



Innovation platforms for agricultural value chain development

The markets and value chains approach has recently become fashionable in agricultural development interventions. So too have innovation platforms. This brief shows how innovation platforms can be a useful vehicle to promote market development.

Markets and value chains in agricultural development

Traditional approaches to agricultural development tend to emphasize food security—helping farmers to grow enough to feed themselves and their families, and perhaps a surplus to sell. More recently, concern with markets has become prominent. Even subsistence farmers need cash, goes the reasoning; they need to be able to grow things they can sell. And if they have a market for their produce, they have an incentive to grow more to earn more. This ushers in a virtuous cycle of higher yields and production, greater incomes, higher living standards, and more investment in production.

But linking farmers with markets is not easy. The physical infrastructure may need to be built or improved: storage and processing facilities, marketplaces, roads, electricity, communication facilities.

Definitions

An innovation platform is a space for learning and change. It is a group of individuals (who often represent organizations) with different backgrounds and interests: farmers, traders, food processors, researchers, government officials etc. The members come together to diagnose problems, identify opportunities and find ways to achieve their goals. They may design and implement activities as a platform, or coordinate activities by individual members.

Value chains comprise an entire system of production, processing and marketing, from inception to the finished product. It consists of a series of value chain actors, including farmers, traders, processors, wholesalers, retailers and consumers, linked together by flows of products, finance, information and services. Chain supporters such as government regulators, financial institutions, research, extension and transporters provide various services to the chain and enable it to function.

Farmers may need to learn which crops or livestock to produce, and to adopt new production techniques so they can produce the quality and quantity required at the right time. They may need to invest in costly equipment (such as irrigation systems) and inputs (seeds and fertilizer). They

may need to get organized in groups so they can sell in bulk and negotiate better prices. They need links with potential buyers, information about prices and standards, and sources of credit. They may face resistance from traders who fear a loss of power and profits. Many government programs and projects aim to overcome these difficulties.

Value chain interventions go one stage further. Rather than looking at just the relationship between farmers and buyers, they consider the whole value chain from producers to consumers. They consider each step in the chain as well as all the various chain supporters. They also consider the chain context: regulations, overall economy etc.

