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Enhancing farmers' capacity to link with markets

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MARKET & SUPERMARKET ISSUES FOR DEVELOPMENT

Enhancing farmers' capacity to link with markets

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Abstract



Research and development efforts to strengthen farmers' linkage with markets often focus on the systematic assessment of market chains, formulation of pro-poor policy recommendations, and the introduction of macro-level enabling mechanisms. Meanwhile there is growing recognition of the critical need for action-learning approaches for enhancing smallholder producers' capacity to better manage farm businesses within dynamic market chains. Traditional agricultural extension generally deals with production-focused, technology-driven learning content. Yet it is now widely acknowledged that farmers also need to acquire knowledge, skills and attitude to improve their participation in and benefit from market chains.

The main objective of this paper is to analyse key learning approaches in enhancing farmers' capacity to link with markets, in particular by comparing:

- 1) crop management- and marketing-based curricular frameworks,
- 2) farmer-group and chainwide participatory processes,
- 3) classroom- and field-oriented learning settings, and
- 4) single-activity and season-long learning designs.

The paper assesses the emerging trends in farmer capacity strengthening towards a more experiential learning process with a market chain perspective — as exemplified by the participatory market chain approach and farmer business school. It highlights experiences and lessons from the root and tuber crops sector, drawn from collaborative work by the International Potato Center and partners in developing countries of Asia, Latin America and Africa. Finally the paper identifies needs and opportunities to further improve capacity strengthening approaches, including their potential adaptation and upscaling across agricultural market chains and contexts.

The International Potato Center (CIP) is one of the 15 centres that make up CGIAR, the Consultative Group on International Agricultural Research. CIP has a long history of research into technological on-farm innovations, because many of the CGIAR centres were created as crop improvement centres, introducing varieties as part of the green revolution. The centre has recently become part of the discussion and debate on markets, which is an exciting development.

The products of CIP's research benefit the poor, including both the producers and the consumers. The centre has a mandate to work on root and tuber crops, which gives it the extra challenge of adding value to crops that are otherwise neglected and under-utilised. This paper gives an overview of the work CIP does in terms of strengthening farmer capacity in South America, Africa and Asia.

At the centre's base in Peru in South America, CIP has started work on value chains. The aim of the studies there, on the DNA of the various potatoes, is to stimulate market demand and conserve genetic diversity. The potato best known in the Asia Pacific region is yellow, but there are actually 4000 varieties of potato, and they come in purple, orange and red. If you go to one of the supermarkets in Lima, Peru, and buy a packet of potato chips you find they are multi-coloured, and that is stimulating market demand for the potato in Peru. In turn, the demand gives an incentive to farmers to conserve native potatoes in the highland Andes.

In Africa, there is a different value chain. CIP is creating demand based on the nutritional value of an otherwise low-status food, the chip potato. The strategy is to improve the nutrition of the centre's target populations, which are women and children younger than 5 years, by promoting consumption of chip potatoes, based on the value of sweet potatoes as a source of Vitamin A.

In Asia, CIP works across East Asia to South Asia. One example is the work in Indonesia on collective brand development for traditional potato snack foods. That includes, for example, making use of the non-marketable potatoes that are not accepted by FritoLay or Indofood. CIP encourages their use in traditional potato snack foods, one of which is called jacket potato chips, and CIP is creating a collective brand, capitalising on local culture of West Java.

In the Philippines, CIP's focus is on the link to the industry for feed, on value-added processing for sweet potatoes as a raw material for the feed industry.

In CIP's work on linking farmers to markets, the research and development have several key themes. One theme focuses on enabling policy, institutions and safety nets. Another theme is in marketing support services, enhancing access. CIP looks mainly at partnerships between market chain actors, improving co-ordination and collaboration between them. Of course, farmers have a vital role in relation to partnerships in market chains. Much of CIP's work is focused on how to link small farmers into agriculture market chains, in terms of decision-making and action.

This paper focuses not on the dynamics of market chains, but rather on an important element of how farmers decide and take action on market opportunities and participation in market chains. From the viewpoints of research and development, CIP is exploring the role of capacity strengthening, so that farmers are able to make decisions and take actions that allow them to not only participate but also benefit from these chains.

In relation to work on capacity strengthening for farmers to link with markets, there are three key points to highlight:

- farmers as learners;
- learning approaches; and
- the learning context.

These three are important for design of interventions for capacity strengthening.

