Regoverning Markets: Small-scale producers in modern national and regional agrifood markets

Introduction
Bill Vorley (IIED)

DFID, 17 November 2006
10:30-12:00 Open session:

10:30-10:45 Introduction (background, objectives, methodology, alliance/structure) – Bill Vorley

10:45-10:55 Measuring inclusion and exclusion in dynamic agrifood markets – Bill Vorley

10:55-11:10 Capturing best practice in connecting small scale producers with dynamic markets – Lucian Peppelenbos (KIT)

11:10-11:25 Policy linkages -- mapping and influencing public and private sector policy – Felicity Proctor (NRI)

11:25-11:30 Drawing together and next steps to early 2008 – Bill Vorley

11:30-12:00 Open discussion
  – Synergies, value addition, fit with current programmes

12:00-13:00 Closed session with DFID CRD, if required
33. “Poor farmers are also finding it harder to sell their produce as food processing, distribution and retailing becomes increasingly globalised. The appearance of large, international supermarket chains in many developing countries is leading to new demands on quality, quantity and delivery schedules. Supermarkets already dominate the retail food markets in most developed countries, and they are increasingly penetrating markets in developing countries.”
Making markets work for poor people.

“The UK will encourage developing country governments, the private sector and civil society.. to work together to promote growth and employment.”

The private sector as partner in the UK development project
Markets working for the poor?
Re-structuring, Re-governance..

1. Marketing strategies built around..
   - Trust
   - Defence of quality, consistency and assurance to consumers
   - Reliability and continuity of supply
   - Lower prices
   Through
   - Narrowing of supply base
   - Own brands
   - Traceability systems
   - Private standards
   - Economies of scale
   - Logistics: national and cross-border systems to coordinate procurement and distribution
   - Shaping regulatory envi

2. Deregulation
3. Liberalization
4. Market concentration

- Buyer-driven production
- Barriers to entry – capital, technology, organisation, scale, finance
- Collaborative business models
- Consumer as ‘regulator’
- Imports set price and quality
- Buyer power
Retail strategy as practice..
Cash and Carry investor in S Asia

- Setting up 2 stores in 2006, 5 more in 2007. Each store $30-40m
- 30% fresh produce, 80% delivered to collection centres
- Suppliers must have tax number, fax machine etc..
- Lobby government on tax, to be competitive with grey market
- Success of C&C depends on inefficiency of wholesale. Eg tomatoes. Rp 20 at farm, and Rp 140 in city 5 days later, with up to 5 people involved along chain. Broker (arthi) provide very little service other than pre-financing. 40-45% losses -- packing, logistics, grading. C&C can buy for Rp40, sell for Rp60 and still get enough margin.
- “Arthi will have to change or will lose the market. Clever ones will see that have to work with farmers, provide logistical services etc”
- “Smallholders? For marketing, important to be able to guarantee source of product (bird flu..)”
- “Co-ops? Almost never use them – less flexible, less responsive to instructions (eg packaging, labelling..)”
Regoverning Markets programme in short..

- Can the new agrifood business drivers be partners in development?
- Can smaller scale producers and their organisations be partners in new business?
- Can anticipatory public policy make any difference?
Emerging markets e.g. Vietnam
Key factors: large traditional wet markets, low tech, >10%

Maturing markets e.g. South Africa
Supermarkets >45% of sales; few traditional wet market

Consolidated markets e.g. W. Europe
Supermarkets >65% of sales; few traditional wet markets, hi-tech

• “Policy agencies are floundering”
• “If we understand the process, we can design policies to shape the way in develops”
Reminders

• **More than supermarkets.**
  – Supermarkets are just one accelerator of structural change
  – Wider agrifood restructuring, including processing
  – Will advocate strengthening of traditional and wholesale markets, where appropriate

• **Understanding the ‘vanguard’** is crucial for anticipatory policy
  – As well as understanding the mass market
  – Even though not all agrifood structural innovations will become the norm

• We understand that sectors differ in **speed of restructuring**
  – FFV slower than dairy and meat

• The term ‘**small farmers**’ has limitations
  – We are more interested in differentiation between asset-rich and asset-poor
Conceptual framework

Factors driving dynamic market change

- Consumer 'pull'
- Policy 'push'
- Urbanisation
- Commercial opportunity
- Food standards
- Foreign Investment
- Local investment

Creates changes in supply chains...

