



**INDUSTRIAL DEVELOPMENT ORGANIZATION
ORGANISATION DES NATIONS UNIES POUR LE DEVELOPPEMENT
INDUSTRIEL**

TERMS OF REFERENCE

VALUE CHAIN ANALYSIS OF WOOD SECTOR IN UKRAINE

**WITH FOCUS ON QUALITY, ENVIRONMENTAL, SOCIAL, SUSTAINABLE REQUIREMENTS AND ITS
COMPLIANCE INFRASTRUCTURE**

UNIDO PROJECT ID 180245

**Realizing export potential of the wood and processed wood value chain in Ukraine by strengthening
related quality infrastructure.**

1. General Background Information

The objective of the project is to strengthen quality and standards compliance services for Ukrainian wood and processed wood SMEs' and to promote the use of those services among the value chain participants to ultimately facilitate market access.

To work towards that objective project will focus on three complementary and reinforcing outcomes:

Outcome 1: Technical competence and sustainability of the Ukrainian NQIS that serve the selected value chain is enhanced.

Outcome 2: SMEs' awareness of the need to comply with international standards and technical regulations is enhanced.

Outcome 3: A culture for quality is promoted.

In alignment with the UNIDO approach to Quality Infrastructure strengthening, the project entails three coordinated components over a project life span of three years in line and cooperation with the Global Standards and Quality Programme (GSQP). The exact project structure and setting of the KPI and baselines is subject to further refinement at the Inception Phase.

The project will contribute towards Sustainable Development Goal (SDG) 9 on industrial development.

1. Objective

The objective of this ToRs is to obtain a value chain analysis of the Ukrainian wood sector with focus on quality, environmental, social, sustainability standards and regulations (market requirements) and the capacity to comply. The value chain analysis should:

- a) Document and trace the path by which wood products are produced in Ukraine and travel to the international markets;
- b) identify the capacities and the needs of the national quality infrastructure system in Ukraine along the value chain, specifically in terms of quality management/control, environmental, social, sustainable standards, requirements, regulations and issues along the value chain and the provision of local service conformity assessment delivery capacity (including standards development, inspection, testing, metrology, certification, accreditation and regulatory functions);
- c) identify business support associations, support schemes and institutions related to the value chain, existing role in the value chain, existing cooperation and linkages, and potential for improvement;
- d) identify the relevant market requirements (technical regulations and standards) and the demand driven quality related services (training sessions, training-of-trainers, advisory services, development of tools, strategic business plans, study tours, awareness raising activities, etc.) to strengthen the capacity of the sectoral business support associations and SMEs along the value chain and their understanding of the

need to comply with technical regulations and standards with the aim of supporting them to access markets;

- e) identify activities to raise quality awareness in the sphere of QI and access to foreign markets for the wood value chain and how to develop a culture for quality among all actors of the value chain;
- f) identify the change of value at each stage of the value chain and the leverage points within the export value chain that have potential to streamline the value chain by tackling quality management/control and sustainability issues, propose priority products with highest export potential and geographical focus (based on the outcomes from the mapping of the value chain actors and their geographical concentration), that will be followed on with the project activities

2. Scope of services to be provided

The study on the wood sub-sector will encompass the following:

- 1 An analysis of the global wood products market and opportunities.
- 2 An assessment of wood products in Ukraine
- 3 Prioritization of wood products for further in-depth study¹
- 4 A detailed mapping and performance analysis of the industries of the selected products and geographical focus
- 5 Leverage identification and recommendations.

The most important points are 2, 3 and 4; they will describe the current situation in Ukraine and will provide information that should uncover a number of specific opportunities to streamline the value chain and access new markets. For a more detailed description of the tasks and deliverables see Annex 1 and 2. The final report should include all items listed as expected results. Presentation of tables, graphs and figures is encouraged.

Strong support and validation from main stakeholders should be ensured.

UNIDO will organize two (2) validation workshops where the findings and proposed strategies will be discussed with all the relevant stakeholders. Comments from these workshops will be incorporated in the final reports which will be provided by the contractor. It is highly recommended to use national expertise to gather information and develop the analysis, guidance from an international expert is recommended.

