

**BRINGING THE POOR INTO THE EXPORT PROCESS:  
IS LINKING SMALL PRODUCERS AND BIG EXPORTERS A  
SOLUTION?**

**A paper contributed by  
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## 1. Executive Summary

Since 1960, Côte d'Ivoire focused on its agriculture to help develop its economy. Given the economic and financial crisis occurred in the '80's and '90's, coupled with a socio-military crisis, the level of poverty has increased and required innovative export promotion programs to include vulnerable groups in the process of export development activities. APEX-CI, which has developed and implemented a package of basic export promotion programs, has proposed a new export promotion program dealing with the constraints linked to poverty reduction and export promotion involves poor populations, implementing agencies, and local and international stakeholders. A case study derived from this national export promotion program focuses primarily on the agricultural component, and particularly on contract farming. The contract farming could be viewed as a starter point and an important tool for export promotion and poverty reduction, and more importantly within the NEPAD<sup>1</sup> framework. This partnership program has been materialized with one partner considered as one of the implementing agencies which have shown its capacity of leadership, will, management, and ownership, basic conditions to set up a viable solution model bringing together small farmers and big exporters through business linkages in and outside their own business environment. This model solution must also take into account expectations of group of farmers, who have the ambition to be exposed directly to the international markets.

## 2. Introduction and Context

Côte d'Ivoire is a country located in West Africa with 17 million inhabitants. It belongs to the WAEMU<sup>2</sup>, and the ECOWAS<sup>3</sup>, structures involving the process of economic and social integration in the region. Considered as one key economic player in sub-Saharan Africa, the country has positioned itself as the largest world producer and exporter of cocoa beans for more than two decades. Its economy based on agriculture focused on the development of various agricultural commodities exported in the world market: among them, pineapple, banana, coconut, coffee, rubber, palm oil, cotton seeds, and cashew nuts. About 5 million farmers are living on the revenues from these crops, either through formal and informal contract farming. For more than forty years, the country experienced a relative political stability enabling a steady economic growth and development of the country. During the '80's and '90's, the country has experienced an economic crisis. Its GDP per capita has declined by 4% in average from 1980 to 1991. At this date, the GDP has reached 60% of the 1980 level. Between 1981 and 1993, since the first structural adjustment program, the country has been awarded nine adjustment loans supported by the World Bank and IFM. These stabilization policies did not succeed in eliminating the financial and economic crisis, but were socially costly for vulnerable populations, a situation worsened with the socio-military-crisis, which started in 1999 up to 2006.

APEX-CI is a trade promotion organization managed by the Ivorian private sector. Other stakeholders include the State of Côte d'Ivoire and the World Bank. APEX-CI has been involved in ITC and UNCTAD programs. Since 1998, it has developed and provided a full package of basic export promotion programs focusing on: business advocacy and enhancement of export environment; technical and financial assistance through matching grant funds for export promotion and development, trade information delivery, and lobby and policy dialogue with local government and international partners. All these programs aim at strengthening the export capacity of Ivorian exporters. Over the last two years, APEX-CI has been involved in three market access challenges: (1) the child labor and cocoa certification of cocoa beans from Côte d'Ivoire to the US market to secure export revenues of cocoa farmers within the

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<sup>1</sup> NEPAD: *New partnership for Africa Development: a development program initiated by African Head of States to take the ownership of Africa's future within the United Nations Development Millennium. It focuses on infrastructure development, education, policy governance, and business. One very important component is agriculture development*

<sup>2</sup> *West African Economic Monetary Union (Senegal, Benin, Niger, Mali, Guinea Bissau, Côte d'Ivoire, Burkina Faso, and Togo)*

<sup>3</sup> *Economic Community of West Africa States (WAEMU, Nigeria, Ghana, Sierra Leone, Liberia, Mauritania, Guinea, Cape Verde, Gambia, etc.)*

Harkin-Engel Protocol<sup>4</sup>; (2) the implementation of Ivorian private sector in the New Partnership African Development (NEPAD) implementation, with a mandate to create and launch the NEPAD Business group in Côte d'Ivoire; (3) a national project of poverty reduction through exports called " Programme de Reduction de la Pauvreté par les Exportations", (PRPE<sup>5</sup>) to insert poor populations into the world market.

### **3. PRPE: A Model as a First Hand Solution to Involve Vulnerable Populations into International Trade**

Given the current socio-economic crisis in the country, APEX-CI has developed a project, which links poor populations (vulnerable groups) with an export promotion agency, business partners, clients and traders. APEX-CI's model is based on the following principles:

#### **3.1 Principles:**

- Reduce poverty by enabling poor populations to penetrate the chain of production and marketing of products and services on the international markets
- Encourage the development of sustainable trade taking into account the economic, social and environment issues
- Target poor communities already involved in a production process and providing them the possibility of acquiring required export capacities and increase their production potential
- Strengthen the marketing possibilities of goods and services to provide regular and fair incomes for poor communities and increase their team capacities

#### **3.2. Mechanisms**

APEX-CI export promotion program to reduce poverty has set up four mechanisms:

- Stock of business opportunities: It will work as a trade information network in order to disseminate of rules of multilateral trade system, international trade facilitation, business relations and management of business opportunities. The objective is to connect vulnerable groups directly with the market place in order to generate export sales.
- Strategic advisory service: It helps design and implement market strategies.
- Matching grant funds: It helps support financially and operationally farmers with a cost shared scheme to implement their marketing actions with a direct and visible impact on their exports.
- Advisory services to local government bodies: Services are provided to local government bodies to access international donors' funds. Strategic plans are drawn with foreign partners at the international level.