- Technology
- Management
- Organization
- Industry structure, concentration
- Procurement
- Standards
- Finance

Leading to small-scale producer and SME..

EXCLUSION

INCLUSION

..in dynamic markets

Skills and assets of producers and SMEs

Entry Points

- Policies
- Institutions
- Business Models
- Collective Action
- Support Systems
- Research and Development
Factors driving dynamic market change

Consumer 'pull'
Policy 'push'
Urbanisation
Commercial opportunity
Food standards
Foreign Investment
Local investment

Creates changes in supply chains….

Technology
Management
Organization
Industry structure, concentration
Procurement
Standards
Finance

EXCLUSION
INCLUSION

Component 1
Leading to small-scale producer and SME..

Big challenge:
Change is messy and takes time to influence upstream

Skills and assets of producers and SMEs
Components
Policies
Institutions
Business Models

Component 1
Leading to small-scale producer and SME..

Big challenge:
Change is messy and takes time to influence upstream

Skills and assets of producers and SMEs
Components
Policies
Institutions
Business Models
Village-level survey, Shandong

Photo: CCAP
Size of producers related to size and structure of processing – Poland (2005)

Source: Poland team, “Survey on dairy sector in Poland: Introduction”
Factors driving dynamic market change

- Consumer ‘pull’
- Policy ‘push’
- Urbanisation
- Commercial opportunity
- Food standards
- Foreign Investment
- Local investment

Technology
Management
Organization
Industry structure, concentration
Procurement
Standards
Finance

INCLUSION

Big challenge: ‘Best practice’ can be highly case-specific

Component 2

Entry Points

- Policies
- Institutions
- Business Models
- Collective Action
- Support Systems
- Research and Development
Regoverning Markets 2005-2007

Conceptual Framework

Meta Research

Empirical Research (Component 1)

Innovation and Good Practice Case Studies (Component 2)

Interactive Learning and Policy processes

National Regional International (Component 3)

Web based portal

Capacity Building

Information
Consortium

Regional Coordinators
China  Centre for Chinese Agricultural Policy (CCAP), China. Jikun Huang
Central and Eastern Europe  Corvinus University of Budapest, Hungary. Csaba Csáki
East Mediterranean and Middle East  Economic Research Centre on Mediterranean Countries, Turkey. Yavuz Tekelioglu and Ali Koç
North and West Africa  Association Interdisciplinaire pour le Développement et l’Environnement (TARGA), Morocco. Aziz Sbai
South East Asia  University of the Philippines in Mindanao, The Philippines. Larry Digal
Latin America  RIMISP Latin American Centre for Rural Development, Chile. Julio Berdegué
South Asia  Sustainable Development Policy Institute (SDPI), Pakistan. Abid Suleri –
East Africa  Tegemeo Institute of Egerton University, Kenya. James Nyoro
Southern Africa  University of Pretoria, South Africa. Andre Louw

Component Leaders
Component 1 Empirical Research to Inform Policy
Centre for Chinese Agricultural Policy (CCAP), China. Jikun Huang
Michigan State University (MSU), USA, Tom Reardon
With
UMR MOISA, France. Jean-Marie Codron
Component 2 Building on Innovation and Guiding Practice
RIMISP Latin American Centre for Rural Development. Julio Berdegué
Royal Tropical Institute (KIT), Netherlands. Lucian Peppelenbos
With
Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD), France. Estelle Biénabe
Component 3 Learning and Policy Dialogue
Natural Resources Institute (NRI), UK. Felicity Proctor
University of the Philippines in Mindanao, The Philippines. Larry Digal
With
Wageningen International, Netherlands. Jim Woodhill

Programme Team Leader
Bill Vorley, International Institute for Environment and Development (IIED)
## Decentralised structure

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<th>Programme Coordination</th>
<th>Donor-Partners</th>
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What have we achieved so far?

