



## Are private standards important to small-scale grower project sustainability? A personal view

**Steve Wright**

*Steve Wright, Technical Manager, works for Blue Skies Holdings Ltd, which has small-scale growers supplying fruit to their Ghana, Egypt and Brazil high-care factories. Over ten years Blue Skies has earned an excellent reputation for working fairly and in partnership with farmers and in so doing has created sustained income and development. Blue Skies is market orientated.*

**Today, there is still debate about how to identify vulnerable groups, target resources and design projects to increase the income and improve the quality of life of the very poor. Much discourse, activity and funds have been spent on connecting small-scale growers to international markets, examining and overcoming international market private standards, plus attempting to make processes sustainable now and in the future. Yet despite so much close attention, all too often the withdrawal of support and donor funds signals project decline and eventual demise. The question is why?**

Project sustainability success produces a rather different question: is the project 'production orientated' - that is, we have goods/services locally, how can we gain income by trading these internationally? Or is it 'market orientated' - that is, what does the market want, and how can we create goods/services to meet market demand? Both approaches may end up using local labour and supplying locally sourced goods/services to the international trade. This paper seeks to highlight how fundamentally different the basis, outlook and governing factors of each approach are, plus the respective outcomes. It also examines the perception and the role of private standards in this perspective.

### **Standards are only constraints in a production-oriented strategy**

Unfortunately, several (well-intentioned) fresh produce development projects in West Africa have failed, not for want of standards, but because development-funded farmer groups have exclusively been 'production orientated'. The following case study typically illustrates this failure. In Ghana farmer cooperative members supplied pineapples for export and expected to receive the premium price for them. Since the producers did not implement the necessary quality controls, sea freight containers were being rejected on arrival at their destination. Incredibly, this was then repeated again and again as the cooperative became desperate for income, and sent anything it had available in an increasingly steep downward spiral. Standards in this situation were always seen as a barrier to trade, and were never properly supported at the top level, nor resourced. As soon as external support ceased, all attempts to uphold standards dropped away (and was soon evident in the quality of the produce being sent for export).

Interestingly, a pineapple export company in the same area continued to succeed even as the cooperative business disaster unfolded just down the road. The export

company was 'market orientated'. They took the trouble to understand the market and their customers' wants and needs properly, and had geared the business to provide accordingly. High standards were found to be what the customer wanted; these standards were supported from the top and the company received reliable resources to produce to a high standard throughout the year. More pertinently, this export company clearly understood farmers did NOT get paid for what they sent i.e. the volume, rather for what was useable at the other end i.e. the quality. Consequently smallholders took considerable care to only load what would travel and be of suitable quality on arrival.

To most western minds, and indeed well educated/internationally versed local minds, the above discourse is self evident. However, many small-scale growers, and also some development agencies, appear to favour the production-orientated strategy.

### **Smallholders have greater trouble to adapt standard requirements to their own realities**

Actually implementing identified standards needs the right approach. While the control-point questions might be international, the answers should be appropriate and practical at the local level. Today there is a very real difficulty interpreting clever control-point questions designed for sophisticated developed country farms into questions relevant to simple farming circumstances of most small-scale growers.

Export businesses have an inherent advantage, they are connected to industrialised country import firms, who often have technical staff and expertise available to work through the required standards, understand what they mean and how they can be implemented. Smallholder groups may have development agency support, but development agencies rarely have practiced expertise in the different standards and their implementation. This

means small-scale growers struggle from the outset and standards schemes which fail to deliver clever (and appropriate) answers to control point questions. When external funding ceases and smallholders have no more support to maintain these standards, schemes often cannot continue to function. What is missing from small-scale grower groups is a driving force to implement standards and continue to develop them over time.

#### **Development projects versus private sector initiatives**

Perhaps another key difference between development projects and export firms is that development projects are based on natural groupings (community or geographical location) or project criteria (production type or income level for example) rather than recruiting for the best person for the job. Export firms recruit individuals who show themselves to be most suitable for the roles and responsibilities that need to be undertaken to operate an efficient business.