Enhancing farmers' capacity to link with markets — Campilan

The International Potato Center works in South America, Africa and Asia to enhance appreciation of the value of tuber crops, and farmers' knowledge



The International Potato Center uses several approaches in strengthening farmers' capacity not only to produce crops but also to understand the market, the stakeholders involved, and the business aspects of their own farms



Farmers as learners

When talking about linking farmers with markets, the CIP teams have found it important to ask: “Which farmers are we talking about?”. In working with farmers, that question has been particularly relevant in parts of Asia. Which farmers is CIP trying to link? The farmers who are already doing business with markets, or the farmers who are 10–20 hours of travel away from the nearest urban centre?

There is a need to deconstruct the farmer ‘stereotype’. In many parts of Asia, there are farmers who produce food for the household, which is called subsistence, as well as for the market. There is an increasing tension, which can be illustrated with Cassava. Cassava serves as a food crop, but now it is becoming an industrial crop for producing starch and bio-ethanol. How does the farmer decide between his food security needs and opportunities for the market?

Should CIP be working with the farmers who are smallholders, or the large-scale farmers? (It should be noted that a small farmer in Australia is a big farmer in Asia.) It is not always clear what is meant by ‘small’, by ‘scale’. In some contexts, being small is about scale of production; in other contexts it is about land-holdings; in other contexts it is about the number of children that the farmer has, who can work as labour for the farm. It is important to determine whether the aim is to link smallholders or large-scale farmers.

There are also farmers who are becoming vertically integrated, so to speak. In talking about farmers, does the word mean the cultivator, or the cultivator who at the same time is the local trader and service provider? At many of CIP’s training courses for farmers as learners, across Asia, during break times these farmers are doing negotiations and loans with other participants. So it is quite important to know which actual farmers are being invited. They may be cultivators, or they may be landless — basically, hired labourers.

Another group is the full-time farmers and the farmers with non-farm livelihood roles. Surveys done in Asia have found that many of the so called farming households actually derive almost half of their income now from non-farm and non-rural livelihoods: the latter can include remittances from relatives working in cities and abroad. Are these still farming households or should they be termed ‘rural households’, when a significant part of household income comes from other than their own farming?

Farmer-learning approaches

A second aspect of capacity strengthening is ‘farmer learning approaches’. Agricultural extension has a long history of training farmers in ways to increase production. Review of training curricula and extension approaches shows that 90–95% of the learning content is about how to grow and how to increase yield. Normally, marketing is only an afterthought.

More recently, learning approaches have looked at market chains, bringing in different actors across chain-wide platforms to enhance farmer participation. For

example, farmers and traders and retailers and wholesalers come together and discuss combinations and opportunities for collaboration.

CIP has found, however, that often farmers are not ready to come onto these platforms. In Latin America where there is a long history of social action, it is very easy for farmers to speak up; they are not afraid to sit beside other more powerful actors, such as wholesalers. In Asia, on the other hand, in many of the countries, that is usually not the case. When small farmers from rural areas have come face to face with supermarket representatives, almost always the farmers have not said anything. It has become evident that there is a need for capacity building beforehand, to prepare these small farmers before they meet other actors in the market chain.

Now a third approach is emerging: that is, farmers learning to grow and sell; farmers preparing themselves for subsequent interactions with the other actors in the market chain.

The learning context

In talking about markets, it is very important to remember that, really, the task of marketing is just one part of a broader repertoire of tasks that farmers do. For example, when staff of the International Potato Center go to a farm they expect to see potatoes. However, you can be sure that the farmer, knowing that the price of cabbage is going up the next season, will shift to the next crop. When helping farmers learn about marketing, it is important to understand the livelihoods portfolio. Farmers go into product diversification and different crops, or they may choose to specialise. Their decisions, as far as linking with markets, are often influenced by this broader portfolio of livelihoods that they engage in.

The social environment is another important factor that CIP considers. Is the training for farmers as individuals, as organisations or as networks? Are they coming to CIP's capacity-building events as individual entrepreneurs or as members of a cooperative or informal network of producers or local entrepreneurs?

Learning-experience is a third important context for learning. Needs-assessments for CIP's training courses have shown that there is very little prior exposure to marketing training, especially in public-sector extension in developing countries. Prior exposure to marketing itself, and to what happens outside the boundaries of the farm, helps farmers learn.