- Network fully in place
  - Decentralised leadership of nine **Regions** and three **Components**
- Donor backing
  - £2m budget. Partnerships with DFID, IDRC, Cida, ICCO, Cordaid, plus supplementary grant from USAID.
- Advisory Group in place
  - Representing food chain, academia, producer organisations, international organisations
- Methodology in place
  - Methodology of 3 components developed.
  - *Plus*: Policy and institutional mapping tools.
- Research underway
  - Two modules of Component 1
  - First round of 15 Component 2 case studies
  - Policy mapping (2 pilots) and processes
- Communications
  - Launch of upgraded website. Heavy investment in technology to allow decentralised site development
Phase 1 Book

Re-Governing Markets
A Place for Small Scale Producers in Modern Agrifood Chains
Edited by Bill Vorley, Andrew Fearne and Derek Ray

FORTHCOMING

This is the first in a series of books exploring the theme of sustainable food chains, from food safety and corporate social responsibility to supermarket loyalty cards and supply chain partnerships. The Sustainable Food Chain series is edited by Andrew Fearne.

Contents:
Part 1 The Economic and Policy Context: The internationalization of food retailing: opportunities and threats for small scale producers; The country studies.
Part 2 Countries with Consolidating and Expanding Supermarkets and their Supply Chains: Central America, case studies; Ecuador, case studies; Thailand, case studies; Philippines, case studies; South Africa, case studies.
Part 3 Countries in Transition from State Control: Hungary, case studies; Poland, case studies; Romania, case studies; China, case studies; Vietnam, case studies. Part 4 Countries with Emerging Modern Supply Chains: India, case studies; Pakistan, case studies; Bangladesh, case studies; Kenya, case studies; Uganda, case studies, Zambia, case studies.
Part 5 Conclusions; Restructuring of agri-food systems and prospects for small producers. Index.
Launched Nov 2007..

This collaborative research project is analysing growing concentration in the processing and retail sectors of national and regional agri-food systems and its impacts and implications for rural livelihoods and communities in middle and low income countries.

Headline Article

New article: Policies to Address Emerging Tensions among Supermarkets, Suppliers, and Traditional Retailers

Supermarkets (short for all modern retail) are spreading quickly in developing countries. The “take-off” occurred as recently as the early/mid 1990s, driven by an avalanche of foreign direct investment (FDI) sparked by retail FDI liberalization. A decade on, the power and dominance of supermarkets is already felt in the food markets of many developing countries, and tensions between supermarkets and traditional retailers, and supermarkets and their suppliers, are emerging as key policy and political debates. The paper analyzes those tensions. Then it reviews the US and Western European history and current experience in designing policies (regulations and support programs) to address those tensions. It ends with an analysis of emerging policy approaches to the supermarket sector and the tensions its growth is creating in developing countries, and recommendations.

Read more...
Regoverning Markets 2005-2007

Big challenges:

Inter-country anticipatory learning

Finding the ‘sweet spots’ of policy leverage

Involving policy community (incl. private sector) in the process
The challenges

• **Openness and Relevance**
  – For policy
  – For the private sector
  – For producers and their organisations
  – Written in ‘non-foreign’ language

• **Impartiality**: Not selectively supporting preconceived ideas

• **Quality control**

• **Innovation**

• **Integration**
  – Components that talk to each other

• **‘Anticipatory’ element means what it says**
  – International learning

• **Impact** properly measured
  – Monitoring influence as well as outputs
Measuring inclusion and exclusion in dynamic agrifood markets
(Component 1)
Research Questions

1) **HOW** is the demand side (food industry/markets) restructuring?

2) **WHO** (on supply side) is participating in restructured markets?
   … Do the poor (in land, in capital) participate?

3) **WHAT** are the effects (technology, income) of participation?

4) **WHAT** are the policy/institution/organizational determinants of 1-3?

