

BRIEFING PAPER

THE VALUE CHAIN AS A TOOL TO FIGHT AGAINST POVERTY: THE ANALYSIS OF TWO PRACTICES



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1. INTRODUCTION¹

This paper is the result of the reflection of a working group made up of Oxfam Italia, Fondazione Un Raggio di Luce and CeSPI with a view to examining the value chain approach. The study started from the analysis of two practices with particular focus on the ways and the contexts in which the aforementioned approach is functional to the economic and social inclusion of small scale producers. The idea to start such a reflection came from the common conviction that the agricultural value chain represents an effective tool to fight against poverty and that the promoting subjects' different profiles and experiences on development's issues would allow complementary tools for analysis and interpretation to be shared. After taking into consideration a series of value chain initiatives in different geographical contexts, the group selected two practices on which its analysis was centred: a project implemented by Oxfam Italia in Ecuador and a programme by Helvetas Swiss Intercooperation in Burkina Faso. This choice was due to the compliance of these two practices with a series of criteria previously identified by the group.

Thus, these two practices adopted the value chain approach with the aim of strengthening small scale producers and ensuring their inclusion, through the increase of income availability, the enhancement and promotion of the area and its typical products, the increase of knowledge and skills, and women's empowerment. The group focused on the capacity of these practices to involve different actors in a holistic partnership and to experiment with innovative strategies of value chain's support, both by promoting private initiatives and by affecting public policies. Moreover, the two practices met the need for innovation, and particular attention was paid to the quality of the production process and environmental sustainability. Finally, the potential sustainability of the practices, in that specific context as well as in others, was considered particularly relevant.

The group was aware of the strong influence exerted by certain aspects of the context on the implementation and impact of the programmes. The group therefore chose two experiences which were very different from each other from a geographical, economic, institutional and cultural point of view. This also allowed them to evaluate potential transferable elements.

The two practices differed not only in terms of geographical, economic and cultural context, but also on several other aspects such as: the size of the activity (local scale in the Ecuador's case and national scale in Burkina Faso); the amount of resources allocated for each project (about 1 million € for Ecuador and 4 million € for Burkina Faso); the number of beneficiaries involved (approximately 590 beneficiaries in Ecuador and about 7,000 in Burkina Faso). Whilst both practices were promoted through the external support of an international NGO, the adopted approach was different. In the case of Ecuador, Oxfam Italia assumed responsibility in implementing the project activities (setting up and strengthening producers' associations and providing technical assistance), as well as in facilitating and supporting local actors. Such work with local actors was aimed at achieving policies which promote a local rural development with cultural identity. In the case of Burkina Faso, Helvetas initially co-implemented the project together with the local partner UNPCB (National Union of Cotton Producers from Burkina Faso), but this role changed over the years: Helvetas gradually limited itself to provide support, and left the operational responsibility to the UNPCB. Moreover, in the case of Burkina Faso, the market and the value chain vision is only international, due to the nature of the cotton market, whereas in the case of Ecuador the project began attracting the incipient local demand, and the value chain was developed mainly on a local level and partly on a national level. Finally, the project in Ecuador was not set up with the aim of developing a

The main criteria for the selection of the two practices:

- *Pro-poor value chain approach with a gender focus*
- *Multi-stakeholder and multi-objective approach*
- *Innovative strategies*
- *Potential sustainability and replicability*

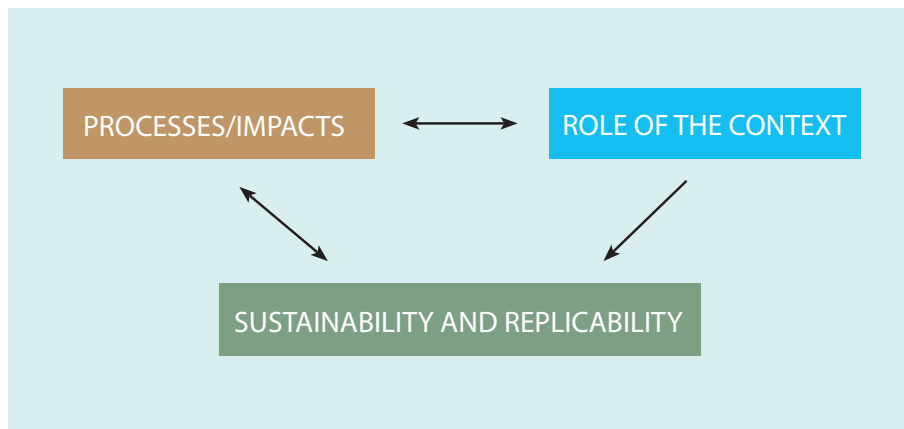
¹ This paper is the reduced version of the report "La filiera come strumento di lotta alla povertà: l'analisi di due pratiche" available in Italian on the webpage www.oxfamitalia.org.

new value chain (in this case the value chain of the Andean grains), but the value chain became the tool to ensure an integrated local development and to fight against poverty. The report, however, does not aim to compare the analysed practices, but to learn from them by highlighting their strengths and weaknesses and by drawing useful recommendations. This will allow the definition and implementation of programmes, which can contribute effectively and in an innovative manner to poverty alleviation and for sustainable and inclusive development.

2. DIMENSIONS OF ANALYSIS AND METHODOLOGY

As was stressed in the previous paragraph, the two analysed practices are very different from each other; however, this paper will take into account the same dimensions, with the aim of carrying out a parallel analysis. The two case studies will also include different levels of detail, due to the different context and scale of the projects, and to the availability of information and data the group had access to.

The analysis and the evaluation of the experiences of the identified agricultural value chains are based on three main components. Their interaction is described by the following diagram:



The paper starts by analysing the **context** from different points of view (institutional, environmental, social, economic and related to the market points of view), with a specific focus on the aspects which facilitated or hindered the project implementation, and affected, in particular, its impact and sustainability. After having presented the **rationale of the intervention** and described the activated value chain process in detail, the paper analyses the practices according to two main criteria: processes and impacts. The **analysis of the processes** takes into account the level of participation of the different stakeholders in each phase of the project and in the different areas it works. The project **impact** is analysed from its economic, social, environmental and political dimension according to a multi-objective analysis.

Then, the interaction among the different analysed components is evaluated, with the aim of identifying possible elements of **sustainability** in the analysed different contexts. At the end of the analysis of the two practices, the group drew some **recommendations** by reflecting on the strengths and the weaknesses of each practice and the relative lessons learnt.

The analysis was based on the available documents (project document and logical framework, intermediate and final reports, external evaluation report, systematisation internal documents, internet sites, videos, etc.), and it was enriched by and combined with meetings with the people in charge of the programmes. These meetings allowed the in depth study of some aspects that are considered by the group to be of particular importance in understanding the level of impact, sustainability and replicability of the projects.

3. ECUADOR: THE RECOVERY OF THE ANDEAN GRAINS AS A TOOL FOR LOCAL DEVELOPMENT WITH A SPECIFIC CULTURAL IDENTITY

This section analyses the programme “Addressing marginalisation of poor farmers and migrants from Morocco, Senegal and Ecuador through market linkages and promotion of diversity” (*Agricultural biodiversity, cultures and local development*), funded by IFAD, the Italian Ministry of Foreign Affairs and Oxfam Italia, and promoted by the NGOs Oxfam Italia and Acra.

It has to be specified that, although the programme involves three countries, this paper will only analyse the component on Ecuador, implemented in the canton of Cotacachi.

