

## Making Cents International

### Inclusive Value Chain Analysis and Development: A Concise Handbook<sup>1</sup>

#### Introduction

Inclusive value chain development does not require a radically different way of thinking than traditional value chain development. It does, however, require understanding that a traditional value chain analysis will not tell us everything we need to know and that value chain development isn't by its nature "inclusive". One can think of it as "Value Chain Development plus". Youth have a different set of opportunities and face different (additional) constraints from other value chain actors.

This guide is divided into two separate sections: Value Chain Analysis and Value Chain Development (Implementation). The purpose is to not to provide a comprehensive overview of value chain analysis and development, as there are numerous resources available to inform this exercise. (A few are listed in the appendix to this document). Rather, this guide will highlight key questions to ask and key information to gather as it relates specifically to inclusion of youth.\* (The same questions can be posed to assess other vulnerable groups, such as women and ethnic minorities).

#### Value Chain Selection with Inclusion Considerations

Some projects may consider the integration of youth in value chains a criterion for value chain selection.

Key Information to Obtain	Key Related Questions to Answer
Is this an appropriate value chain to target in order to support youth economic opportunities?	<ul style="list-style-type: none"> <li>• What is the total number of young people in this value chain?</li> <li>• If it is low, to what extent does this value chain require the kinds of skills and assets that young people possess? (How likely is it that young people could become active value chain participants?)</li> <li>• To what extent are young people involved in value-add activities?</li> <li>• To what extent is this value chain competitive (or likely to become competitive) in either domestic or world markets?</li> <li>• To what extent is youth inclusion likely to address value chain needs? (To what extent is youth inclusion likely to make this value chain more competitive?)</li> <li>• Does youth inclusion depend upon removal of a binding constraint? Can this constraint reasonably be expected to be removed through programmatic interventions?</li> <li>• To what extent are lead firms and other key actors in this value chain favorably disposed to working with young people?</li> </ul>

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	<ul style="list-style-type: none"> <li>• To what extent will participation in this value chain allow young people to build important skills?</li> <li>• To what extent are young people interested in being part of this value chain?</li> </ul>
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*\*The word “youth” is used throughout this document for simplification. In reality, a good value chain analysis will segment youth (by age, gender, in-school vs. out-of-school, etc.)*

### Inclusive Value Chain Analysis

In most cases, value chain selection will already have been undertaken; and donors will be seeking mechanisms to integrate youth into already-identified value chains. An important part of this process is inclusive value chain analysis.

Key Information to Obtain	Key Related Questions to Answer
Are there youth in this value chain?	<ul style="list-style-type: none"> <li>• Are youth currently active participants in this value chain?</li> <li>• Are youth consumers of the value chain’s final product(s)? (Are they stakeholders?)</li> </ul>
What are they doing?	<ul style="list-style-type: none"> <li>• In what activities in the value chain are youth participants? (Consider every link in the chain; potential roles include as input providers, producers, processors, wholesalers, etc.)</li> <li>• In what activities are youth most prominent?</li> <li>• What is the approximate number of youth involved in each link in the chain?</li> </ul>
Are they capturing value from their activities?	<ul style="list-style-type: none"> <li>• Of the total value of the final product, what % is accruing to young people?</li> <li>• How does this compare to the value accruing to other value chain actors?</li> </ul>
What opportunities are available to them?	<ul style="list-style-type: none"> <li>• To what extent does this value chain feature missing value chain links that represent opportunities for entrepreneurship?</li> <li>• What are the current gaps between the skills and knowledge that young people have and what is required to take advantage of these opportunities?</li> <li>• What are young people’s attitudes toward risk?</li> </ul>
What are potential entry points?	<ul style="list-style-type: none"> <li>• Of the opportunities identified above, which do(es) this project have the capacity to take advantage of?</li> <li>• What is the attitude of young people toward being involved in activities in the target value chain?</li> </ul>
What constraints do they face?	<ul style="list-style-type: none"> <li>• Do young people own (or are they able to access) the primary assets required to engage in value chain activities? (This may include, for example, land, inputs, skills or capital).</li> <li>• What is the attitude of other value chain actors toward young value chain participants?</li> <li>• To what extent does the involvement of young people depend upon consolidating (group formation or merging into existing groups)? To</li> </ul>

	what extent are existing groups likely to be welcoming to young people?
What are the binding constraints to their involvement?	<ul style="list-style-type: none"> <li>• Of the constraints listed above, which of these can be considered binding? (Which constraint, if not addressed, will make it impossible or extremely difficult for young people to be involved in this value chain?)</li> <li>• Can this constraint be addressed through programmatic interventions?</li> </ul>

