



CONCEPT NOTE

Côte d'Ivoire Economic Inclusion into Value Chains pilot (ID: P163814)

Côte d'Ivoire (AFRICA)

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CONTEXT: STATEMENT OF PROBLEM

This note provides justification and explains a Jobs pilot that generates employment and raises incomes of the rural poor by simultaneously tackling labor supply and demand side constraints in rice production. The application is to Côte d'Ivoire and the focus is on lesson learning through rigorous evaluation. The insights bear on project design to optimize labor market outcomes for the poor, across sectors and countries.

Jobs are the cornerstone in the alleviation of poverty and the promotion of shared prosperity.¹ But, improving labor market outcomes for the poor remains a challenge. Many jobs programs have targeted urban youth and focused on training, counseling and job search assistance. Yet, they often face limited demand for the goods and services that youth could produce, and the extreme poor often live concentrated in the rural areas. As a result, the effect of such labor supply side-oriented programs has often been disappointing, both in terms of labor market outcomes and poverty reduction.²

In parallel, a host of targeted economic inclusion (EI) programs has also been developed to assist the rural poor raise their incomes. They build on the (BRAC related) Graduation approach, which supports extreme poor and vulnerable households to develop sustainable livelihoods.³ As the standard (urban youth) employment interventions, they also focus on overcoming supply side constraints.⁴ They have had some success.⁵ Yet, doubt remains whether the early gains can be scaled up and sustained. Without simultaneous market development, local demand risks to be saturated quickly.

This is giving rise to a call for more integrated approaches that simultaneously address constraints in labor supply and demand. Imparting skills in an environment constrained by demand for goods and services, and thus labor, has limited potential. Similarly, support to business or firm expansion (a typical labor demand side intervention) quickly runs into problems when adequate labor is lacking.

Two examples of an integrated approach to job generation are territorial and (agricultural) value chain development. Territorial approaches focus on coordinating labor supply and demand side interventions within a certain area or region. Value chain development (VCD) approaches organize integration around a product. Product demand can often be developed or is latently present (even though not always in the

¹ World Bank. 2012. *World Development Report 2013: Jobs*. Washington, DC: World Bank. DOI: 10.1596/978-0-8213-9575-2.

² A recent meta-study concluded that only a third of such supply side interventions reported positive impacts on employment outcomes or earnings. Kluve, J., Puerto, S., Robalino, D., Romero, J.R., Rother, F., Stöterau, J., Weidenkaff, F., Witte, W. 2016. Do Youth Employment Programs Improve Labor Market Outcomes? A Systematic Review.

³ The Partnership for Economic Inclusion, hosted at the Jobs Group of the World Bank, aims to scale up the Graduation approach, which is based on the 2002 BRAC model in Bangladesh. (Partnership for Economic Inclusion - Increasing the Income Earning Opportunities of Poor and Vulnerable People, 2017.)

⁴ Interventions include social assistance to ensure basic consumption, skills training, seed capital or access to employment opportunities to jump-start an economic activity, financial education and access to saving options, and mentoring to build confidence and reinforce skills.

⁵ An RCT based impact evaluation in 6 countries (Ethiopia, Ghana, Honduras, India, Pakistan, Peru) showed that these programs had statistically significant impacts on food consumption (7.5 percent increase), beneficiaries' productive assets (15 percent increase), and savings (96 percent increase) one year after the program ended. (Banerjee, A., E. Duflo, N. Goldberg, D. Karlan, R. Osei, W. Parienté, J. Shapiro, B. Thuysbaert, and C. Udry. 2015. "A Multi-Faceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348 (6236): 1260799-1-1260799-16).



immediate surroundings of the poor). It requires overcoming coordination failures and simultaneous support to the different actors in the chain (producers, processors, distributors). The challenge of feeding Africa's cities is illustrative.⁶

However, success of the integrated approach (be it territorial or value chain development) is by no means assured. Integration can generate important synergies, but also increases complexity, which challenges effective implementation.⁷ Fair distribution of the value added can also pose a challenge. Not all integration models are equally labor intensive and inclusive. Finding the right balance is key.

To help fill this knowledge gap, the Jobs Multi-Donor Trust Fund (MDTF), administered by the World Bank Jobs Group, seeks to instigate, and evaluate the effectiveness, of a series of projects (including pilots) that simultaneously address labor supply and demand side constraints.⁸ The overall objective is to demonstrate proof of concept of the integrated approach and generate generalizable lessons and scalable approaches to inform the next generation of employment and poverty alleviation interventions.

Against this background and following an extensive consultation process, the Jobs pilot proposed here will be associated to the Côte d'Ivoire Productive Social Safety Net Project (PSSN).⁹ The PSSN lays the foundations for a platform to deliver basic immediate consumption support plus employment-enhancing measures to the poorest households in the rural regions of Côte d'Ivoire.¹⁰ As part of the first phase of implementation (2016-2017), the project has begun to deliver quarterly unconditional cash transfers through mobile money accounts to 35,000 poor households, selected through proxy-mean testing within 479 randomly selected villages in the 12 central, western and northern regions of Côte d'Ivoire.

