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GLOBAL FOOD SECURITY RESPONSE: WEST AFRICA RICE FIELD WORK PROTOCOL

microREPORT #152

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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I. INTRODUCTION

On May 1, 2008, the White House announced a request to Congress for additional supplemental resources to help address the impact of high global food prices on developing countries. The Global Food Security Response (GFSR) framework—a response to the global food crisis—includes three components: i) an emergency humanitarian response, ii) urgent measures to address high food prices through agriculture and trade programs, and iii) a global policy agenda to address the systemic causes of high food prices. USAID’s Development Assistance funds will be used largely to support urgent agricultural and trade measures, as proposed under component two of the framework, above. These include actions to increase agricultural productivity; alleviate transportation, distribution and post harvest supply-chain bottlenecks, and promote sound market-based principles.

GFSR is aimed at increasing the production and marketing of food staples, which is key to addressing the structural imbalance in supply and demand of food supplies, reducing food prices and increasing incomes and revenue needed to buy food. Increasing the production and productivity of staple foods will also stimulate higher rates of agricultural growth to sustainably reduce food insecurity in Africa.

Under the GFSR, the Africa Bureau is commissioning staple food value chain studies in West Africa. The goal of the value chain studies is to improve food security and raise rural incomes in seven to nine food staple value chains of West Africa. Greater food security will be achieved through a combination of increased food availability—resulting from higher yields, improved post-harvest practices and more efficient marketing—and sustainable increases in rural incomes due to higher rates of value chain growth, improved competitiveness and complementary economic activities.

Key questions that need to be answered in order to attain this goal are as follows:

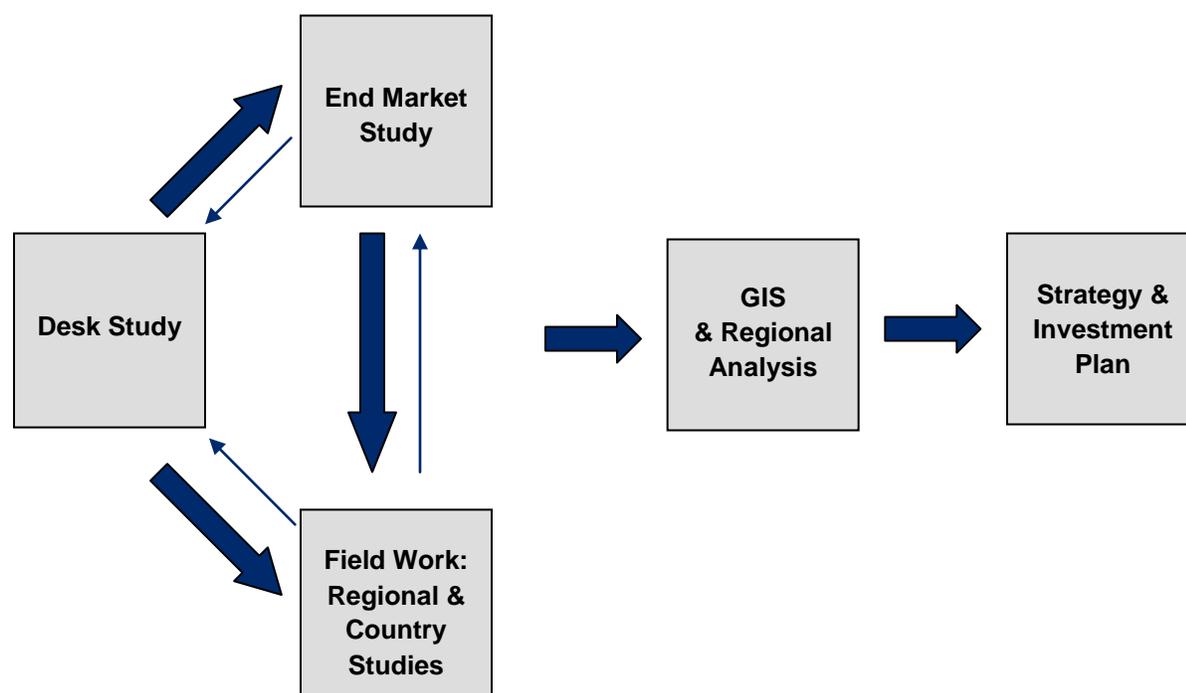
1. Where are the high-potential areas for production of the selected staple foods that should be the target for interventions to increase food security and rural incomes by raising production, yields, on-farm consumption and the marketed surplus?
2. Where are the key end markets within the region for marketed staple foods? What are the characteristics of demand in these markets, including consumer preferences? What are the competing sources of supply, including food aid? And what, as a result, are the challenges and opportunities in these end markets for West African suppliers?
3. What are the challenges and opportunities for trade in staple foods between areas of high production and areas of consumption, both within countries and across national borders?
4. What constraints in the business environment and/or along the value chain need to be addressed to increase the supply and availability of the selected staple food?
5. What competitiveness strategies should private-sector stakeholders in selected staple food value chains adopt to increase productivity and improve competitiveness?
6. What interventions, actions and/or investments by USAID—within the Comprehensive Africa Agriculture Development Program (CAADP) framework—can have the greatest impact on food security and rural incomes? How can USAID support sustainable increases in value chain competitiveness? How can USAID help protect rural incomes over time in cases where the increased competitiveness of staple food value chains marginalizes smallholder producers?

Understanding constraints to improved productivity and competitiveness is critical to the GSFS effort. However, by itself, analysis of constraints—which donor studies have focused on for many years—does not necessarily lead to change and improvement. A key objective of the value chain work is to detail opportunities and constraints to those opportunities, as well as to identify drivers of change, a strategy for increasing industry competitiveness, and action plans appropriate for the private sector, West African governments, CAADP and USAID in support of this strategy.

The objectives of this study are the following:

- Identifying the most promising end-market opportunities for selected staple foods
- Analyzing value chain constraints to taking advantage of identified opportunities
- Develop short-, medium- and long-term industry strategies for creating competitive advantage in selected staple food value chains
- Propose roles for USAID and host governments—within the CAADP framework—in support of the industry strategies.
- Recommend investments in the short, medium and long term for USAID to improve the competitiveness of staple food value chains, improve food security, and increase rural incomes in West Africa.

Figure 1. Structure of the West Africa Rice Study



Desk study will capture and codify as much data as possible on the rice value chain regionally and for the five countries. The desk study will identify gaps to be addressed by field work. The desk output will not be a traditional paper, but detailed matrix and a series of summary briefs that will be ground-truthed with key informants.

Regional end market study will include both desk research and field interviews, and will focus on:

- identification of major regional markets
- interviews with buyers in West Africa and elsewhere
- analysis of the competition
- decision making of consumers, retail and wholesale traders, and importers, including substitutes

Country-level field work will address the gaps identified by the desk study, focusing on systemic constraints to exploiting opportunities identified through end market analysis. Systemic constraints explored will include:

- end-market analysis (consumer behavior, market segments, competitive landscape, procurement mechanisms)
- business environment and the incentives and disincentives created for investment and upgrading
- vertical coordination and the efficiency and effectiveness of firms in the chain to cooperate and compete constructively, capturing issues related to inter-firm relationships (trust, incentives, capacities, and behavior)
- aggregating strategy—the willingness of firms to cooperate horizontally in order to aggregate product, buy or sell in bulk, pool resources and otherwise improve efficiency, benefits and overall competitiveness
- capabilities and incentives/disincentives for investing in upgrading to exploit end-market opportunities—all along the value chain, with particular attention on smallholders
- supporting markets—services needed to strengthen value chain capabilities and the profitability of services provision (including finance, extension and agronomic services and business services) given the business environment and the growth of, expected returns from and perceived risk in the value chain
- value chain governance—analysis of which firms set and monitor the terms of transactions, are willing to invest in smallholder upgrading, and/or institutionalize quality standards all along the chain

Regional analysis will incorporate GIS spatial analysis and maps and a synthesis of the desk and field work focused on a regional overview of the rice value chain, opportunities for and constraints to regional trade, and end market opportunities and constraints.

Strategy will lay out how to improve the competitiveness of the rice value chain. The rice value chain like others has numerous constraints. A strategy is needed for how to move the industry or value chain from its current state to one that is more productive and competitive and able to contribute to improved food security and rural incomes. For value chains dominated by smallholders, an industry strategy needs to articulate the sequencing of interventions needed to facilitate upgrading in small “riskable” steps that lead to sustainable changes in behavior.

Investment plan will include recommended investments for USAID missions, both regionally and by country, to improve the competitiveness and inclusiveness of rice value chains, including increases in the production, productivity and trade of rice in the region.

II. VALUE CHAIN ANALYSIS REPORT FORMAT

While regional in focus, the staple food value chain studies will comprise five country studies (Senegal, Mali, Liberia, Ghana and Nigeria) in addition to a regional overview that examines key regional end markets and regional trade and trade flows. A standard format is needed for the five country studies to allow comparisons between countries, identify gaps in information and ensure consistency in the approach used. The desk study will begin to populate the various sections of the report. The field research will clarify inconsistencies in the information generated by the desk study, where necessary, will collect data (using the sample question guides in Section IV) to complete the sections below and—together with the West Africa rice study consultative group—make initial recommendations for strategic investments in the country and region.

The format of the value chain analysis report is given below. Each country study will be 15-20 pages in length, in addition to any annexes.

A. INTRODUCTION TO RICE INDUSTRY IN COUNTRY

A summary of the rice industry in the country should follow. This section should include:

- Production—main areas cultivated, yields, production systems (including land preparation, cropping patterns, soil types, etc.), pests and diseases, inputs used and varieties planted
- Consumption patterns—total consumption, varietal demand analysis, consumption per capita, self-sufficiency ratio, demand shifts due to urbanization, relative prices and/or income growth
- Poverty—poverty headcounts, prevalence of and trends in food aid
- Patterns of regional trade—imports and local surpluses marketed
- Major changes in the industry over the last ten years

B. BUSINESS ENABLING ENVIRONMENT

This section should provide an overview of the business enabling environment (BEE) affecting the rice value chain/subsector in the country. It may include a brief history of policies affecting rice imports, processing and production as well as irrigation and/or land for rice. BEE can be analyzed at various levels: global, regional, national and local.