5) **WHAT** are the implications?
Modules

1) Module 1: national-meso (retail, wholesale, processing restructuring and government policy and CS context)

2) Module 2: local-meso (food industry segments at local level plus supply side and local policy, institutional, and organizational context)

3) Module 3: local-micro (supply side study at farm and processor level)
<table>
<thead>
<tr>
<th>Research questions</th>
<th>Survey/data and module</th>
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<tr>
<td>• What is observed market restructuring? What are determinants?</td>
<td>• M1: macro/industry survey</td>
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<td>• What are observed marketing choices of farmers? What are determinants?</td>
<td>• M1: trader survey</td>
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<td>• What are impacts of market restructuring on farmers?</td>
<td>• M2: Village + PRA</td>
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<td>• What are implications?</td>
<td>• M3: Household survey</td>
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### Component 1: Studies of market restructuring

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<tr>
<th>Number</th>
<th>Market Type and Country</th>
<th>Collaborating Institutions</th>
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<tbody>
<tr>
<td>1.</td>
<td>Horticulture Markets in China</td>
<td>Centre for Chinese Agricultural Policy</td>
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<td>Centre for Management in Agriculture (CMA), Indian Institute of Management</td>
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<td>2.</td>
<td>Dairy Markets in India</td>
<td>Centre for Agricultural Policy and Agribusiness Studies (CAPAS) of Padjadjaran University</td>
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<td>3.</td>
<td>Horticulture Markets in Indonesia</td>
<td>Secretariat of Agricultural Development, State of Michoacán (SEDAGRO), with RIMISP</td>
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<td>4.</td>
<td>Strawberry Markets in Mexico</td>
<td>Warsaw University Department of Economics</td>
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<td>Dairy Markets in Poland</td>
<td>University of Pretoria</td>
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<td>Horticulture Markets in South Africa</td>
<td>Economic Research Centre on Mediterranean Countries with collaboration of MOISA Montpellier</td>
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<td>7.</td>
<td>Tomato Markets in Turkey</td>
<td>Farming Systems Association of Zambia</td>
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<td>8.</td>
<td>Beef and Chicken Markets in Zambia</td>
<td>Warwick University, Department of Economics</td>
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</table>
Research underway
Three major sets of hypotheses formulated from Meso study and theoretical expectations

1) Little penetration into farm level from observed significant changes in downstream.

*Less penetration may be due to:*

- Small land holdings with relatively equal size;
- Production largely distributed across space;
- Almost no farmer cooperatives;
- Cheaper labor cost (small trader);
- Food safety demand is still in very initial stage

2) Farmer market choices are significantly affected by:

- Incentive
- Risk
- Farm Size
- Other Assets
- Policy shifters
- Other shifters
- MOthers (IVs-M)
Three major sets of hypotheses formulated from Meso study and theoretical expectations

3) Where there is penetration of market restructuring into farm level, the changes in downstream will significantly affect farmers’ marketing channels and the outcome

- e.g., Income
- Employment
- Technology
- Others
Example: Component 1 in Mexico: Partners

- Government of the State of Michoacán, Secretariat for Agricultural Development
- Union of Strawberry Producers of Michoacán
- Michoacán State Council of the Strawberry Industry
- Inter-American Institute for Cooperation on Agriculture
- International Center for Tropical Agriculture
- Michigan State University
- Rimisp-Latin American Center for Rural Development
Types of producers in Michoacán, Mexico

1996
1. Traditional system
2. Traditional system with higher input use

2006
1. Traditional system
   - Cost = $7,500/ha
   - 80% of farmers / 25% production
2. Medium tech system
   - Cost = $20,000/ha
   - 15% of farmers / 40% of production
3. High tech system
   - Cost = $45,000/ha
   - 5% of farmers / 35% of production
Market channels of Michoacán growers

1. El Crucero – traditional local market
2. Wholesalers in Michoacán
3. Wholesalers in Mexico City (CEDA DF)
4. Agri-processors in Michoacán
   - Semi-processors
   - Frozen strawberries
5. Supermarkets
   - less than 10 farmers
6. Driscoll’s (USA-based multinational berry marketing corporation)
Strawberry value chain in the Zamora Valley, Michoacán

**Input supplier**
- Plantas madres
  - Importados desde EE.UU. (UC Davis, U of Florida)
  - Royalties pagados por caja de plantas madre.
- Importadores formales - Eurosemillas, S.A., la Unión Agrícola Regional de Productores de Fresas y Hortalizas del Valle de Zamora, empresas procesadoras.

