

# Analytical Framework for Pro-poor Mountain Value Chains

The following analytical framework provides a way of improving understanding and comprehension of the mountain specificity of mountain value chains. It is crucial to understand the magnitude and integrated aspect of the mountain specificities of value chains in order to select the right chain and the right strategic focus.

## Understanding the Level of Mountain Specificity of Mountain Value Chains

The mountain specific value chain framework (Figure 2) names five major mountain imperatives: unique/niche production; inaccessibility, fragility, marginality, and diversity. These are further clarified in Table 2, which summarises the main manifestation criteria of each. The level of mountain specificity of a value chain can be measured or rated by comparing with these criteria.

By rating mountain value chains using these criteria, it is possible to obtain a higher degree of clarity of the extent and individual dimensions of mountain specificities, which assists in choosing the right value chain and prioritising strategic interventions.

**Table 2: Rating mountain specificities by their core manifestation criteria**

Mountain specificity	Core manifestation criteria
Pro-poor growth opportunity through unique/niche products or services	<ul style="list-style-type: none"> <li>• Presence of unique/niche products or services due to highly location specific diversity (in the form of products, culture, or knowledge)</li> <li>• Equitable participation of poor/disadvantaged groups as producers or labourers</li> <li>• Potential for pro-poor income increase</li> <li>• Existence of backward linkages (in terms of both investment and knowledge transfer)</li> </ul>
Poor accessibility	<ul style="list-style-type: none"> <li>• Remoteness</li> <li>• Distance to markets</li> <li>• Efficiency of infrastructure</li> <li>• Weight/volume of products</li> <li>• Availability of communication infrastructure</li> </ul>
Fragility	<ul style="list-style-type: none"> <li>• Vulnerability to irreversible damage</li> <li>• Carrying capacity</li> <li>• Ability to resist drought</li> </ul>
Marginality	<ul style="list-style-type: none"> <li>• Linked to mainstream markets</li> <li>• Capacity to understand/ fulfil market demands</li> <li>• Negotiation capacity</li> <li>• Ability to bear with market risks</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>• Potential for economies of scope through diversified but interlinked activities</li> </ul>

Source: Adapted from Jodha 1992

## Choosing the Right Value Chain by Examining its Mountain Specificities

The first step in the value chain approach is to select the value chain to be optimised. Value chain manuals usually offer a set of generic questions to guide this selection process. However, in a mountain context, this process needs to be enhanced by reflection upon the mountain specificity of the potential chain. The mountain specificities and their core manifestation criteria (Table 2) offer a frame for this reflection process and guide the selection of the right value chain for the particular mountain context.

The mountain specificities are examined for each potential value chain by rating their respective core manifestation criteria. The rating is done by project staff using their subjective interpretation and comparing the different value chain criteria. A scale from +3 (very good) to -3 (not very good) is suggested. The mean of the core manifestations indicates the intensity of the positive or challenging elements of the respective mountain specificity. Table 3 shows an example. In one of the Hindu Kush-Himalayan value chain pilots in the uplands of Mid-Western Nepal, four products were pre-selected according to generic value chain criteria and suggested for value chain development. These four potential value chains were then examined according to their mountain specificities with the results shown in the Table.

The reflection process presented in Table 3 for each potential value chain enhances awareness of the relevance and integrated dimensions of mountain specificities. It gives a fair understanding of the strength of opportunities and challenges inherent in mountain specificities. Most importantly, by looking at individual criteria, implementers can see what the strong impediments are to the materialisation of pro-poor opportunities and whether or not the project has the means (in terms of time, human, and financial resources) to address these impediments.

Figure 3 presents the decision-making process to choose the right value chain in a graphical way. Most Hindu Kush-Himalayan value chains, indeed all the pilots, fit in the upper right-hand corner (high level of opportunities/uniqueness, but high level of mountain specific challenges/constraints). This is a typical scenario for promising high mountain value chains, and the use of mountain specific value chain strategies is pivotal to successful value chain development. The lower right-hand