⁶ Feeding Africa's cities holds significant opportunities for generating employment and increasing incomes of the rural poor, on and off the farm (along the chain). Yet, coordination failures often prevent it from happening, with the rising demand for food increasingly met by rapidly growing imports instead. (Smallholder) producers often lack the means and knowledge to increase their production and quality and will also not do so if their markets are not assured. Firms on the other hand often, do not invest in the processing or handling capacity needed if supplies of sufficient quality and consistency cannot be assured. Full integration of production, transformation, and distribution can be a way around it, but is often too complex and capital intensive, holding limited job generation potential. Alternatively, market development, and employment generation can often also be facilitated through coordination and/or simultaneous support to producers and transformers/distributors.

⁷ Brummitt et al., 2017, Contagious disruptions and complexity traps in economic development, *Nature: Human Behavior*, 1: 665-672.

⁸ The funds made available under the MDTF suffice to finance a rigorous evaluation, but not the intervention itself. The activity thus needs to be linked to another World Bank Group (WBG), government, donor, or NGO project, which is supportive of the concept and approach, is at an early stage of design, enables lesson learning relevant to other settings (inside and outside the country), and is willing to accommodate systematic and rigorous learning. Where needed, limited support to the project can also be provided, for example, to ensure that both supply and demand side constraints are simultaneously addressed, or to enable rigorous evaluation.

⁹ This decision to link the Jobs pilot to the Productive Social Safety Net Project follows from an extensive consultation process with the WBG Country Director and Program Leaders, the Task Team Leaders of different WBG operations, and their Government counterparts, as well as private and public actors in Côte d'Ivoire. It has the full support and commitment of the PSSN TTL, and the Government counterparts, which provides a conducive authorizing and facilitating environment for the activity.

¹⁰ It directly responds to the Government's request for support in enhancing livelihoods and inclusive growth.



As part of the second phase of implementation, the cash transfer beneficiaries will further be targeted for additional livelihoods support through an Economic Inclusion (EI) Package. One such package,¹¹ provided to a subset of the cash transfer beneficiaries, focuses on a combination of supply-side measures such as the establishment of savings groups and e-savings through mobile money accounts, initial entrepreneurship training and potentially grants, on-demand technical coaching. Where possible, it will be complemented with measures to facilitate access to existing, local markets.¹²

The PSSN Project further seeks to leverage additional approaches to increase beneficiaries' economic livelihoods. The Jobs pilot will help inform such approaches by exploring the potential of value chain development, in particular, the development of the rice value chain (more below). The VCD approach differs from the EI Package described above, referred to as EI package from now on, in that it simultaneously addresses labor supply and demand side constraints. In the approach, market development (i.e. the demand for goods, and thus labor) and measures to increase labor productivity (and reduce poverty) (i.e. labor supply) go hand in hand and are mutually reinforcing. As markets outside the PSSN intervention area are tapped into, the approach is potentially also more sustainable and scalable.

On the downside, VCD interventions typically focus on one crop/product. Not all beneficiary villages, or all the chronic poor within the beneficiary villages, will produce the crop/product, for example, in this case, rice. As a result, not all PSSN beneficiaries (i.e. the chronic poor) can benefit directly. Yet, many of the chronic poor may benefit indirectly, through the local labor market (the increased demand for agricultural wage labor), following an increase in the demand for local rice. Or they may benefit from the increased demand of locally produced goods and services (to the extent the chronic poor can increase their supply).¹³

The Côte d'Ivoire PSSN project thus provides an ideal platform to show proof of concept of an integrated Jobs approach (through VCD in this case), in terms of its effects on labor market outcomes and poverty reduction, and with immediate relevance to the design of the livelihood enhancing components of productive safety nets, within Côte d'Ivoire and beyond.¹⁴ Generating insights into the poverty reducing effects of different VCD designs would further enhance the relevance of the findings.¹⁵

The activity is also an important part of the broader World Bank engagement on jobs and poverty reduction in Côte d'Ivoire. As described in the Côte d'Ivoire Jobs Agenda operationalization ASA, following

¹¹ This builds on previous evaluations from the Graduation approach, discussed in footnote 3 above, and similar projects supported by the Bank in Côte d'Ivoire and elsewhere.

¹² To facilitate the planned Impact Evaluation accompanying the Economic Inclusion component, an additional 161 control villages have also been selected.

¹³ As indicated above, other challenges related to VCD include complexity in implementation and a fair distribution of the value added among those involved (producers, input providers, financiers, processors and distributors).

¹⁴ It also allows to compare the effectiveness of different approaches (cash transfer, economic inclusion intervention, value chain development) in raising the income of the poor in rural areas.

¹⁵ The effectiveness of different models of agricultural VCD in terms of their labor market and welfare outcomes for the poor remains poorly documented. Swinnen, J. and R., Kuipers, 2017, Inclusive Value Chains to Accelerate Poverty Reduction in Africa, Background paper to Accelerating Poverty Reduction in Africa Report, World Bank Group: Washington D.C., mimeographed. Casaburi, Lorenzo, Brian, Dillon, and Tristan Reed, 2017, Agricultural markets in 'rising' Africa, Blogpost VoxDev 20 November 2017, <http://voxdev.org/topic/agriculture/agricultural-markets-rising-africa>.



the WBG Côte d'Ivoire Jobs Diagnostics (delivered in FY 2017), the WBG's engagement on jobs and poverty in Côte d'Ivoire has now shifted towards operationalizing its findings, including through integrated approaches such as agricultural value chain development.¹⁶ This Jobs pilot creates important learning opportunities on how best to do so in practice.