**Producers**
- Productores Grandes
  - Entre 5 a 20 Ha.
  - Tecnología de producción:
    - Tradicional 2%
    - Mediana 13%
    - Alta 85%
  - Grandes propietarios
  - Manejan otros cultivos, muchos fueron productores de papa antes.
  - No dependen del cultivo para su medio de vida, son inversionistas, viven en Zamora.
  - Contratan bastante mano de obra.
  - Mayoría aplican BPA
  - 5% de la población total de productores.
  - Están creciendo en área manejada y volumen producido.

- Productores Medianos
  - Entre 2 a 4 Ha.
  - Tecnología de producción:
    - Tradicional 80%
    - Mediana 20%
  - Trabajan en el cultivo y su familia en el cultivo y contratan mano de obra adicional.
  - Cultivo es importante en su medio de vida pero tienen otros ingresos de agricultura, viven en el campo o centro poblado.
  - Algunos pocos aplican BPA, los que no tienen pozo tienen problemas con la calidad del agua.
  - 60% de la población total de productores.
  - Su número está estable.

- Productores Pequeña Escala
  - Entre 0.33 a 2 Ha.
  - 100% de tecnología tradicional de producción.
  - Trabajan el productor y su familia, contratan mano de obra para la cosecha.
  - Dependiendo del cultivo para su medio de vida, vive en el campo.
  - Pocos aplican BPA, riego rodante de pozo o río, problemas con calidad de agua.
  - 35% de la población total de productores.
  - Su número está declinando.

**Processing**
- Export 23-28% 4,760 a 5,950 MT
- Nacional formal 28-42% 5,850 a 8,775 MT
- Informal 35% 7,312 a MT

**Consumers**
- Mercado externo EUA
  - Driscoll principalmente.
  - Ventana de 90 a 90 días, Nov a Feb.
  - 44 a 55,000 kilo/dia.

- Importación Ventana de 80 a 90 días, Nov a Feb.

- Plantas madres
  - Entre 5 a 20 Ha.
  - 60 a 90 MT Ha.
  - $3.75 a 4.29 k

- Tecnología de producción: $5 a 7.5 k 67% export.
  - 33% industria

- Participan en productores medianos y grandes.

**Mercados**
- Mercado informal EUA (Creda México)
- Entre 5 a 20 Ha.
- 67% export.

- Tradicional 2%
- Mediana 13%
- Alta 85%

- Plantas madres
  - Entre 5 a 20 Ha.
  - 60 a 90 MT Ha.
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- Tecnología de producción: $5 a 7.5 k 67% export.
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- Participan en productores medianos y grandes.

**Beneficios de fruta (maquilas)**
- 5 empresas
  - Trabajan estrechamente con industria líder.
  - 90% industria

- Costos
  - 0.69 pkilo
  - 1 pk admin.
  - 0.15 a 0.30 ganancia

**Mediana industria "dinámica"**
- 9 empresas
  - Principalmente de capital familiar.
  - 10% export.
  - 80% industria

- Fresa congelada en diversas presentaciones.
  - Desarrollan nuevos productos y mercados.

**Mediana industria tradicional"**
- 11 empresas
  - Principalmente de capital ejidal.
  - 35% export.
  - 65% export.

- Fresa congelada en diversas presentaciones.
  - Mercados y productos tradicionales

**Distribuidores Nacionales**
- Gaitan, Gutiérrez
- Eurosemillas, S.A.
  - 65,000 a 97,500 k/dia

**Mercados Mayoristas**
- CEDA México
- Nacionales
- 65% export.

**Procesadores en Irapuato**
- Congelador El Niño
  - 1.000 plantas (royalty US$ 1.000/Ha)
  - Se necesita 2.5 cajas por cada Ha. de fresa cultivada.
  - Incluyendo flete y venta.

