

## **Improving the Inclusiveness of Agricultural Value Chains in West Africa: The Role of Market Segmentation and Emerging Sub-Channels**

### **Project Description**

Agricultural supply chains in West Africa (WA), as in other areas of the world, are changing in response to globalization and increasingly urbanized local populations. These changes may provide new opportunities for smallholder farmers in WA to increase market linkages, reduce risks and ultimately raise incomes either through selling their output through these value chains or through working in the off-farm segments of the chains. On the other hand, the increased demand for quality and traceability in many value chains can create incentives for firms to contract exclusively with larger, better financed farms and hire a more educated labor force. These incentives work against inclusion of IFAD's main target groups—the poor, women, and youth—in the more dynamic value chains. IFAD recognizes the potential for value-chain approaches to stimulate more rapid agricultural growth but also the risk that such growth might bypass the main groups it seeks to help. It therefore is partnering with the Food Security Group of Michigan State University to conduct a program of research and outreach in West Africa to identify key design factors that can make agricultural value chains in the region more inclusive of the poor, women, and youth while still remaining competitive.

The overall objective of this project is to increase the effectiveness of IFAD-financed support to value chain development in increasing the incomes of the rural populations, particularly poor smallholder farmers, women, and youth. Specifically, this project aims to:

- Identify policies and investments through which IFAD support can foster inclusive value-chain development, particularly of rice in Mali and Guinea, cassava in Benin, and horticultural products in Mali.
- Strengthen local capacities to continue application of high-quality research methods in support of policy and investment planning and assessment.
- Make the results and findings available to country and regional stakeholders, particularly those well-positioned in the private and public sector to enhance the inclusiveness of smallholder farmers in the value chains.

Michigan State University (MSU) has a long-established program of analysis of the agricultural economies of Africa. Specific programs focus on issues of poverty, markets, environment and food security. In all three countries, MSU anticipates working with local partners such as the national agricultural market information systems, research institutes, and farmer organizations. In a first stage, the research team will review literature related to inclusiveness and rice, cassava, and horticultural value chains in order to deepen the understanding of the value chain dynamics and horizontal and vertical linkages, as well as constraints and opportunities, which will be more

intensively examined during field studies. The team will build upon this information to: 1) develop a conceptual framework to assess inclusiveness in value chains, general enough to be applied to different commodities and countries, 2) identify the dynamics and structure of the rice, cassava, and horticulture value chains in the selected countries. Key elements that need to be identified to undertake in-depth inclusive value chain analyses are:

- Key actors, their functions, motivation, and constraints
- Levels of participation and benefits in the value chains for poor smallholder farmers, women, and youth
- Flows of products in terms of channels, quantity, quality, diversity, and seasonality.
- Flows of knowledge and information
- Vertical and horizontal linkages
- Types of contractual arrangements, bargaining power, market shares of competing channels within a VC and returns for different stakeholders along the chain
- Regulations, policies, and laws
- Infrastructure and technologies
- Social norms, traditions, and customs that affect production and trading arrangements.

The research team will interview key actors, such as farmers, input dealers, bankers, transporters, processors, wholesalers, retailers, and consumers. Other key informants may include state representatives from the Ministry of Agriculture, donors, NGOs, and representatives of cooperatives, professional and interprofessional organizations. The team will pay special attention to factors affecting the participation of poor smallholder farmers, women, and youth along the value chain as well as their benefits from participating.

The team will use the data collected through secondary sources and interviews to translate the conceptual framework document into an operational tool, pinpointing major bottlenecks in the value chains studied and drawing implications for needed technical and institutional changes. The analysis will also focus on factors that affect value chain competitiveness and how the organization of activities at each level of the value chain can be restructured to increase competitiveness and inclusivity simultaneously. The final expected outcome will be a set of insights and recommendations that are both specific to the value chains examined in the Benin, Guinea, and Mali case studies and more broadly applicable to value-chain development efforts elsewhere in Africa.

Translating the results of the studies into increased effectiveness of IFAD-financed value-chain development projects and programs will require a broad dissemination of the research results. The project will do this through a robust program of policy outreach. Outreach efforts will include multiple channels: case study reports, policy briefs, website, articles in the popular press, workshops and regional and international meetings.