3. Deliverables and General Time Schedule

The time frame needed for completion of the tasks will be agreed upon, but should be completed within three (3) months. The assignment would be completed on location as needed.

The expected deliverables consists of a report containing all the items detailed in Annex 1. All deliverables should be written in English.

Time Frame suggested:

Deliverables	Duration / Deadline
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¹ The exact number of products subject to in-depth study will be determined in consultation with the counterparts. However, in order to provide guidance it is likely that 4-6 different products will be selected.

1) Assessment of Wood Sector in Ukraine	5 weeks after start of analysis
2) Prioritization and selection of wood products for further in-depth study	5 weeks after start of analysis
3) Detailed mapping and performance analysis of the value chain of the selected products	8 weeks after start of analysis
4) Leverage points and recommendations	8 weeks after start of analysis
5) Final draft report including recommendations	12 weeks after start of analysis

The supplier should provide UNIDO with a detailed time frame.

4. Supervision and Reporting

The activities under this ToRs should be conducted and developed in close cooperation with the Project Manager and Project Associate at UNIDO HQ and under the direct supervision of the National Technical Advisor and National Project Assistant based in Ukraine. Progress reports (and/or progress meetings) should be submitted (planned) at the end of each month to monitor advance and identify delays.

5. Language Requirement

The working language for all the deliverables shall be English.

6. Content of the Technical Proposal

A technical and financial proposals should be submitted, as well as all supporting documentation supporting firm experience, as requested below.

The technical offer should include:

- Description of the work-plan and the approach for implementing activities of the ToRs listed in the scope;
- Identification of aspects of the survey that could add value that have not been included in these ToRs.

7. Qualifications Requirements and Evaluation Criteria

The supplier to be selected by UNIDO to undertake the above scope of work is required to be experienced in and have existing capability to undertake the activities outlined.

Following criteria will form the basis of the assessment:

- Practical experience in conducting value chain studies related to quality management, standards, Quality Infrastructure and private sector development in the last 3 years;
- Operational in the last 5 years;
- Previous work with an International Organization.

The team of experts should gather the following qualifications:

- Background in economics, wood and processed wood, and project management with min. 3 years' experience;

- Experience in conducting studies or research in Eastern Europe;
- Previous involvement in min. 3 projects/studies related to the implications of compliance with international standards for producers and SMEs in a developing country, to trade regulations, technical barriers to trade, standardization and conformity assessment;

The number of experts suggested shall be justified, showing why each of them is essential to complete the contract. A complete CV of the experts involved should be attached.

8. Recommended Table for Cost Breakdown

Item	Name and required parameters	Number of Working Days	Total item price	Remarks
			EUR	
1	Expert(s) required (fees)			
2	Travel/DSA required			
3	Miscellaneous			
	Sub-total:			
	Total price:			

Travel should consider participation of experts.

Annex 1

Detailed description of tasks and deliverables for the wood sub-sector

1) *Analysis of the Global Wood Market*

For Ukraine to position itself as an export country and be able to take advantage of opportunities it is important to understand the global wood trade flows importance to Ukraine, who the major players are and what makes them successful. In particular it will be important to identify potential markets of Ukrainian products and who the regional competitors are. An update of the Swiss Import Promotion Programme (SIPPO) report 2008 can serve as a basis.

Thus, for key products, the major markets, globally and regionally, should be identified along with the major exporting/importing countries. Ukraine's market share (if any) should be clarified including trends. The success factors behind leading exporting countries should be outlined.

Expected results (Deliverables)

A thorough trade and trade related analysis of selected products will be undertaken. This will cover the following parameters and relate the findings to the Ukrainian context:

- I) Global Production and Consumption trends of wood in general
 - Identification of countries who are the main actors (producers/consumers);
 - Identification of trade patterns in key Importing & Exporting countries;
 - Evolution of production and demand of all wood, from natural resource to the most added-value product (products which are the most demanded).
- II) Identification of demand/ supply patterns in leading producing and consuming countries
 - Identify steps in the process of production, selling and exporting in leading producing countries; and the process of purchase/ importation in leading consuming countries;
 - Identify the different requirements to comply with at every step of all demand/ supply patterns identified;
 - Type of requirements every actor of the value chain has to comply with to sell and to enter to different markets/countries (especially to the ones where consumption/importation is significant).
- III) Analysis of Exports & Imports for products important to Ukraine
 - Part of Ukraine's production in the world, type of goods produced, percentage exported, recipients of exportation (national, regional, international markets) for each wood product;
 - Analyse type of products, how there are produced, the number of producers (suppliers, producers, retailers);
- IV) Global Value chain analysis of products important to Ukraine in key trade countries
 - Identify products with good capacity to be exported to key trade countries (where the demand is high).
 - Identify the links in those products' value chains: what is the path that the product follows in similar exporting countries? What are the needs in terms regulations to comply with in order to export to the key countries?