The insights will further inform job and poverty reducing interventions in other fragile settings, and/or land rich countries with agro-potential, such as Tanzania, Angola, Mozambique, Sudan. Côte d'Ivoire, the largest and fastest-growing economy in the West Africa Economic and Monetary Union (WAEMU), has regained political stability after a decade of political and economic crises during the 2000s. But post-conflict issues and its status as a fragile state (based on World Bank classification) remain, with job creation and poverty reduction the major challenges.

Finally, the *rice* value chain was selected to test proof of concept of the VCD approach for a number of reasons.¹⁷ Rice production is labor intensive and it is widely grown by the PSSN target beneficiaries across its intervention area.¹⁸ There is substantial scope for increasing labor productivity in rice production and job generation off the farm, along the chain (in production, processing, marketing as well as transport, input supply, mechanization services).¹⁹ In Côte d'Ivoire, the national rice strategy is built around the integrated VCD approach, which the pilot seeks to test.²⁰ It is coordinated by a National Rice Office (NRO).²¹ The time horizon for observing results is within the time frame of the PSSN. And from a macro-economic point of view, rice is also highly strategic, given the high import substitution potential, both in Côte d'Ivoire, but also in the rest of West Africa. Côte d'Ivoire's rice consumption rose to 2 million tons in 2013 (twice the amount in 2000). Imports have consistently supplied more than half of it (60 percent in 2013). Yet, detailed calculations by the NRO, following extensive consultations with all stakeholders in the chain, show that it could be produced competitively at home.²²

¹⁶ Côte d'Ivoire has traditionally been an agricultural powerhouse, with great agro-export potential. Poverty in Côte d'Ivoire is concentrated in rural areas and the poor are mainly engaged in low-productivity agricultural and non-agricultural self-employment (47.5 and 29.7 percent of the employed population respectively). How to turn Côte d'Ivoire's agro-potential into more and better jobs for the poor, is an important pillar of Côte d'Ivoire's Jobs and poverty reducing agenda (Christiaensen, Luc and Patrick Premand, 2017, Côte d'Ivoire Jobs Diagnostics: Employment, Productivity and Inclusion for Poverty Reduction, Jobs Report 2, World Bank Group: Washington DC).

¹⁷ Every value chain has its peculiarities linked to the properties of the product. As a result, value chain development interventions are typically tailored to a particular crop, making it is hard to evaluate the effect of different VCD interventions s at the same time. This also bears on the impact evaluation design.

¹⁸ In the northern regions of Côte d'Ivoire (Bagoue, Bounkani, Folon, Gontougo, Kabadougou, Poro and Tcholog), in 2013, 41.4 percent of the households in the lowest asset quintile grew rice (Enquête Niveau de Vie Ménage, 2013, Institut National de la Statistique, Côte d'Ivoire).

¹⁹ See the "Additional Information" section at the end of the concept note for more details.

²⁰ In particular, it seeks to support the rice processing units (PU) to increase the quality of the processed white rice, as requested by the domestic market (labor demand side). In return, the PUs will support smallholder producers in their catchment areas with access to inputs and extension services to ensure a stable supply of high-quality paddy rice for processing (labor supply side).

²¹ ONDR - Office National pour le Développement de la Riziculture

²² Christiaensen, Luc and Patrick Premand, 2017, Cote d'Ivoire Jobs Diagnostics: Employment, Productivity and Inclusion for Poverty Reduction, Jobs Report 2, World Bank Group: Washington DC



DEVELOPMENT OBJECTIVE

The proposed Côte d'Ivoire Economic Inclusion into Value Chains Pilot seeks to test proof of concept of an integrated jobs approach to poverty reduction. Such an approach simultaneously tackles labor supply and demand constraints to raise the incomes of the poor. Within the context of this pilot, the focus is on developing the rice value chain through support to rice processing units (labor demand side intervention) and the productive inclusion of producer organizations and poorer smallholder households within the chain (supply side intervention).

In comparing the labor market and poverty outcomes with those obtained without VCD or cash transfers through rigorous impact evaluation, the activity aims to: (I) test proof of concept of the integrated approach in improving labor market and welfare outcomes for the extreme poor; (II) identify the potential of synergies (e.g. cash transfer and value chain development); and (III) discuss its potential in reducing poverty vis-à-vis alternative approaches (cash transfer, economic inclusion intervention). The findings will contribute to the body of knowledge on employment and poverty reduction programs in general, the design of future cash transfer operations in Côte d'Ivoire and elsewhere, as well as the design of rice support interventions in Côte d'Ivoire and other West African countries.

ACTIVITY SUMMARY

The Côte d'Ivoire Jobs pilot will evaluate the impact of an inclusive rice VCD approach on labor market outcomes and extreme poverty in villages with rice producing potential in the intervention areas of the Côte d'Ivoire Productive Social Safety Net Project. It will further compare the impact of the inclusive value chain development approach with the effects of cash transfers in such villages, and the synergies that could be obtained from providing both. The development of the rice value chain is promoted through support to the rice PUs (access to finance, guarantee funds, and market). The PUs, in turn, are expected to support producer organizations with technical advice and access to inputs.