**Procesadores en Irapuato**
- Congelador del Río Duarte
  - Agriamericana Mexfruit.

**Clientes industriales nacionales**
- Yogurt
  - Galletas
  - Mermelada
  - Jugo
  - Paletitas

**Clientes internacionales**
- Bases de fresa
  - Fruta congelada
  - 100%

**Brokers EUA**
- Interamerican Quality Foods
  - JSG Associates
  - Rigby Foods

**Importación**
- US$ 220 / caja de US$ 150/caja

**Other inputs**
- Tiendas de變化
- Insumos incluyen:
  - Fertilizantes
  - Plaguicidas
  - Foliates
  - Tecnología
  - Sistemas de riego por goteo, fertirrigue
  - Plástico para acolchado
  - Invernaderos
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Supermarkets

• 1970s-80s
  – Producers would supply individual stores even within the same chain

• 1980s-90s
  – Sourcing from wholesale market
  – Establishment of more stable relations with some wholesalers

• 2000s
  – Four wholesalers supply most of the strawberry in supermarkets: 3 from CEDA-DF and 1 from CEDA-Guadalajara
  – Some early examples of direct procurement from producers
  – Wal-mart sources from Driscoll’s
Regoverning Markets
Component 2

Julio Berdegué, RIMISP
Estelle Bienabe, CIRAD
Lucian Peppelenbos, KIT
Research focus

Case study research on innovative practices in connecting small farmers to dynamic markets:
• Private business
• Collective action
• Support agencies
• Public policies

To understand:
• The keys to inclusion of small farmers
• The costs & benefits of inclusion
• Lessons to guide policy & practice
First round cases (1/2)

39 proposals from 23 countries; 15 were selected

6 business models:
- Carrefour, China, FFV, retail
- MAs Foods, Sri Lanka, spices, processing
- Haleeb Food, Pakistan, dairy, processing
- Thandi, South Africa, FFV/wines, processing
- Hortifrutí, Honduras, FFV, wholesale
- SPAR, South Africa, FFV, retail
First round cases

7 collective action:
- Ruoheng coop, China, watermelon brand
- NorminVeggies, Philippines, FFV
- BSUs, Kenya, indigenous vegetables
- Morakert, Hungary, FFV
- Avium, Hungary, chicken processing
- Aj Ticonel, Guatemala, FFV
- COPAG, Morrocco, dairy processing

Potato Thailand is difficult to classify; Suguo China is being translated from Chinese
Key insight 1

In business model:
- Less or no participation of farmers in chain governance
- Less or no capacity building beyond production

But...
- Low costs of collective action
- No evidence of less economic benefits

And:
- Capacities acquired by farmers can allow them to go independent
- A stable relationship with a market channel is not the end of history for all farmers
Key insight 2

In collective action model:
- Farmers play a larger role in chain governance
- Indirect benefits are larger

But...
- Collective action has costs
- No evidence of greater net economic benefits

And:
- A leadership nucleus with contacts, experience, and information is present in successful cases
- Not necessarily in marketing of products
Key insight 3

In collective action model:
- Dilemma: sustain the inclusion of the organization or that of the members?
- Process of farmer exclusion and differentiation

Practical solutions:
- Quasi-membership (learning and screening)
- Clustering with larger farmers (incentives for the latter are volume and subsidies)
Key insight 4

In business model & collective action:

- Always mixture with external support and public policies
- Hence always an externalization of some costs of the relationship
Policy lessons

1. Potential of private sector in promoting rural development is underutilized. Need for public support to:
   - Reduce costs in pre-investment phase
   - Enhance capacity building

2. Promote farmer alliances across social strata

3. Public support remains a prerequisite (just like in OECD countries)
Program management

Lessons first round:
• Slim down research framework, define core insights
• Improve coaching of the research teams
• Harmonize contractual agreements
• More emphasis on synthesis & editing