3.1 The context

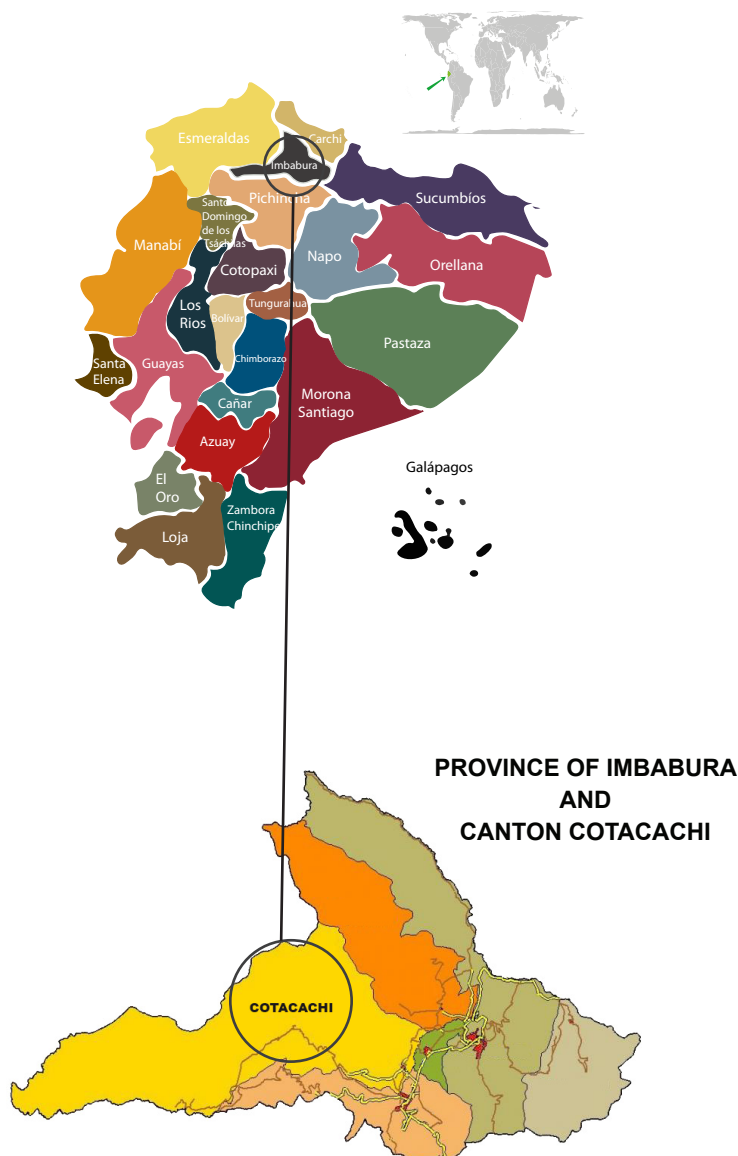


Image 1: Ecuador and the canton of Cotacachi

Ecuador is located in Southern America, on the Pacific Coast. In spite of its great richness in terms of biodiversity and history, Ecuador is characterised by the presence of wide pockets of poverty, mainly in rural communities, where about 1/3 of the population of the country (more than 14 million inhabitants) lives. Poverty in Ecuador has geographical, ethnical and gender connotations: it is estimated that more than 90% of women of indigenous or African origin live in poverty².

The area where the programme is implemented is the canton of Cotacachi, in the province of Imbabura, known amongst tourists for its natural beauty and characterised by the presence of several Kichwa communities. The canton has a **high rate of poverty and marginalisation**³, which caused the abandonment of rural areas over the years, especially by men. It also led to a migratory flow towards the big cities, with the subsequent loss of cultural identity and a lack of promotion of sustainable systems of rural local development.

Poverty has a significant impact on small scale producers who own very small plots of land (less than half a hectare per family), and have a limited access to water and insufficient economic resources. They therefore have limited access to credit, services and infrastructures, lack state financial subsidies and technical support for quality production, and have a restricted access to production means and marketing channels. Women are often the only ones in charge of the family and the land, and therefore they play a central role in ensuring food security and preserving agricultural biodiversity. However, they are the ones who are most systematically discriminated when accessing land, water, technical assistance and credit.

On an **environmental level**, in recent years the area was affected by a number of problems caused by climate change: heavy and persistent rain, alternated with long period of extreme drought caused not only a reduction in the quality and quantity of products, but severe soil erosion. Although the national legislation, firstly the Constitution, paid careful attention to environmental problems, there are still many serious issues which affect mainly poor rural populations: lack of policies to prevent natural disasters, practices deteriorating catchment areas, deforestation, and the increase in human settlements in zones at risk.

On a national level, **rural policies** focus on the achievement of food sovereignty and support for sustainable and agro-ecological family farming. However, the country still lacks a coherent national plan for agricultural and livestock development, and human and financial resources are limited. The policy to substitute imports, instead of enhancing native species, promotes crops which are currently imported by the country (such as barley and wheat) and the production of biofuels (especially palm oil), which need many chemicals and a high level of technology. Moreover, the lack of a precise and clear political will to modify the unfair land tenure system characterising the country, in particular the Andean area, should be stressed. This unfair system concerns not only the land distribution, but also the irrigation water distribution; therefore, the historical exclusion of small rural producers from political and economic dynamics cannot be subverted.

On a local level, in the canton of Cotacachi there is a constant increase in the population's participation in the **local development process**. In 2010, the Assembly of the Canton Unit, expression of the citizens' participation, defined the social and economic revitalisation of the canton as a priority. Such revitalisation should focus on agricultural and livestock production, paying particular attention to managing and protecting natural resources, and introducing and spreading production systems based on agro-ecological criteria. Local development focusing on a specific cultural identity is also particularly important to local institutions, who consider it their mission and their priority. In this sense, an important role is played by the recovery of the Andean grains, mainly

Poverty and marginalisation that affect small scale producers are mainly due to an unfair land tenure system and are aggravated by climate change.

Local institutions together with other actors of the Cotacachi canton, promote a process of social and economic local development paying particular attention to managing and protecting natural resources and focusing on local identity.

2 INEC (Instituto Nacional de Estadística y Censo) 2001.

3 According to the SIISE (Sistema Integrado de Indicadores Sociales del Ecuador) data 2012, 72.8% of the population lives in poverty, and 39.6% of them in extreme poverty.

quinoa⁴ and amaranth⁵. These products are very interesting: on the one hand, they have an important cultural and nutritional value, and contribute to the protection of biodiversity; on the other hand, they have good potential on the market, both nationally and internationally. However, from a cultural point of view, there is still some resistance from the urban and rural bourgeoisie regarding the desire to enhance the indigenous identity and to promote the consumption and production of Andean grains, which are connected to the concept of poverty and underdevelopment. Yet, in recent years, the social and political climate changed significantly, becoming more in favour of recovering the multi-ethnic national identity and promoting food as element of high identity.

3.2 The intervention logic and the multi-stakeholder approach

The programme *Agricultural biodiversity, cultures and local development*, which lasted three years (2008-2011) and which was provided with a total budget of around 1,200,000 USD⁶, was aimed at increasing the income and improving the living conditions of small scale producers, through the recovery of typical local crops that are disappearing (the so called NUSs: Neglected and Underutilized Species), in particular quinoa and amaranth, and through the increase of their volume in terms of production, processing, consumption and sale.

The **main problems** faced by the programme were: (i) the low incomes of small producers' families; (ii) the low levels of production and productivity and the insufficient quality of the agricultural products; (iii) the weak interest of local and national market for the NUSs; (iv) the difficulty in accessing potential markets, which cannot be satisfied with NUSs' low offer; (v) the producers' weak organisational ability; (vi) the limited attention of public policies to the issues of the fight against poverty and environmental protection.

Budget: 1,200,000 USD

Duration: 2008-2011

Direct beneficiaries: 250 producers (56% women), 12 schools, 28 hotels and restaurants

Indirect beneficiaries: 5,400 people

The main direct **beneficiaries** of this project were small scale producers from indigenous communities, owning small plots of land (between 0.5 and 1.5 hectares) located in areas rich in biodiversity and with tourism potentials. The project reached about 250 producers (140 of them were women) in 27 communities, representing about 21% of small producers of Kichwa ethnic origin in the Andean area of the canton⁷. Moreover, other associations of producers benefited from the technical assistance to produce amaranth. The project worked directly with 12 rural schools and in the sector of community tourism a good number of hotel and restaurant owners benefited from the project. The indirect beneficiaries of this project were about 5,400 people, that is to say the family members of the subjects directly involved in the project. The final beneficiaries of some positive effects produced by the project were the communities of the Andean area of Cotacachi. Among these positive effects, the increase in the availability of highly nutritious food and general local integrated development can be highlighted.

