

EU Assistance to Pro-Poor Growth in Horticulture in East Africa and South East Asia

- **Organisation:**
Wageningen University
- **Partners:**
Hanoi Agricultural University, Vietnam; ETC East Africa, Kenya; Makerere University, Uganda. (Additional support has been provided by the Ministry of Agriculture, Nature Management and Food Quality, The Netherlands)
- **Contact:**
Thom Achterbosch
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€160,000
- **Countries/ Regions Covered:**
East Africa and South East Asia

Objectives:

There is little insight into how household poverty in rural and peri-urban areas is affected by developments in the markets for fruit, vegetables and flowers. This study extends the knowledge, and feeds the debate on agricultural growth policies. In addition, the data and analyses reflect on the poverty-alleviating impact of development assistance and trade policies by the European Union.

This study provides a positive outlook on the growth of horticultural production and distribution and marketing in the low income countries of Uganda and Vietnam. The data collected shows that for many resource-poor agents these activities make substantial contributions to their livelihood security, certainly on the short term. Little evidence was found that alternative job positions or entrepreneurial activity provide better opportunities for poverty alleviation in the rural and peri-urban areas.

It is argued that the European Commission and other donors are intensifying their role as partners for agricultural growth in the South. Pivotal, from a poverty alleviation perspective, is to increase support to the development of domestic markets for horticultural produce.

Background:

Uganda and Vietnam were selected as study countries. Both are low-income countries, and neighbouring countries of nations (Kenya and Thailand, respectively)

that are more specialised in horticulture. The research explores what conditions must be fulfilled at an early stage of sector growth to maximise poverty alleviation in the longer run along two central themes:

1. Export horticulture vis-à-vis domestic markets: A survey on marketing chains of 5 tropical commodities in Uganda explores whether the economic impact differed between export products and domestic marketing. Data on specialised horticultural agents (25 growers, 14 traders, and 14 farm workers) informed expectations on the household impact.
2. Type of marketing arrangement (or supply chain): A representative survey on marketing chains in Northern Vietnam that supply roses to consumers in Hanoi, Vietnam, explores (a) if poverty alleviation is related to the structure of supply chains, and (b) the contributions of horticulture in escaping poverty. Data comprises 65 farms, 15 wholesalers, and 66 retailers. Value chain analysis across 15 marketing channels is combined with a qualitative survey to analyse poverty alleviation, and to build hypotheses on where households would stand if it were not for their involvement in horticulture.

Sector studies on both countries and three business cases of supply chain development in Thailand provide further background material.

In cooperation with



Research Findings:

- Poverty rates in the horticultural sector are well below national averages.
- Both domestic and export marketing channels provide important opportunities for the poor & vulnerable to improve their livelihood through jobs & cash income.
- The employment impact is strongly related to the extent to which domestic trading services are involved in the marketing chain.
- Poverty alleviation of export horticulture (and flowers) is largely indirect, via economic growth, or via raised skills levels that are of use in self-employment.
- Returns of growers improve with market-orientation and specialisation.

- Expected risk but little evidence of “exclusion” of small-scale farmers in horticulture supply chains; strong support for cooperative modes of smallholder production across all marketing chains.

Policy Recommendations:

- Most poverty alleviation occurs outside the marketing channels with biggest economic impact.
- There is substantial untapped potential for horticultural development in Uganda and Vietnam, also in remote areas where few options for sustainable livelihoods exist.
- There is a risk of environmental depletion in remote areas under horticultural development.
- Altered trade policies in the EU regarding tropical imports can be improved to support horticultural growth in the South, especially regarding residue levels for plant protection chemicals.
- Reducing trade barriers will have a direct, but limited, poverty alleviating impact; the indirect effects (through economic growth) can be substantial, especially on local levels.
- More important from a poverty alleviation objective, is to support the development of local markets for horticultural produce.
- Several key challenges that lie ahead relate to institution building; these are best addressed in platforms that unite producers, government, developmental organisations, and donor countries.

For further information on this research project, please visit:

EC-PREP website: www.ec-prep.org

Wageningen University website: www.wau.nl

Project website: <http://Growoutofpoverty.nl>

Or contact us at the address below:

Emerging Markets Group (EMG) Ltd.

180 Strand

London WC2R 1BL

United Kingdom

Tel: +44 (0)20 7303 2206

Fax: +44 (0)20 7303 3125

www.emergingmarketsgroup.com

EC-PREP is supported by the UK Department for International Development (DFID). In 2001, DFID, in collaboration with the European Commission, launched the European Community's Poverty Reduction Effectiveness Programme (EC-PREP). The main objective of this research initiative is to produce findings and policy recommendations that support and contribute to improving the European Community's effectiveness in attaining poverty reduction targets via its external assistance programmes. The programme has funded 13 Research Projects and 10 Commissioned Studies, which relate to one or more of the six focal areas of EC's development policy. More information about the research funded by EC-PREP can be found on www.ec-prep.org.