V) Identification of key destinations and markets for exports, regulatory norms and voluntary standards in these countries.

- Which regulatory norms and which voluntary standards Ukraine needs to comply with to reach each key destination/market.

VI) Identification of market opportunities for Ukrainian wood products in importing markets regulated by various standards and regulations (quality management/control, environmental, social, sustainable)

2) *Assessment of wood sector in Ukraine*

The fundamental data on the sector performance needs to be systematically collected and analyzed. This will form the platform for further product prioritization (*see item 3*) and therefore it is vital that data are collected in a systematic way that allows for comparison between different products.

While extensive data has been collected in earlier studies there are still knowledge gaps that need to be filled for informed decision making. To address this, a value chain analysis is necessary, with the purpose of continuing where earlier studies have stopped. The value chain analysis will cover all actors including: input suppliers, different production systems (artisanal collection, cooperatives, federations, and industrial), processing, assembling, transport, storage, wholesale distributors, retail, exporters and end consumer.

In particular it should include support services regarding conformity assessment to ensure sustainability and quality performance of value chains. The performance (or lack thereof) of different service providers such as conformity assessment, R&D, extension service, marketing agents, ministries and others therefore needs to be carefully analysed.

In addition, the surrounding policy framework should be analysed. Whether policies / regulations are product specific or cross-cutting, positive and negative effects for the sector should be spelt out.

The total export market penetration will depend on all these issues and in order to develop strategies to improve the performance it is vital to understand where the bottlenecks are and how they affect the performance.

Expected results (Deliverables)

The **wood sector report** will contain the following: (Focus on Ukraine)

- I) Development profile of the sector with key indicators; enumeration of market size, contribution to GDP, employment & export of sector
- II) Analysis of trends of production, yields, pricing, processing, imports & exports of key products during last 10 years
- III) Outline of key players & markets (which company sells to which company?)
- IV) Assessment of impact of current trade & investment policies and regulations on the sector
- V) Assessment of impact of domestic regulations and enforcement at various stages of value chain
- VI) Analysis of available services such as quality assessment (testing, inspection, certification, etc), logistics, extension etc. and its impact on the sector performance
- VII) Analysis of business support organizations and SMEs along the value chain and the relevant market requirements that SMEs needs to comply with in view of accessing foreign markets

3) *Product Identification and Selection*

A product prioritization needs to be conducted. To ensure transparency in order to achieve an informed (not arbitrary) decision in prioritizing product groups with the highest potential for the country, a methodology needs to be agreed on and applied.

The envisaged methodology should contain four steps:

1. Development of selection criteria;
2. Approval of selection criteria by the key stakeholders;
3. Application of the selection criteria on the wood products in order to finalize the selection process;
4. Validation of product selection by key stakeholders;

Thus, a set of selection criteria needs to be developed together with UNIDO. These criteria should reflect a product's current and potential importance for domestic consumption and exports (scale of production, scale of exports), current and potential upstream/downstream processing (value addition vis-à-vis bulk commodity), short term impact potential, competitive advantage, potential for import substitution etc.

Approval of criteria should be sought by the main stakeholders to ensure a smooth application of the criteria at a later stage. Finally a validation workshop presenting the findings to the key stakeholders should be conducted. The selected product will then be subject to a more rigorous analysis (see item 4)

Expected results (Deliverables)
I) Develop product matrix for product selection.
II) Based on the analysis of key players and markets and the selection criteria, establish a product list for in-depth study.
III) Key stakeholders validate product prioritization at 1st workshop (organized by UNIDO).