The project was coordinated and implemented by the NGO Oxfam Italia, which, having been in the country for more than 10 years, was able to set up strategic partnerships and alliances, ensuring a real local community's participatory process to identify and implement the programme, following a multi-stakeholder logic. Local

4 Chenopodium quinoa.

5 Amaranthus caudatus.

6 In particular, the programme is funded by IFAD (USD 312,000), the Italian Ministry of Foreign Affairs (USD 720,000), Oxfam Italia (USD 120,000) and Foundation Assistance International (USD 48,000).

7 About 10,200 people live in the area, divided in 47 communities, each of them made up of about 50-100 families.

institutions, ministries, universities and research centres, economic associations, and international organisations took part in the different implementation areas of the project: research, capacity building, technical assistance, agricultural production, processing, commercialisation, tourism, awareness raising and advocacy. The main local partner was the Union of Farmers' Indigenous Organisations from Cotacachi (Unorcac), a second level organisation representing the 44 indigenous communities of the canton, which was able to exert a great influence on local institutions since it is the stakeholder of thousands of families.

The project was based on an **integrated strategy of local development focusing on cultural identity** and including five components: (i) agricultural conditions and potentials; (ii) market potentials; (iii) tourism potentials; (iv) cultural meaning, besides the nutritious, environmental and economic value of almost completely disappeared traditional crops; (v) involvement of different local political, social and economic actors. Thanks to the combination of these components, it was possible to develop a process which turns the agricultural biodiversity enhancement into an effective and promising tool for local development.

Firstly, the programme **identified and recovered some traditional crops**, in collaboration with the INIAP (*Instituto Nacional Autónomo de Investigación Agropecuaria*). The INIAP is playing a leading role on a national level in the protection of agricultural biodiversity; within the programme it mainly searched for and distributed improved seeds with features adequate to the zone. Moreover, the INIAP made its own technical knowledge on the issue of technology transfer available to the programme and facilitated the creation of alliances with public and private institutions to spread the NUSs. Then, the project worked to **promote traditional crops**, starting from rural tourism, since in the canton of Cotacachi there are many European and Northern American tourists interested in local typical food. Then, **activities to raise awareness** were carried out on a local and national level to recover and promote the cultural meaning of quinoa and amaranth, reassembling the often lost connection between producer and product, between agricultural product and land, and the whole of traditional knowledge and local innovations. The promotional activities were possible thanks to the active involvement of the Municipality of Cotacachi and of the *Asamblea de Unidad Cantonal de Cotacachi*, a civil society group bringing together representatives of the local government, second level organisations, producers' organisations, private entrepreneurs and neighbourhood leaders. In order to enhance the products which have a specific cultural identity and to promote their value chain, a **Red nacional de amigos de los cultivos andinos** was developed on a national level. This network brings together 160 actors, among them quinoa and amaranth producers' associations, public institutions, universities, intermediaries, traders, and tourist and private enterprises. Currently, negotiations are taking place with the Ministry of Economic and Social Inclusion (MIES) to strengthen this network.

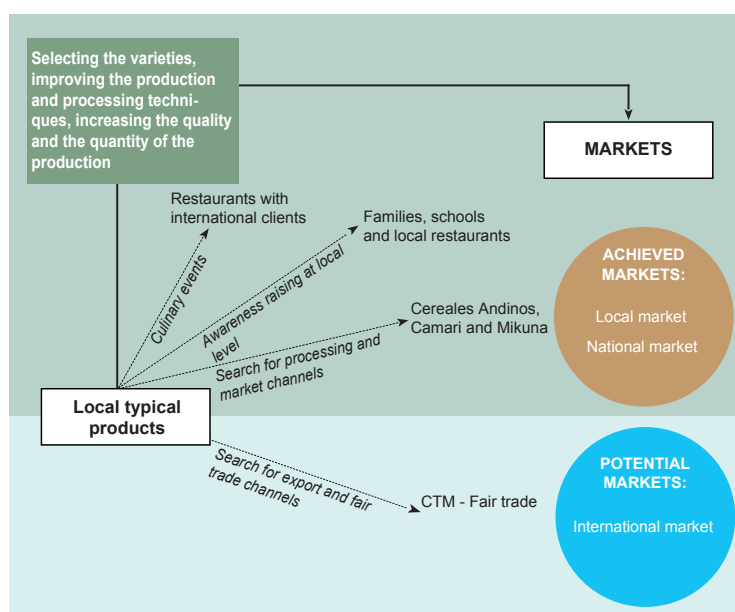
The value chain process promoted by the programme mainly dealt with **strengthening the production capacity** (selecting and cleaning the seeds in a semi-mechanised way, improving the sowing techniques, providing technical assistance, carrying out a mechanised thresh, improving the drying and storage systems), then the **processing** phase (production of flour, pop amaranth and energy bars), and finally the **marketing** (packaging and packing, and development of local, national and, partly, international markets).

Besides involving technicians and experts to support the production, the programme facilitated the **exchange of experiences** with other producers of the country, with demonstrations of good practices to produce quinoa and amaranth, which were highly motivating moments for the producers involved in the project. Moreover, in order to increase the production and the number of producers, the programme promoted the creation of a favourable **credit fund** for the production of Andean grains. The producers, who quickly increased in number, firstly organised themselves in small

The main steps of the programme strategy:

- *Recovery and promotion of Andean grains*
- *Awareness raising on the high identity, nutritional, environmental and economic value of the Andean grains*
- *Strengthening of the production capacity*
- *Strengthening of the producers' association*
- *Creation of a favourable credit fund*
- *Storage and processing*
- *Marketing at local and national level*

decision-making groups and then, with the support of Oxfam Italia, in an association of organic producers, called Mama Murucuna. The project, besides acknowledging the association and contributing to the draft of its strategic plan, carried out a series of training and support activities to **strengthen the association**, although much remains to be done in this sense. The association played a key role in the marketing of the products: Mama Murucuna, supported by Oxfam Italia, is in charge of purchasing the grains from the producers, storing them and selling them to the companies. To ensure the **marketing of the products on a local and national level**, the agreements signed by the association with the enterprise Cereales Andinos were fundamental. This company is interested in increasing the quinoa suppliers on a national level. A working plan was developed with this enterprise, and such a plan benefited all the subjects involved and established delivering the seeds on credit, providing technical assistance and post-harvest machines, and the guarantee of the purchase of at least 80% of the quinoa production at a fair price. As far as the sale of amaranth is concerned, instead, the association signed an agreement with Camari, an Ecuadorian fair trade organisation which purchases 50% of the sold production of amaranth and flour. The involvement of a private family-based microenterprise, Mikuna, was very important. This enterprise buys the remaining 50% of the sold production of amaranth: it processes products from amaranth (such as pop amaranth, energy bars, biscuits and breakfast cereal) and sells them on the market of Quito and Cotacachi. Moreover, Mikuna is opening a small factory in Cotacachi, and therefore it will favour the sale on the local market. In addition, the association established stable contacts with networks of private retailers in towns, bakeries, hotels and restaurants, and sells grains and flours locally on the Sunday market, and during fairs and organised events. Finally, the association processes 5-10% of quinoa and amaranth to produce flours, energy bars, biscuits, flakes, tortillas, pop amaranth and drinks.