The impact evaluation will consider four scenarios among the villages with rice producing potential: (I) VC support and cash transfers, (II) VC support without cash transfers, (III) cash transfers without VC support, and (IV) no cash transfers nor VC support. To do so, a few rice PUs will be selected that will receive support, and the evolution of labor market outcomes, welfare and poverty in villages in the catchment area of the rice PUs will be tracked. A random number of these villages will also get cash transfers. Furthermore, several villages in the catchment area of rice PUs that will not be supported (yet), will also be selected and the evolution of the labor, welfare and poverty outcomes in these villages will also be tracked. Similarly, a random number of these villages will also be selected for cash transfers. Examining and comparing labor market, welfare and poverty outcomes in these four groups will allow to compare the impact of VC development with the effect of cash transfers, as well as the synergy.

The rice VCD model partly hinges on the support the larger PUs provide to the smaller ones in terms of bridge financing and the support the PUs provide to the producer organizations to increase their



productivity and ensure high-quality paddy rice production.²³ This may not materialize immediately. As partial support to the intervention, and to enable proper evaluation, the Jobs pilot will consider a one-time payment to these smaller PUs, that could serve as rolling fund to overcome liquidity constraints in operating the PU, and cover costs associated with the provision of inputs and technical assistance to producer organizations. This will also be closely coordinated with the PSSN.

DETAILED ACTIVITY DESCRIPTION

Despite rapid growth in rice production and yields recorded over the last years in Côte d'Ivoire, many challenges and opportunities for growth remain both among rice producers and further down the value chain. Poor quality of processing of paddy rice and limited organization of the marketing efforts have been identified by the NRO as key challenges to boost domestic production and import competitiveness, thereby explicitly linking the challenge of increasing rice yields with the one of improving performance along the whole chain. A recent qualitative survey²⁴ further noted that the stakeholders in the rice value chain are generally poorly endowed with productive resources, under-equipped, poorly trained, and poorly organized and coordinated among themselves and across the different actors in the chain. The overall lack of financial depth in the chain, with each actor facing credit constraints and largely financing him/herself, combined with poor coordination and poor contractual arrangements among the different actors in the chain continues to challenge the rice sector to leave its lower level equilibrium fully behind.

A lead firm driven value chain development approach to eliminate the rice import gap

In 2012, the Ministerial Council adopted the National Rice Development Strategy (NRDS) 2012-2020. It seeks to eliminate the rice import gap by taking a comprehensive value chain approach. Most of Côte d'Ivoire's rapidly growing demand for rice has been met by imports, which, in 2013, accounted for 60 percent of the total rice consumption. The NRDS seeks to attain a production of 2 million tons of locally produced white rice through support to the local rice production and processing. According to its production cost and profit calculations this can be done at a price competitive with international rice imports²⁵, and in a manner that can be profitable for all actors along the value chain.^{26,27}

²³ There are two types of PUs, those with a processing capacity of 2 tons per hour and those with a capacity of 5 tons per hour. The latter are better placed to access finance to overcome the liquidity constraints that arise given the time gap between the purchase of unprocessed paddy rice (when the farmers deliver the rice to the mill) and the reimbursement following the actual sales of processed white rice (when the wholesaler has sold the rice). In the absence of temporary credit, this prevents PUs from continuing procuring rice from farmers at harvest. It is especially smaller PUs that face such a constraint.

²⁴ Doumbia, Sékou, 2016, La situation de référence des indicateurs de performance de la chaîne des valeurs du riz.

²⁵ Rice import tariffs are limited to between 5-10 percent as determined under the Common External Tariff of the Economic Community of West African States (ECOWAS) (Coulbaly, Jeanne Y., Nakelse Tebila, and Aliou Diagne, 2015, Reducing Rice Imports in Côte d'Ivoire: Is a Rise in Import Tariff the Solution?).

²⁶ The National Rice Office has done extensive calculations on the profitability and the competitiveness of the locally produced and processed rice: if sold at 370 CFA per kilo, white rice would be competitive against imported rice. Subtracting all incurring costs, this price would leave a margin of 85 CFA per kilo to be distributed between the producers, the processors, and the distributors.

²⁷ The inter-professional platform on rice each year sets a national guiding purchasing price. It is the outcome of a negotiation among the different stakeholders in the rice value chain, facilitated by the National Rice Office. The



The coordination of the implementation of the NRDS is under the responsibility of the NRO, a public administrative body under the technical supervision of the Ministry of Agriculture, and the economic and financial supervision of the Ministry of Economy and Finance. The NRO has divided the country into ten production basins, each with a production potential of at least 200.000 tons of white rice. These rice development poles will be operated by a private operator, or so-called pole leader.

Box 1 – Rice processing

Rice processing consists of several steps, which may either be performed by small processing units, so-called monoblocs, processing the rice in one step, or by larger processing units, separating the different steps. After harvesting, the paddy rice first must be dried to reduce moisture. Within the rice processing unit, the paddy rice runs through different processes:

- **From paddy to brown rice:** first, the paddy rice is being cleaned to remove stones and other foreign objects. Then, the husk is being removed from the paddy rice. 20 percent of the weight of the paddy rice gets removed during the hulling process.
- **From brown to white rice:** first, the bran layer of the brown rice is being removed. Then, the white rice is being polished and sorted, to separate broken, long grain rice etc. During this process, another 15 percent of the weight of the rice gets removed.