4) *Detailed mapping and performance analysis of the value chain of the selected products and geographical focus.*

For each selected product the detailed mapping will aim to identify the extent to which side (suppliers/buyers) of the value chain is concentrated (or fragmented) and how is governed and the geographical concentration of that selected product; this will provide valuable information regarding the opportunities and constraints that exist for local actors (producers/growers) with respect to complying (or changing) to, quality management/control, environmental, social, sustainable standards and requirements.

The analysis should include list of major players with (volume) figures that will allow identifying market concentration (if any), geographical concentration (presence), infrastructure available (capacity), existing human capital, geographical extension, production quantities, and contributions from different actors, production destined to local and exporting market, destination of exports. Transaction cost and prices variations along the

value chain should also be included to the possible extent. The analysis should *clearly present who supplies to who and how much. Who are the major producers of the selected product in Ukraine? Who are the major buyers (and end markets) of the selected product in Ukraine?*

In parallel the analysis will also include the conformity assessment services required by each actor at each link/stage in order to comply with end-consumer requirements. The analysis will also include a description of the supporting and regulatory organizations, national and international, related to quality, safety, environmental and sustainability requirements as well as business support associations, support schemes and institutions related to the value chain. All references and mention of institutions and players must be accompanied with contact details.

Standard mapping:

QI Dimensions	Specific questionnaire
Metrology (legal, industrial and scientific)	<ul style="list-style-type: none"> Which are the metrology structures required (metrology/calibration) for the VC according to the identified standards?
Testing and calibration.	<ul style="list-style-type: none"> What are the required test, methods, etc. to comply with the identified standards? What are the structures required for the tests for the VC (Name, Localization, object of Activities, Number of employees)?
Certification (process, product and personnel)	<ul style="list-style-type: none"> What is the certification structures required for the VC? (i.e. accredited certification bodies for specific standards).
Inspection	<ul style="list-style-type: none"> Which inspection structures are required for the VC?
Accreditation (Laboratories, inspection bodies)	<ul style="list-style-type: none"> Which accreditation structure (Name, Localization) has accredited laboratories serving the selected value chain? According to the identified standards in 3.1? What are the accreditation requirements? (ISO 17025, ISO 17065, ISO 17020, ISO 17021, others)
Market surveillance	<ul style="list-style-type: none"> What is the market surveillance structure required for the VC? According to the standards identified
Quality service providers	<ul style="list-style-type: none"> What is the Quality service providers' structure required for the VC? According to the standards identified
Quality extension services	<ul style="list-style-type: none"> What is the Quality extension services' structure required for the VC? According to the standards identified
Traceability	<ul style="list-style-type: none"> What is the traceability structure required for the VC? According to the standards identified

Expected results (Deliverables)

A detailed analysis of the prioritized wood products value chains. The **wood value chain report** will include:

- I) A complete mapping of the existing actors including geographic distribution, number of employees, total annual output, value added, gross fixed capital formation and degree of export orientation; The detailed mapping shall aim to cover all actors including: input suppliers, different production systems (artisanal collection, cooperatives, federations, and industrial), processing, assembling, transport, storage, wholesale distributors, exporters/importers/marketers, retail, and end consumer (a table per linkage is suggested, see table in annex).
- II) The mapping of the existing actors should include the names of those actors (and if they are women-led and number of women in management positions), the name of their focal point, their address, role in the value chain, their part in the market, their competitors, their clients, etc.
- III) An overview of the performance of the processing industry in terms of capacity utilization, storage, logistics & marketing, labour productivity, technology & processes, waste material utilization and product quality, packaging & labeling; (a table per linkage is suggested).
- IV) Detailed identification of quality sustainability requirements by each actor along the value chain and the (national or international) institutions that support or regulate such requirements (see table in annex).
- V) An analysis of the value chain business support institutions regarding support quality services. The analysis contains their scope of activities offer vs. demand and current capacities and limitations (see table in annex).
- VI) Identify the level of commitments of producers and buyers regarding social, quality, environmental and sustainability requirements. (opportunities)
- VII) Identify current programmes or projects (developed by NGOs, local and foreign governments, agencies, etc) involved in promoting the value chains of the selected products including the major partners, geographical area, scope of the intervention and major activities, duration, etc.
- VIII) Identify the institutions that supply human capital to each of the actors. Where do the majority of the workers get their skills and degrees (study if so)? What are the main educational institutions that prepare individuals that affect the value chain?
- IX) A graphical representation of the value chain using nodes to identify each actor and the values of average production, price increase, capacity, volume, etc as linkages between nodes. This will serve as a basis for mathematical modeling, mathematical optimization and decision making (operations research).