3.3 The multi-objective impact: the economic, social, environmental and political impacts

With regard to the **economic** impact of the programme, an average increase of 19% in the agricultural income among the beneficiary producers and significant new revenues in the tourism sector were recorded. However, even if the production of the farmers who are members of Mama Murucuna increased (it went from 4 quintals of quinoa and 20 quintals of amaranth in 2008 to 640 quintals of quinoa and 185 quintals of amaranth in 2011), only more investments by the producers and the reduction of the costs through a more substantial self-production of production inputs will make a real increase in productivity possible. With regard to **employment**, the producers involved in the programme widely increased (they went from about 30 to 250, and 140 of them are women), new jobs were created on the local market to sell the products and new opportunities in the tourism sector were developed. The increase in women's income and in the number of women employed was particularly important: the introduction of simple techniques and the use of some machines in the post-harvest phases, where 80% of the workers are women, led to the reduction of their workload, giving them the possibility to spend that time on other production and income generating activities, such as processing activities (a sector in which only women work), tourism related activities and selling activities.

Moreover, the programme contributed to an improvement in the quality, quantity and variety of **nutrition**, both in terms of private consumption and with regard to the food provided in schools. In this sense, the work carried out with the INNFA (*Instituto Nacional de Familia e Infancia*) was particularly important, because it led to the introduction of the NUSs in the list of food to be used in schools. Furthermore, the Ministry of Education launched the "Desnutrición cero" programme (Zero malnutrition), which promotes the use of local products in school canteens.

From a **gender** perspective, the project had positive effects on the life of women, improving their self-esteem, for example by sharing experiences and participating in events and exhibitions. Additionally, their increased financial contribution to family life led to a greater decision making power within the family and the community.

From a **cultural** perspective, the project greatly contributed to enhance the cultural and agricultural heritage of local tradition and to break-up of the widespread perception that the "*comida de indios*" (indigenous food) was "*comida de pobres*" (food for poor people) and thus it was rejected. Several events were organised on a local level and had an impact on a national and partly regional level; they contributed to boost the interest in the NUSs. Thus, 2013 was declared by the United Nations the International year of quinoa and Ecuador will host the IV World Congress of Quinoa and the I International Symposium of Typical Grains. These events will take place in Ibarra, the main town of the province where Oxfam Italia works.

The project undoubtedly contributed to increase the beneficiaries' **technical, production, organisational and management skills**, through technical assistance activities, training courses, participation in national and international events, exhibitions and workshops, and led to the introduction of **innovation** in terms of production (such as the use of agro-ecological practices, and the recovery and improvement of ancestral cultivation techniques), marketing (such as the creation of a Cotacachi trademark to sell the products and strengthen the town organic market) and technology (especially low cost equipment to sow, dry, thresh, clean and weigh the grains).

From the **environmental** perspective, the programme adopted a series of actions to make the production and all the phases of the value chain more sustainable, for example by promoting the adoption of integrated and multi-cropping farming systems, reducing the utilisation of agrochemicals and fostering the self-production of organic inputs. It also has to be added that the NUSs, thanks to their greater resilience to drought in comparison with other crops, reduced the risks related to climate change.

With regard to the commercialisation phase, special attention was paid by the project to the promotion of the short value chain, by selling the products in town and local community markets, in hotels and in restaurants, both to ensure food security and to reduce transport costs and pollution. The local institutional context in favour of the recovery of biodiversity and the promotion of the cultural identity allowed the project to promote and support the draft of local strategic plans aimed at the integrated and eco-sustainable development of value local products chains and of a local marketing with a specific cultural identity. Finally, a memorandum of understanding was signed with the Municipality of Cotacachi on the environmental management, focusing in particular on the sustainable utilisation of protected areas, agricultural biodiversity management and citizens' awareness raising.

Moreover, the programme contributed to strengthening and stabilising a local **institutional** context which is in favour of biodiversity and the promotion of a sustainable local development with a specific cultural identity. In this sense, the collaboration with the Municipality of Cotacachi was particularly important, since it led to the organisation of a series of events which had an impact also on a provincial and national level. Among them, some events can be mentioned: the public campaign "Cotacachi for food sovereignty" promoted by the project and led by the Municipality, the creation of the local quality Cotacachi brand, the introduction in the development Plan of the Municipality of a Local marketing plan focusing on typical products and services, the programme to purchase Andean cereals and other typical products for the school canteens of the canton.

3.4 Sustainability and replicability elements and mechanisms

Although the value chain of the Andean grains promoted by the programme has not yet reached a full degree of **sustainability**, there are undoubtedly a series of elements of the Ecuadorian context for which good potentials in terms of this value chain development can be foreseen: the strong interest and involvement of local authorities, the good level of the demand on the local, national and international markets, the attention and the interest also by the private sector in the different aspects of production, processing and marketing of the products. The role played by the Association Mama Murucuna will be crucial in ensuring the project sustainability. Today the association is not yet able to autonomously implement the value chain process activated by the project, because of some weaknesses in terms of internal governance, of ability to plan the activities and, especially, of proactive capacity to relate with the market, not only locally, but also nationally and internationally. The support given by Oxfam Italia during the programme set up the conditions to ensure a participative and transparent internal governance system, but a real growth of the programming, management and investment abilities is necessary. Another element which has to be strengthened to ensure sustainability is the use of small scale technologies in some stages of the cultivation (such as mechanised sowing) and in the post-harvesting phase. Without an increased investment in applied research, involving both research centres and the private sector (especially small companies), the scaling up process and the reinforcement in consumption are at risk.

With regard to the **replicability** of the experience carried out in the canton of Cotacachi, there is a series of positive factors both on a national and regional level. Firstly, the context of Cotacachi where the programme was implemented can be compared to many other realities of the Sierra from several points of view: culturally, agro-ecologically, organisationally, politically and institutionally. This makes the programme more easily replicable and, actually, other Provinces have already shown their interest in testing it out in their territories. On a national level, the political climate in favour of

food sovereignty and the existing environmental legislative framework undoubtedly represent an institutional context which supports the development of programmes aimed at promoting agricultural biodiversity in order to safeguard the environment, food security and an integrated local development, in spite of the already stressed contradictions and the long-lasting lack of clear political directives. The donors' deep interest in these issues is also a condition undoubtedly in favour of the experimentation of other similar projects.

On a regional level, there are several areas in the Andes with the adequate conditions (productive, cultural and political conditions) to reproduce the process of enhancement of the *granos andinos* and in relation to this, different areas have already shared their experiences during the three years of the programme.

4. BURKINA FASO: A PROGRAMME TO PROMOTE THE VALUE CHAIN OF FAIR TRADE AND ORGANIC COTTON

4.1 The context

Burkina Faso is a Sahel country located in the heart of Western Africa, without access to the sea, and with a total population of about 17 million inhabitants (2011).

The country, with an estimated **poverty rate** of 44%, is among the poorest in the world: according to the 2011 Human Development Index⁸, it ranks 181 out of 187 countries. More than 80% of the population lives in rural areas, where in some provinces the poverty rate is over 60%.

Agriculture represents the main productive sector of the national economy, contributing to 33% of the GDP. However, agriculture is mainly a subsistence agriculture dominated by cereal crops. Although the yearly growth rate of the farming sector amounts to very low percentages, from the mid 1990s, after the devaluation of the CFA Franc, there was a recovery of the sector and of the whole national economy, thanks to the extension of export crops, especially cotton. Together with the mining sector (gold), which grew quickly in the last 3-4 years, cotton represents one of the two main economic development engines and the most widespread commercial cultivation all over the country.

