

DRAFT

**KEY INTERVENTIONS TO IMPROVE MARKET ACCESS FOR
POOR FARMERS: LEARNING FROM ADB AND OTHER
DONORS' EXPERIENCES**

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Key interventions to improve market access for poor farmers: learning from ADB and other donors' experiences

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The Study

- Key Question: How can the smallholder farmers and landless poor access the agricultural supply chain and therefore the markets?
- Focus on value chains for high-value agriculture (hva)
- Methodology: Draw lessons learned from cases worldwide (total of 16 cases) that have successfully incorporated smallholder farmers and landless poor into the agricultural supply chain



Why is this relevant for reducing poverty in Asia?

- Dominated by a large number of smallholder farmers and landless poor
- High-level of rural poverty
- Shift from traditional (spot market) to modern supply chain (supermarkets)



**3 Different Scenarios = 3
Different Types of
Interventions**

- A. Underdeveloped Chain → Targeted Intervention
- B. Semi-developed Chain → Support to Broker or Third Party
- C. Developed Chain → Support for Spontaneous Linkages



**A. When to have targeted
intervention?**

- Existing market demand
- Unrealized potential of smallholder farmers and landless poor to HVA production and processing
- Unorganized farmers



**General outcomes of
targeted interventions**

- Stable position of smallholder farmers in the supply chain (guaranteed market, support services and adoption of good agricultural practices)
- Generate employment in small-scale processing (especially among women and landless)

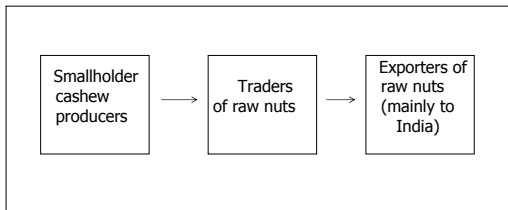


Support for the Cashew Value Chain in Mozambique

- Existing demand for processed cashew nuts from Europe
- Existing export of raw nuts at low prices
- Unrealized potential because of lack of local processing by local processors or the producers