- *Global*—conventions, international trade agreements and market standards affecting imports and exports, including WTO, GATT, food aid and WFP policies.
- *Regional*—Africa-wide or West Africa regional trade and/or agriculture-related agreements that influence policies toward regional trade and agricultural development, including CAADP, NEPAD, ECOWAS, WAEMU and any regional trade barriers.
- *National*—monetary policy, balance of payments and exchange rates; national policy assessments, rice value chain development strategies, reform and development, including private sector participation; trends in national regulation of regional or national trade including standards, tariffs and non-tariff barriers; import bans; export restrictions, infrastructure capacity and constraints including roads, ports, airports, storage facilities, equipment importation policies, electrification and telecommunications; political factors (unrest).

- *Local*—local economic development opportunities/constraints including land tenure, natural resources management and workforce issues (availability of labor, health, education, cultural constraints); legal and regulatory enforcement capacity including business licensing procedures for various sizes and types of firm operating in the chain, formal/informal duties and corruption; level of bureaucracy, local-level public infrastructure including secondary roads, rural electrification, etc.; business culture and social norms including gender considerations.

The analysis may need to be further broken down in terms of firm size: there may be particular constraints and opportunities facing smallholders as compared to commercial farmers, and small-scale millers as compared to large.

Finally the BEE section should examine the investment climate, noting the sources, types, locations and timing of planned investments in the rice value chain. As applicable, the roles of the government, value chain actors and other stakeholders in promoting, supporting or attempting to derail these investments should also be discussed.

C. END MARKETS

Through interviews with current and potential buyers (retailers, processors, traders, end-consumers), information should be obtained on current and potential market opportunities, trends, prospective competitors and other dynamic factors including the impact of food aid. This should be compared with the current and potential production capacity of the chain and its ability to respond to end market demand. This will help provide a focal point for the competitiveness strategy and help identify the investment needs that will drive chain upgrading.

End market analysis goes beyond confirming the general existence of demand to include:

- *Current end markets*—location, size, returns and characteristics of various end markets; national and regional hubs; perceived and actual characteristics of domestic versus imported rice and consumer preferences (long versus short grain, aromatic versus non, starch content, parboiled or not, etc.); marketing and branding; consumer and retailer behavior (weights and measures used, frequency of purchase, type of purchase, reasons for purchase).
- *Market trends*—where the industry is headed in the future in terms of opportunities, problems and competition; changes in domestic demand for rice over time (including urbanization, income growth, response to changes in price).
- *Market segmentation and high-potential market segments*—identification of the segments of the larger market that offer the greatest opportunity for the value chain, given its capacity, consumer preferences and what drives these preferences (price, quality, convenience, etc.) and therefore demand.
- *Benchmarking*—how the rice suppliers (from Asia, Nigeria, Ghana, etc.) compare within a given market segment to the major competitors according to criteria important to buyers (generally including price, quality, reliability). The benchmarking will clarify those criteria most important to consumers and buyers and thus relates to consumer preferences.
- *Market positioning*—given the market trends and the market position of competitors in high-potential market segments, what position in the market is most strategic for the value chain to be competitive (efficiency, product or operational differentiation and untapped markets or demand).
- *Buyer contacts*—names, contact information and specifications of buyers who have articulated a clear interest in purchasing the rice if certain conditions are met, and the nature of these conditions.

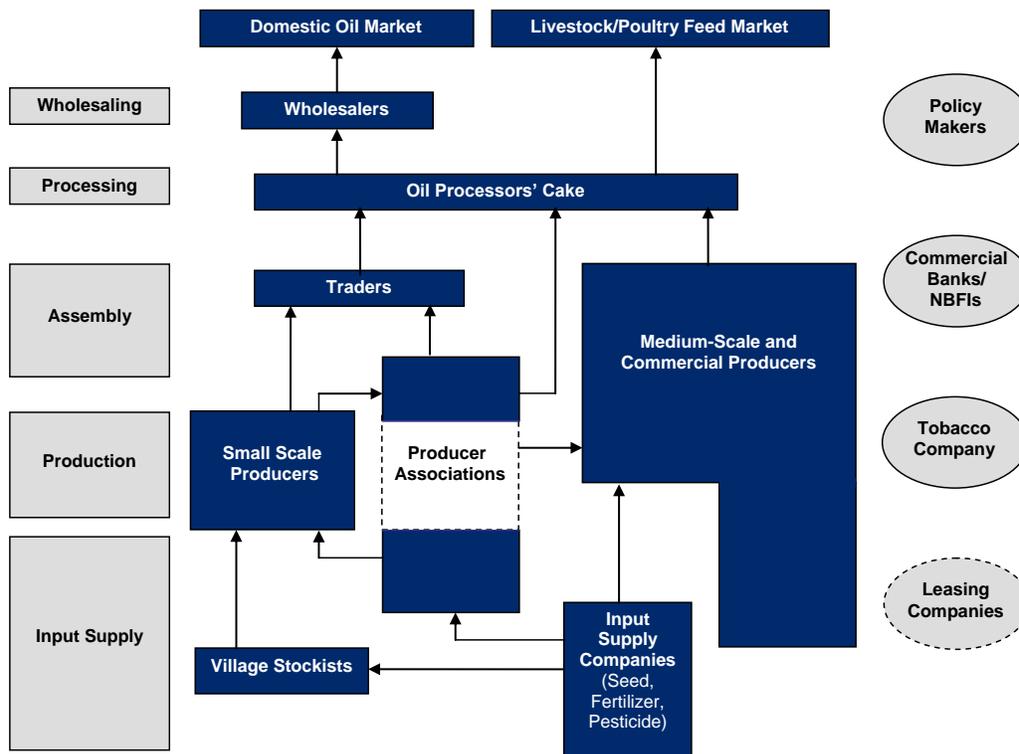
D. CHAIN ANALYSIS

1. STRUCTURE OF THE RICE VALUE CHAIN

a. Value Chain Map

A value chain map (see Figure 2, below) can be constructed using Excel or Word programs, using the Auto-Shapes Function.

Figure 2. Oilseed Value Chain Map



Basic principles for presentation include the following:

- **Market channels** should be depicted with the end markets at the top of the page. As much as possible, market channels should be illustrated as vertical columns, with participants involved in direct transactions placed above and below one another.
- **Participants** (individuals or firms directly engaged in transactions that add value to the rice and move it towards its end market) should be represented by boxes. (See http://apps.develebridge.net/amap/index.php/Value_Chain_Mapping_Process for details on mapping the participants.)
- **Transactions** between value chain actors (the flow of goods or services that add value to the rice and/or move it towards its end market) should be presented by arrows.

- **Supporting service providers** (those engaged in providing critical services involved in getting the rice to its final markets but who do not engage in transactions directly related to moving the rice towards the final market) should be depicted by circles/ovals in a column on the far side of the map.
- Add the following **data overlays** where possible: the approximate number of actors at each function (represented on the map below by N=#), volume of product flow through each market segment and value of these product flows (with a clear explanation of how this is calculated given high seasonal price variability).

b. Actors, Functions and Stakeholders with the Ability to Affect the Chain and/or Catalyze Change

The participants in the various market channels should be shown on the value chain map above and discussed in aggregate by value chain function. Each market channel should be discussed in turn: summarizing the general characteristics of each market channel (e.g., growing versus waning), as well as each group of value chain actors.

- *Market channel 1:* end-market buyers; distributors, wholesalers and retailers; processors; traders; producers; input suppliers
- *Market channel 2:* as above
- *Market channel 3...* etc.

The discussion of each group of participants should include number and size of firms, major functions, transactions with other value chain actors, principal capacities and constraints and incentives to invest in upgrading of the value chain. More detailed information can be included in an annex and specific participants can be profiled in text boxes, where appropriate.

2. SYSTEMIC CONSTRAINTS IN THE VALUE CHAIN

a. BEE Constraints to the Functioning of the Value Chain

Following from the analysis of BEE opportunities and constraints in section B above, this section determines whether and how the BEE facilitates or hinders the competitiveness of the value chain: Where in the chain and the market system does it affect performance? How does this occur and how can it be improved? What are the main institutions and/or decision-makers involved?

This section should discuss binding BEE constraints that affect:

- competition between imported and local rice
- vertical coordination and behavior throughout the system
- horizontal linkages and/or aggregation strategies
- access to supporting markets: finance, inputs (including land and water), technology, labor, etc.
- regional trade

b. Constraints to Accessing End Markets

This section will provide an analysis of end market constraints as they affect smallholders', traders', and/or processors' access to or knowledge of end markets. While section C above focuses on defining end-market opportunities and strategies needed to compete in end markets, this section will focus on value chain actors' constraints to accessing end markets and end-market information. Constraints may be in terms of capacity (lack of resources, lack of skills, etc.) and/or incentives

c. Vertical and Horizontal Linkages, Governance and Inter-firm Relationships

i) Vertical linkages: Smallholders are vertically linked to a varied range of market actors including wholesalers, retailers, exporters, traders, middlemen, input dealers, suppliers, service providers and others. The nature of vertical linkages often defines and determines the benefit distribution along the chain and creates incentives for, or constrains, upgrading. Governance is particularly important for the generation, transfer and diffusion of knowledge leading to innovation, which enables firms to improve their performance and sustain competitive advantage.

- *Quantitative analysis of vertical linkages*
 - Map the distribution of returns throughout the chain (gross output values less total input costs for each link in the chain). For more information on this, see http://apps.develebridge.net/amap/index.php/Quantitative_Analysis. Use US dollar equivalent for prices to compensate for local currency fluctuations.
 - Describe the seasonal variation in returns to the various actors in the chain.
 - Identify how global food price spikes have impacted different actors.
- *Qualitative analysis of vertical linkages*
 - Description of vertical linkages including frequency, efficiency and type of transactions
 - Volume and quality of information and services flowing through various vertical linkages
 - Additional benefits (other than profits, information and services—e.g., reduced risk, income smoothing, etc.)
 - Identification of weak or missing vertical linkages
- *Value chain governance*
 - Identification of which firms or institutions establish specific transaction requirements, how they are monitored, and what sanctions exist for failure to meet the requirements
 - Analysis of costs and benefits of current governance pattern
 - Recent trends in governance pattern and underlying reasons for change

ii) Horizontal linkages—both formal as well as informal—between firms at all levels in a value chain can reduce transaction costs, create economies of scale, facilitate collective learning and risk sharing and contribute to the increased efficiency and competitiveness of an industry.