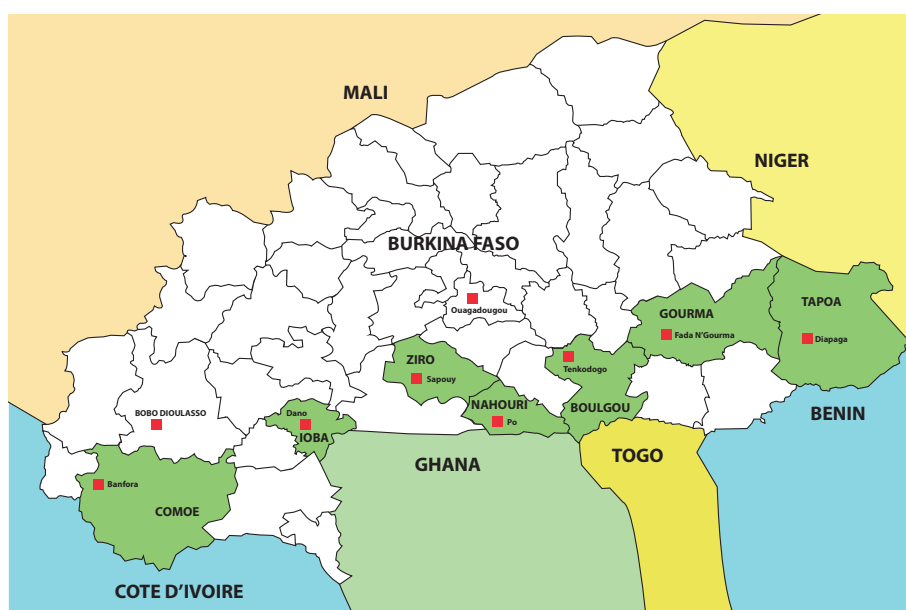


Image 5: Burkina Faso and, in green, the regions where organic cotton is grown.

The **cotton sector** developed greatly after 1994, passing from 117,000 tons produced in 1993 to about 700,000 tons in 2006-2007, when the highest production was achieved. The value chain was for a long time under the direct and exclusive control of the State through Sofitex, the state cotton company which, until recently, had the monopoly in the cotton marketing. A process of partial and gradual privatisation of the value chain

8 UNDP, *The Real Wealth of Nations: Pathways to Human Development*, 2010.

started only in 1999: cotton cultivation, historically located in the Western part of the country, extended to some Central and Eastern areas of the country, and coincided with the foundation, in 2006, of two other cotton companies (SOCOMA in the East and Faso Coton in the Centre/South). Thus, the sale of cotton passed from a monopoly regime to an oligopoly regime. Some years ago, an inter-professional association of the cotton sector (AICB) was set up, and the National Union of Cotton Producers from Burkina Faso (UNPCB), the cotton companies and the Ministry of Trade are members of the association. Moreover, it should be stressed that the UNPCB, which gathers about 300,000 farmers locally organized in about 8,000 groups (Groups of Cotton Producers, GPCs⁹), plays a more and more important role in terms of governance in the cotton value chain and it is considered one of the strongest organisations in the continent. This is partly due to the fact that the UNPCB and the State are shareholders of the three cotton companies, together with other national and foreign investors. Therefore, in spite of the partial liberalisation of the cotton sector, the State influence on this value chain is still very strong: the three companies are actually para-state and the cotton sector is strongly politicised.

With regard to **governance**, the cotton companies play a fundamental role in the different stages of the value chain: they distribute credits to the producers; they collect the whole cotton production and pay the costs related to transport, ginning (in the 18 factories they own, where the fibre is separated from impurities, waste and seeds) and sale; they pay a commission to the UNPCB to purchase cotton, and the UNPCB distributes it to the GPCs and keeps a part of it to ensure the Union's functioning at central level¹⁰. Moreover, the cotton companies ensure a technical assistance to the producers and are in charge of recovering the credits given, whereas the UNPCB provides managing support to the GPCs.

About 30% of the population depends on the cotton sector; yet, cotton producers/cultivators represent a fragmented category: besides many small producers, there are also medium producers and even some producers with mechanised production on large lands and employing daily workforce. Moreover, the majority of small scale producers are excluded from the conventional cotton value chain, because of the limited resources they have, the small plots of land they cultivate and their inability to access the credit.

The cotton sector in Burkina Faso is characterized by an oligopoly regime: it is under the control of the State, the cotton companies and the National Union of Cotton Producers.

4.2 The logic of the intervention and the multi-stakeholder approach

Since 2004, a **programme to produce fair trade and organic cotton** has been implemented. This programme was conceived with the aim of creating an alternative to the traditional value chain for the most marginalised producers, paying particular attention to women. Another aim of this programme was to ensure a higher income and better living conditions to the most marginalised producers, as well as promoting a new and more environmental and human health friendly cultivating method.

The programme is, promoted by the Swiss NGO HELVETAS Swiss Intercooperation (former Helvetas). The programme, is now being consolidated and the National Union of Cotton Producers (UNPCB) is in charge of its operations. Over the years, the UNPCB has gradually taken on the programme management, leaving to Helvetas a support and advice role. Taking into consideration the traditional cultivation of cotton, the choice of cultivating organic cotton is justified by several factors. Although the yield, especially at the beginning, is not very high, this is largely compensated by the low production costs;

⁹ These groups gather locally from 15 to 80 producers.

¹⁰ The price of raw cotton paid to producers is established every year in April, before the sowing, by the Cotton Interprofessional Association of Burkina.

the organic cultivation of cotton facilitates rotations with other crops (such as soy, sesame, shea kernels, etc.) and therefore it promotes a higher agricultural biodiversity, diversified income opportunities and a decreased vulnerability to climate change and the fluctuations in the cotton world market. Moreover, the prices of organic and fair trade cotton are higher and safer. Finally, the market of organic cotton is a growing market, in which increasing number of textile and trading societies and consumers are interested. The **first phase of the programme** (2004-2007) succeeded in demonstrating the technical and economic feasibility of the organic production of cotton, raising the interest of a great number of small producers: at the beginning, there were 40 producers involved, a number that became more than 1,800, and the production achieved about 800 tons in 1,700 hectares cultivated in the Eastern, Western and Central regions of the country.

After the good results of the first phase, the **second phase of the programme** (2008-2011) established an even more ambitious **objective**: making the value chain of organic and fair trade cotton independent. Therefore, under the aegis of the UNPCB and thanks to long-term partnerships, this value chain would be able to sell a growing quantity of certified cotton, cultivated by an increased number of small producers, improving their incomes and living conditions in the long term. Moreover, the second phase was able, with the UNPCB management, to develop the value chain of organic rotational crops (sesame, shea kernels, and soy), which is particularly important for the positive impact it has on the producers both in economic terms and in terms of food security and agricultural biodiversity.

This phase of the programme, with a total budget of 4,169,040 Euros, was mainly funded by the Swiss Secretariat for Economic Affairs (SECO), the European Union, the Regional Government of Brittany (France), the LED (Liechtenstein Development Service) and the ICCO (Interchurch Organisation for Development Cooperation).

The **main components** of the programme were:

- a. Improving the **organic production techniques of cotton and rotational crops** which resulted in higher soil fertility and higher yields, increasing the surfaces and the number of involved producers and the income coming from the sale of the products.
- b. Setting up an **internal support, supervision and control system** which guaranteed assistance to the producers, facilitated the organic certification, and promoted strategic choices to increase the production.
- c. Supporting the UNPCB to foster the **economic and management independence of the value chain of organic cotton**, making it able to be in charge of all the operational costs including related support services previously partly funded by Helvetas, to be acknowledged by the traditional cotton value chain and to adopt efficient organisational systems at different management levels.
- d. Starting and strengthening the **sale** of organic cotton and organic rotational crops, by establishing long-term partnerships with textile companies and enterprises.
- e. Defining, by the UNPCB, an **extension plan** and **strategic choices** for the value chain of organic cotton, taking into account the changes occurred in this sector in Burkina Faso (especially the introduction of genetically modified cotton) and in the world market, and promoting the support of the value chain by new investors.
- f. Coordinating the projects implemented in the **Sahel Region** in the framework of the programmes on fair trade and organic cotton, defining a common strategy and developing synergies to manage the technical, supervision and marketing aspects.