Project groups are quite likely to be composed of individuals with different motivations who are liable to have conflicts of interest (especially if donor funding permits a period of cushioning that delays the necessary decisions needed for success). Export businesses tend to be characterised by strong leadership, the necessary focus towards customer service and a need to perform from the outset - this helps to ensure everyone works for the same goal at work, no matter what their personal motivations may be.

In terms of people capability, focus, direction and strong leadership, export firms have a clear advantage.

#### **Start with the market**

Fundamentally, producer organisations should start by looking at the market: identify the customers, understand their needs and wants, and then organise supply to meet this demand. Organisations should align all their activities to contribute to delivering goods / services exactly as the customer wants and deliberately cut out all activities that do not contribute to this end. Organisations should be ruthless about organising everything from start to finish so that the customer receives goods and services at the right price, at the right quality and on time. Anything else is inefficient and either needs realignment or ending or it will eventually end in unsatisfied customers and therefore no future business.

Fundamentally, all businesses are sustained because the goods or services they provide are valued by the consumer. In industrialised countries, the market has developed beyond the product quality and price towards intangible attributes, which in the minds of the consumer may be as, or even more important than the product itself. 'Fair Trade' promises 'fair' income to supplying farmers, it does not promise high quality or low cost products yet is competing well against low cost similar products. Clearly consumers 'value' the 'Fair Trade' offer.

#### **Development agencies must re-think their goals**

From the viewpoint of development agencies, their goals tend to be to increase the income and quality of life standards of the very poor, and in evaluating the knowledge and skills base of local people, start to think about connecting what local people already do with a wider (international) market. In the process of collecting enough goods/services together to become viable for trade, standards are then seen as an additional and unwelcome cost to entry, and an ongoing hindrance to

business. However, no matter how agreeable and logical these sentiments may appear, this approach is simply destined to fail (and is played out in reality by a succession of development projects that fail once support is withdrawn).

Sustained income generation, and all the benefits that develop from it, occur as a result of paying attention to the market, not paying attention to production. This means development agencies need to rethink goal 'improved income for poor people' to goal 'identify markets, customers, goods and services and align local resources to supply, the improved income that results then benefits the participants'. Simultaneously decision-makers at all levels need to have their models and even beliefs restructured so that with the same local level resources (and development agency support/funding) connections are better made, goods or services flow and income generation becomes sustained.

When the time comes to efficiently place funding, lever development agencies should always consider 'value'; how can local goods and services be valued by consumers in international markets. Taking this approach sidesteps the traditional treadmill of increasing quality for ever lower price farm products, and perhaps also means local people can engage with international consumers in their local region, using appropriate and practical means. In Kenya the sisal woven handbag has become an iconic international fashion item. One wonders if this hard-won success could have been facilitated and enlarged by 'value' thinking and better market connections rather than leaving it to slowly gain market interest from returning tourists over the years. What else could be in the pipe line just waiting for the right approach?

#### **Building belief and understanding**

The genuine difficulty in having small-scale growers engage with a sophisticated industrialised market with meaningful (and hopefully appropriate and practical) goods or services lies in creating and sustaining market connections. Long-term the profit motive from investors in a business structure appears to be the model that works consistently. Perhaps the single largest constraint in development work is belief, (or rather lack of belief); belief it is possible, belief it is practical, belief that the project can work, belief that if we sustain these actions income will result.

Finally, consider the mechanisms of 'communication'. What are the 'dots', what are the connections between the dots and what is the resulting picture? Participating small-scale growers should understand businesses need to operate in a certain way and connect with their customers effectively if they are to succeed. Connecting effectively means uncovering missing dots and misplaced connections, and bringing about a different view to create understanding, and reliable and desirable outcomes. What we say and how we say it are vital parts in helping people obtain the full picture. In this light, one wonders: 'how much is 'project failure' down to miscommunication, not just an incorrect approach?'