- Description of horizontal linkages including purpose
- Perceived tangible and intangible costs and benefits
- Balance between cooperation and competition within a functional level of the value chain
- Identification of weak, missing or inappropriate horizontal linkages
- Level of trust among members of groups performing similar functions

In discussing vertical and horizontal linkages in the sections above, attention should be paid to *inter-firm relationships*, which can be supportive of industry competitiveness that enhances smallholder benefits or adversarial to it. Supportive relationships are based on a long-term view of the industry, while adversarial relationships are structured to maximize short-term profits.

- *Inter-firm cooperation and competition* considers the conduct between firms in a value chain, whether in vertical or horizontal relationships. Cooperation and competition can both be viewed as effective or ineffective in different contexts and at different levels in the value chain. In commercial relationships (both horizontal and vertical), the following are examples of effective cooperation and competition:
 - Cooperation is effective when firms can quickly determine and work together to resolve important joint interests (e.g., policy advocacy, capacity sharing to meet growing market demand, embedded service delivery, bulk purchasing or industry-wide branding). Cooperation is ineffective when firms collude to gain monopolistic controls (e.g., limit upgrading, seeking unreasonable margins or raising barriers to new entrants).
 - Competition is effective when rivalry between firms leads to upgrading and innovation (e.g., improving product quality, productivity, efficiency or customer responsiveness, or branding strategies). Competition is ineffective when such rivalry stifles upgrading (e.g., competing based on price rather than productivity, information arbitrage or zero-sum negotiations).
- *Extent to which inter-firm relationships foster learning and innovation*—recurrent and substantial interactions (involving the exchange of information, skills and services in addition to product and money) or brief, isolated commercial transactions. The quality of relationships as it affects learning, willingness to share information and skills or know-how, and the willingness and ability to innovate.
- *Identification of relationships characterized by mistrust*, reasons for this mistrust and impact on firm or industry competitiveness
- *Perceptions of various inter-firm relationships*—considered mutually beneficial or exploitative
- *Motivation for relationships*—entered into freely from a motive of self-interest or as a result of social or government pressure

d. Supporting Markets Necessary for Upgrading

Supporting markets include financial services, cross-cutting services (e.g., transport, legal services, telecommunication, business management services, market information) and sector-specific services (e.g., extension, research, storage services, irrigation/processing equipment, equipment leasing, warehouse receipting). Support markets operate within their own value chain—most service providers themselves need supplies, training and financing in addition to strong vertical and horizontal linkages. Value chain analysis should therefore seek to identify opportunities for improved access to services for target value chain actors in such a way that the support markets will be simultaneously strengthened, rather than undermined.

- Description of services provided as embedded services by value chain actors, on a fee basis by external entities or partially/wholly subsidized (for-profit firms and individuals in formal or informal sector, and publicly funded institutions and agencies)
- Quantitative analysis of profitability of support services

- Identification of constraints to service provision to value chain actors (i.e., supply constraints) and to service access by value chain actors (i.e., demand constraints)
- Missing or weak services identified by value chain actors as essential to increased competitiveness

E. OPPORTUNITIES AND INCENTIVES FOR UPGRADING

To remain competitive, firms and industries need to continually innovate to add value to products or services and to make production and marketing processes more efficient. In value chain analysis, the objective is to identify opportunities and constraints to firm- and industry-level upgrading in three areas:

- *Product*—improved price/quality ratio as a result of product characteristics (varietal selection, taste, appearance, preparation attributes, etc.) or production process (e.g., organic, parboiled, etc.).
- *Operations*—making strategic market choices (e.g., off-season production, targeting lower volume/higher margin or contracted production market channels), increasing efficiency or strengthening ability to consistently meet buyer expectations (complying timeliness, quality and volume requirements over time).
- *Brand*—increasing the perceived uniqueness of a firm or industry through marketing tactics or legal and operational protection of a brand.

Specifically this section should identify strategic opportunities for, constraints to and incentives for upgrading as well as identify value chain participants with the incentives to address these constraints and exploit these opportunities.

- Actual and potential impacts of new rice varieties and technologies on rice production.
- Potential new end market or marketing practices.
- Changes in the BEE to remove constraints to increased industry competitiveness.
- New or strengthened relationships between firms linked vertically or horizontally likely to lead to increased efficiency (creating economies of scale, reducing transaction costs, etc.).
- Improvements in information flow or service provision to improve product quality and/or reduce cost.
- Any timing/sequencing issues with various upgrading opportunities.
- Identification of catalyst firms with the incentives, resources and willingness to promote and facilitate upgrading within the chain.
- Identification of government, donor or public-private partnership investments with the potential to be leveraged for upgrading of the rice industry.

F. STRATEGY

In this section, tentative conclusions should be stated concerning how the rice industry in the country can become competitive and remain competitive over time without long-term donor or government subsidy. How can the industry overcome the binding constraints that currently prevent it from exploiting opportunities in the end market? The strategy will be presented in three parts: vision for the future, strategy to compete, how to attain and maintain competitiveness.

Strategies should seek to use leverage points that have a multiplier effect on interventions in order to maximize impact and outreach. Points of leverage may include the following:

- *Policy reform*—reform of policies and regulations and/or the way they are applied in practice can have industry-wide implications.

- *Economic structures*—product or service aggregation points and actors with the ability to influence large numbers of stakeholders (e.g., lead firms, traders, input suppliers, associations).
- *Social structures*—respected community members, chiefs and elders who are able to influence others to collaborate or to adopt new techniques, technologies, services or inputs.
- *Commercial incentives*—competition and/or firm strategies that can be used to pressure buyers, traders and others to change predatory or abusive behavior.
- *Social incentives and norms*—social factors that influence decision-making, particularly at the micro- and small enterprise level.
- *Information flows*—sustainable ICT-enabled opportunities to reach large numbers of small-scale actors in the value chain (e.g., smallholder farmers).

1. VISION FOR THE VALUE CHAIN AND FOOD SECURITY

Based on an understanding of the sector from the analysis above, this section will lay out a brief description of what a competitive and productive rice industry would look like in the country being studied, taking into consideration political realities. What would be the expected impact of a competitive industry on rice availability, food security and smallholder incomes? Would this vision of a more competitive industry affect the ultra poor, and if so how?

2. VALUE CHAIN COMPETITIVENESS STRATEGY

An industry's competitiveness depends on the ability of firms and other actors in the chain to anticipate and meet buyer demands, take advantage of end-market opportunities, and respond to or influence changes in market demand. As stated above, an industry can enhance its ability to compete by improving product differentiation, operations or branding. A competitiveness strategy considers how to move an *industry* toward higher, sustained rates of growth—it is not just a plan for helping *individual firms* become more profitable. This section should consist of a concise statement of target markets, key success factors, key actors, leverage points, etc. The strategy will be suggestive at this point, likely needing further investigation and verification with value chain actors. As with any competitiveness strategy, it will need to be revisited as changes occur in the market, BEE or chain itself.

3. UPGRADING TRAJECTORY

The upgrading trajectory lays out a series of tangible guideposts towards sustainable competitiveness that allows donors and implementers to track progress and adjust their approach and activities as needed. The upgrading trajectory is grounded in the objectives of the competitiveness strategy and provides quantitative and qualitative indicators of progress. Examples include:

- Policies that need to change
- Investments that need to be made
- New linkages that need to be established
- Behavior that needs to change

The upgrading trajectory is designed to be monitored and continually adjusted, not only to reflect changes in the end markets, BEE and/or chain itself, but in recognition of the fact that specific activities do not always lead to anticipated results, particularly for interventions designed to change behavior

G. RECOMMENDATIONS FOR USAID

The strategy in section F above will focus primarily on the private sector. In this section, recommendations should be made as to potential roles that can be played by the government and by USAID (within the CAADP framework) to balance the following aims, which may sometimes be complementary and at other times may appear to be in conflict:

- *Support the competitiveness strategy*—by ensuring that the enabling environment fosters increased competitiveness; by promoting increased private sector investment; by providing strategic, time-bound subsidies to strengthen capacity and incentives to upgrade; etc.
- *Increase food security*—by ensuring that smallholders are able to contribute to and benefit from the increased competitiveness of the rice value chain; by supporting interventions to increase the availability and accessibility of rice in local markets; etc.

Investments may be recommended to support development of the rice value chain itself, or to strengthen input and support markets, or even to increase the competitiveness of rotation crops. Attention should also be given to the (dis)incentives generated through food aid and poverty alleviation programs that focus on providing productive inputs outside of existing market channels.

H. TOPICS FOR FURTHER INVESTIGATION

- Any issues requiring further study.

III. GENERAL INTERVIEW GUIDELINES

This section provides some general guidance on how the questions guides in the next section (section IV) are to be used. The purpose of this section is to give an idea of what we want to get out of the key informant interviews in terms of scope, level of detail, depth of explanation, etc.

A. FOCUS

Establish what you want to get out of a given interview and focus on a limited set of (e.g., 5) topics. In doing so, refer back to the outline and focus on the gaps that are left after the desk research and previously gathered key informant information. This means that in addition to the questions in the guidelines below, the team also needs to make sure that the specific gap-related questions from the desk research are addressed in the interviews. The questions in the guidelines below are not exhaustive or in any order of importance, nor it is realistic that all listed questions are asked—a selection needs to be made prior to the interview, ensuring that across all interviews, all the information required for the analysis will be collected.

B. PREPARATION

Go into the interview with as much perceived facts and hypothesis as possible, so that these can be thrown into the conversation for verification as well as to have an idea when the key informants seem to provide answers that do not make sense. Also take along some discussion visuals (value chain map, list of key success factors) that can greatly speed up the interview process.

C. PROBING

Whenever a key informant provides structural or behavioral information (e.g., “we don’t use contracts”, “we are not investing at this point”) follow it up with “why” questions that get at the capacity constraints (no money, no knowledge, no information, etc.) or incentives (higher profit, lower risk, social pressures, other incentives) that we need to know about in order to understand behavior and develop behavioral change strategies.

