



## TIER 2 INDICATOR TECHNICAL NOTE

### ***SUPPORT TO OPTIMISE SUPPLY CHAIN DEVELOPMENT***

Number of market actors in key economic sectors supported to expand market access and/or improve supply chain resilience.

Last updated: March 2023

### **DEFINITIONS**

This indicator is intended to capture both the number and qualitative examples of partners supported in the development of their supply chain in key economic sectors, towards the broader objective of sustainable and inclusive economic growth.

**Supply chains** for the purposes of this indicator, refers to a system that connects the movement and distribution of goods and services from their point of origin from a producer or supplier (both domestic and international) through processes of services and manufacturing which may include processes of packaging, transportation and distribution that allow the flow of goods and information.

**Support** means technical or material support in a project intervention made on behalf of the Australian government for the purpose of developing or upgrading supply chains of firms in key economic sectors.

**Development of supply chains** is defined as the extension or upgrading of a supply chain, at one or more point along the supply chain. The economic perspective of **upgrading a supply chain** is associated with moving into higher value-added stages of production and distribution that has the potential to increase firm revenues and employee incomes.

**Expansion of market access** includes increasing supply chain linkages both domestically and internationally as well as increased incorporation of actors along the supply chain from the point of production to the distribution.

**Market actors** are **partners** that support expanded market access could include both public, private, and not-for-profit entities. Examples could include: firms or businesses, government ministries, NGOs providing logistical support, seed distributors, farmer extension service providers, local charities.

**Economic sectors**, such as agriculture, contribute a significant percentage to global domestic product (GDP).

**Sector type** is categorised for the purposes of reporting as follows:

- **Primary sector:** businesses directly engaged in activities utilising natural resources, such as mining and agriculture.
- **Secondary sector:** businesses that produce goods derived from products within the primary sector, including manufacturing.
- **Tertiary and quaternary sectors:** business activities in services and the knowledge-based economy including retail and information technology.

Reporting data can provide an indication if an economy is expanding or contracting and provides longitudinal evidence of how project interventions are contributing to economic growth.

**Supply chain resilience** is the ability of the supply chain to prepare for unpredicted interruptions and respond and recover to disruptions by continuing normal operations at the desired level of connectedness and control over key functions (Rice and Caniato, 2003; Ponomarov and Holcomb, 2009; Singh et al., 2019).

## SCOPE

This indicator measures partners who have been supported in a given year to develop their supply chain to develop links both domestically and international to expand market access and boost resilience. This is not a measure of total number of customers for a financial or business development service provider.

If a firm delivers financial services and business development services in combination, care should be taken to **count beneficiaries only once**.

### *INCLUDES:*

- Market actors who have receive technical or operational support to expand market access and increase resilience through the development of their supply chain in key economic sectors both domestically and internationally.

## CALCULATION METHOD

Reporting can be undertaken by bilateral, regional, global, or multilateral programs.

Reporting under this indicator will count the **number of key market actors supported in the development of their supply chain through technical advice or specialised inputs<sup>1</sup>** under the relevant project or investment and may include narrative or qualitative examples. Reporting will also count **the number of market actors in key sectors where supply chain development has led to (i) expanded market access, and (ii) increased resilience**.

Narrative examples reported under this indicator will be sought according to sector type (primary, secondary, tertiary), whether the agreement refers to a supply chain within or between countries, and whether it supports the movement of goods or services.

Volumes of goods and other quantitative data are not required, except where the data may be relevant to the examples provided.

Where reporting is at the country level, this will incorporate any partnerships made at sub-national and/or local authority levels. To avoid duplication of reporting it is important to provide adequate clarification in the example.

### **Calculation guidance:**

Where an investment is funded by other parties in addition to DFAT – such as partner governments, other donors, multilateral organisations or other Australian Government departments and agencies – the result should reflect a pro-rata share of DFAT’s funding relative to the total funding. This should be based on Australia’s share of the total investment value in the reporting year. The following key factors and example should be considered when calculating Australia’s pro rata contribution to results:

- a. The total value of the investment (this represents the total of all donor/contributor amounts) for the reporting year – for example, AUD10,000,000
- b. Australia’s percentage share of the total value of the investment for the reporting year (calculated in the same currency) – for example, Australia provided AUD2,000,000 in the reporting year.  $2,000,000/10,000,000 \times 100/1 = 20\%$
- c. Total number of partners supported (by all donors) in the reporting year – 2,500
- d. Australia’s pro rata share of the total number of supply chains or market actors supported for the reporting year –  $20/100 (20\%) \times 2,500 = 500$

<sup>1</sup> This may include innovative technical inputs such as smart phone-based supply chain management tools like digital financial services; or support for the integration of agritech into their smallholder supply chains (such as those seen in MDF).