#### **3.3 Identification of key in and out country business alliances:**

Key business alliances in the country include: the State of Côte d'Ivoire, as a key stakeholder bringing most part of financial resources needed for this project, associations of producers, association of local government bodies (including sub-district and districts throughout the country), local government bodies (including sub-district and districts throughout the country), and local financial institutions.

Key business alliances out of the country include international organizations such as the World Bank, UN agencies involved in development projects (UNIDO), foreign-aid agencies (India, Iran fund programs) regional competitiveness hub centers (West African trade Hub, an USAID funded-program in West Africa), regional financial institutions (Central bank, regional banks, and African Development Bank).

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<sup>4</sup> The Harkin and Engel Protocol provisions stated that, the world cocoa industry and cocoa producers must set up a certification of cocoa beans produced and processed without using worst forms of child labour by July 1st 2005.

<sup>5</sup> PRPE : programme de réduction de la pauvreté par les exportations, program of poverty reduction through exports.

### 3.4. Targeted areas:

Agricultural products (fresh and processed), textile (fibers and garments), light manufacturing industries, and community tourism.

**Figure 1 – The sustainable triangle of APEX-CI PRPE**

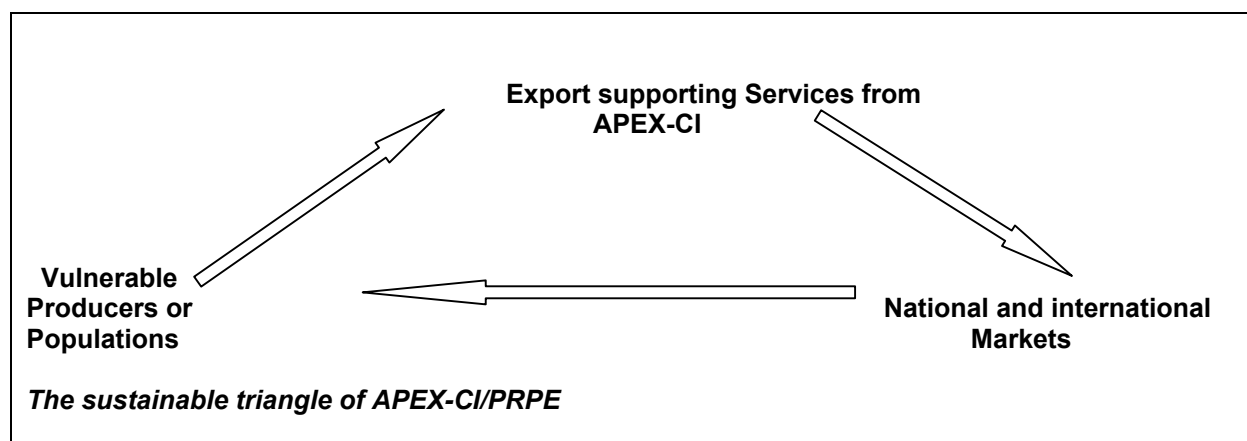


Figure 1 illustrates the sustainable triangle of APEX-CI poverty reduction projects through exports, dealing with key players of its business alliances, helping them exposed to the international marketplace.

### 4. A Case Study: A Partnership with CEPROCEV/ANAVICI through the Contract Farming Concept

This case study deals with agriculture as one of the four targeted areas. It involves APEX-CI and CEPROCEV/ANAVICI through the concept of the contract farming, implying local and international business alliances.

#### 4.1 Diagnostic in rural areas and farming environment:

The six-year crisis starting in September 2002 has increased the level of poverty of populations throughout the country. Most incomes of farmers have been reduced due to this crisis. Socially, populations have been displaced from their original locations. Others have lost their belongings, lands and tools of production. Younger groups, including students, workers, have also left their workplaces or jobs, having nothing to do or not being able to use their expertise in specific tasks or projects. These gaps need to be fulfilled and these groups to be organized in order to develop a synergy of potential. There is no direct efficient assistance from local and district government bodies also lacking of funds or specific export promotion programs.