D. TRIANGULATION

Do not accept one informant’s opinion or the data they provide at face value. While it (hopefully) reflects the informant’s honest opinion, it may not be the entire story or it may still be a far-off estimate. Continue to gather information from other informants—who may have a different experience or interpretation or estimation or data source—before reaching any firm conclusions. Ideally, you should hear something similar from at least three distinct sources before accepting it as true and accurate.

E. KEY INFORMANT SELECTION

Use the initial value chain map and the desk research to plan the key informant interviews, taking into account the need to cover different market channels and types of firm (who to interview, where to interview, ideal order of the interviews, etc.).

F. GUIDELINES STRUCTURE

Each set of guidelines below has three parts: (1) a clear indication of the overarching objectives of the interview; (2) some detail on the thought process, i.e., possible explanations for observed structures and behaviors; and (3) the list of discussion questions.

IV. DISCUSSION QUESTION GUIDES

Notes on Understanding the Business Enabling Environment

Guide 1: Processors & Distributors (Importers, Exporters, Distributing Wholesalers & Retailers)

Guide 2: Aggregators

Guide 3: Producer Associations

Guide 4: Producers

Guide 5: Input Suppliers

Guide 6: Transportation/Shipping Service Providers

Guide 7: Other Service Providers

Guide 8: Public Sector Stakeholders (including research, extension, and utilities)

Guide 9: Farmer Focus Groups

Guide 10: Market Observation

NOTES ON UNDERSTANDING THE BUSINESS ENABLING ENVIRONMENT

The BEE affects the competitiveness of the value chain as a whole in addition to having specific impact on various actors along the chain. There is therefore a common thought process behind the BEE sections of the following question guides which is given below to avoid repetition within the individual guides.

THOUGHT PROCESS

Addressing regulatory issues in the life-span of a donor-funded project requires a targeted approach to identifying champions, opening the dialogue process, addressing incentive structures, and identifying intermediate goals and successes. In some cases, simply beginning a dialogue around a specific reform may be a significant accomplishment, while in others it may be possible to support changes in institutional structures or regulatory implementation. Furthermore, in any change of economic policy or regulation there will be “winners” and “losers.” In some instances, reforms aimed at improving conditions for one part of the value chain will come at the expense of other segments. Understanding the political economy is therefore an essential step to understanding the business environment and, even more so, to making recommendations as to where and how reforms should be pursued.

The following checklist reviews the political feasibility of undertaking specific reforms and guides a deeper understanding of the issues at large:

- How geographically centralized is the rice value chain?
- How politically centralized is the government?
- How specific to the rice value chain are the business environment issues under review?
- At what level of government is the regulation promulgated/implemented?
- What historical factors have led to or support the current regulatory framework?
- What existing incentive structure has led to or supports the current regulatory framework?
- What are the possibilities for refining the existing incentive structure
- What kinds of support/opposition for reform exist in and outside of government?
- What kind of leverage do supporters/opponents have to support their own interests?
- What is the expected size of reform impact in terms of financial, time, political, etc., costs?
- What past reform initiatives have been tried and why did they succeed (partially) or fail?
- What current or near-term government reform initiatives are planned and who is championing them?
- What public-private organizational roles and structures exist?
- Who are the expected “winners” and “losers” in implementation of this policy?
- To what degree will other value chains or private sector actors be hurt by the reforms?

REGULATORY TYPOLOGY

The following regulatory typology (Table 1 on next page) presents general categories of regulations that may impact the rice value chain. Areas of constraint may be applicable to multiple levels of law/regulation and to various functions along the value chain.

Table 1. Regulatory Typology

| Level of Law/Regulation | Area of Constraint | Type of Enterprise Primarily Affected | Section of the Value Chain Affected | Stakeholders for Reform |
|--|--|--|--|--|
| WTO rules/free trade agreements | Regulation is clear but time consuming or expensive to comply; implications of obligations often not clearly understood | All | Export-oriented value chains; government (through transparency requirements) | National government; however, once the agreement is ratified, reforms are difficult |
| Standards for goods and services in export markets | Regulation may not be clear, or access may be difficult; it is time consuming or expensive to comply | Medium | Depending; e.g., GlobalGAP permeates the entire value chain, while HACCP may only affect the processor/exporters | Set by export markets, international conventions; exporters, however, can pursue better access |
| National, implemented nationally | Regulation is often not fully justified; administrative application may vary across agencies (e.g. customs and health authorities) | Small/micro (since the relative impact of the cost of compliance is greater) | Producers of raw materials | Firms involved |
| National, implemented locally | Poor regulations leave too much administrative discretion; opportunities for corruption | All, but impact is greater on MSMEs | Producer, precursor industries | Associations |
| State/local | Regulations are contradictory | Domestic | Input suppliers | Associations |
| National support structures, including private "self-regulators" | Key regulations either do not exist (quality standards), or are poorly implemented | Primary impact is on transactions along the value chain, since lack of (enforced) quality standards raise risks, and may expose legitimate producers to unfair competition | Exporters; brand images | Associations |

Stakeholders who should be able to provide information on the BEE, include the following (though clearly not all will be interviewed during the limited timeframe of the field work):

- industry consultants
- industry associations
- industry/product research institutes
- training institutes
- standards institutes/agencies
- business owners
- operational managers
- material procurement managers
- product delivery managers/supervisors
- marketing managers/ supervisors
- financial managers
- suppliers
- quality assurance agents
- freight forwarders/multimodal transport operators
- shipping line/agents
- transport carriers (truck, rail, air)
- port authority (sea/air)
- ministry of trade or commerce
- ministry of industry
- ministry of agriculture
- licensing boards
- customs services
- commercial banks, exchange control agencies, central bank
- chambers of commerce

- pre-shipment inspection agencies
- departments of trade/external trade
- buyers and “network orchestrators”

REGULATORY CHECKLIST

The following checklist could be filled out by key informants who have a thorough knowledge of the value chain to provide an overview of different BEE constraints. The respondent should rate the perceived level of constraint from 1= no constraint (perhaps an opportunity or benefit) to 5 = a severe constraint, and describe the issues.

Table 2. Regulatory Typology

| Area of regulation | 1-5 | Describe |
|--|-----|----------|
| Obtaining Inputs <ul style="list-style-type: none"> • Availability, quality and price of (material) inputs • Infrastructure • Access to technology • Access to finance | | |
| Paying Taxes <ul style="list-style-type: none"> • National taxes • Intra-state taxes • Local taxes and fees | | |
| Employing Workers <ul style="list-style-type: none"> • Minimum wage • Social charges • Firing | | |
| Access To Land <ul style="list-style-type: none"> • Governing leasing • Governing purchase | | |
| Access To Finance <ul style="list-style-type: none"> • Collateral requirements • Cost and terms of capital | | |
| Dealing With Licenses, Including Trade Authorizations <ul style="list-style-type: none"> • Trading across borders • Export duties • Import duties • Non-tariff barriers | | |
| Regulatory Transparency <ul style="list-style-type: none"> • Information available to businesses • Degree of informality | | |

| | | |
|---|--|--|
| Infrastructure Quality And Costs <ul style="list-style-type: none"> • Environmental (air/water) quality • Roads • Pricing structures | | |
| Quality Standards Infrastructure <ul style="list-style-type: none"> • Quality assurance standards • Access to standards for export markets • Degree to which standards are enforced • Informal Charges | | |

BEE-DRIVEN (DIS)INCENTIVES TO UPGRADING

The following bulleted lists provide some common indications of systemic and structural incentives and disincentives for firm-level upgrading flowing from the business enabling environment.

The following are some possible indications of systemic and structural BEE related *disincentives* to upgrading:

- Nontransparent and inconsistent policy process
- Low levels of investment or interest in public awareness, monitoring, assessment and adjustment components of the policy process
- Low levels of investment in the enforcement process
- Weak local policy research and assessment capacity
- Limited levels of participatory policy development and assessment
- High levels of nepotism
- High levels of corruption
- Weak (or controlled) civil society and media
- Insecure formal land tenure rights
- Insecure informal land rights (i.e., access provide at the Chief's pleasure)
- Government reliance on NGOs delivering/funding public goods
- Social norms/beliefs reinforce nepotism and corruption
- Social networks integrating into political networks seen as primary way to generate wealth
- Welfare programs that shift with political seasons
- Unreasonable market requirements given local capacity (e.g., traceability)
- Limited pressure points of organizations developing and enforcing global policies/rules

The following are some possible indications of systemic and structural BEE related *incentives* to upgrading:

- transparent and consistent policy process
- growing levels of investment in public awareness, monitoring, assessment and adjustment components of the policy process
- investment in training, monitoring, and managing enforcement
- solid and independent local research organizations assessing policies and enforcement practices
- growing level of standard processes that are participatory
- decreasing levels of nepotism and increasing levels of performance-based staff management
- decreasing levels of corruption with credible processes for complaints/whistle blowing
- strengthening and independent civil society and media
- growing security in formal and/or informal tenure rights

- decreasing reliance on NGOs delivering/funding public goods
- social norms/beliefs shifting against corruption
- increasing role of private sector networks to generate wealth – reduced overlap of social and political networks
- welfare programs shifting to filling consumption capacity gaps (cash/vouchers) – as oppose to food/input/equipment gaps – and shift to effective targeting of vulnerable populations. Limiting the use of welfare tactics to reinforce political position
- market requirements that are reasonable given local capacity
- pressure points where a local industry can negotiate the process of compliance

GUIDE I: PROCESSORS & DISTRIBUTORS (IMPORTERS, EXPORTERS, DISTRIBUTING WHOLESALERS & RETAILERS)

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Assess end-market opportunities in the context of wider economic choices (dimensions, segments, consumer behavior, trends and growth rates, product and process standards in procurement, governance structures, prices, critical success factors, competitiveness and benchmarks, buyer types and their market power, perceptions on products and suppliers).
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- Identify lead firms that have the capacity to drive system-wide upgrading and understand the interests, incentives and ability of these firms to drive such change.