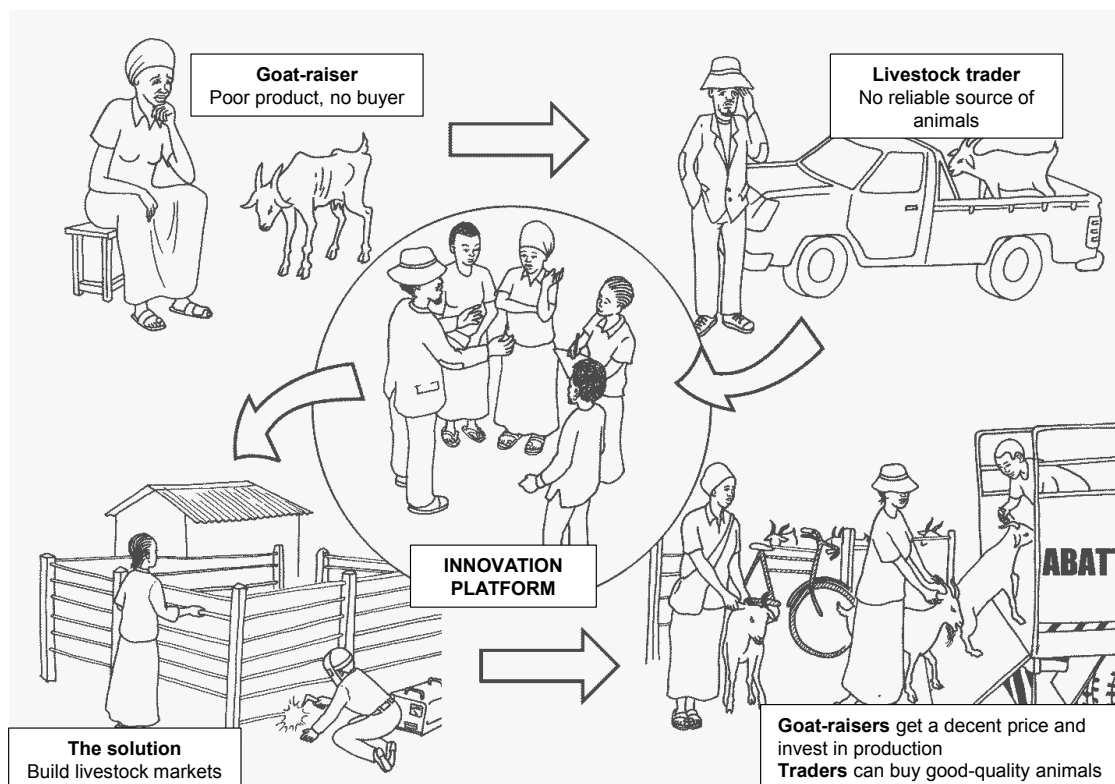
Innovation platforms and value chains

Innovation platforms offer a practical way to deal with the complex issues and multiple stakeholders involved in value chains. They bring together a range of stakeholders: farmers, traders, processors, input suppliers, credit suppliers, market information providers, insurance services, policymakers, extensionists and researchers. Together, these stakeholders design solutions to problems along the value chain.

Innovation platforms for value chains are unusual in that many of their members come from the private sector. Their motivations are commercial. They want to see profits. If the platform fails to deliver these, they will lose interest. On the other hand, if these partnerships are rewarding, they should last longer than the duration of the project.

Another unusual feature is that platform members may compete with each other. Farmers compete with each other to sell their produce; traders vie with their peers to buy and sell; processors compete to buy inputs and sell their outputs. It is also true between different stages in the chain: farmers want to sell at as high a price as possible, bypassing small-scale traders if they can. Traders, meanwhile, want to keep this business for themselves, and to buy for a low price. Peers at each stage may discover they can club together to charge higher prices or demand lower prices from suppliers.

Members of such platforms thus do not naturally see the benefits of cooperating and sharing information, making the task of the platform harder. An open agenda and skilful facilitation are needed. The facilitator must be neutral and help members realize that a more efficient value chain benefits all by providing greater volumes, better standards, higher efficiency, lower costs and less waste.



How an innovation platform in Zimbabwe overcame a bottleneck in the value chain for goats.

How do platform members benefit?

Farmers can benefit from such platforms by learning about market demand and requirements, changing what they produce and how they produce it. They can organize into groups to bulk their produce and negotiate better prices. They learn marketing skills and the importance of trust and long-term trading relationships. They may get services such as credit and improved production technologies via the platform. Production systems become more profitable.

Traders and processors can benefit by getting a larger, more reliable, better quality supply of inputs. They may welcome farmers getting organized as this reduces their transaction costs.

Service providers such as input suppliers, credit organizations and business services gain clients for their products and services.

Research and development organizations may use innovation platforms to engage market actors and to study and improve market and value chains.

Case 1. Linking potato farmers to markets

The Gataraga innovation platform in Rwanda identified several problems in potato marketing: low prices, poor harvests and inadequate postharvest handling.

It tried to overcome these by adding value (washing, sorting, grading and packaging); multiplying seed; obtaining planting materials of Kinigi, the preferred variety; dehauling the plants before harvest; linking to credit; serving niche markets; and exploiting the favourable policy environment.

One stakeholder in the value chain, a private trader named Josephine Mukangusi, facilitated these interventions. She bought potatoes from the farmer members of the platform. The farmers agreed to use disease-free seeds and recommended inputs and crop management practices. The platform targeted niche markets in Kigali, such as hotels and supermarkets.

As a result, their potato deliveries increased from 700 kg/week in 2010 to 9000 kg/week in 2012. The price they received rose from USD 0.20 to 0.40/kg. Fifteen jobs were created. The trader and the farmers were able to get (and repay) credit from a commercial bank that was also a member of the platform.

More: Eliud Birachi (e.birachi@cgiar.org)

Platform members may engage in many initiatives, including new crops, introducing grades and standards, collective action to get inputs and credit, bulking produce for sale, market research, introducing new market institutions (such as livestock auctions), improving product quality and giving training.

Members can develop some of these initiatives themselves; for others, they need support from institutions such as research, the government or business consultants.

Gender may be an issue. Women and men farmers often have different interests and roles in the production and marketing system. Innovation platforms need to take these differences into account to avoid disadvantaging the women.

Types of innovation platforms

Three types of platforms deal with value chains.