These targeted populations include: younger groups, women, small business owners, small farmers, handicraft workers, and micro-owners. More particularly, these targeted populations' profiles are: educated and jobless, trainees, farmers, craftsman, worker and farmer's cooperatives. APEX-CI has undertaken a specific approach on agriculture, in association with a group of associations, called ANAVICI. More than a year ago, APEX-CI has identified among key players in its business alliances, ANAVICI,<sup>6</sup> a professional association regrouping thousand of members ranging from small farmers, young managers, and women, small and medium-sized owners. On November 2005, APEX-CI signed a MOU with this organization to work jointly on a series of programs linked to export promotion and poverty reduction.

<sup>6</sup> Association nationale pour la valorisation des vivriers de Côte d'Ivoire.

#### **4.2 ANAVI-CI's involvement in APEX-CI program:**

ANAVICI has been involved in the APEX-CI program since one year ago, after being organized and strengthened its business capacity as a key player in the APEX-CI sustainable triangle. This association has gathered all business potential of its members, all sectors combined, thus creating a producer-marketing agency called CEPROCEV-CI<sup>7</sup> with the objective at first to put in place an in-country business alliance. The agency set up several alliances with a consortium of local banking and micro-finance organizations, local media, consulting and capacity building organizations, the Ivorian government, and sub-district and districts, agribusiness and leading firms involved in agriculture, and finally with APEX-CI.

At the continental level, through its alliance with APEX-CI, the farmers' organization participated in a NEPAD seminar on contract farming last November 2005 in Uganda, and took the ownership of NEPAD programs focusing on agriculture. Along with the capacity of mobilizing its membership, ANAVI-CI gained the necessary leverage to overcome the challenge of linking its organization to the international business partners involved in international trade. It has extended its capacity from a producer status to an exporter and/or trading partner one in order to access international markets adequately.

#### **4.3. Contract farming:**

Contract farming is generally illustrated by a number of arrangements that link small-scale farmers to some type of market in a way, which brings them in a successful independent commercial farmer in a long-run term. Farmers can be linked to markets by either formal or informal contracts as a result of an arrangement with a buyer, which could be an industrial, an exporter or a trader. This means that an agribusiness partner will secure smallholder farmers a secure market, as well as provide security price and outlet in a way that empowers the farmer without having the feeling of dependence and exploitation. The contract farming consists also of contracts between the producer and the investor (exporter, manufacturer or marketer). Over the last three decades, in Côte d'Ivoire, the contract-farming scheme in place was mainly between small farmers and local big exporters. Most contract farming projects and programs took place in agriculture. Local farmers produce their crops and sell them to buyers, usually big exporters that resell in the international market. This has been true for all agricultural crops such as pineapple, cocoa, coffee, cotton, rubber, and palm oil. Small farmers were not directly exposed to the international market place. This scheme has not changed much as well as the social and economic conditions of farmers.

Prices of agricultural commodities in the international market are subject to speculation and small farmers do not have any power on their determination. This situation put small farmers on a dependence status and they remain producers only in the supply chain.

#### **4.4 Linking ANAVICI/CEPROCEV-CI to big exporters: a first hand solution for poverty reduction:**

APEX-CI has developed a program for ANAVI-CI/CEPROCEV-CI through its Poverty reduction program through exports. This approach has brought about new relations between this organization and in-country business alliances, due to the local recognition of APEX-CI's involvement in market access issues.

Other in-country business linkages include those with local government bodies, which must contribute to the reduction of poverty by a fair allocation system of land resources and the implementation of attractive measures for more foreign direct investments in the region or district. Other are directed to capacity building, finance, marketing and administrative issues.

Today, this organization is not dealing only with in-country business alliances but also with out-country business alliances, which may be interested in its program. These relations are more sophisticated with extended out-country alliances ready to improve seriously the conditions of these producers. Farmers' expectations have always focused on incomes' increase, and this broader approach could improve the welfare of these vulnerable groups. The leverage available through UN-private-sector-

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<sup>7</sup> CEPROCEV-CI : Centre de promotion de la production, du commerce et des exportations du vivrier en Côte d'Ivoire.

oriented and gender programs remains a vital linkage to change the basic approach of farmers and exporters.

These linkages will be beneficial if:

- Poor populations are well organized (a structure with a sign of leadership and management)
- Capacity of export potential is visible through a pool of exportable products, export potential and partner markets
- Suitable products are identified (through poor communities, and implication of women)
- There is a capacity to mobilize capital
- There are well-developed programs with local government bodies
- Cooperation schemes are developed with foreign countries
- There is a strong coalition with the government
- The partnership private sector public sector is jointly efficient

## **5. Conclusion**

Contract farming in Sub-Sahara Africa could be viewed as a starter point and an important tool for solutions in connecting export promotion and poverty reduction. The national poverty reduction program through exports developed by APEX-CI is an appropriate framework for linking poor populations with big exporters, and even more with key players in the international market. Several ways are available, starting from niche markets to fair trade approaches, and even through specific business linkages between well-structured and managed organizations, and APEX-CI. This business potential offered to poor populations opens wide the way for listing various partnerships, a starter point and a more viable business linkage for increasing most vulnerable populations' incomes.