THOUGHT PROCESS

These types of firms are closely linked to the end-market and, in the case of the larger firms, often have the most holistic perspective of the value chain and the environment in which it is embedded. Therefore, they provide a **good starting point for the fieldwork** and identifying the key systemic and structural (dis)incentives and capacity constraints to upgrade the value chain.

The **end market analysis** is critical since it looks at how the end-consumer selects from the various values offered in the market place. It reflects the cumulative value adding (and value destruction) and thus the competitiveness of the value chain. It deals with the factors (product, operations, branding) within that end market that allow firms or industries to differentiate themselves from their competitors. We distinguish three main components: the behavior of the end-consumer, the market-driven procurement mechanisms of the firms from whom they buy, and the competitive landscape (benchmark firms, critical success factors). It is important to color the other parts of the value chain analysis with an understanding of where an industry needs to prioritize its upgrading efforts, i.e., where the main market growth opportunities can be found.

Behavior of Value Chain Actors

The behavior of value chain actors is influenced by a combination of social and economic incentives and capacities, which are often difficult to identify within the short timeframe of even an in-depth interview. Certainly there is no checklist that adequately determines whether or not a firm has the incentives and capacities to invest in upgrading. Nevertheless, there are factors that, when taken in aggregate and considered within the local context, may indicate systemic and structural incentives or disincentives as well as capacity constraints to value chain upgrading on the part of buyers.

Possible indications of systemic and structural *disincentives* to value chain upgrading:

- widespread dependence on only low-grade supply from smallholders, particularly when coupled with wholly owned production of higher grade supply
- high levels of capacity utilization
- no or very limited interaction with suppliers
- limited relationships with support markets

- no embedded services or investment in the supply chain
- manipulation of traders to drive down cost of supply
- no quality standards and no price differentials around quality
- credit used to lock in farmers, but without mechanisms to reward performance or filter out unreliable suppliers

Possible indications of systemic and structural *incentives* to value chain upgrading:

- dependence on smallholder production for multiple grades
- some firms investigating end-market options (especially differentiated markets) and providing honest and useful information to traders/farmers on the requirements of these markets
- low levels of capacity utilization
- some firms with consistent set of suppliers and management systems to track performance of suppliers
- growing relationships with various support markets
- embedded services and investments in supply chain
- awareness of need for business viability at different functional levels of the supply chain
- transparent quality requirements with price differentials
- limited use of credit as a tool to lock farmers in, and greater use of incentives to build relationships with suppliers based on performance

Possible *capacity constraints* to value chain upgrading include:

- no information on the upgrading opportunity (e.g., farmer does not know of a new seed variety)
- no knowledge (e.g., processor does not know how to achieve the required packaging quality)
- no financial capital (e.g., farmer association does not have the collateral for a loan to set up a storage unit)
- limited ability to take on risk (e.g., farmer cannot afford to “bet the farm” if expensive seed fails to result in higher income due to market or production risks)

DISCUSSION QUESTIONS

Introductory Questions

1. Introductions, purpose of in-depth interview and research.
2. *Show and explain the value chain map.* What changes do we need to make to improve it (channels, functions, firm types)?
3. What are the key market channels (how do products flow from importer to retailer to end user; who are main players, such as exporters, wholesale distributors, processors, food service providers and retailers)?
4. In what value chain functions do you engage? How many agents are there of your type?

Business Enabling Environment Questions

5. In the course of your business do you interact with government representatives? Which and for what reason?
6. What is the level and nature of government intervention in the private sector? (*probe*: workforce, land tenure, inputs, licenses, etc.) Is government intervention predictable or erratic?
7. Are there any government policies or practices that are helpful to your business? Which?
8. Are there any policies or practices that you would like to see changed? What changes would be helpful?

National/Governmental Level

9. How participatory is the process of policy and regulatory development?
10. What is the investment in enforcement of regulations? How effectively is compliance monitored?
11. What are the levels of nepotism and corruption?

Informal/Local Level

12. How is land ownership and access managed at the community level?
13. How do social norms and beliefs drive behavior at the farm, trader, and firm levels?
14. Do these norms and beliefs counter risk taking and upgrading/innovation? Do they affect cooperation?
15. Do you have problems finding appropriately skilled employees? Explain. How has this situation changed over time?

Global Level

16. What are the key rules/practices/agreements that guide global markets/industries? (*probe*: quality standards, financial instruments, trade and agricultural development-related agreements, etc.)? Are these important facilitators or barriers to doing business?
17. What are the global bodies that define/enforce the rules? How do they enforce rules/practices?

End Market and Value Chain Structure Questions

Basic Dimensions

18. What/where are the current trade flows (in volume and value terms), to each main end-market for local and imported rice? What have been the changes over time (observable trends)?
19. What are the strategic end markets of interest for domestic rice producers? What are the key characteristics of these end markets, including the questions below?
20. What is the size of the end-market (how large are the imports; where do they come from; what are the current and projected growth rates) and how does seasonality play out in this context?
21. What are the characteristics of the food aid flows for rice and how do they impact end-markets?
22. For processors: can you describe the processing technologies that you are using, the main costs involved (including investment cost, working capital needs, capacity utilization and total per unit production cost), and the range of shelf-ready rice products you sell?

Consumer Behavior

23. Who are your main clients (buyers)?
24. How do you learn about your clients preferences? (*probe*: order quantities, standards, quality requirements, delivery dates)
25. Have you noticed any changes in preferences over time? (i.e., trends)
26. For processors and wholesalers/importers:
 - How would you characterize your relationships with your principal clients? (*probe*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you) What is the level of trust and why?
 - In thinking about one or two of your principal clients, how has your relationship changed with them over time?
 - Does your firm receive any assistance/help or collaboration from your clients? (*probe*: advances, credit, information, inputs, technical assistance, recommendations)
 - What are the steps you usually take to ensure that you meet your clients' specifications, including delivery date and quality? (Is it difficult to comply with your clients' requirements? What do you have to do?)
27. How are quality and price defined in the end market (by buyer, channel, consumer segment)?

28. How do consumers compare imported vs. domestic rice? How do relative prices affect the end-consumers' substitution of rice with other food staples?
29. What are the trends and opportunities in the market for niche products, if any (e.g., organic products)?
30. What are demographic and other forward-looking trends that will impact on consumer preferences? What are the implications of this for the rice value chain?
31. What are the other current and future end market trends that will impact the rice trade in West Africa?

Competitive Landscape

32. What quality, food safety, and other standards apply and how do West African rice producers measure up against them?
33. What are the current buyer perceptions of West African rice products (imports vs. locally grown) and their competitiveness? Who are the benchmark producers in West Africa and how do they stack up against leading global rice producers?
34. Which appear to be the most promising markets/segments/channels for West African rice? What are the key success factors for these markets?
35. Are there end markets opportunities to increase the types of channels (segmentation options: mass market to differentiated) within a value chain?
36. Do you share information with competing firms in your industry? If so, what kind of information and why? (*probes*: to meet large contracts, set prices, legal issues, etc.)

Procurement Mechanism

37. What percentage of your rice is from domestic production, how much is imported rice?
38. What are all the ways you source the product? Who are your main suppliers? (*probe*: ethnicity, gender, scale, location)
39. Do you buy your product directly from individual producers, from associations (groups) of producers or intermediaries?
40. How many suppliers of each type do you work with? Have you worked with them for long?
41. If you have different types of suppliers, what are the characteristics of each type? (*probe*: quality, price, punctuality, standards, volume, costs of collecting products, risks)
42. Which type of supplier do you prefer to buy from? Why?
43. Who are your most important suppliers? What makes these the most important?
44. In terms of the requirements in terms of product quality, volume, delivery dates, etc., imposed on supplier:
 - How do you communicate on these requirements?
 - How do you ensure that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting the requirements?
 - What do you do to encourage them? (*probe*: premium for quality) What pressures do you apply? (*probe*: drop poor performing suppliers)
 - Do you help them? How? (*probe*: inputs, credit, advice on market demand) How do you cover the costs of this assistance to your suppliers?
45. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
46. What are the price points and approximate marketing margins at each level of the chain, for each channel (including CIF prices at the borders), for imported and domestic rice, and how does seasonality affect this?

47. What information can you share on your buying and selling price for the rice products (by type of rice product, quality level, level of value added) and your main cost elements?
48. What is the nature of the trade relationship with your buyer in terms of the contract mechanism and the payment system? How are disputes resolved?
49. What are volume, price, and delivery format requirements for different buyers / channels / consumer segments?
50. What are the key logistical and infrastructural requirements and challenges (e.g., storage, transport, information, etc.)?

Upgrading

51. Given the main market opportunities, what are the main improvements upgrading that need to take place along the value chain?
52. Is there a sequence in improvements/upgrading that has to happen to expand to new market channels?
53. What are the key operational weaknesses throughout the chain that have to be dealt with to meet basic end market requirements and/or increase the competitive position of the industry?
54. What are the relationships that need to become more effective to bring about operational changes?
55. What are the trends in rice processing and retailing that may have implications for West African rice producers (this could include industry dynamics, processing technologies, packaging, human resource issues, etc.)?
56. How might all the trends and predictions identified through the research affect the incentives and requirements for upgrading by stakeholders in the West Africa rice value chain? What are the options for viable competitive strategies that might be pursued by them? What unique selling propositions can underpin what positioning strategies?
57. What specific upgrading investments have you recently made or plan to make in the next few years?
58. What activities/investments do you recommended donors such as USAID engage in order to improve the competitiveness of the West African rice value chains while simultaneously improving food security?

Questions about Support Markets

59. Do you access services that are essential to your business? (*probe*: certification services, laboratory testing, warehousing, transportation, credit, etc.)
60. Are these services readily accessible?
61. Are they good value (price vs. benefit derived)?
62. How could they be improved?
63. Do service providers market their services/products to you? If so, how?
64. What is their relationship to the government?
65. Does access to credit differ for men and women? Are there legal and/or cultural restrictions on access to credit for women?
66. Is there a system of warehouse receipts? If so, how is it operated? If you have used it, describe your experience.