### Inclusive Value Chain Implementation

A good value chain analysis, while critical to successful integration of youth, is obviously insufficient if this cannot be translated successfully to programmatic interventions. Below are some key considerations.

Key Considerations	Key Related Questions to Answer
What is my youth strategy?	<ul style="list-style-type: none"> <li>• What are the primary objectives of the project? Does it aspire to greater youth inclusion; to enabling youth to capture more value from their existing activities; or both?</li> <li>• If the project aspires to greater inclusion, how is that defined? (Refer to the inclusion continuum from Making Cents’ earlier work).</li> <li>• Have we developed a theory of change?</li> </ul>
Have our activities been designed in an inclusive manner?	<ul style="list-style-type: none"> <li>• Have youth been consulted on program interventions? Have they demonstrated buy-in?</li> <li>• To what extent have youth been integral in the actual design of the interventions (co-creation)?</li> <li>• To what extent have we engaged youth support systems (family, community) in the process of developing programmatic interventions?</li> </ul>
Are our programmatic interventions likely to be impactful?	<ul style="list-style-type: none"> <li>• To what extent do proposed interventions focus on binding constraints?</li> <li>• To what extent do we believe that our proposed interventions will be successful in remedying these constraints?</li> <li>• To what extent do we believe that our interventions will “move the needle” on youth inclusion, including perceptions of youth as value actors in the value chain(s) that are the project’s targets?</li> <li>• To what extent do we believe that our interventions will be scalable or replicable?</li> </ul>

## Appendix 1: Application of Principles to KHCP (example)

### Value Chain Analysis

A good up-front value chain analysis would have revealed the following:

*What are youth doing?*

Youth are engaged with short-cycle activities that require small plots of land and little to no up-front investment. Good examples include flowers, nurseries, and baby corn. French beans are also a good example but do require finance oftentimes not available to youth.

Opportunities:

- 40% post-harvest loss is an opportunity for younger farmers to engage in things like sorting, grading, packing, etc. (see entry points below)
- Unwillingness of older farmers to change to more profitable crops (i.e. coffee to bananas in Nyeri) provides opportunities for youth to do so
- Average age of farmers 50-60; good opportunity to convince companies of need to engage youth in order to guarantee future supply
- Youth delivery of ToTs (Canken).
- Trend toward parents providing land to youth

Constraints:

- Attitudes of value chain actors (including youth themselves, but also lead firms and other value chain actors) toward youth participation in agriculture
- Lack of assets (land, in particular)
- Lack easy access to finance
- Fragmented markets are difficult to access
- Unreliability (side-selling, inconsistency)
- Skills/knowledge

Binding Constraints:

The primary binding constraint would appear to be land. Without it (from parents, for example) little else is relevant.

Entry Points:

- Post-harvest opportunities that add value by reducing post-harvest loss and add value, including sorting, grading, drying, packaging, and loading
- Transport
- Service provision

## Value Chain Development

### *Current Good Practices in Youth-Inclusive Implementation*

- Using the entire value chain approach. This 1) puts the market first; 2) helps youth conceptualize of agriculture as a business rather than as “farming”; 3) gives them a sense of the full range of opportunities available to them.
- Getting family buy-in. This appears to be important whether forming a youth-specific group or whether youth are part of a mixed group.
- Linking to a single buyer (Mace Foods as well as Canken). This 1) provides a business rationale for forming groups around particular products, and 2) allows youth to overcome many of the obstacles (finance, markets, skills) that they confront if buyer also controls the entire chain.
- Helping businesses understand the business case for youth inclusion (“sensitization”). Businesses are not charities, but there is a real case to be made for including youth.

Additional recommendations for programmatic adaptations for youth-inclusive implementation are included in a separate document as part of this package.