The monoblocs process all of the above in one step. In a multistage processing unit, however, they are separated from one another, which results in higher quality white rice. The multistep processing units usually have a capacity of 2t/h, 5t/h or more. In Côte d'Ivoire, there are currently three larger (more than 5t/h) processing units operating, all managed by private investors.

The pole leader is at the core of the inclusive VCD model promoted by the NRO and is in charge of (I) providing support to producer organizations and smallholders to increase rice production; (II) managing financial and rice flows along the value chain; (III) marketing of the processed rice on the local market; and (IV) managing costs within the value chain to produce white rice that is profitable for the producers and competitive on the market. Each pole leader will manage at least one PU with a processing capacity of 5 ton/hour or 25.000 ton/year, constructed and equipped under the supervision of the NRO.

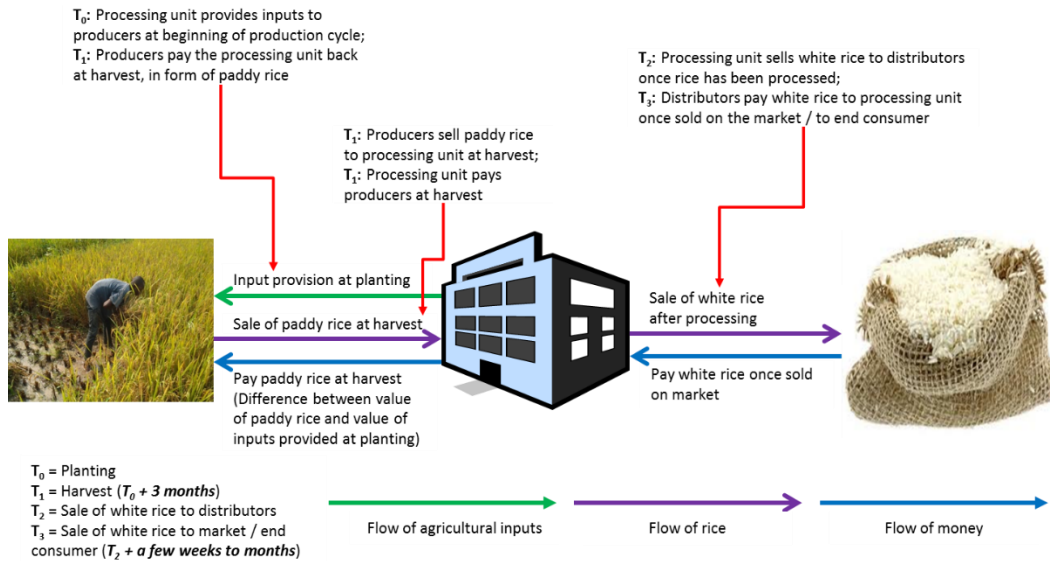
In the inclusive value chain development model promoted by the NRO, a commercial bank plays a catalytic role in unlocking liquidity constraints occurring along the value chain. Liquidity constraints pose a significant challenge for PU operators at two points during the rice cycle (Figure 1): (I) At planting time, the PUs need to provide access to inputs for the farmers (seeds, fertilizer, pesticides) on credit. This is recuperated at harvest when the farmers present their rice for processing; (ii) At harvest, the PUs buy paddy rice from producers and transform it into white rice. They need to pay the producers in cash immediately upon delivery (minus the credit provided for the inputs), but are only reimbursed for the rice they bought and processed 45-60 days after it has been passed on to the distributors and sold to the end consumers. As banks are typically unwilling to provide bridging finance, this often prevents PUs, especially

price setting is based on jointly provided information on the expected costs and the share of the different stakeholders in the chain (producers, processors and distributors) is also agreed upon. This approach is similar to the price setting and value sharing process followed in other cash crops in Côte d'Ivoire.



the smaller ones, from buying additional paddy in the meantime. In turn, when producers must wait too long to sell their rice, or when good storage facilities are absent, producers are disincentivized and reduce production. Overcoming this liquidity constraint could help boost the volume of paddy rice production over time, if producers and producer organizations are linked up with reliable rice paddy buyers.

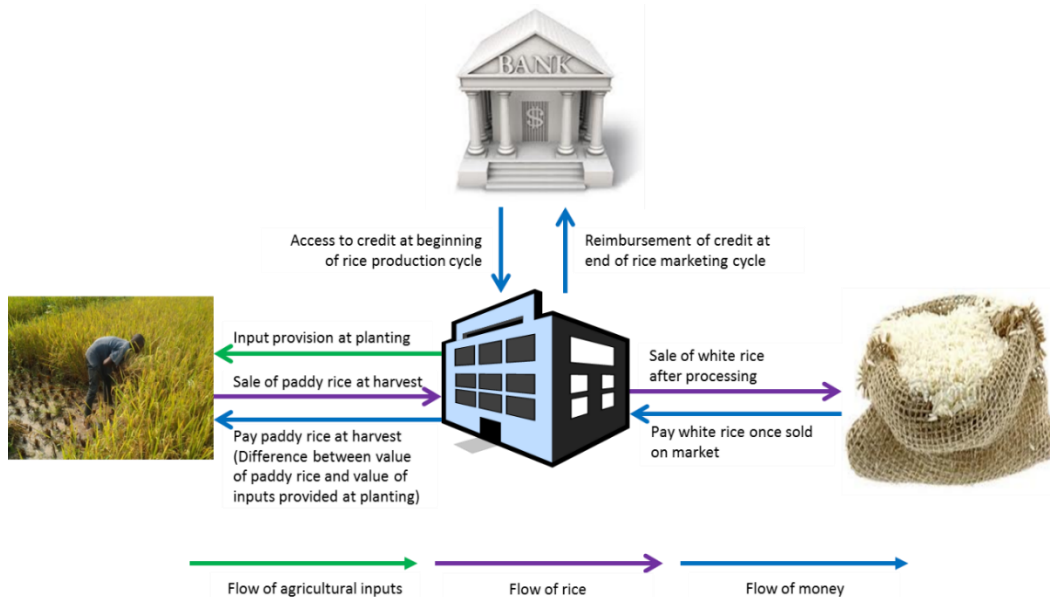
Figure 1 – Liquidity constraints faced by the rice processing units