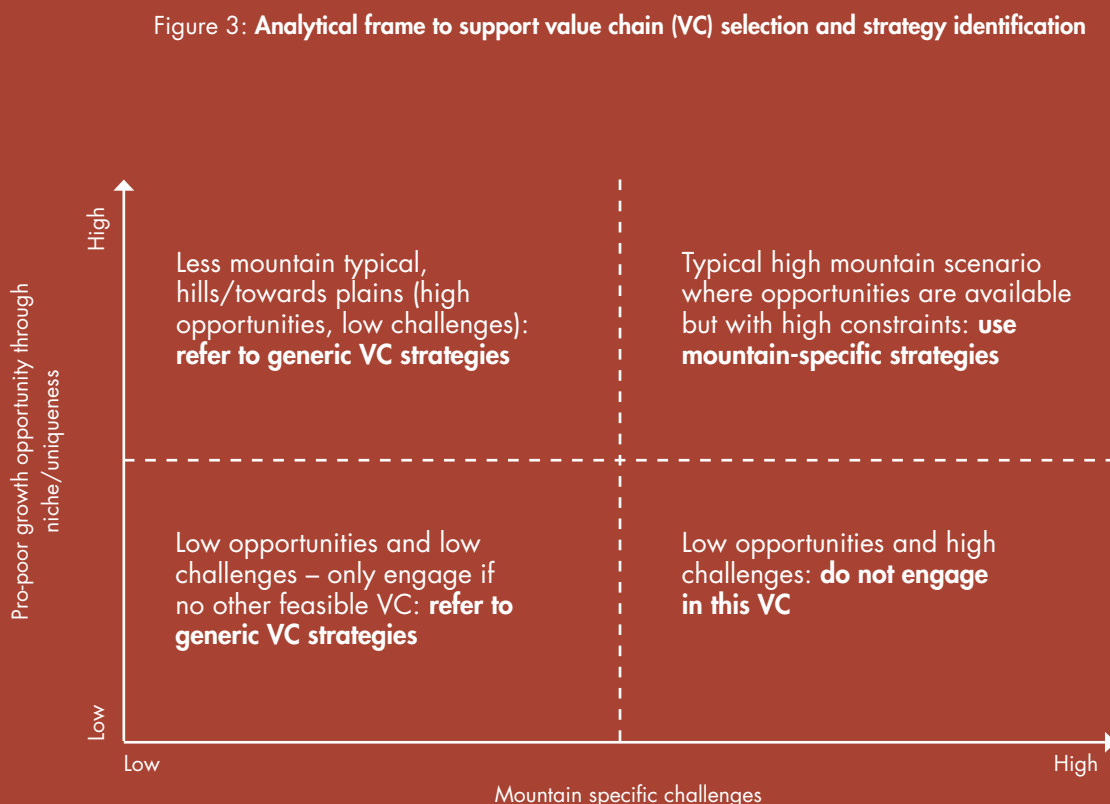


Table 3: Rating of mountain specificities for potential value chains in Mid-Western Nepal

	Potential value chain	Seabuckthorn	Lokta paper	Medicinal plants/herbs	Organic vegetables
	Criteria				
Pro-poor growth opportunity through niche/uniqueness	Uniqueness	+3	+1	+3	- 1
	Participation of poor	+3	+3	+3	+1
	Pro-poor benefits	+2	+1	+2	+1
	Backward linkages	0	+1	0	+1
	Mean	+2	+1.5	+2	+0.5
Accessibility	Remoteness	- 3	- 2	- 3	- 2
	Distance to markets	- 2	- 2	- 2	- 2
	Infrastructure	- 2	- 2	- 2	- 2
	Weight/volume	+2	+3	+2	- 2
	Communications	0	0	0	0
	Mean	- 1	- 0.6	- 1	- 1.6
Fragility	Vulnerable to irreversible damage	+2	0	-2	0
	Carrying capacity	+2	0	+1	- 1
	Drought resistant/water dependent	+2	- 2	0	- 1
	Mean	+2	-0.7	- 0.3	- 0.7
Marginality	Linked to markets	- 2	+1	- 2	+1
	Communities market capacity	- 2	- 2	- 2	+1
	Negotiating power	- 3	- 2	- 2	0
	Ability to bear risk	- 1	0	- 1	- 1
	Mean	- 2	- 0.75	- 1.75	+1
Diversity	Potential for economies of scale	- 2	+1	+2	0
	Diversified but interlinked activities (economies of scope)	+1	0	+2	+2
	Mean	- 0.5	+0.5	+2	+1

<sup>a</sup>See Table 2 for description of criteria

corner, on the other hand, shows low opportunities, but high mountain specific challenges. In this case, it is highly advisable to reconsider the selection of this specific product or service as long-term economic sustainability is unrealistic.