4) Leverage points and recommendations

The above value chain study should uncover a number of new market opportunities for the selected value chains. The information gathered should allow us to identify the relative leverage of each of the actors in the value chain of the selected products and thus identify opportunities where developing new strategies for increasing the quality, safety and sustainability of the value chains may have the most impact.

A PEST analysis for the sector at large and SWOT analyses for the selected products is required.

As far as possible, an outline of each link in the chain should be provided, listing the opportunities for improving the overall performance of the sector, with special attention to export. These opportunities may be related directly to the compliance of specific requirements (quality, environmental, social, sustainability standards and regulations) by processors / markets.

A series of linked recommendations to capitalize strengths and reduce weaknesses minimizes threats and exploits opportunities. Recommendations should be clear in terms of defining target group (actors) carefully identifying strategic points of influence along the supply chain with high leverage. Each recommendation should present evidence drawn from the previous analysis and be accompanied with concrete activities for implementation.

Expected results (Deliverables)
I) Determine the relative leverage of each of the actors (its weight/influence in the sector).
II) Assessment of political and economic stability of the country along with social and technological status of Ukraine that affect the wood sector.
III) Identification of key strengths, obstacles, challenges weaknesses opportunities, threats, competitive advantages, regulatory issues and gaps for the selected products and their geographical focus in Ukraine.
IV) Recommendations to capitalize the strengths to reduce the weaknesses minimize the threats and exploit the opportunities.
V) Prioritization of the recommendations based on impact and input of resources.
VI) Based on the analysis, identify root causes that inhibits growth of the industry as well as opportunities for product/process upgrading and/or product diversification, particularly with respect to conformity with export requirements.
VII) A presentation explaining the process followed for the development of this study and the recommendations.

Annex 2

Value Chain		
	Entrants	
Actors	<p>What are the key actors, especially business support institutions and SMEs (Names of key actors including suppliers of entrants, producers, wholesalers, retailers and distributors, their physical localization and the object of their activities) that are involved at this step? What are the characteristics of the business support organizations (type of product or services they serve, capacity of their service? Within the value chain who do they provide assistance to and what is the geographical focus?)</p>	<p>Who are the keys actors (Names of key actors, their localization and the object of their activities) that are involved at this step? Contact points of key actors. What about their characteristics (Type of enterprises: producer manufacturers, , transporters, packagers, women-led or with women in management positions etc...).</p> <p>What are the needs of the business support associations and SMEs (training sessions, training-of-trainers, advisory services, development of tools, strategic business plans, study tours, awareness raising activities, etc.) to comply with market requirements and how to strengthen their capacity to access markets</p> <p>Type of entrants used, market share, the repartition of their capital (National/International), capacity of production, actual level of output, type of products and price estimated number of employees.</p> <p>Within the value chain who do they provide support to? What are the quantities exported and the total amount of the exports (if so, by key actors)? What are the destinations of products? And What are the principal customers at the international level (Names, nationality, quantity and the object of their activities)?</p>
Standards and Regulations	<p>What are the international regulations enforced at this step for the entrants? What are the International standards and regulation (ISO standards, Private Standards...) that can be applied at this step of the value chain?</p>	<p>What are the standards required and regulations at this step? What are the International regulations and standards (ISO standards, European Regulation, American Regulation, Private Standards...) by categories (Product standards, process standards, management standards, Private standards :quality, social, environment), enforced at this step of the value chain?</p>
	<p>What is the national standardization body (Name, Localization) required at this step and its number of employees? What law or decree has enabled the creation of this institution? What are the services provided (standards development, trainings, awareness, etc) by the standards body to the actors in this step. Are there technical committees in place to develop/adopt standards?</p>	<p>What is the actual situation of the national standardization body (Name, Localization) at this step and its number of employees? What law or decree has enabled the creation of this institution? What are the services provided (standards development, trainings, awareness, etc) by the standards body to the actors in this step? Are there technical committees in place to develop/adopt standards related to this step of the value chain? What are the private structures (Names) that use these standards?</p>
	<p>What are the intervention priorities to tackle concerning this dimension at this step? What are the constraints?</p>	<p>What are the intervention priorities to tackle concerning this dimension (standards and standardization) at this step? What are the constraints?</p>
Certification capacity	<p>What are the certification structures required at this step? What is the situation concerning private Certification (International), ISO Standards for Certification related to this step of the value chain?</p>	<p>What is the certification structures required at this step? (i.e. accredited certification bodies for specific standards). What is the situation concerning private certification (International), ISO Standards for Certification related to this step of the value chain? What are the other international standards related to certification (Product certification, process certification, management system certification, private standards certification)?</p>