Closing Questions

67. What are the three most serious risks for your enterprise?
68. What do you think about the competitiveness of the rice business in this country?
69. Do you have additional observations or comments that we have not discussed?
70. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 2: SMALL RURAL TRADERS/AGGREGATORS

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Assess end-market opportunities for rice in the context of wider economic choices (dimensions, segments, consumer behavior, trends and growth rates, product and process standards in procurement, governance structures, prices, critical success factors, competitiveness and benchmarks, buyer types and their market power, perceptions on products and suppliers).
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, understand what drives traders' behavior and the extent to which these traders contribute or hinder the competitiveness of the chain.

THOUGHT PROCESS

The aggregation process is critical since it is at aggregation points that scale can often be reached in value chain interventions. Traders and aggregators may play an essential role in the value chain that is not appreciated or understood by producers (or even program implementers). Nevertheless, traders can limit value chain competitiveness and smallholder benefits through predatory or exploitative behavior. If they are seemingly predatory (high margins), is this driven by the abuse of market power or do they reflect legitimate business costs and risks, such as limited access to credit or market uncertainty leading to short time horizons? Are there competing interests at this level between those engaged in short-term trading of anything versus those seeking some security of supply? Are there some structures like an established market that could leverage change or may present vested interests?

Possible indications of systemic and structural *disincentives* for traders to support value chain upgrading:

- Widespread predatory behavior (zero-sum negotiating position, misinformation to farmers, etc.)
- Market governance with traders as the primary aggregation function (no brokers or directed channels)
- No quality standards and no price differentials around quality
- Trader providing credit to cover the working capital of buyer or processor (trader has to buy from smallholder in cash and then sell to buyer with delays in payment to farmers as standard)
- Traders working with many farmers and many crops, showing limited interest in knowing the farmers or crop
- Traders disinterested in end market options, comfortable with known mass market channel
- Few or no traders responding to known market patterns (high and low price patterns)

Possible indications of systemic and structural *incentives* for traders to support value chain upgrading:

- Active brokers or directed channels
- Known quality requirements with price differentials
- Limited use of credit or credit provided at the processor level
- Traders working with the same set of farmers and knows them (they may be distrustful, but they remain engaged over time)
- Some traders starting to focus on one or two crops

- Growing number of traders investigating end market options and providing honest and useful information to farmers on requirements of these markets
- Growing number of traders responding to known market patterns (high and low price patterns)

DISCUSSION QUESTIONS

1. Introductions, purpose of in-depth interview and research.

Questions about Clients/Buyers

2. What are the main products that you sell? (If multiple products: How important is rice to your business?)
3. What are all the ways that you sell rice (market outlets)? To whom do you sell?
4. What are the differences between your clients for rice? To whom do you prefer to sell? (*probe*: frequency, price, bargaining/negotiating costs, volume, quality, consistency)
5. How do you learn about market taste and quality requirements?
6. How did you first meet your clients/buyers? Have you worked with your main clients for long?
7. Do receive any form of assistance/help from your clients/buyers? (*probe*: cash advances, advances in materials, training, information, technical assistance, recommendations, transport, record keeping)
8. What steps do you take to meet your client/buyers specifications, including delivery date and quality?
9. How would you characterize your relationships with your principal clients? (*probe*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you)
10. Would you say that in your relations with your clients there is a lot of trust, there is some trust, or there is no trust? Why?
11. In thinking about one or two of your principal clients, how has your relationship changed with them over time?
12. What challenges do you face when it comes to your buyers?

Questions about Suppliers/Producers

13. What are all the ways you source rice? Who are your suppliers?
14. Which type of supplier do you prefer to buy from?
15. Do you buy directly from farmers? If so, do you buy from individual farmers or from groups of farmers?
16. What is the typical landholding size of the farmers you buy from?
17. How many suppliers (of each type) do you buy from? Have you worked with them for long?
18. How and when is the purchase price negotiated with the various suppliers? Are premiums paid for higher quality rice (defined how) or for other value-adding activities (e.g., cleaning)?
19. How do you first find your suppliers? (*probe*: people you know, contacts, family, neighbors, language groups)
20. What kinds of help or services do you provide to your suppliers? (*probe*: inputs, seeds, credit, irrigation techniques, technical assistance in better farming practices, help with certification, linkages to input suppliers/supporting markets)
21. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
22. What are your buy and sale prices points and how does seasonality affect this?
23. What is the nature of the trade relationship with your buyer in terms of the contract mechanism and the payment system? How are disputes resolved?
24. What are volume, price, and delivery format requirements for different types of buyers?

25. How do you communicate your product requirements to your suppliers?
 - How do you ensure that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting the requirements?
 - What do you do to encourage them? (*probe*: premium for quality) What pressures do you apply? (*probe*: drop poor performing suppliers, discount for poor quality)
26. Post-purchase, what are your key logistical and infrastructural requirements and challenges (e.g., storage, transport, information)?

Question about Competitors

27. Do you share information with other traders? If so, what kind of information and why? (*probe*: to meet large contracts, set prices, legal issues, etc.)
28. How competitive is the market? Are there many traders? Do any buyers use brokers? Do any processors buy directly?
29. Do you buy rice via a market instead of (or in addition to) buying at the farm gate? If via a market, what are the rules of that market, how is it organized (who sets prices, access fees, quality standards, market mafia)?

Questions about Support Markets

30. Do you access services that are essential to your business? (*probe*: laboratory testing, warehousing, transportation, credit, etc.)
31. Are these services readily accessible? How could they be improved?
32. What credit services are available and which of these do you access and why?
33. Besides formal credit, are there either ways in which you manage your cashflow (*probe*: delaying payment to suppliers, informal loans from family, etc.)

Questions about the Enabling Environment

34. In the course of your business do you interact with government representatives? (*probe*: licenses, taxes, etc.) Which and for what reason?
35. Are there any government policies or practices that are helpful to your business? Which?
36. Are there any policies or practices that you would like to see changed? What changes would be helpful?
37. Do any beliefs or local customs affect the way the rice business operates? (*probe*: limitation on women's role, ethnic divides, fatalism/donor dependency limits initiative, side-selling socially (un)acceptable, etc.)

To Finish Up

38. What are the three most serious risks for your enterprise?
39. Show the value chain map: What do you think of this representation? Can you identify yourself on the value chain? Where are you located?
40. Do you have additional observations or comments that we have not discussed?
41. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 3: LEADERS OF PRODUCER ASSOCIATIONS

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Assess end-market opportunities in the context of wider economic choices (dimensions, segments, consumer behavior, trends and growth rates, product and process standards in procurement, governance structures, prices, critical success factors, competitiveness and benchmarks, buyer types and their market power, perceptions on products and suppliers).
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, understand the extent to which producer organizations contribute or hinder the competitiveness of the chain in general and the members of the association in particular.

THOUGHT PROCESS

Farmer associations and cooperatives are another example of aggregators. The thought process is similar to that for aggregators (Guide 3) but the horizontal linkages provide an additional dimension which affects the incentives (e.g., lower cost, higher revenues) and the capacities (access to markets, market information, inputs, credit, etc.) for the farmers who are members of the association.

DISCUSSION QUESTIONS

1. Introduction and purpose.
2. How did this association form and how has it evolved over time?

Questions about Members and Services

3. How many members do you have? What are the general characteristics of your members? (*probe*: size, location, economic activity, gender)
4. Are all your members from the same ethnic (language) group or area? Can someone from a different ethnic group or area join this association?
5. Which crops do your members grow? Do any specialize in the production of rice?
6. What services do you provide to your members? At what fee? How are the services financed?
7. What are the advantages of being a member of this association?
8. What would make your association more attractive to members? (*probe*: more services, lower membership fees, different location, etc.)

Questions about Sales and Markets

9. Does the association coordinate the sales of their members' rice? If so, how does this work?
10. Where does the association sell the rice?
11. How do you locate new buyers?
12. Are individual members allowed to sell their rice apart from the association?
13. How is the role of the association different from the role of brokers/intermediaries?

Questions about Upgrading

14. How are members upgrading their rice production? (*probe*: growing improved varieties, using fertilizer, improved production techniques, etc.)
15. How do members of the association learn about product requirements and quality standards that buyers want? How do they learn about market taste? How do they learn about the changes customers want?
16. What are the difficulties producers have in making these changes?
17. In what ways (why?) are producers reluctant to make these changes?
18. Are there any costs or risks to members in making changes? Do they earn more?
19. How does being a member of this association help producers to learn about the changes buyers want and to make these changes?

Questions about Support Markets

20. Does the association engage external service providers to support rice production and marketing? (*probe*: equipment maintenance, warehousing, transportation, etc.)
21. Are these services readily accessible? How could they be improved?
22. What credit services are available and which of these do you access and why?

Questions about the Enabling Environment

23. Do you collaborate with local or national government entities? In what way?
24. Are you formally registered? What are the steps and how difficult is the registration process?
25. Are there any government policies that are helpful to your members? Are there any policies that you would like to see changed? What changes would be helpful?
26. Do you collaborate with community groups or NGOs? Elaborate.
27. Do your members ever have conflicts with their local communities? If so, what kind and how are these conflicts resolved?
28. Would you say that members trust the leaders of the association? Why or why not?

To Finish Up

29. *Show and explain the value chain map.* What do you think of this illustration? How does it seem to you? What changes do I need to make to the illustration?
30. What do you think about the future for smallholders who grow rice?
31. Do you have additional observations or comments that we have not discussed?
32. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 4: PRODUCERS (FARMERS)

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Understand the profitability of rice in relation to other economic choices.
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, understand the social and economic incentives and capacities of farmers of various sizes.

THOUGHT PROCESS

Farmers of different sizes (different market focus, different technology, different attitude toward risk) may be distinguished. Different farm types will likely behave in different ways. In the case of rural smallholder communities, they tend to form norms and beliefs that allow them to absorb risks. If these norms and beliefs are strong they tend to also include strong feedback loops (via pressure to use proceeds for other family requirements and to limit risk taking) that dampen individualism and entrepreneurialism—which are requirements for upgrading. Understanding this helps to define the balance of economic and social incentives needed to change behavior.