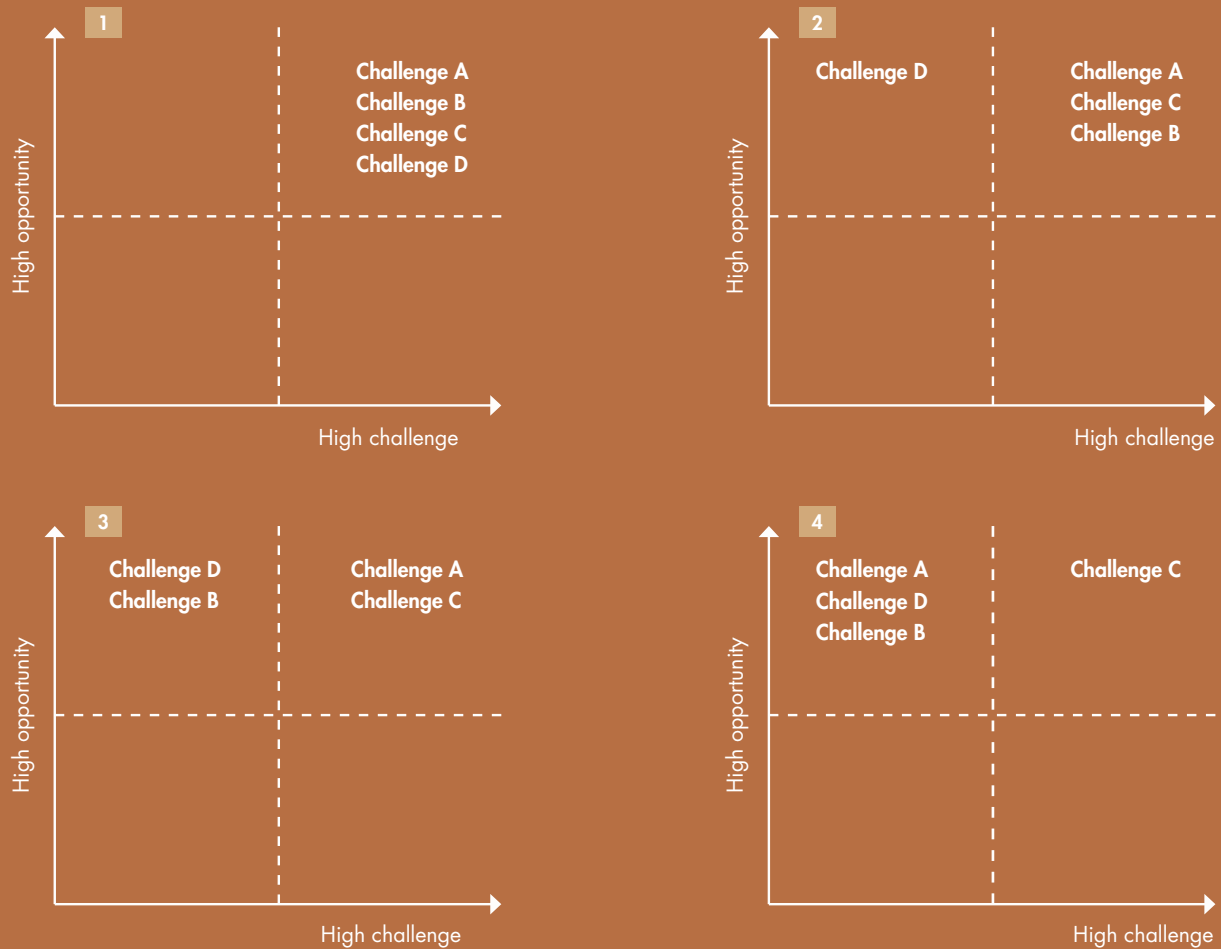
The best scenario is clearly the upper left corner with high profitability and low mountain challenges; however, this is rarely encountered in mountain areas. This scenario may be found in accessible hill areas with good linkages to rural-urban centres. Specific mountain value chain strategies are less necessary for this scenario as generic strategies are feasible. Finally, plots in the lower left corner are less representative of mountain value chains, and standard strategies are sufficient.

## Setting the Strategic Focus According to Prevailing Mountain Specificities

Once a value chain has been selected, the strategic focus needs to be chosen in accordance with the prevailing mountain specificities. Based on the pilot projects, different constellations of mountain specificities became visible. The selection and prioritisation of strategies strongly depends on these respective dimensions and the interrelationship between mountain specific opportunities and challenges. Several scenarios, from the strong prevalence of one mountain specificity to a balance of all, are possible. Figure 4 presents some possible scenarios.

All scenarios describe and compare the intensity of the four mountain imperatives: inaccessibility (A), fragility (B), marginality (C), and diversity (D), expressed as challenges that must be overcome to realise an existing mountain opportunity. As described in the previous section, all challenges should be, and are, opposed to a high level of opportunity in the form of unique or niche products or services with high pro-poor growth potential. The lack of such a comparative and competitive

Figure 4: Possible scenarios of mountain specificities within a mountain value chain



advantage would seriously place in question the long-term profitability of any value chain intervention. Scenario 1 describes a typical high mountain reality: although high mountains offer products or services with high market potential, they generally also bring with them a full set of mountain constraints. The graph shows the strong intensity of all four challenges, and that a full set of integrated strategies that address mountain challenges as a whole is required. Scenarios 2 and 3 are also observed throughout the Hindu Kush-Himalayan region. They represent mountain value chains in which only two or three mountain constraints are particularly relevant. In these cases, the strategic focus is set to overcome prevailing challenges. In scenario 4, only one challenge is particularly intense. This scenario was rarely observed in the Hindu Kush-Himalayan pilots, but would make the strategic orientation easier as efforts can be focused on this individual challenge.

The next section presents a strategic framework with specific suggestions according to the particular mountain context based on this analysis of mountain value chains and their mountain specificities.