

Africa's agricultural transformation: the role of inclusive value chains

Approximately [1.5 billion](#) people living below the poverty line worldwide are smallholder farmers. Agricultural value chains have the potential to provide employment to these farmers, if they are included in the chain under good conditions. Although they form the majority of Africa's rural population, young and female smallholder farmers are facing challenges in accessing markets. While policy interventions for agricultural transformation in Sub-Saharan Africa have emphasized the [role of the private sector](#) as the engine of growth, [concerns have been expressed](#) as to whether or not youth and women, particularly in the informal sector, will benefit from this private sector-induced development. How can value chains become inclusive for women and youth in Sub-Saharan Africa? Which interventions are effective in encouraging smallholders to move up the value chain towards sustainable and inclusive development?

The importance of inclusive value chains

By focusing on employment opportunities within value chains, this one pager outlines the diverse array of tasks performed at the various stages of the production of agricultural commodities. Given that value chains involve all parties in the production process, inclusive value chains can be seen as including vulnerable groups such as women and youth in all stages of production.

Making value chains inclusive is important as it has the potential to increase smallholder farmers' income and agricultural productivity, and for that reason can have a positive impact on [food security](#). When farmers are able to sell their agricultural produce on a good market, the [income](#) generated increases. This incentivizes more people, including the youth, to become farmers. Including them in [processing](#), rather than only in the production of raw materials, increases the margins on farmers' outputs, which in turn increases their income. Such income increases, in turn, boost agricultural productivity, which is needed to [feed the growing world population](#).

At the micro level, inclusive value chains positively impact on farmers' working conditions. Moreover, making value chains more inclusive can lead to changes in [intra-household dynamics](#), which can engender a more equal distribution of power and income. As women [produce 80% of household food](#) in developing countries, promoting gender equality through inclusive value chains can contribute to the food security of vulnerable groups. Including youth in value chains has [similar expected benefits](#) for poverty alleviation and food security. Moreover, the [psychosocial effects](#) of being 'included' in terms of determination and self-confidence can lead to improved entrepreneurial behaviour.

Hurdles for women and youth in value chains in Africa

Despite this potential, especially women and youth face considerable hurdles to participate in agricultural value chains. Value chains have [entry barriers](#), such as possessing entrepreneurship and producing a certain quantity and quality of produce. These barriers are set by those at the centre of the value chain (i.e. retailers and wholesalers). Especially when products are not complex and are interchangeable, smallholder farmers have limited bargaining power in [setting the conditions](#) for trade. In Africa, where most production processes are relatively simple and interchangeable, the marginalized position of farmers often results in low prices and quality requirements that cannot be met.

As is explained in the one pagers on [youth in agriculture](#) and [women in agriculture](#), African youth and women typically struggle to become the entrepreneurial farmers required by agricultural value chains. A vicious cycle arises in which young and female farmers are excluded because they cannot meet the demands of the market. Moreover, when women are involved in value chains they do not automatically benefit from this work, as reflected in the continued [gender gap in wages](#). The majority of farmers, especially female farmers, are not formally registered and, therefore, [difficult to target](#) with services. This results in a situation of 'haves' and 'have nots' in terms of market access, in which many remain excluded.

Recommendations

To overcome these hurdles and make value chains more inclusive, three sets of policies are required:

- **Macro-level policies aimed at inclusiveness.** Undertake macro-economic market reforms to empower smallholder farmers, with a focus on diversification at all stages of production and trade, including by:
 - Promoting a favourable climate for the processing of raw materials within Africa, including by eliminating trade barriers and protectionist measures (i.e. import tariffs and subsidies) in other countries.
 - Eliminating export constraints such as high transportation costs, inadequate infrastructure, regulatory uncertainty, and lack of access to export opportunities and finance.
 - Creating [public-private partnerships](#) in producing countries with inclusiveness as their key priority.
- **Policies to organize farmers into cooperatives.** Support new and existing [cooperatives](#) in order to strengthen farmers, taking into account the following:
 - Women and youth are particularly constrained by the [small scale](#) of their produce. As [banana producers in Uganda](#) have demonstrated, organizing into cooperatives creates advantages of scale, which increases production and improves bargaining power, which results in a better price and improves access to inputs. Providing market information via [mobile phone technology](#) is an important tool to support these groups.
 - Although formalization is not a blueprint for employment in itself, the formal [registration](#) of farmers groups can allow them to access government and NGO services. Governments can assist in this registration.
 - Cooperatives can improve their success in terms of effective farm organization and collective marketing by democratically selecting [good leaders](#), [carefully assessing the market](#), being [homogeneous in terms of age and gender](#), organizing regular meetings, and keeping good and transparent [records](#).
- **Policies that target the right farmers with the right services.** Given the [heterogeneity](#) of excluded groups, support groups according to their specific needs taking into account the following:
 - The services that are provided to farmers do not always [meet farmers' needs](#), because they often require large and risky investments, [preventing farmers from adopting them](#). A focus on low-investment practices, such as self-made organic fertilizer, lowers the threshold for poor farmers to participate.
 - Focus on the mindsets of vulnerable groups, as suggested in the [World Development Report 2015](#). Lack of self-confidence and the [negative image](#) of agriculture among youth play a [large role in \(self\)-exclusion](#). Initiatives to improve perceptions at the individual and group levels can complement other policies.

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