	<p>Concerning the local context, what are the existing structures of certification (Name, Localization, and types of Certification) and the other services provided by the certification bodies (as trainings, awareness ...)? Which accreditation structure has accredited each certification structure?</p>	<p>What are the existing certification structures (Name, Localization, types of Certification/ accreditation, Number of employees) What are the other services provided by the certification structures (as trainings, awareness ...)? Number of trainings made for employees, trainings objects and the training supplier) What are the local standards related to certification (Product certification, process certification, management system certification, private standards certification). Based on the identified actors who is certified (enterprises, association, and type of certification: quality, social, environment ...) at this step and who just follows the standards? Which is the structure that certified (Names, nationality and the object of the certification) each actor quoted here (to be specified clearly)?</p>
	<p>What are the intervention priorities to tackle concerning the certification capacity at this step? What are the constraints?</p>	<p>What are the intervention priorities to tackle concerning the certification capacity at this step? What are the constraints?</p>
Inspection Capacity	<p>Which inspection structures are required at this step of the value chain? What are the International Standards, ISO Standards related to Inspection at this step of the value chain?</p>	<p>Which inspection structures are required at this step of the value chain? What are the International Standards, ISO Standards related to Inspection at this step of the value chain?</p>
	<p>Concerning the sector, what are the local existing inspection structures (Laboratories, Name, localization, inspection norms, Number of employees) that intervene at this step of the value chain? Which accreditation (Name, localization) structure has accredited this inspection structure?</p>	<p>Concerning the sector, what are the local existing inspection structures (, Name, localization, inspection norms, Number of employees) that intervene at this step of the value chain? Which accreditation (Name, localization) structure has accredited this inspection structure? Based on the identified actors who is inspected (enterprises, association ...) at this step? Which is the structure that inspected (Names, nationality) each private structure quoted here (to be specified clearly)?</p>
	<p>What are the intervention priorities to tackle concerning the inspection capacity at this step of the value chain? What are the constraints?</p>	<p>What are the intervention priorities to tackle concerning the inspection capacity at this step of the value chain? What are the constraints?</p>
Metrology Capacity	<p>Which are the metrology structures required and at this step of the value chain? What are the International Standards like ISO Standards related to Metrology?</p>	<p>Which are the metrology/calibration structures required and at this step of the value chain?</p>
	<p>What are the local metrology structures (Name, Localization, number of employees) at this step? Which accreditation structure has accredited this quality structure?</p>	<p>What is the local metrology structure (Name, Localization, type of materials used, object of Activities, Number of employees and number of trainings made for employees, trainings objects and the training supplier) at this step and this level? Which accreditation (Name, localization) structure has accredited this metrology structure? Based on the identified actors, which is the metrology structure (Names, nationality) that has calibrated each key actor quoted here (to be specified clearly)?</p>