- **Farmer-based.** This type of platform helps farmers market their produce. It invites members from further along the value chain, such as buyers and processors, along with service providers such as financial organizations. It may deliberately avoid certain groups or individuals—such as traders who the farmers think exploit them. A goal of such a platform may be to enable the farmers to sell directly to larger urban buyers. Such platforms may facilitate negotiations on behalf of the farmers, arrange deals and coordinate production and trading. See the cases from Rwanda (Case 1) and Burkina Faso (Case 2).
- **Value-chain-based.** This type of platform focuses on the value chain as a whole. It may be established by a research or development organization, or perhaps by a leading actor in the value chain, such as a processor or supermarket chain. It aims to identify and overcome bottlenecks in the chain and find ways to make the chain more efficient (see Case 3 for an example).
- **Accidental.** A third type starts by accident. Such innovation platforms are established to deal with another topic, such as animal feeding or crop production. But members realize that market development is an issue, so shift at least part of the platform's attention to deal with it.

Case 2. Cereal value chain in Burkina Faso

Members of the Nabonswendé farmers' organization in northern Burkina Faso were not able to supply the quality and quantity of cereals demanded by the market. An innovation platform coordinated by SNV addressed this problem by bringing farmers together with processors, traders, input suppliers, technical specialists, and microfinance and research institutions. The platform helped members overcome long-running disputes about farmers not repaying loans and not respecting agreements with traders and input suppliers.

A microfinance institution from the nearby town agreed to make up to 20% more credit available to fund inputs, seeds and equipment—as long as the farmers had a guaranteed market for their crops. A representative of the traders promised to buy all the output if the farmers produced at least 20 t of bulked grain. The president of the association agreed on behalf of the farmers: he said they could produce more than 40 t of grain if traders would buy it all.

More: Hubert Somé (hsome@snvworld.org)

Case 3. The rice value chain in Ghana

The Ghana Rice Interprofessional Body aims to promote locally produced rice. This national innovation platform undertook consumer analyses to understand the quality criteria used by urban consumers and their willingness to pay for Ghanaian (rather than imported) rice. The platform linked rice farmers to women processors and buyers in Accra. This opened a new urban market for the farmers. Because the processors did not have enough money to buy rice in bulk, the platform helped them obtain the necessary credit. This enabled the value chain to handle larger volumes, improving its efficiency.

More: Cadilhon and Even (2012)

References

Cadilhon, J. and Even, M.-A. 2012. *Marketing and quality assurance, essential keys to rice production increases in Ghana*. Centre for Studies and Strategic Foresight Analysis 52. Paris: Ministry of Agriculture.

van Rooyen, A. and Homann, S. 2010. *Innovation platforms: A new approach for market development and technology uptake in southern Africa*. Patancheru, Andhra Pradesh: India ICRISAT. www.icrisat.org/locations/esa/esa-publications/innovation-platform.pdf

Innovation platforms are widely used in agricultural research to connect different stakeholders to achieve common goals. This is one of a series of briefs to help guide the design and implementation of innovation platforms. A contribution to the CGIAR Humid-tropics research program, the development of the briefs was led by the International Livestock Research Institute; the briefs draw on experiences of the CGIAR Challenge Program on Water and Food, several CGIAR centres and partner organizations.

Credits

Authors:

Eliud Birachi (CIAT), Andre van Rooyen (ICRISAT), Hubert Some (SNV), Felisberto Maute (ILRI), Jo Cadilhon (ILRI), Adewale Adekunle (FARA) and Kees Swaans (ILRI)

Artwork: Beniyam Seyoum, Tewodros Girma and Bonaventure Nyotumba

Editors: Paul Mundy and Peter Ballantyne

Layout: Meron Mulatu

Other briefs in this series

- 1 What are innovation platforms?
- 2 Innovation platforms to shape national policy
- 3 Research and innovation platforms
- 4 Power dynamics and representation in innovation platforms
- 5 Monitoring innovation platforms
- 6 Innovation platforms for agricultural value chain development
- 7 Communication in innovation platforms
- 8 Developing innovation capacity through innovation platforms
- 9 Linking action at different levels through innovation platforms
- 10 Facilitating innovation platforms
- 11 Innovation platforms to support natural resource management
- 12 Impact of innovation platforms



RESEARCH
PROGRAM ON
Integrated Systems
for the Humid
Tropics

ILRI
INTERNATIONAL
LIVESTOCK RESEARCH
INSTITUTE

ilri.org

better lives through livestock

ILRI is a member of the CGIAR Consortium

Box 30709, Nairobi 00100, Kenya
Phone: +254 20 422 3000
Fax: +254 20 422 3001
Email: ILRI-Kenya@cgiar.org

Box 5689, Addis Ababa, Ethiopia
Phone: +251 11 617 2000
Fax: +251 11 617 2001
Email: ILRI-Ethiopia@cgiar.org



This document is licensed for use under a Creative Commons Attribution – Noncommercial – Share Alike 3.0 Unported Licence.

November 2013