Source: Own illustration, based on information from National Rice Office, 2017

To overcome these liquidity constraints, the NRO is negotiating with different commercial banks in Côte d'Ivoire to ensure access to finance for the pole leaders (Figure 2).

Figure 2 – Inclusive value chain development model promoted by the National Rice Office



Source: Own illustration, based on information from National Rice Office, 2017



The 5t/h PUs purchase paddy rice from different sources, each implying a different support mechanism to promote rice production: In the estate model, the PUs source paddy rice from their own land and they have full control over the production process. In the out-grower scheme, the PUs source paddy rice directly from producers or producer organizations, through a contractual agreement, determining the provision of inputs and technical assistance to increase productivity and production. Further, the PUs also source paddy rice or partly processed rice (cargo rice) from smaller PUs, as well as directly from farmer organizations. Many PUs with a processing capacity of up to 2t/h are already operational throughout the country and have a comparative advantage to the larger PUs: they are closer to the production fields, which decreases transportation costs.

To enhance their integration into the rice value chain, producers or producer organizations may either receive support from the pole leader operating the 5t/h PU, or the operator of the 2t/h PU. The pole leaders of the 5t/h PU are expected to provide producers and producer organizations in the catchment area of the PU (estimated at around 70 km) with inputs and technical assistance to increase their productivity and to ensure high-quality paddy rice production. For this, they could also draw on various private and public actors that have developed corresponding extension services. However, the pole leader may not necessarily engage in providing such support to producer organizations, at least not at first.

A variant on the 5t/h PU model and its surrounding privately run 2t/h PUs, is the ESOP model (*Entreprises de Services et Organisations de Producteurs*). It is a 4-way partnership between producer organizations, an entrepreneur managing the processing unit, a trader or wholesaler, and the NRO as financing and technical partner. All four parties are shareholders of the ESOP and different agreements are signed between the producer organizations and the ESOP on the provision of agricultural inputs, the sale of paddy rice to the ESOP, and technical assistance to the producer organizations, with the objective to increase the productivity of paddy rice and more equally share the value added.

Simultaneous labor supply and demand side intervention to improve the earnings and living conditions of the poorest households

The Côte d'Ivoire Jobs pilot will evaluate the impact of the implementation of the inclusive value chain development model on the earnings and living conditions of both the poorest and other households within a community. The inclusive VCD intervention each time simultaneously tackles (labor) demand and supply side constraints. On the demand side, the interventions strengthen the rice processing unit to enable it to increase the sales of domestically produced rice (through a national rice support framework, access to a processing plant, and access to bridging funds or a guarantee fund). On the supply side, they support smallholders (credit, inputs and extension, ensured market access, and price guidance) to increase and ensure a steady supply of good quality rice.

The link with the cash transfer program

The Impact Evaluation of the Côte d'Ivoire Jobs pilot will consider two different treatment legs: (I) The integrated value chain development model, which strengthens the PU (demand side intervention) and supports producers and producer organizations (which are not only, or all the poorest in the village) towards a better integration into the rice value chain. (II) A cash transfer to the bottom 30 or 40 percent in the village (determined through proxy means testing). The cash transfer villages will be randomly



selected among the villages in the catchment areas of the rice PUs. This gives four evaluation arms as illustrated in Figure 3:

Figure 3 – Treatment arms of the Impact Evaluation

VCD + CT	VCD
CT	∅

The demand side component of the VCD interventions cannot be randomized. Identification of the impacts will thus rely on difference in difference with propensity score matching (DID-PSM) evaluation. Nonetheless, this would still position the proposed evaluation at the cutting edge of the VCD literature. Solid evaluation of VCD interventions remain rare. It will further be explored whether the additional effects of providing supply side support (credit for inputs, technical advice) over the demand side intervention in the VCD can be identified by randomizing the villages which get supply side support within the catchment area of the PU which is supported.

By tracking the evolution of labor market and welfare outcomes among a random sample of all villagers in each village (both cash transfer beneficiaries (the poorest segment) and potential VC participants (i.e. potential rice growers)), the Impact Evaluation aims to capture both direct and indirect or spillover effects.

Cash transfer have multiple objectives, and seek to affect many outcomes. Improving employment outcomes and earnings are not their primary objectives, so comparing impacts of cash transfers and VCD on a limited set of employment outcomes will give a partial picture only. For this reason, data on a broad array of welfare outcomes will be collected, in addition to labor market outcomes. One such labor market outcome is the extent to which VCD and CT intervention affect outmigration.

