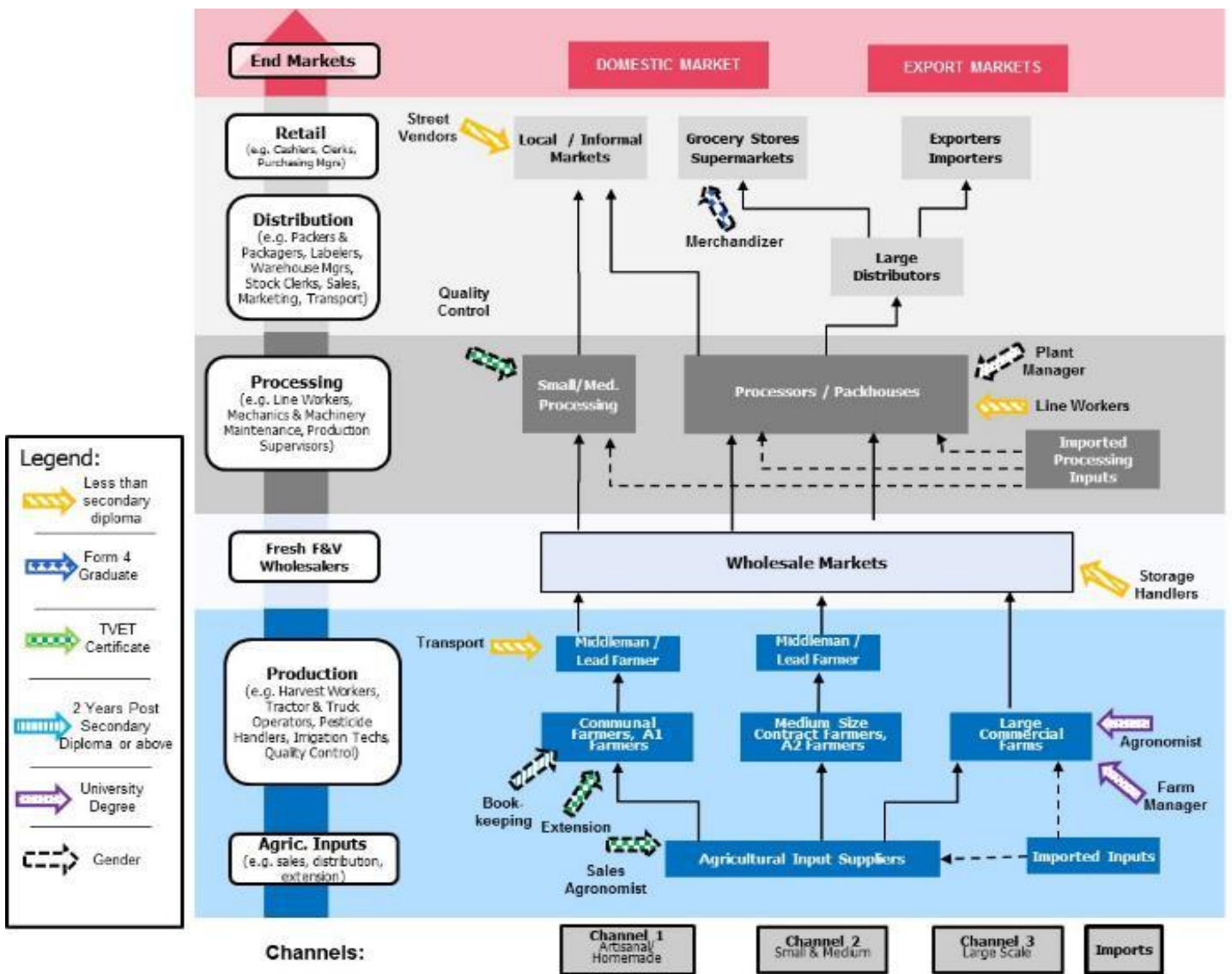
In this example, the different arrows of the overlay show entry points for potential youth employees. These entry points are jobs in the workforce with particular skills needs, which can be filled by the particular levels of education or abilities of youth workers. Entry points for youth are identified according to arrow patterns and color, indicating the education or training requirements needed for the position. In addition, a gender lens is included: arrows outlined in dotted lines indicate professions that industry experts consider to be particularly suitable for women as well as men (i.e. based on observed practice rather than traditional stereotypes). In this example, arrows in three channels signal possible job opportunities at different levels of the value chain (production, processing and retail) within the horticulture sector based on youths' education and qualifications.

► **Where can I find more information?**

The Value Chain Development wiki pages on USAID's Micro links site⁵ codify good practice in value chain development and emerging learning in inclusion market systems development, providing a wealth of well-organized background resources and tools as well as extensive in-depth, how-to, and application-specific information. The wiki is appropriate for audiences new to the value chain approach as well as those looking to deepen their knowledge.

⁵ USAID Microlinks Site: <https://www.microlinks.org/good-practice-center/value-chain-wiki>

Figure 1: Value Chain Map for Horticulture Detailing Opportunities for Youth in Zimbabwe



Source: Workforce Connections/FHI 360, USAID Zimbabwe Labor Market Assessment (2014).