Second round:
• Open competitive call
• More involvement of partners
• 12 empirical case studies & 18 desk studies
• Focus on knowledge issues
• Closure 26 November; Selection by 18 December; Research from Jan to June 2007
Focus 2\textsuperscript{nd} round

1. Public & private policies for enabling environment
2. Private initiatives without public subsidies; with well-organized farmers; with a partnership perspective
3. Collective action with successful management of exclusion; with control over chain governance; without public subsidies
4. Costs/benefits of exclusion and inclusion
5. Differences between male and female farmers
Policy linkages – mapping and influencing public and private sector policy

Felicity Proctor
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November 17, 2006
Policy processes at the Centre: Outputs for Regoverning Markets

• Structures and processes for **policy dialogue** between the public sector, private sector and civil society strengthened and supported at national, regional and international levels

• Guidelines for **pre-emptive and anticipatory policy** and for corrective policy generated and capacity built

• **Capacity** of direct and indirect stakeholders in the supply chain strengthened and reflecting a willingness to include small-scale supplier
The Regoverning Markets Framework – Links between Components

Conceptual Framework

- Meta Research
- Empirical Research (Component 1)
- Innovation and Good Practice Case Studies (Component 2)

Interactive Learning and Policy Dialogue Processes at all levels
- National
- Regional
- International
- Key stakeholders

Web based portal

Capacity Building for country/ regional stakeholders e.g. exchange visits, learning alliances, working meetings

Clear and Useful Information e.g. policy briefs and tools, media materials, Generic papers

Footnote:
- Component 3
Country level: Some Highlights

- Multi-stakeholder Country Reference Groups (eight countries) in place – iterate with the evidence generation processes and involve stakeholders in the process from the outset. Membership of the RG in India:
  - Managing Director Haryan Dairy Cooperative
  - Managing Director Gujarat Cooperative Milk Marketing Federation
  - Animal Husbandry Commissioner Gov of India
  - President Indian Dairy Association
  - Nestle India
  - Indian Institute of Management – Ahmedabad (ReGov Consortium member)

- Component 1 macro-meso outputs and the emerging hypothesis for micro studies are important early products for national policy dialogue
Country/regional level: Some Highlights

- Wide range of specific policy focussed actions at regional and country levels
  - Multi stakeholder learning groups/fora supported in non C1 countries e.g. Philippines, Pakistan, and Hungary in response to demand. South Asia interest network formed
  - Seminars held in C1 and C2 countries to share findings
  - Linkages formed for joint learning with other donor programmes and projects e.g. World Bank- SE Asia, MMWP (ADB, DFID) – Vietnam www.market4poor.org
  - Regional Initiative for outreach in East Africa – proposed (SIDA)
- Three country scoping papers – Morocco, Egypt, and Jordan – more planned e.g. Russia, Tanzania
- Piloting of the Institutions and Mapping Initiative
International level: Some Highlights

Donor, private sector and civil society alliances strengthened and linkages made e.g.

- OECD, SIDA, USAID, IFAD
- Early meetings held with HQs of private sector - international retail chains
- International Federation of Agricultural Producers (IFAP),

New partnerships launched e.g.

- Global Learning Network – south based network of farmers organisations (ICCO funded)
- Links with new ECART-IFAD-IFAP programme *Farmers Empowerment in the Market*
Objectives:

• To develop a framework for understanding the institutional and policy dimensions of enabling small-scale producers to secure and enhance better their access to dynamic local and regional markets.