The programme's **beneficiaries** were the small scale producers of cotton producing areas in Burkina Faso. The majority of the producers involved in the programme did not work in the cotton producing sector, because of the limited resources at their disposal (especially land and water). However, this was also a political decision for the cotton companies, who might have perceived removing producers from the traditional value chain negatively. From 2008 to 2011 the involved producers went from 1,800 to

Second phase of the programme:

Budget: € 4,169,040

Duration: 2008-2011

Direct beneficiaries: 6,589 producers (28% women)

Indirect beneficiaries: 55,000 people

6,589 (about 2% of the total number of cotton producers in the country), and 1,845 of them are women (equal to 28%). It is worthwhile noting that the plots of land owned by women are usually smaller (from 1 to 3 hectares out of which around 0.5 ha is devoted to the cultivation of cotton) and farther from the village in comparison with those owned by men. These two aspects, as well as the more limited possibility to access the production inputs, make cotton cultivation more difficult, and consequently reduced yields. The **final beneficiaries** of the programme were about 55,000 people, that is to say the members of the families of the involved producers (especially children and the elderly). Also the producers close to those involved in the project benefited from some of the positive effects of the programme, such as the increase in biodiversity and better production techniques spread in their villages.

The organic cotton value chain is mostly coordinated directly by the UNPCB, who is in charge of technical and credit support to producers, marketing, distribution and signing of long-term contracts to sell the raw fibre, especially with US and European partners. On a local level, producers are organized into about 150 Groups of Organic Cotton Producers (GPCBs), in charge of managing the production inputs, facilitating the achievement of organic and fair trade certification, analysing the needs in terms of training, implementing the first phase of the marketing, and using the financial premium given by the UNPCB. Such premium is obtained thanks to the fair trade certification of the products and it is used to offer services the community can benefit from (infrastructures, schools, etc.). The organic producers are paid by the UNPCB after the Union has sold the cotton and they receive a fairer price, about 50% higher than the price paid by the cotton companies to traditional producers. The fair trade organic cotton minimum price is established by Fairtrade International every couple of years, according to the cost of living in each production area. Almost every year, UNPCB managed to sell the cotton at a higher price than the fair trade minimum price so that it was able to transfer an extra price premium to the producers.

Many **other actors**, both nationally and internationally, have been involved in different phases of the value chain. It was mainly the research institutes and universities that improved the production systems, international bodies for the fair trade and organic certifications (such as Ecocert and FLO), textiles societies of the private sector and trade companies selling organic cotton and rotational crops. Among the strongest and most long-lasting partners, Victoria's Secrets, Hess Nature and other buyers in Switzerland and France can be mentioned. These partners ensure the purchase of the whole production of organic cotton every year. With regard to the value chain of rotational crops, the UNPCB is searching for and is signing marketing agreements, and it is working, at the same time, to improve and stabilise the production and negotiate a more convenient and more competitive price than those offered on the local market.

With regard to the **governance** of the organic cotton value chain, although this sector seems partly independent from the cotton companies, it is in fact characterised by an institutional and political context which is highly conditioning because political and economic interests created around and inside the value chain are intertwined. Therefore, both cotton companies and the Government are stakeholders that are "difficult to manage". The former explicitly put up some resistance to the extension of organic cotton, especially after the diffusion of genetically modified cotton promoted by the main actors of the value chain in order to revitalise it after the 2007/2008 crisis; the Government declared it was in favour of the programme in order to improve its image, but in fact it did not support it. The UNPCB too, as a shareholder of the cotton companies, is not that independent from them and, representing 100% of the cotton producers (organic cotton producers are only 2% of them), plays an ambivalent leadership towards the organic cotton value chain, because of the strong control exerted within the Union by conventional cotton producers, and especially by the most important producers.

In this complex political and institutional context, Helvetas worked over the years to increase the political will and the capacities of the UNPCB to promote the development of the organic cotton value chain. The NGO tried to spur on the producers' association

The multi-stakeholder approach adopted by the Programme foresees a core role of the National Union of Cotton Producers which, with the support of the NGO Helvetas, has involved many other important actors, such as research institutes, universities and private sector.

to defend the interests of the value chain from the cotton companies, by defining the “rules of the game” which should guarantee at least the coexistence of the traditional and the organic value chains. In order to reach this aim, Helvetas asked the UNPCB for some guarantees. Without them, it will not be possible to implement the third phase of consolidation of the programme; this phase includes, for example, projects aimed at strengthening the institutional relations and at affecting the national policies in favour of small producers and the organic cotton value chain.

4.3 The multi-objective impact: the economic, social, environmental and political impacts

The analysis of the impact of the programme is carried out paying particular attention to the changes occurred in the target group, that is small scale producers involved in organic cotton production.

The programme had to face a series of difficulties which have affected the yield¹¹ and sale levels. Such difficulties included the closure of the project by the cotton companies in two provinces, the extension of genetically modified cotton all over the country and the international economic crisis in 2009. However, in **economic** terms, organic cotton cultivation led to an increase in the incomes of the producers involved, who receive for their product a price which is, in average, 50% higher than that received by traditional farmers. Although the yields are still very low¹², the profit margin is higher, because operating costs are 2-4 times lower than in traditional cotton cultivation. Furthermore, the groups of organic cotton producers receive a premium for fair trade amounting to 34 FCFA¹³/kg (in 2011). The community agrees on how to spend such premium, which is used to implement social projects in the production area. Therefore, the organic cotton value chain has a positive impact not only on the producers’ families, but also on the economic development of the whole area.

Another positive factor developed by the programme was the **diversification of the production** thanks to the introduction of rotational crops. Besides improving food sovereignty and diminishing the vulnerability related to the cotton market fluctuations, rotational crops, especially shea kernels, sesame and soy, represent a new income source for producers.

Moreover, the value chain led to an important increase in **employment**: producers went from about 1,800 in the production years 2007/2008 to about 6,600 in 2011/2012. This figure is very important because about 50% of the involved producers are farmers who were previously living only on subsistence farming, since they did not meet the requirements to access the cotton value chain. The positive impact of the value chain on the **living conditions** of the population was particularly meaningful. About 62% of producers stated they have a more varied and healthier nutrition thanks to the increased possibilities of purchase and thanks to the diversification of the cultivations, and they also have an increased access to health services, with the subsequent reduction of the risks related to health. Moreover, many producers are aware of the benefits in terms of their health going from traditional cultivation to organic cultivation, and they acquired more skills on production techniques and the advantages of organic cultivation thanks to the many organised training courses.

From a **gender** perspective, it should be noticed that organic cotton cultivation represented an income opportunity that the women had never had, and allowed them

11 Cotton production passed from 996 tons in the production year 2008 to 1,979 in 2012. However, the excellent results achieved in 2009 (2,264 tons), were followed by two bad years characterised by a strong decrease in the production (709 tons in 2010 and 600 tons in 2011).

12 In 2012 the yield was 476 Kg/hectare, whereas it had been 550 Kg/hectare in 2008.

13 1 FCFA = 0,0015 Euro (April 2013).

to increase their self-esteem and to play a more important role within their community. However, some factors, such as the low production, the difficulties to access the production inputs and the lack of elements showing a real empowerment of women in terms of management and decision making, highlight the need to pay more attention in order to overcome some particularly penalising causes of discrimination.

From an **environmental** perspective, the widespread agricultural good practices, the promotion of certified organic agriculture and the diversification of the cultivations contribute largely to environmental protection and the increase in agricultural biodiversity. Chemicals were substituted by self-produced fertilizers and repellents which contributed to increase soil fertility (also thanks to the rotations with yearly leguminous plants which were introduced) and to improve the management of water resources. Unfortunately, the massive extension of genetically modified cotton from 2008 had a serious negative environmental impact and contaminated about 10% of the fields with organic cotton cultivations, although in some limited areas the project has succeeded in quickly changing the management strategy and the criteria to produce organic cotton, keeping some niches of biodiversity and investing in research to produce different varieties of organic quality seeds.