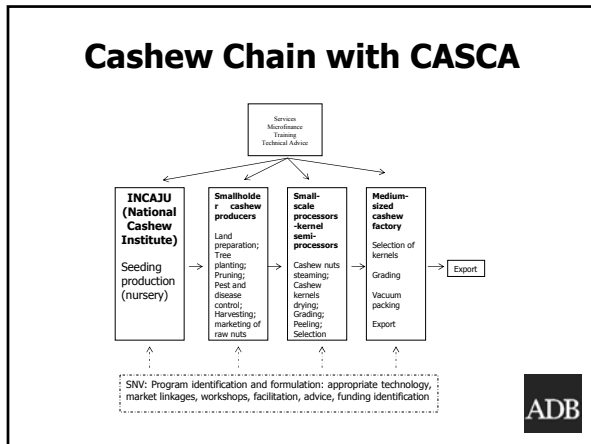
Cashew Chain Before CASCA

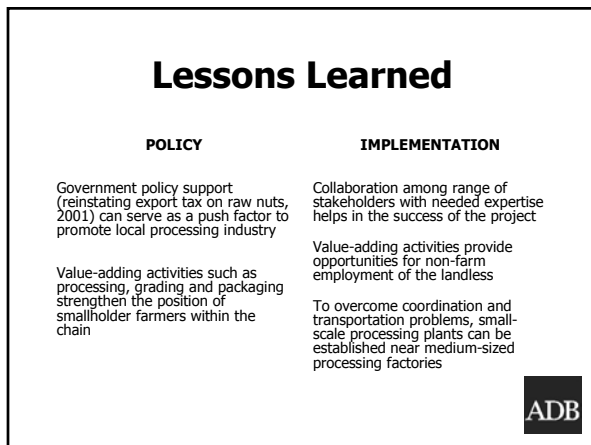


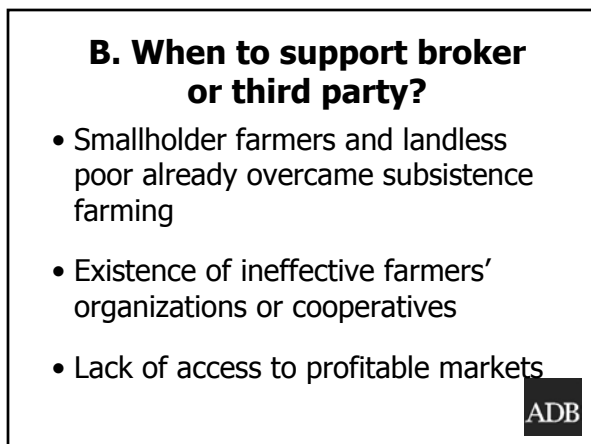
Key Activities funded by SNV

- Small-scale village processing plants were established around medium-sized processing factories
- SNV provided technical assistance to the implementing agencies (e.g. management, gender)
- SNV, together with other NGOs, provided support to farmers: appropriate technology, workshops and trainings (processing, equipment maintenance, quality control) micro-finance services (low interest loans), and market linkages









General Outcomes:

- Secure access to profitable markets through linkages with responsible buyers
- Increased access to support services (trainings, credit, production and post-harvest technology, market information) from the broker/buyers
- Value-adding activities initiated by the smallholder farmers
- Establishment of long-term business partnerships



Increased sustainability of farmers' income



Potato Farmers' Link to Restaurants in Uganda

- Smallholder farmers started potato production in 2002
- Lack of access to profitable markets
- Existing commercial association of the farmers
- There are several existing supply chains for potatoes (e.g. fast-food restaurants, local market, wholesale market)



Key Activities:

- Support from government's Regional Potato and Sweet Potato Improvement Network (known as PRAPACE) and Africare (NGO)
- Participatory analysis of the existing potato supply chains to identify strengths and weaknesses of farmers' associations
- Selection by farmers of the most attractive market option
- Implementation of changes in the chain management following the access to the chain: finance, organization, communication, consistency of supply, quality, experimentation and innovation



Lessons Learned:

- There should be participatory chain analysis before facilitating any linkages
- Public-private partnership facilitated the shift to HVA production
- The nature of linkage should be market-oriented (e.g. based on returns to investment and demand)
- Producers' associations should be flexible to make the necessary adjustments to meet markets' demand (e.g. test and adopt new plant varieties)



C. How to further promote spontaneous linkages?

- Farmers spontaneously link with private firms or other actors in the chain
- There is a large number of smallholder farmers
- Production of specialized commodities is needed



General Outcomes:

- Small farmers are able to overcome barriers to entry that are inherent in their conditions (e.g. lack of transportation)
- Increased entrepreneurship among smallholder communities



Increased agricultural income and employment



SPAR Supermarket in South Africa

- Local SPAR supermarket has a policy to buy fresh produce from the local community
- Smallholder farmers are able to take part in the supply of fresh vegetables and value-adding activities, such as sorting, washing, and bundling



Enabling Factors:

Smallholder farmers are able to maintain the freshness of SPAR's vegetable supply	SPAR provides for interest free loans; visits and monitors smallholder farms and provides trainings for quality standards
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Lessons Learned:

Policy to buy produce from local community can be implemented to effectively ensures smallholder farmers' access to the supply chain	Maximizing the competitive advantage of the smallholder farmers can provide beneficial gains to the firms
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Conclusion: the right intervention

- There is no universal rule on how smallholder farmers can be included in the supply chain
- The type of intervention depends on the:
 - type of chain
 - existing potentials of the farmers
 - existing support services for the smallholder farmers and the landless poor
 - presence of farmers' associations
- The ideal scenario should be spontaneous linkages of small farmers and landless poor with other actors in the chain



Projects should facilitate the creation of the conditions for spontaneous linkages



Conclusion: promoting spontaneous linkages

- Targeted intervention and support to broker or third party should be based on sustainable business model (consider smallholder farmers as business partners)
- Strengthen farmers' associations or cooperatives to exist as commercial entities
- Promote value-adding activities to allow smallholder farmers and landless poor to move up the chain
- Strengthen competitive advantages of smallholder farmers
- Increase awareness of the competitive advantages of small farmers by other chain actors



For More Information

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