• To provide an approach and set of supportive tools that enables this understanding to be developed and utilised in an interactive way with the key stakeholders in particular identifying entry points for action.
Guiding Principles

• Captures and maps dynamics between actors, institutions and markets (value chains)
• Enables active engagement with key stakeholders
• Recognises the role of both private sector strategy and public policy
• Simple, practical and cost effective
• Builds upon work of C1 – in C1 countries yet able to be undertaken in non C1 countries
• Looks at multiple scenarios and options (recognises uncertainty)
• Identifies ‘Hot spots’ for detailed analysis
• Enables monitoring and evaluation of process and impacts
• Realistic about policy influencing
Institutions and Policy Mapping Initiative - Key actions

- Incremental funding secured – USAID and DFID
- Process development working meeting – IIED, NRI, IFPRI, WUR – draft of tool kit (May 2006)
- Pilot roll-out Turkey, Indonesia, South Africa (July-October 2006) with international and national teams and multiple stakeholder groups
- Revision of tool kit (November – December 2006)
- Application in four further countries (SE Asia, Mexico, Morocco and Poland (January – March 2007)
- Training of use of tool kit - its instruments and processes (South Africa and SE Asia – by March 2007)
Methodology Overview

Mapping and Understanding the Value Chain (functions, actors, influence, product flows)

1. Current structure
   How things might change
   Arrangements supportive of inclusion
   Influencing actors in the chain

2. Current Situation
   How things might change
   Institutional Implications / requirements
   Influencing Institutional change

3. Drivers
   Trends
   Issues and Opportunities

4. Future Scenarios for Markets and Inclusion

5. Options for Greater Inclusion

6. Strategies for Supporting Change

Mapping and Understanding the Institutional and Policy Environment (Government policies and laws, business strategies, cultural influences, informal market relations)

Monitoring and Evaluation
Steps 1 and 2 – Value Chain and Institutional Factors and how they might change

**Key Institutional/Policy Factors Influencing Chain Dynamics and Actor Behavior**

- **Tenure Services**
- **Private Standards**
- **Marketing regulations**
- **Public Standards**
- **Foreign Investment Policy**
- **Cultural Preferences**
- **Cooperative law**
- **Tariffs**

**Value Chain**

1. **Production**
   - Farmer
   - Agro industry
   - Collector
   - Association

2. **Collection**
   - Farmer
   - Agro industry
   - Collector
   - Association

3. **Wholesale**
   - Vendor
   - Importer
   - Wholesaler
   - Collector
   - Association

4. **Retail**
   - Distributor
   - Modern Retail
   - Consumer

5. **Consumption**
   - Modern Retail
   - Consumer

6. **Food Services**
   - Modern Retail
   - Consumer
Consultations in dynamic market environments - Turkey and Indonesia
Monitoring and Evaluation

At the Midterm Review
• Working paper on M and E shared
• Reviewed Logframe Objectives and Goal
• Reconfirmed necessary indicators and measures
• Discussed means to ensure M and E is fully place
• Identified gaps
• Reaffirmed the value of M and E as a programme management and process change tool

At Objective level: many useful and valid indicators and measures (quantitative and qualitative) are embedded within the activity and outcome – the Regov team will capture these and better use the information

At Goal level: the Regov team will secure new indicators and baselines to measure the sought-after public and private sector changes as the programme moves to its next stage of implementation
Drawing together and next steps to early 2008

Bill Vorley
Major Milestones

- 7 March 2007 Narrative and Financial report, including workplan
- September 2007: Synthesis Workshop
  - 4 days synthesis between and between modules
  - 1+ days high level policy event
- January 2008: International conference
  - (1 day) + high level policy event (1 day)
- 7 March 2008 Final report
Requests from Advisory Group

- Strategy and plans for cross-programme analysis, synthesis and integration (including moving policy lessons between countries)
- Communications strategy, including involving the ‘customers’ of the research and ensuring that outputs are usable by business, producer organisations, policy makers
- Strategy for impact post December-07
- Decisions on focus of activities, focus of policy messages, and quality assurance
- Additional member of Advisory Group, from food processing sector
Links between projects

• Regoverning Markets (CRD)
• Smallholders, supermarket standards and horticulture exports from Africa (Policy Division)
• Others: Synergies, value addition, fit

Links between DFID and the Food Industry

• Tesco and Asda-Wal Mart as global players
• Partners for Sustainable Development?
  – “.. a cultural divide seems to exist between DFID and the private sector..”
  – “opportunity costs associated with participation in policy consultation.. [are] perceived by the private sector as a barrier to their engagement with DFID.”
    (International Development Committee)