	What are the intervention priorities to tackle concerning the metrology capacity at this step of the value chain? What are the constraints?	What are the intervention priorities to tackle concerning the metrology capacity at this step of the value chain? What are the constraints?
Testing capacity	What are the structures required for the tests (Name, Localization, number of employees)? What are the types of tests performed at this level (name and definition of each test)? What are the existing Standards (International, ISO...) related to these tests at this step?	What are the structures required for the tests (Name, Localization, object of Activities, Number of employees)? What are the tests performed at this level (name and definition of each test)? What are the Standards (International, ISO...) related to these tests at this step?
	At the National level, what are the existing structures (Laboratories or other, Name, Localization, Number of employees) that perform these tests?	At the National level, what are the existing structures (Laboratories or other, name, Localization, Number of employees,) that perform these tests? Which accreditation (Name, localization) structure has accredited this testing structure? Based on the identified actors, which is the laboratory (Names, nationality) that is doing the tests for each actor quoted here (to be specified clearly)?
	What are the intervention priorities to tackle concerning the testing capacity at this step of the value chain? What are the constraints?	What are the intervention priorities to tackle concerning the testing capacity at this step of the value chain? What are the constraints?
Technology	What are the most performing technologies that can be used at this step? For each actor identify, which kind of technology is used for the production at this step of the value chain?	What are the most performing technologies that can be used at this step? For each actor identify, which kind of technology is used for the production at this step of the value chain?
Current Programmes and Projects	Is there any ongoing project from NGOs, local and foreign governments, (UN) agencies, etc. at this step of the value chain? If so, what are the objectives of the projects and who is responsible for the project implementation?	Is there any ongoing project from NGOs, local and foreign governments, (UN) agencies, etc. at this step of the value chain? If so, what are the objectives of the projects and who is responsible for the project implementation?

I. Elements to deepen and structure the VC analysis:

The analysis below refers to the value chain of wood sector in Ukraine.

1. Value Chain Description	
<p>1.1 Specificities and stages of the value chain</p> <ul style="list-style-type: none"> - Types of operations in the VC: supply/production, processing, market distribution² - Mapping of actors in the VC: production, middle-man, processing/transformation, distribution, marketing, sales - Structure of the VC (e.g. the individual sub-processes in the VC are necessarily sequential - as in commodities or garment VC, or the sub-processes are undertaken in parallel) - In which sub-processes does value addition mainly take place? (e.g. processing, branding, retail, etc.) <p>=> <i>possibly presented as a flow chart - example below of tomatoes VC</i></p>	
1.2 Existing opportunities for developing this VC, deriving from natural resources, history, tradition and culture, local demand, opportunities for exports, traditional workforce skills etc.	
1.3 Value Chain mapping (actors, products and geographical distribution)	

2. Value Chain Potential	
<p>2.1 What is the potential for job creation in the country (and region) if the development and upgrading of this VC is supported?</p> <ul style="list-style-type: none"> • <i>Job creation (net, ST/LT, decent)</i> 	
<p>2.2 What is the contribution of the VC to sustainable economic growth?</p> <ul style="list-style-type: none"> • <i>What is total production?</i> • <i>How does it compare worldwide/regionally?</i> • <i>Contribution to GDP?</i> • <i>Domestic Resource Cost ratio</i> • <i>Is the product in competition with other producers in the region and how does it compare in terms of production cost and access to markets?</i> 	
<p>2.2. What is the potential in terms of increase of capacity and of productivity? What is the potential for attracting additional investments in this VC?</p> <ul style="list-style-type: none"> • <i>For example looking at capacities at factory/farm level.</i> • <i>What is productivity rate (high/low) and what is the potential for increasing productivity?</i> • <i>What is the level of investment (domestic/foreign) in this VC and what is the interest of investors for this VC?</i> 	
<p>2.3. What is the potential in terms of value addition (local value added at national + regional level/ in view of creating a regional VC)?</p> <ul style="list-style-type: none"> • <i>Total value added</i> • <i>Potential for income increase per VC actor (distribution of benefits)</i> • <i>Potential for upgrading of products (improved quality, differentiation, niche products) and upgrading of processes (improving productivity or efficiency)</i> • <i>Potential for functional upgrading of the VC, i.e. moving up to sub-processes in the VC with higher value added such as processing, branding, design, retail etc</i> 	
<p>2.4. What is the demand at domestic/regional level?</p> <ul style="list-style-type: none"> • <i>Domestic market / regional market / EU market demand (trends)</i> 	
<p>2.5. What is the potential for increased exports (neighbouring countries, regional market, towards EU or other markets)?</p> <ul style="list-style-type: none"> • <i>Proportion that goes to export (and to the EU)?</i> • <i>Opportunities deriving from EPAs and other trade arrangements (notably regarding market access to EU, regional markets or other markets): tariff preferences, preferential rules of origin.</i> • <i>Potential for decreasing import.</i> 	