Possible indications of systemic and structural *disincentives* for farmers to upgrade:

- Broad and deep friends and family networks and limited and distrustful interactions with commercial actors
- Strong requirements/pressure for resource providers (employed, income earners, etc.) to cover other family members' or friends' financial requirements
- Strong fatalistic religious/social norms and beliefs
- Reliance on government or NGOs
- Limited valuing of education, learning and innovation
- Farmers are price-takers at harvest time; they do not seek out market information or change planning practices to target price spikes

Possible indications of systemic and structural *incentives* for farmers to upgrade:

- Existence of trusted commercial relationships
- Informal service provision (labor, spraying, tillage, etc.) within the community
- Some farmers paying for inputs and services
- Segmented community with emerging commercial farmers and risk-takers/entrepreneurial farmers
- Education highly valued
- Use of improved technology by some farmers
- Some farmers changing behavior in response to known market patterns (high and low price patterns) or seeking market information to move from being a price-taker

DISCUSSION QUESTIONS

1. Introduction and purpose.
2. What crops do you currently have planted? (icebreaker)

Questions about Farming Business

3. What is the total land area you have and how much is cultivated?
4. Do you own the land? What rights do you have to the land? How is land ownership or access decided within your community?
5. What part of your land is irrigated and what form of irrigation?
6. Is water access ever a problem? If so, how?
7. What are all the crops you have grown in past year and approximately how much land areas did you cultivate with each one?
8. Which of these crops did you sell (% of production sold?) and which crops were eaten in your household?
9. How many people live and eat with you in your home? Do you support other members of your family who do not currently live and eat with you?
10. What other sources of income do you and your household members have? (*probe*: off-farm employment, remittances, etc.)

Questions about Rice

11. How long ago did you first start growing rice? How much rice do you sell and how much do you keep for your family to eat?
12. Do you buy rice at some point in the year? If so, what kind of rice (e.g., imported vs. local), at what price and from what seller?
13. How (from whom) did you learn about the way to grow rice? (e.g., when to plant it, how to plant it, how to control pests and diseases, when to harvest it, etc.)
14. What production technology do you use (seed variety, irrigation, fertilizer and chemicals, value adding)?
15. What is your average yield (volume per area)?
16. Can you provide us with an overview of your main production costs (land, seed, labor, fertilizer, other inputs, etc.)?
17. Did you receive any support or advice? What kind and from whom? (*probe*: government extension, NGOs, buyer, input supplier, neighbor, etc.)
18. What are you doing to improve your rice production? (*probe*: growing improved varieties, using fertilizer, improved production techniques, etc.). If making no improvements, why not?
19. What inputs do you use to grow rice, and where do you get them from?
20. Do you use formal or informal credit to grow rice? (*probe*: loans from family members or neighbors, banks, microfinance institutions, savings and credit clubs, etc.)
21. Do women and men have different roles in rice production and marketing? Please explain.
22. Do you have problems finding appropriately skilled laborers? Explain. How has this situation changed over time?

Markets and Buyers

23. Where or to whom have you sold rice in the past year? (*probe*: farm gate, association, intermediary, broker, processor)
24. Did you sell rice to other types of buyers in the past?

25. What are the main differences between these types of buyers? What does each buyer type require in terms of volume, quality, packaging, etc.? What is the nature of the sales process (spot vs. contract, payment mechanism, etc.)? How do you negotiate price with these buyers?
26. Which types of buyers do you prefer to sell to and why? (*probe*: larger volume of sales, higher prices, fewer risks, repeat sales, faster payment, more trust, more assistance, easier to find buyers)
27. What is your average sales price (price per kg)?
28. Can you provide us with an overview of your main marketing costs (labor, value adding, packaging, transport, etc.)?
29. What forms of help or assistance do you receive from the different types of buyers? (*probe*: advances of seeds or other inputs, technical assistance, advance contract for sale, cash credit, transport services)
30. How do you find out about markets, prices, new buyers, new products, etc.?
31. To which type of buyer do you currently sell most of your rice and why? What proportion of your rice did you sell to this buyer in the past year?
32. Would you like to find more or different types of buyers? Why?
33. Is there anything else about selling rice that you think I should know?

Association with Other Farmers

I am interested in knowing how farmers in this area help and cooperate with each other. Could you explain some of the ways that farmers in this area work together?

34. Do you ever cooperate with other farmers? Do you belong to any growers' associations or clubs?
35. What are the activities you do together?
36. What are the benefits of being in this association?
37. What kinds of problems are common to most or all members?
38. How do you address these problems together?

To Finish Up

39. What plans do you have for your farm in the future? What changes would you like to make?
40. Why are you interested in making these changes?
41. What opportunities do you see?
42. What challenges do you face?
43. What do you think about the future for growing rice?
44. Do you have additional observations or comments that we have not discussed?

GUIDE 5: INPUT SUPPLIERS

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, identify the structures and/or incentives that limit input firms from seeing smallholders as a viable market.

THOUGHT PROCESS

Appropriate and accessible inputs are essential to a competitive rice value chain. The business model or incentives of input suppliers may, however, prevent them from proactively marketing inputs to smallholder producers.

Possible indications of systemic and structural *disincentives* for input suppliers to invest in reaching smallholders:

- Bricks and mortar expansion strategies that are typically too expensive for smallholder markets that are rural and difficult to access
- Limited wholesale structures in a country
- Limited direct links with smallholders and limited interaction with rice buyers
- Product-focused marketing and selling with limited information flows as part of the sales process
- Market dominated by large customers—a low transaction, high volume market with associated management systems (minimal staff investments, limited processes and procedures, ad hoc record keeping, etc.) unsuitable for large numbers of small transactions
- High levels of government intervention
- High levels of NGOs acting as input providers
- Low staff investment leading to limited incentives for staff to innovate

Possible indications of systemic and structural *incentives* for input suppliers to invest in reaching smallholders:

- Expansion strategies that focus on clients needs and upgrading requirements, including shift to service platforms (rather than simply input delivery)
- Wholesale structures in place and connected to multi-national firms
- Integrated distribution networks into smallholder communities
- Information-driven promotional and sales processes
- Growing smallholder sales and commitment to growing the smallholder market
- A management system (capacity) that allows for high volumes of transactions
- Some activities to foster firm-based branding via marketing/promotions
- Increasing number of input firms in on-going direct relationships with output firms
- Decreasing levels of government interventions and decreasing NGO provision of inputs
- Increasing staff investments and performance management procedures

DISCUSSION QUESTIONS

1. Introductions, purpose of in-depth interview and research.
2. How long has your business been working in this location?

Questions about Clients

3. Who are your clients? (*probe*: smallholder farmers, associations, commercial farmers)
4. Are some of your clients more important to your business than others? Why?
5. How important is rice to your business?
6. What rice-related products do you sell and to whom?
7. How do you reach your different types of client? (*probe*: stores, agent structure, wholesaler/retailer network)
8. How is payment structured? (*probe*: cash on delivery, pre-payment, on credit until rice sold, etc.)
9. What kind of information or advice do you provide to your customers?
10. Do you provide other products or services in addition to inputs? (*probe*: technical assistance, buy rice) To whom?
11. What percentage of your clients are repeat buyers?

Questions about the Input Business

12. Are there many input suppliers? Is the number of input suppliers increasing?
13. Does the government ever distribute or subsidize inputs?
14. Do NGOs ever distribute inputs? If so how often, where and to whom? How does this affect your business?
15. Do you have employees working for you? How many? Do you have problems finding appropriately skilled employees? Explain. How has this situation changed over time?
16. What are your employees' responsibilities? Do you provide them with any kind of training?
17. How are employees compensated? (*probe*: salary only, commission on sales, performance-based bonus)
18. How do you learn about new inputs? (*probe*: international input companies, local research entities, government extension services)
19. Do you access credit to run your business? If so, from where? (*probe*: wholesaler, buyer, financial institution, family or friends)
20. How would you like to improve your business in the future?

Questions about the Enabling Environment

21. In the course of your business do you interact with government representatives? Which and for what reason? (*probe*: business license, customs, environmental controls, taxation)
22. Are there any government policies or practices that are helpful to your business? Which?
23. Are there any policies or practices that you would like to see changed? What changes would be helpful?

To Finish Up

24. What are the three most serious risks for your enterprise?
25. Do you have additional observations or comments that we have not discussed?

GUIDE 6: TRANSPORT/SHIPPING COMPANIES

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- Identify/verify the major trade routes for rice and to understand the importance of the rice trade to transporters.

THOUGHT PROCESS

Spatial arbitration and the movement of rice from surplus to deficit areas is a key component of any food security strategy in West Africa. A detailed understanding of the nature of this transport and what hinders or facilitates its development (growth and improved efficiency) can potentially have a significant impact on value chain competitiveness.

DISCUSSION QUESTIONS

1. Introductions, purpose of in-depth interview and research.
2. How long has your business been working in this location?

Questions about Clients

3. Who are your clients? (*probe*: exporters, wholesalers, supermarket chains, farmer groups)
4. Are some of your clients more important to your business than others? Who and why?
5. How important is rice to your business?
6. Where are you sending most of this product to? (*probe*: capital city, other West African countries) Where are you sourcing it from?
7. Suppose I am a new customer and I need to send a shipment of rice to [neighboring country]. What are the steps or processes that I need to follow? (*probe*: what forms do I need to complete, what information do I have to provide, fees, certifications)
8. Similarly, what would I need to do to import rice from another country? (*probe*: what forms do I need to complete, what information do I have to provide, fees, certifications)
9. What are the physical ways that your company sends products? (*probe*: sea, air, land)
10. Who owns the trucks? How are you paid?
11. What is the fee structure? (*probe*: is it based on weight, value, volume, method of transportation)
12. Do you backhaul other commodities? Which, and how do you source them?
13. What other services do you offer to clients? (*probe*: packaging, payment transfer)
14. What percentage of your clients are repeat buyers?
15. Do your clients sell rice that they produce themselves, do they sell rice produced by others, or do they do both?
16. What have been the trends that you have seen in the rice market? (*probe*: are there more/less people exporting rice, is there more/less local rice being transported to the local market)

Business Enabling Environment

17. What kinds of licenses does your firm need to obtain? What are the steps and how difficult is the process of obtaining licenses?
18. Do you face problems with at official or unofficial checkpoints? (*probe*: bureaucracy, delays, hours of operation, bribes)
19. Do you have problems finding appropriately skilled employees? Explain. How has this situation changed over time?