As has already been mentioned, the first two phases of the programme did not succeed in having a significant impact on the **political and institutional** context. Such a context is not very favourable for developing the organic cotton value chain within the traditional cotton value chain, which is characterized by the oligopoly of three para-state cotton companies and by a governance system not ensuring an adequate representation of the organic cotton producers' requests. Another negative element is represented by the weakness of civil society, in particular of organic producers' groups, in lobbying to adopt agricultural policies protecting the environment and promoting the inclusion of marginalised producers. In its consolidating phase, the programme should insist exactly on these aspects, in order to ensure the sustainability of the value chain on the long run.

4.4 Sustainability and replicability elements and mechanisms

The organic cotton value chain set up and developed by the programme is not currently independent in terms of organisation, management or economically, although during the second phase of the programme many steps towards more sustainability were taken.

In terms of **organisation**, the programme set up an organic cotton value chain fully managed by specific bodies within the UNPCB. However, the Union of producers is not currently able to support the whole management of the value chain without Helvetas' help. The Union is managing aspects which go beyond its specific mission: such aspects are related to the marketing and services provision linked to the value chain of both cotton and rotational crops. This is due to its still limited strategic capacity to involve other actors, especially from the private sector, who would have more skills on marketing and service provision.

The **technical** area is where the highest number of sustainability elements can be found, although there are still many possibilities to improve production and productivity: thanks to training, technical assistance and support to research, the cotton produced is of high quality and certified. Moreover, the programme drafted technical and management handbooks to improve the qualitative standards and succeeded in defining and applying a strategy to allow organic cotton to coexist with genetically modified cotton, making organic production sustainable.

From an **institutional** perspective, the context cannot be considered in favour of the development of organic cotton value chain. However, the programme is convinced of the importance of this value chain as an opportunity to improve the living conditions

of the most marginalised producers' families. Thus, the programme planned a series of actions aimed at promoting its institutional sustainability (such as the appointment of "organic delegates" who can represent organic producers' interests in the Management Council of the UNPCB), in order to achieve a broader consensus and policies more in favour of the development of the programme itself. Key elements for this to happen are a clearer stance by the UNPCB on supporting organic producers' interests and an increased participation from civil society in carrying out lobbying actions to the Government and the cotton companies.

The consolidation phase was planned exactly with the aim of working on the most critical elements the sustainability of the value chain depends on: increasing the production and reducing the costs; strengthening the rotational crops value chain, increasing the involvement of the private sector and signing long-term marketing agreements; ensuring guarantees by the UNPCB in promoting the organic cotton value chain within the traditional cotton value chain; strengthening the UNPCB in its technical, organisational, management and strategic capacities; and increasing the capacities to affect national policies.

With regard to **replicability**, there are some positive elements which show a potential development and replicability of similar programmes. Firstly, taking into account the strong and growing interest in fair trade and organic products by consumers and international textile societies, an increase in their demand can be expected, potentially with a subsequent extension of the production to other areas of the country and neighbouring countries. Moreover, the project developed a network with other programmes on organic cotton at sub-regional level and planned backstopping activities. Such activities can lead to the exchange of experiences among producers and the creation of a homogeneous context on a regional level in terms of cotton production, which promotes the spread of the programme and the strengthening of the value chain also in different contexts, such as Mali and Benin. It is clear that the programme could be more easily replicable in contexts where a stronger and more organised civil society can play a crucial role to actively promote and participate in debates on the importance of family agriculture and of value chains supporting a socially and environmentally sustainable small scale production. Moreover, the programme should collaborate more with other programmes which have political impacts; this partnership can lead to a change in the "rules of the game" imposed by the cotton companies.

5. RECOMMENDATIONS

Under which conditions and in which contexts can value chains represent effective tools for pro-poor development? In an attempt to answer this question, the group would like to present some recommendations that it drew from the two analysed practices and the observations that were carried out.

General recommendations

- Before implementing a value chain programme it is important to carry out a serious **feasibility study** which should take into account the technical and productive, commercial, social and cultural, organisational and institutional aspects. Thus, it will be possible to identify a programme which is adequate to the context, which has realistic objectives taking into account the schedule of the programme and which can be proven sustainable in time. It is crucial to map the different existing public and private stakeholders who can be involved in the value chain according to the chosen sector of activity, as well as a power and profitability analysis aimed at understanding costs and benefits of the different actors in the different sectors of the value chain and the other economic activities related to the value chain. According to these preliminary results, aspects related to the value chain's internal performance and governance will be better organised and managed. Moreover, attention will have to be paid to set up a sound **baseline** to evaluate the pro-poor impact of value chain programmes. Such value chain programmes should be based on a system of truly measurable economic and social result and process indicators. In particular, in order to measure the impact of the programme on women, the availability of disaggregated data per gender will be important. Besides **monitoring and evaluation** systems, it is useful to have also **mechanisms to learn, systematise and spread the good practices**, in order to promote the replicability of the programme.
- Since a value chain intervention is planned, it is important to adopt a **multi-stakeholder approach** and make sure the planning takes into account not only all the phases of the value chain, but also the relationships among all essential actors.
- Developing together with local actors (governments, civil society and private sector) an **integrated strategy for local development**, including interventions directly promoting the value chain and also development policies supporting the value chain itself. Setting up strategic alliances with local governments and institutions is particularly important, in order to ensure the success and sustainability of the interventions in the long-run. In the contexts where political and institutional characteristics do not support the adoption of an integrated strategy for local development, winning this challenge is extremely difficult. This is the case of many African contexts (with some exceptions), where political and administrative decentralisation has just started and local institutions and producers' organisations are extremely weak. In these contexts, in order to work to ensure the value chain and local development, the first step is creating conditions and promoting an institutional layout which allows the development of local policies involving local public and private actors, not local policies imposed by the central government.
- **Public and private co-investment** is necessary to upgrade, that is to say to improve infrastructures, technologies, and production, processing and marketing capacities, in order to meet the (qualitative and quantitative) standards required by the market, reduce the risks and increase small producers' mark-up. However, investments should make the value chain independent and competitive, able to cover all the costs related to its functioning (for example, services to the intermediaries, risk sharing mechanisms, etc.).

- Adopting an **“agency” perspective**, to understand, enhance and strengthen the development strategies implemented by small producers themselves or often within organised groups. Instead of asking how the market should work for poor people, considered beneficiaries of development initiatives, it is necessary to ask how poor people, as economic actors, can make sure the market works, starting from what is already happening in the rural world to support development strategies, which are sustainable and adequate to the context. By keeping in mind a pro-poor value chain approach, the benefit that each subject involved (not only the producers) could gain from participating in the value chain itself will also have to be taken into account. Once the benefits of each actor in the value chain have been analysed and promoted, producers may get a higher marginal benefit.
- **Working with producers’ organisations** (cooperatives, associations, societies and informal networks) to promote their higher empowerment, by increasing their competitiveness on the markets and their ability to affect the policies and the decisions concerning them. In terms of effectiveness, associations allow the creation of scale economies in all the phases of the value chain, with a reduction of costs for the members. Often, organisations play an important role to give technical support to production and processing, and as intermediaries to sell the products. Finally, organisations allow their members to share information among them, face social problems (such as gender violence) and offer opportunities, also to women, to take part in decisions making processes and exert leadership roles. When choosing producers’ organisations to work with, it should be remembered that they can be very influential and can be characterised by power relations in which the different groups of producers may have very different levels of decision making powers and representativeness. For example, in the case of the organic cotton project in Burkina Faso, the Union of cotton producers represents organic cotton producers’ interests very weakly in comparison to the prevailing interests of traditional cotton producers. In institutional contexts of this kind, the choice of working with producers’ organisation has some risks, if particular attention is not paid to identifying empowerment mechanisms for the weakest and most marginalised producers, for example through transversal synergies and alliances with social actors who have the same interests of small farmers. Moreover, also the case of Ecuador, which contributed to set up a producers’ association, showed its weakness for not putting at the centre of the process this association’s empowerment.
- **Working with processing and distributing organisations (if any).** The preliminary analysis of activities and actors shows the main key actors in each phase of the value chain. The presence of organisations, consortia and networks in each phase of the value chain is to be considered absolutely positive and the dialogue with these actors is crucial to ensure the success of the initiative.
- Facilitating the **access to assets and services**, so that producers can access and participate in the value chain with benefits. These assets and services are in particular natural resources, especially water and land, but also funds, infrastructures to transport and store the products, technologies, technical expertise, training on commercial and management aspects, information on the market, etc. The lack of these services is often the cause of low production levels and difficulties in accessing the market. Therefore, it is fundamental to influence local and national public policies, also in collaboration with the socially responsible private sector and the solidarity economy, with the aim of defining upgrading strategies in order to involve also the most marginalised people.