Quantitative household surveys linked to this impact evaluation design will be the primary instrument to evaluate and compare the impact of the interventions. Qualitative surveys and localized generalized equilibrium models will further be judiciously used to triangulate the findings from the quantitative surveys.

Implementing arrangements and timeline

The NRO and the PIU of the Côte d'Ivoire Productive Social Safety Net Project are the direct counterparts of the Côte d'Ivoire Jobs pilot. The NRO will be the Jobs pilot's main counterpart on the value chain intervention. Successful implementation of the Jobs pilot will further require close technical collaboration between the PIU of the Productive Social Safety Net Project and the NRO, throughout the pilot cycle (design, implementation, analysis and dissemination). Design and implementation of the accompanying Impact Evaluation will be directly coordinated and overseen by the WBG project team. For this, a local firm/organization will be hired to assist with the activities in the field (survey implementation, day-to-day coordination among different stakeholders, day-to-day dissemination of the insights). The Côte d'Ivoire Jobs pilot will be designed, implemented, and evaluated between July 2017 and June 2021.



EXPECTED RESULTS AND OUTCOMES

- Proof of concept of an integrated approach to the improvement of labor market outcomes in rural settings with agro-ecological potential (differentiated by gender);
- Empirical understanding of the relative effectiveness in reducing extreme poverty of cash transfers versus value chain development (directly as well as indirectly) and the synergies that may arise from combining both;
- Insights in the channels through which these interventions affect the poor (directly, but also indirectly through the local labor and goods markets);
- Improved understanding of the labor market outcomes (differentiated by gender) along the rice value chain (in transport, storage, processing, and distribution), which can serve as benchmarks in the design and cost-benefit calculations for future interventions within and outside Côte d'Ivoire;
- Improved design of the extension of the Côte d'Ivoire Productive Social Safety Net Program as well as Productive Safety Nets, Employment and Poverty Reducing projects elsewhere;
- Better informed dialogue on employment with related counterparts in Côte d'Ivoire through the work on the jobs agenda operationalization, including through the production of a specific note featuring the pilot

DISSEMINATION AND OUTREACH STRATEGY

The findings of the Impact Evaluation of the Côte d'Ivoire Jobs pilot will be presented through a report, a series of working papers of academic quality as well as policy notes and blogs available in English and French that will explain findings in a more accessible and policy focused way. The production of a video will also be explored. The team will further explore opportunities to disseminate the findings of the Jobs pilot in various policy and academic venues within Côte d'Ivoire (regionally and nationally), and internationally to reach a broad audience (media, policy makers, local and international academia).

The findings will be fed back continuously into the implementation of Côte d'Ivoire's national rice strategy and the Productive Social Safety Net Project. Through close coordination with both projects, the findings further have the potential to inform the next generation of WBG employment and poverty alleviation interventions in Côte d'Ivoire and elsewhere. They will also inform the broader dialogue on employment in Côte d'Ivoire, including through the jobs agenda operationalization.

The findings of the Côte d'Ivoire Jobs pilot will moreover be disseminated together with the findings of the other Jobs pilots that are part of the series of Jobs pilots funded under the Jobs MDTF, which aim to test more comprehensive approaches, which simultaneously tackle labor supply and demand side constraints.

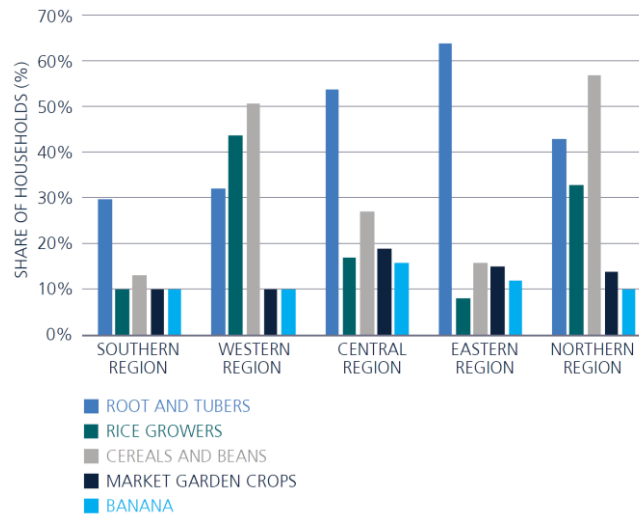


ADDITIONAL INFORMATION

The selection of the rice value chain in Côte d'Ivoire to provide a proof of concept of an integrated jobs approach to poverty reduction

For a number of reasons, the rice value chain has been selected to evaluate the effects of an integrated value chain development approach on the productive inclusion of the poor and thus their income and living conditions. The rice value chain offers manifold job opportunities, both on and off the farm (production, processing, marketing as well as input supply, transport, mechanization services). There is a potential for both, self- and wage employed jobs. Further, rice production is widespread throughout Côte d'Ivoire. More than 40 percent of the households in the western and 30 percent of the households in the northern regions grow rice. As poverty rates in these regions are higher than in other regions of the country, the development of the rice value chain might have a positive impact on the earnings and living conditions of the poorest households within a community.