GUIDE 7: OTHER SUPPORT MARKET ACTORS

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, assess the viability of the support markets to deliver the needed service/product and their willingness to upgrade and move into new markets.

THOUGHT PROCESS

There has to be a balance between the needs of the rice value chain actors and the needs of private sector support market actors. Service providers should not be encouraged to invest in reaching smallholders if such service provision cannot be made commercially viable. Innovative solutions to profitable business models need to be developed for all essential support markets. From the client perspective, the service should be effective and affordable, i.e., reduce risk and/or increase profitability. Often the benefits of services are not clear as they reflect a negative such as the absence of a yield-destroying drought or disease outbreak (e.g., insurance, spraying services). Accessibility in a physical, financial and informational sense needs to be in place. Services to be assessed include: private extension services, spraying services, storage services, market information services, financial and insurance services, telecom services, etc.

DISCUSSION QUESTIONS

1. Introductions, purpose of in-depth interview and research.
2. How long has your business been working in this location?

Questions about Clients

3. What services do you offer? What benefits do buyers of the service derive from it (quantify where possible)?
4. Who are your clients and where are they located? (*probe*: smallholder farmers, associations, commercial farmers)
5. Are some of your clients more important to your business than others? Why?
6. How important are actors in the rice chain to your business?
7. How do you reach your different types of client? (*probe*: directly, through intermediaries)
8. How is payment structured? (*probe*: cash on delivery, credit, paid for by buyer)
9. What kind of information or advice do you provide to your customers?
10. What percentage of your clients are repeat customers?

Questions about the Support Market

11. Are there many similar service providers to you? Is the number of service providers increasing?
12. Does the government or do NGOs ever provide or subsidize similar services to the kind you provide? If so how often, where and to whom? How does this affect your business?
13. How do you market your services?
14. Do you have employees working for you? How many? Do you have problems finding appropriately skilled employees? Explain. How has this situation changed over time?

15. What are your employees' responsibilities? Do you provide them with any kind of training?
16. How are employees compensated? (*probe*: salary only, commission on sales, performance-based bonus)
17. How do you learn about new services? Do you plan to extend into additional services? If so, which?
18. Do you access credit to run your business? If so, from where? (*probe*: buyer, financial institution, family or friends)
19. How would you like to improve your business in the future?

Questions about the Enabling Environment

20. In the course of your business do you interact with government representatives? Which and for what reason? (*probe*: licenses, customs, environmental controls, taxation)
21. Are there any government policies or practices that are helpful to your business? Which?
22. Are there any policies or practices that you would like to see changed? What changes would be helpful?

To Finish Up

23. What are the three most serious risks for your enterprise?
24. Do you have additional observations or comments that we have not discussed?

GUIDE 8: PUBLIC SECTOR STAKEHOLDERS

GENERAL OBJECTIVES

- Understand the business enabling environment in terms of its policy- and regulation-related rigidities to change over time in response to economic growth and a changing market and value chain environment.
- Understand the nature, strengths and weaknesses of public sector stakeholders, and their effect on the incentives (or disincentives) and capacities of value chain agents to upgrade and improve value chain competitiveness.

THOUGHT PROCESS

The public sector (through its policies, regulations, public sector organizations and infrastructure) provides a key leverage point for competitiveness strategies. The discussion on incentives and disincentives related to the BEE is discussed in Guide 1 and not repeated here. Some public sector stakeholders to consider for inclusion in the analysis are: the Ministries of Agriculture, Trade, Finance and Industry and their various departments, R&D and extension services institutes, public utility firms (energy, telecom, water, roads and ports facilities), public laboratories, etc. These public sector stakeholders can be local, national, regional or global in nature.

DISCUSSION QUESTIONS

1. Introductions, purpose of the study.

Questions about your Ministry/Department

2. What role does your ministry/department play in the rice industry? (*probe*: regulating imports/exports, licenses, taxes, rule enforcement, research)
3. How do you support the activities of the various rice actors?
4. Do you enforce rules or oversee the activities of rice actors, and if so, how?
5. What is the organizational capacity of your ministry/department to support the rice industry and/or enforce rules relating to the industry?
 - How many staff is available?
 - Is staff adequately trained?
 - Are there sufficient financial and physical resources (e.g. vehicles, etc.)?
 - Is there access to necessary information (e.g. on international trends, details of what is happening in the field etc.)?
6. Do you collaborate with other ministries/departments/public agencies, and if so, how?
7. Do you collaborate with any international agencies (e.g. WARDA, CARD, IFPRI, NGOs, etc.)? What impact do these agencies have on the rice value chain?
8. How do you work with the following rice actors? (*probe*: preference, working relationships, challenges, constraints)
 - Importers/exporters
 - Large commercial farmer
 - Smallholder farmers and associations
 - Processors
 - Traders
 - Input suppliers and service providers

9. What major decisions and deliberations relative to the rice industry has your ministry/department made in the past 5 years?
10. What major decisions and deliberations are planned for the near term?
11. What difficulties has your ministry/department encountered in the execution of your responsibilities with regard to the rice industry?

Questions about the BEE

12. What is the legal framework for rice imports? Is it clear and available to all stakeholders?
13. What business licensing procedures exist for various sizes and types of firm operating in the chain?
14. What government authority grants and controls import licenses? What is the legal framework regulating import licenses?
15. Do policy barriers arise from difficulties with the content and application of the common external tariff/free trade agreements/regional or international agricultural agreements? If so how?
16. Is there a national rice value chain development strategy/plan? If so, what are the main elements of the plan?
17. What investments are planned or are ongoing in the sector?
18. Are there major decisions made in the last 5 years or planned for the near term by other ministries/departments that have had/will have a significant impact on the sector?
19. Are there major ongoing or planned investments by other ministries/departments that are expected to have a significant impact on the sector?

To Finish Up

20. Do you have any suggestions for overall improvement of the rice industry?
21. Do you have additional observations or comments that we have not discussed?
22. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 9: FOCUS GROUP INTERVIEW FOR FARMERS

GENERAL OBJECTIVES

- Understand the business enabling environment.
- Understand how the value chain functions (vertical and horizontal linkages, governance structures, support services) and where major constraints and upgrading opportunities are located.
- In particular, understand the social and economic incentives and capacities of farmers of various sizes.

THOUGHT PROCESS

See Guide 4. The focus group meeting adds the element of farmer interaction to the discussion which can provide a more balanced response/opinion as well as reveal new insights.

APPROACH

Set-up and General Guidelines

Bring homogenous groups of 8-12 farmers together (i.e., no women and men in the same group, no wide range in age, etc.). Secure a quiet, neutral location. Identify a discussion facilitator who speaks the language of the farmers and who strikes the right balance between listening and guiding the conversation (most critical success factor for focus group research). Collect some basic background information on the participants. Have a discussion session lasting about 1 hour. Everyone should speak, raise hands to speak, take turns and speak one at a time, speak briefly, think about what is typical, common or usual.

Collect Background Information

_____ Name of association _____ Number of members

_____ Starting date _____ Languages spoken by members

List of participants: name, age, gender, educational level, etc.

Discussion Questions

1. Greetings, welcome, introduction, and purpose (no specific benefit).

Members' Economic Activities

2. What crops are usually (often) grown by members of this association?
3. In addition to growing these crops, what other ways do families in this area usually (normally, often) earn income and meet their expenses?
4. About how much of their total income do families usually earn from selling rice: all, more than half, about half, less than half, very little.

Markets and Buyers

5. I am going to name different ways to sell rice, and I would like to know if the members of this association ever use any of these ways to sell their rice: neighbors, buyers who come to the farm, market in the capital, village markets, small stores, traders, processors, supermarkets, exporters.
6. Are there any other important ways to sell rice that I have not mentioned? What are they?
7. Of these ways to sell rice that we have listed (repeat list), which three ways are most often used by members of this association?
8. What are the main differences between these three ways to sell rice? (*probe*: price, cost of marketing, volume of sales, repeat sales, information, advances of inputs, other assistance from buyer)
9. Has the association ever coordinated the sales of their members' rice? If so, how does this work?

Being in Association

10. What are the advantages of being a member of this association? (How do members of the association benefit from being in the association?)
11. What have you heard are some of the disadvantages of being a member of an association?
12. We've heard that the leadership of an association is very important. In your opinion, what does it take to be a good leader of an association?

Future Vision

13. What would be the (one) most helpful change for rice growers in this area?
14. What is the (one) most important issue you face as a rice producer?
15. Thank you for your time. Repeat purpose.

GUIDE 10: MARKET OBSERVATION GUIDELINES

GENERAL OBJECTIVES

- Assess end-market opportunities (dimensions, segments, consumer behavior, trends and growth rates, product and process standards in procurement, governance structures, prices, critical success factors, competitiveness and benchmarks, buyer types and their market power, perceptions on products and suppliers).

THOUGHT PROCESS

Visits to market (open air markets, supermarkets, over-the-counter shops) to observe wholesalers, retailers and end-consumers go about the business of selling and buying rice products can provide additional information, confirm hypotheses, and generate new insights. The observations should be complemented with very brief interception interviews (1-3 questions).

OBSERVATION POINTS

1. Can any government involvement be observed? Any information on or enforcement of market rules?
2. Describe the market in terms of location, cleanliness, environment, variety of products sold, etc Can any apparent upgrading opportunities be identified?
3. Any observations on how rice is supplied to the market outlet?
4. How large is the market (number of stalls, estimation of number of visitors, estimation of sales per stall/branch)?
5. What products are presented (import vs. local, bulk vs. value added such as parboiled rice, quality grades, different brands, etc.) and what are the prices (adjust for normal price negotiation)?
6. In what volumes, packaging do consumers buy? What products appear to be more popular?
7. How are consumers paying for what they buy?
8. Nature of the consumers and sellers (gender, age, etc.).
9. Any other observations?
10. Chat with some of the more typical market visitors. Ask them about their preferences (imported vs. local, substitute products if the price of rice goes up, price, quality, taste, packaging, level or processing, etc.) and shopping behavior (where, frequency, etc.) with regard to rice.