- Promoting a **participated research** where producers, private sector, researchers and civil society work together to develop practices and technologies adequate to small producers' needs, expertise and possibilities, avoiding the adoption of high technologies which are not appropriate for the context.
- Fostering **women's empowerment**: although they represent at least half of the workforce employed in agriculture, they are often in situations of inequality, and have fewer rights, reduced access to the resources necessary for production and a limited representativeness and participation as leaders within decision making bodies. More profits and responsibilities in the hands of women have shown a high potential to ensure a positive impact on the development of the whole community, first of all in terms of better nutrition and a higher level of education, especially for girls.
- Promoting a **fair and transparent governance of the value chain**, to ensure the quality and quantity of the production and stable benefits for the producers. To ensure good functioning of the value chain, it is important to promote an informative system which is open and transparent especially in relation to the market, the roles of each actor in the value chain and their respective mark-up. A fruitful dialogue among the different stakeholders of the value chain is desirable, so that the evolution of their requests with regard to the market is constantly known by each actor. Therefore, it is fundamental to create and implement coordination and management value chain tools based on structured mechanisms, defined in a shared way by all actors, so that the monitoring of the performance of the value chain can be ensured in a pro-poor logic, promoting good practices and changing less virtuous practices.
- Adopting **strategies to distribute costs and risks** across the value chain in a fair way, whereas the market tends to hold the producers responsible for them. These strategies can be financial systems for risk management, insurances against adverse climate conditions, and investments to improve the value chain functioning.
- It is important to focus on the **innovative aspects** of the value chain, starting from products, necessary technologies, marketing strategies, production and organisational processes (aimed especially at the inclusion of the weakest actors), transparency, and democratic governance of the value chain.

Recommendations for the different components of the value chain

- Promoting value chains concerning **food staples** (such as cereal, vegetables, and traditional livestock products). This is an expanding market due to the growing demand for food in the poorest countries and therefore this sector offers good opportunities to increase small producers' income and improve food security. Particular attention can be paid to the *NUSs*: as was seen in the programme on the Andean grains in Ecuador, they have excellent potential, not only in economic terms, but also culturally, to safeguard biodiversity and food security, and to reduce risks thanks to their high resilience.
On the other hand, value chains related to products which are often intended for exports (the *higher value products*), such as cotton, have often shown the ability to ensure an increase in the involved producers' incomes. However, they often do not succeed in reaching the most marginalised producers, because these markets require very high qualitative standards which cannot be met by the poorest producers.

- Promoting a **pro-poor approach also in the value chains of higher value products**. When working in areas where high value products (such as cocoa, coffee and cotton) can be produced, it is fundamental to identify the market segmentation which is accessible to marginalised producers. Fair trade and organic products are mechanisms which enhance small scale producers' opportunities and their traditional knowledge. Helvetas' work to set up an organic cotton value chain allowed, for example, important increases in the family income of the most marginalised producers who could not access the traditional cotton value chain because of its excessively high requirements.
- **Diversifying productions** instead of focusing on one product only: this does not only increase income opportunities for the producers, but it also reduces their vulnerability associated to climate conditions, possible infestations and price volatility, contributes to food security and plays an important role in improving soil fertility.
- Promoting **organic farming** practices, which, based on a sustainable use of natural resources, make producers less vulnerable to economic and environmental shocks, and enhance their traditional knowledge and practices, integrating them, if necessary, with modern agro-ecological knowledge through adequate training plans, technical assistance and support. The transition should be accompanied by the provision/self-production of organic inputs, technical assistance and adequate training, to avoid reduced yields and the risk that producers may abandon the organic cultivations as much as possible.
- Favouring **local, national and regional markets**. These markets are growing in the poorest countries, where decentralisation processes have increased the budget of local authorities, who are the most willing to create and promote local markets development. There is an increase in the demand for food staples, in particular in urban and cross border markets, and among consumers' groups, looking for healthy and good quality products. Small local producers have more possibilities to access these markets and to be competitive, since imported agricultural products are costly. Instead, international markets, which offer good income opportunities, are often impossible to be reached by the majority of small producers who have many difficulties in accessing them and in meeting the required qualitative and quantitative standards. However, to ensure growth, it is important to take into account commercial outlets on an international level as a subsequent opportunity for producers who, thanks to preliminary interventions strengthening their organisations, will grow and therefore will be able to meet the required standards. In this sense, the international market can represent a second aim of the value chain, with the exception of the cases of high value products (especially fair trade products and other "special" markets), which offer small producers sustainable conditions to access the international market (as is the case with coffee and organic cotton itself). However, it is fundamental to promote **market diversification and segmentation** (informal and formal, local, regional and global markets), **and marketing channels** to take the highest number of opportunities offered by the market, by identifying which market segmentation (fair trade market, organic market, etc.) best suites the involved producers and their products.

- Creating effective systems to link producers and markets. The choice of **intermediaries** is very important, since they do not only play a role to ensure that demand and offer meet, but they also provide services, assistance and production inputs. In many contexts there is the risk that intermediaries may play a role characterised by excessive power and exploitation: since there are not financial services accessible to small producers, they lend money or inputs at usury rates, or, since they have transport means and structure to store and preserve the products, they create monopsonistic positions and impose unfair prices, especially for perishable products. If possible, producers' cooperatives themselves can play the role of the intermediary, but if the social capital is weak, it is better to identify alternative intermediation strategies which ensure fair conditions to producers, such as adequate contract farming formulas, fair trade contracts, etc.
- Promoting **storing and processing**, by investing in infrastructures and technical assistance. Processing is particularly important to increase the mark-up on the products and to create new and different employment opportunities which often favour women. Storing the products is also fundamental because it gives small producers the opportunity of being independent from the often fluctuating price of season agricultural products.
- Promoting (fair trade, organic, participatory, etc.) **certifications** as an important tool to establish a relationship between small producers and the market, to increase the value and credibility of their products, and to foster social development and environmental sustainability.
- Focusing on **product marketing**, by selling a "story" and not only a mere product. By succeeding in conveying the specific value of the product coming from small scale producers within development programmes to the customer, a closer and more long-lasting relationship between producers and consumers is created. In many cases it is useful to develop relationships between rural producers and urban consumers, for example by creating farmers' markets in towns. This will offer new earning opportunities for producers, will increase consumers' awareness, and will promote new opinion and political lobby movements towards local and national governments, in order to support small scale national production through specific public policies.

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Under which conditions and contexts may agricultural value chains represent effective tools for local development and poverty reduction? In an attempt to answer this question, this paper analyses two practices – a project on Andean grains implemented by Oxfam Italia in Ecuador, and a programme to promote fair trade and organic cotton value chain implemented by Helvetas Swiss Intercooperation in Burkina Faso. At the end of the survey, some recommendations from the analysis of the practices' strengths and weaknesses and the relevant lessons learnt are highlighted.



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