The last aspect of the learning context is the value system. It is often thought that economic gains are central to value-chain development or benefits for market-farmers. Yet, particular social norms are also important, as well as the social values that farmers hold. Farmers consider trade-offs and compromises between economic gain and building social capital, for example. Indeed, there are some social norms that prevent particular participants from taking part in training. Some countries in Asia make it very difficult for women participants to travel alone and to visit and do a market-chain assessment because many cultures frown on women travelling alone. So how can women participate fully in learning events when there are social constraints?

Capacity strengthening

Five key approaches in capacity strengthening have emerged over the years. The three that are applied predominately are participatory market assessment, multi-stakeholder dialogue, and single-event training.

Participatory market assessment often involves farmers learning to do market assessment, appraisal and analytical exercises. The outcome is often an analysis and appraisal, and there is an assumption that the farmers later on will be able to apply what they have learned from the appraisal.

The second type, multi-stakeholder dialogue, builds on market assessment and brings in external experts. They come together in a dialogue with a range of stakeholders at a platform for consultation and negotiation, discussing policy recommendations. Both this and the participatory market assessment approach basically focus on detailed analysis and appraisal, and the assumption is that action follows on, based on what people have learnt on this joint-learning platform.

The third approach is single-event training: classic extension training for farmers. This is often done over three days or one week; it is classroom-based with a structured curriculum, and farmers learn about business skills.

More recently, another approach has emerged, called chain-wide action learning. This also uses a structured curriculum, but the difference is there is an action component to it. As well as doing the market assessment, the farmers are testing innovations, and there is an evaluation of the outcomes of the learning, which involves different actors on the chain.

A fifth approach, which CIP has recently tested in work with the Asia project, is called the farmer business school. It recognises the need for prior training for farmers before they get into contact with, or interact with, the rest of the actors in the chain. It has a farmer-focused curriculum with interactive events with other chain partners, and the action component facilitates testing and innovation within the farmer business school.

Content areas

CIP has also examined different content areas for use in farmer capacity strengthening. Three or more years of pilot trials have shown CIP what farmers seek to learn and what other actors in the market chain would like farmers to learn. Naturally, these include the classic business management skills, business planning and financial management.

An interesting finding is that farmers themselves and the other actors in the chain have suggested and seen the need for a wider range of capabilities that includes, for example, social and ethical conduct. Another need is for 'market chain orientation', to help in characterising market chains and identifying market opportunities; and how to develop loyalty and successive contracts for market agreements. Organisations and services is another area; people want to know what the options are for groups organising themselves into businesses in Asia where the cooperative is almost the one and only solution to organising farmers.

How do they access business support services? Also, capabilities in developing and testing innovations, such as value-adding technologies and institutional and commercial innovations, are seen as useful.

Key principles

In summary, here are some key design principles for farmer learning.

The CIP teams believe that the first step in any capacity-strengthening for farmers is to change their view of the farm, from production system to business enterprise. In Australia and many advanced countries in Asia, this seems like common sense, but that is not the case in many other countries. In centralised economies, in central Asia for example, when CIP started working there 10 years ago, the team found it difficult to start talking about pricing or even quality, because those farmers for many years had been told what to produce and where to sell. They never bothered about markets; these people did not have a concept of price or of market.

The second principle is that the successful farm business requires a capacity not only for technological change but more importantly for nurturing relationships with market chain actors and partners. One example is the wholesaler Bimandiri, which acts as one of these assemblers, playing the linking role between supermarkets and farmers, but beyond that role in the market chain it also supports capacity strengthening. CIP is teaching farmers about standards, sorting and grading and other aspects that lie behind the market chain.

A very important principle is that learning-approaches have to support farmers' everyday decisions between preserving or growing limited assets; between investing for immediate benefits or for longer-term returns; between concrete economic rewards or less tangible social values.

The final principle is that the farmers learn better where they are in a familiar place and social setting. In designing CIP's learning curricula, the centre's teams have found that farmers learn better when they are taught in a farm environment, in sync with the season and production and marketing, and in a familiar group-interactive setting.

Dr Dindo Campilan is a social scientist working for the International Potato Center (CIP) in Asia. Among his areas of professional interest is developing approaches for facilitating pro-poor innovation in agricultural value chains. Dr Campilan leads CIP's interdisciplinary research program on sweet potato and root and tuber crops in Asia, which deals with innovations for improving on-farm productivity, postharvest utilisation and market development. He is leader of an on-going ACIAR-supported project 'Linking vegetable farmers with markets in West and Central Java, Indonesia'. Dr Campilan is a former ACIAR John Dillon fellow (research management) and AusAID visiting specialist (program monitoring and evaluation).