Figure 4 – Regional distribution of rice and other food crop production



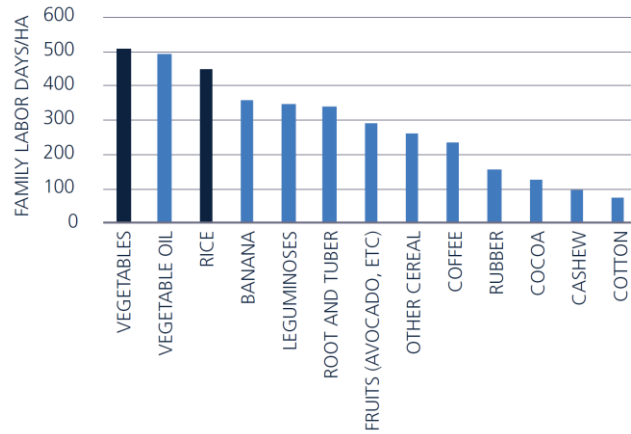
Source : Côte d'Ivoire Jobs Diagnostic, 2017.

Rice emerges as one of the most labor-intensive crops and most farmers in Côte d'Ivoire have moved well beyond subsistence farming. Farming in Côte d'Ivoire is dominated by smallholders who are well endowed with land and hire (migrant) labor to make up for family labor shortages. Given very little mechanization, the use of hired labor as well as labor exchange is common to make up for family labor shortages. Rice emerges as one of the most labor-intensive crops, both in terms of family labor days per hectare and hired labor. The recent expansion of rice production and the further development of the rice value chain through the country is thus also promising from a jobs perspective. There is also a fair degree of market orientation. Four in five smallholders sell at least some of their output, with one in five reporting to sell their complete harvest. In other words, most farmers engage with the market and have moved well beyond farming for subsistence only.



Figure 5 – Rice is among the most labor-intensive crops

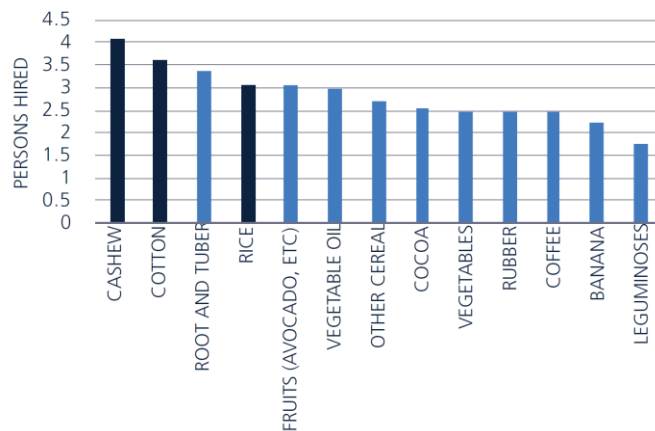
ENV 2015: VEGETABLES AND RICE ARE AMONG THE MOST LABOR INTENSIVE CROPS



Source: Côte d'Ivoire Jobs Diagnostic, 2017.

Figure 6 – High use of hired labor in rice production

ENV 2015: USE OF HIRED LABOR HIGH IN COTTON, CASHEW AND RICE PRODUCTION

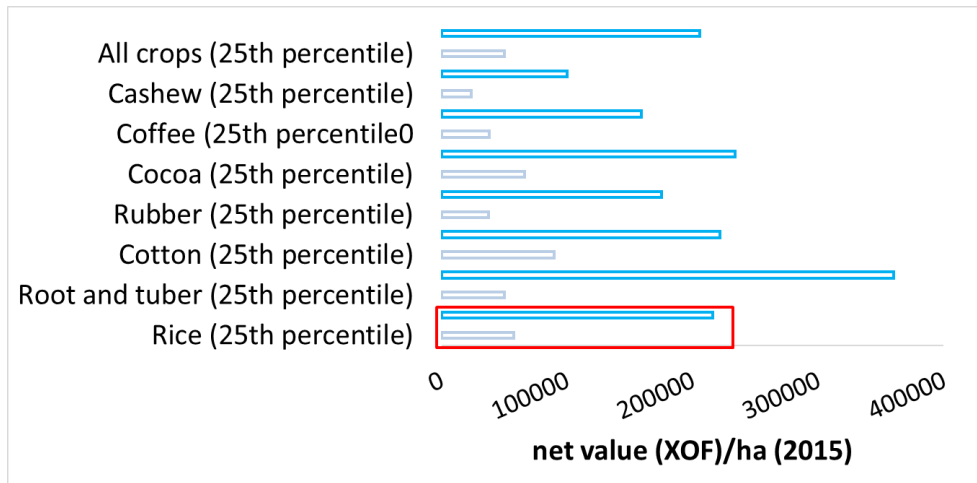


Source: Côte d'Ivoire Jobs Diagnostic, 2017.

Large heterogeneity in net returns per hectare suggests substantial scope for productivity gains in the rice production. The net value of rice production per hectare for farmers producing at the 75th percentile is three to four times higher than the net value of production per hectare for farmers producing at the 25th percentile. Many factors could explain the productivity gap, such as differences in soil fertility, water control, agro-ecological circumstances, and market access. Controlling for labor inputs and other factors, multivariate regression results also point to the importance of differences in modern input use. Overall, the heterogeneity in land productivity equally suggests substantial scope for productivity gains.



Figure 7 – Large heterogeneity in net returns per ha suggests substantial scope for gains



Source: Côte d'Ivoire Jobs Diagnostic, 2017.