² Includes imports and exports by products and to which regions

2.6. Is the VC socially sustainable? <ul style="list-style-type: none"> • <i>Gender Equality: participation in VC, access to resources, decision-making, empowerment, division of labour</i> • <i>Social Capital: producer organisations, information and trust, social involvement</i> • <i>Land and Water Rights: voluntary guidelines, transparency and consultation, equity and compensation</i> • <i>Working Conditions and social protection: labour rights, child labour, job safety, attractiveness</i> • <i>Living Conditions: health services, housing, education</i> • <i>Social inclusiveness: Youth ; Gender-Based Constraints ; Multi-stakeholder approach and dialogue with local/national authorities, private sector, producers associations, consumers, civil society, etc.</i> 	
2.7. Is the VC environmentally sustainable? <ul style="list-style-type: none"> • <i>water and land use</i> • <i>soil degradation</i> • <i>eutrophication</i> • <i>resource depletion</i> • <i>use of chemicals/pesticides, presence of toxic material and release of carbon equivalent</i> • <i>biodiversity</i> • <i>human health</i> • <i>ecosystem quality</i> 	
2.8. What is the carbon footprint of the VC? <ul style="list-style-type: none"> • <i>Production, Processing, Transport, Retail</i> • <i>Contribution to mitigation</i> • <i>Contribution to adaptation</i> 	
2.9. Is the VC analysis coherent with the government priorities? (<i>If yes, how?</i>)	
2.10. Is the VC analysis coherent with the interests and demands from the private sector? (<i>If yes, how?</i>)	

3. Constraints to VC development and upgrading, and examples of operational actions that should be undertaken to tackle these constraints	
Legal, policy framework/general business environment constraints	
Infrastructure/Transport	
Logistical, trade barriers	
Energy supply/access	
Access to finance	
Land rights and access to land	
Skills	
Cultural (norms and values)	
Competition over resources/Conflict	

II. Coherence with the EU policy framework and national priorities

4. Is the proposed support to the VC in line with the new European Consensus on Development?	
4.1 Does the envisaged support to the selected VC:	If yes, how?
Improve resource efficiency?	
Decouple growth from environmental degradation?	
Promote sustainable consumption and production?	
Reduce vulnerabilities?	
4.2. Will investments be undertaken:	If yes, how?
In partnership with local enterprises and actors?	
In respect of land rights	
In respect of labour rights	

5. Does the intervention adhere to the principles of the EU's engagement with private sector³?	
	Please explain where relevant
5.1. <i>Measurable development impact</i> : Does the support to a private enterprise or financial intermediary contribute in a cost-effective way to the achievement of development goals (i.e. new European consensus with emphasis on resilience, gender and inclusive green economy)?	
5.2. <i>Additionality</i> : Would the private enterprise undertake the action or investment without public support, on the same scale, at the same time, in the same location or to the same standard? (the supported action should not crowd out the private sector or replace other private financing)	
5.3. <i>Neutrality</i> : Will the support given distort the market and will it be awarded through an open, transparent and fair system? Will it be temporary in nature with a clearly defined exit strategy? If the support is justified by market failure and consequent risk, will it have the effect of discouraging regulatory reform efforts addressing the causes of market failure?	
5.4. <i>Shared interest and co-financing</i> : Will partnerships with the private sector be based on cost-effectiveness, shared interest and mutual accountability for results? Will the risks, costs and rewards of a joint project be shared fairly?	
5.5. <i>Demonstration effect</i> : Will the intervention have a clear demonstration effect that catalyses market development by crowding in other private sector actors for the replication and scaling-up of development results?	
5.6. <i>Adherence to social, environmental and fiscal standards</i> : Are private enterprises receiving support able to demonstrate that their operations are compliant with environmental, social and fiscal standards, including respect for human and indigenous rights, decent work, good corporate governance and sector-specific norms?	

6. Country coherence	
Is the intervention	If yes, how?
6.1. In alignment with the country strategic objectives?	
6.2. In alignment with the ongoing EU portfolio?	

³ In line with the European Commission Communication COM(2014)263 "A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries".