



© Leonides Yape

GOOD PRACTICE GUIDE

IMPROVING SMALL PRODUCERS' ACCESS TO PROFITABLE MARKETS

Practical guidance, examples and tools on how to assist poor producers sell their products to more profitable markets through effective engagement of the private sector.



CZECH REPUBLIC
DEVELOPMENT COOPERATION





© Leonides Yape

WHAT DO YOU WANT TO LEARN ABOUT?

COMMON PROBLEMS
DEVELOPMENT
PROJECTS ENCOUNTER

HOW TO CONDUCT
MARKET ASSESSMENTS

HOW AND WHY WE
SHOULD ENGAGE THE
PRIVATE SECTOR

HOW TO FACILITATE
LINKAGES BETWEEN
PRODUCERS AND
BUYERS

HOW TO FACILITATE
LINKAGES BETWEEN
PRODUCERS AND
OTHER PRODUCERS

OTHER
OPPORTUNITIES AND
APPROACHES

QUALITY CHECKLIST



© Tereza Hronová

INTRODUCTION TO THE GUIDE

WHAT CAN IT HELP WITH?

This guide was developed by People in Need (PIN) to provide you with practical guidance, examples and tools on how to assist poor **producers to sell their products in more profitable markets through effective engagement of the private sector and the use of a market systems development approach**. The guide also demonstrates how these approaches can strengthen the sustainability, scale, and impact of development interventions. It focuses primarily on **low-income countries**. 'What works' is highly context-specific. The guidance provided should therefore **always be adapted to the context in which it is being used**. The guide has a strong focus on the agriculture sector, but may also be relevant to other non-agricultural projects that are working with rural producers, such as producers of non-timber forest products or handicrafts.

WHAT IS THIS GOOD PRACTICE GUIDE?

Who is it for?

- Field Officers/Coordinators
- Project/Programme managers
- Technical advisors across sectors
- Proposal writers

Where did the guidance come from?

The guide has been developed by People in Need (PIN), and draws from PIN's programming experience, in-depth interviews with dozens of practitioners, and a review of dozens of written resources, including guidance from Mercy Corps, the Beam Exchange, USAID, World Vision, ODI, the Springfield Centre, Market Links, FAO, and SEEP.

This is one of a series of guides. The other guides include:



ENABLING POOR PEOPLE'S ACCESS TO ESSENTIAL PRODUCTS AND SERVICES

INCREASING POOR PEOPLE'S DEMAND FOR ESSENTIAL PRODUCTS AND SERVICES



IMPROVING EMPLOYMENT OPPORTUNITIES THROUGH MARKET-DRIVEN VOCATIONAL EDUCATION AND TRAINING



1.

COMMON PROBLEMS DEVELOPMENT PROJECTS ENCOUNTER

Approximately 1.5 billion people are engaged in smallholder agriculture across the world. They include 75% of the world's poorest people whose food, income, and livelihood prospects depend on agriculture. Studies from several countries in Africa and Asia show that 50-70% of smallholders (particularly those working with 1-2 hectares of land) are not transitioning from subsistence to commercial farming, which limits their income.¹ Farmers' limited and inefficient access to markets also results in 30% of agricultural produce in rural areas being wasted.²

Some key factors that contribute to this situation are:

- **Low production quantity and quality** due to:
 - Limited know-how of good agronomic practices (because of the lack or poor quality of extension services)
 - Poor access to good quality agricultural inputs and technologies (for production, storage and processing)
 - Unfavourable natural environment and resources (e.g. small land sizes, low rainfall)
 - Lack of access to financial services and credit adapted to poor farmers' needs

Limited ability to guarantee sufficient and reliable supply can prevent farmers from being able to meet the demands or standards required from larger buyers. For example, a supermarket in Angola was interested in buying vegetables from local smallholder producers, but demanded a year round (instead of seasonal) supply, and therefore preferred to buy from larger farms with access to irrigation equipment.³

- **Smallholders' limited understanding of the markets' requirements** in terms of quality, volumes, and the timing of production, which prevents producers from being able to make profitable production and marketing decisions. For example, a value chain assessment in Cambodia found that many smallholder farmers did not know that buyers of chickens prefer – and pay more for – chickens that have been fed with local feed sources and weigh one kilogram or more.⁴

- **Limited negotiating and business skills** of smallholder farmers, with poorer producers often not comfortable



A farmer tending to her fields in Cambodia. © Anna Gorecka

interacting with larger and more formal buyers due to a lack of self-confidence, skills and language needed to negotiate business contracts, basic pricing and ordering.

- **Institutional structures and formal rules**, which can negatively impact the functioning of markets for agricultural products. These could be from weak land rights, lack of regulations, and the monopoly power of traders and input suppliers.
- **Poor infrastructure and high transport costs of reaching markets** due to the remote areas that farmers live in and the poor condition of roads. High transport costs reduce prices paid to farmers for their produce at the farm gate, while raising the cost of external inputs such as fertiliser. For example, for Rwanda's coffee farmers, transport costs from farm-gate to the port of Mombasa are estimated to take 80% of the producer price.⁵

These inefficiencies result in the large majority of farmers being forced to sell their produce in one-off or 'spot' transactions to local traders, for minimal returns. **PIN prepared this guide to provide practical guidance on how to assist poor farmers to overcome some of these challenges and sustainably improve their lives and livelihoods.**

1 MEAS (2014) [Linking Farmers to Markets and Implications for Extension Services](#)

2 FAO (2011) [Global Losses and Food Waste: Extend Causes and Prevention](#)

3 Market Assessment conducted by PIN, Huambo Angola, January 2018

4 PIN (2015) [A Value Chain Analysis of Chicken Production by Cambodian Smallholders](#)

5 Wiggins, S., & Keats, S. (2013) [Leaping and Learning: Linking smallholders to markets in Africa](#)

CONTENTS PAGE

2.

HOW CAN WE UNDERSTAND WHY MARKETS ARE NOT WORKING WELL FOR POOR PEOPLE?

Agriculture has been shown to be one of the most effective investments of development funding to achieve poverty reduction.⁶ However, in order for interventions to effectively support farmers to sell their products more profitably, we first need to understand the underlying reasons why farmers are not profiting more from their production.

Understanding these causes requires a market assessment, which typically involves the use of a range of research methods commonly used in the development sector, such as desk reviews, key informant interviews, and focus group discussions. Detailed guidance on conducting market assessments is provided in the “tools and resources” boxes at the end of this section. The key focus of the market assessment process and tools used should be informed by the research questions shown in the diagram to the right. Assessments typically start with information gathering activities at the top of the diagram and move down.

WHAT IS A MARKET SYSTEM?

A market system is the network of buyers, sellers, service providers, rule-makers (e.g. government) and other actors that come together to trade in a given product or service, or influence how that trade occurs (as illustrated in the market system diagram example on the next page).

Identify which market systems are relevant for poor people

One of the first steps in the market assessment process is to select the market systems you want to research (if this has not yet been selected by the donor based on good research). A market system can be a specific agricultural product or commodity (e.g. poultry, vegetables, maize) or it can be a crosscutting sector (e.g. financial services or agricultural inputs). Normally several market systems are selected – to mitigate the risks of interventions in one system not being successful, though it is also important not

THE STEPS AND TOOLS USED IN THE MARKET ASSESSMENT PROCESS

1

WHICH market systems are important to the poor?

- Desk review of secondary data (e.g. socio-economic research studies, census data, poverty analysis, business environment reports)
- Needs assessment and livelihoods analysis (e.g. household surveys)
- Gender analysis

2

HOW is the system not working?

- Market and value chain mapping and analysis
- Stakeholder mapping and analysis
- Gender analysis
- Consumer research

3

WHY is the system not working? (Root causes)

- Key informant interviews, focus group discussions
- Problem trees
- Gender analysis
- Barrier analysis
- Partner assessment tools (and due diligence)
- Sustainability analysis

Source: adapted from the Springfield Center (2015) M4P Operational Guide

CONTENTS PAGE

to select too many and spread the team too thinly. Using a structured selection process based on clearly defined criteria - taking into account the potential impacts on poor people, the economic opportunity, and the feasibility of effecting change, along with other relevant criteria - will provide implementers with the best chance of selecting market systems that can positively impact a target group. Guidance on the market selection process, including developing criteria and using a simple scoring matrix to compare potential market systems and help inform selection, can be found [here](#) in this Practical Action Guideline from the PMSD Roadmap.

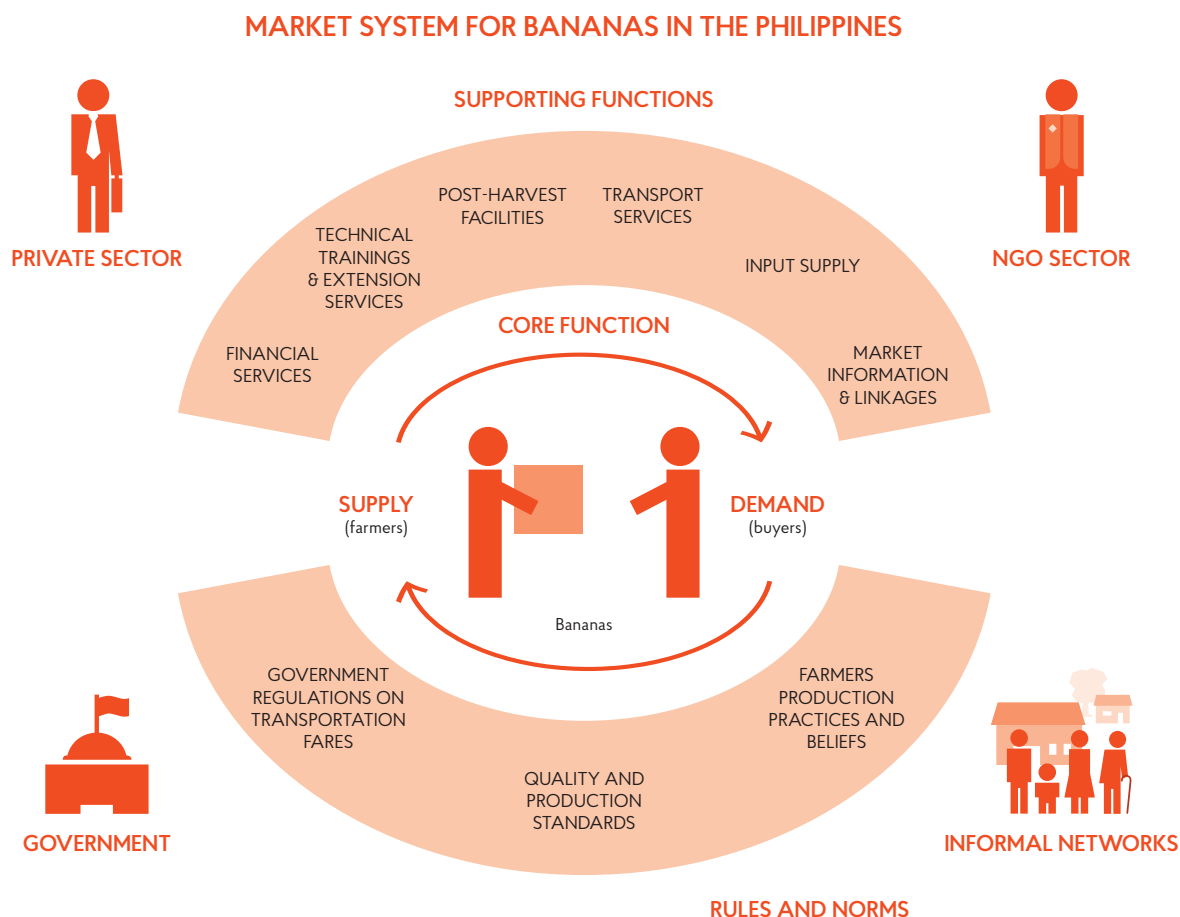
Understand how the relevant market systems are not working and why

In conducting the market assessment, it is important to think of this market as a system, made up of many actors and interactions that influence how the market functions. Mapping the structure of the selected market system using the market system diagram (also referred to as the 'donut'), to provide a visual representation of the overall system we are aiming to influence, is an important step in this analytical process. The donut divides the market system into three parts (shown below), made up of the **core** (where providers and consumers exchange goods and services), the **supporting functions** (such

as information and skills), and the **rules** (formal or informal rules which shape behaviour). For example, the market system for bananas in the Philippines involves suppliers of these products (farmers), buyers of these products (e.g. traders, processors, retailers and end consumers), and also relies on extension and financial service providers, government actors who impose regulations, and social norms that influence farmers production practices and consumers views of banana products, as shown below.

If a project wanted to improve the incomes of banana farmers, a market assessment can help us answer important questions, such as: Who are farmers currently selling their bananas to on the market? What barriers do they face in selling them? Are there other higher-value markets that they would like to sell to in the future? What barriers do poorer farmers face in producing bananas? Who are the other actors (e.g. traders, market sellers, processors) involved in taking the produce from the farmer to the end consumer, what challenges do they face, and how could these be overcome? Who are other actors (e.g. government, NGOs, financial institutions) involved in this market and what are their capacities, constraints and incentives? What interventions have been tried in the past, and why did they succeed or fail?

This information can let us know how and why the market system for bananas is not functioning for poorer producers, which allows us to identify entry points for how it could be improved. Understanding how the system is (or isn't) functioning is important to know so we can design our interventions in a way to affect changes to the overall system (also referred to as 'systemic' or 'system-level' changes), which are much more likely to continue after the project's support ends, and therefore positively impact more lives. (A useful explanation of 'systemic change' by Helvetas, called On Systemic Approach: What It Is and What It Is Not can be found [here](#).) On the next page is a practical example from PIN's programming in the Philippines about how a market assessment informed an effective system-level intervention.



Source: Market system diagram adapted from Springfield Center (2015) M4P Operational Guide



Vegetables for sale at a market in Western Zambia. © Tereza Hronová



TOOLS AND RESOURCES FOR MARKET ASSESSMENTS

The Springfield Centre's [M4P Operational Guide - Chapter 2: Diagnosis](#) (especially pages 14 - 20)

A detailed description of the market assessment and analysis process, from the institution that developed the M4P methodology and many of the tools.

[Practical Action's PMSD Toolkit](#)

Clear guidance on each of the steps used in conducting market analysis.

ACDI/VOCA's [Gender Manual & Toolkit](#)

Guidance on how to conduct gender analysis studies, includes guidance & tools on integrating gender into market assessments (pages 53-58).

FIELD EXAMPLE: MARKET ASSESSMENT IN THE PHILIPPINES

Context: The ESIP project (implemented by Helvetas and PIN) supports the livelihoods recovery of poor farming households in Eastern Samar, a fragile context highly vulnerable to natural disasters. A market assessment was conducted in 2014 in the aftermath of recovery efforts responding to the destructive typhoon Haiyan. The assessment was aimed at better understanding the market systems (including specific agricultural sub-sectors) that poor and vulnerable farmers rely on, and opportunities and constraints to improving the way these market systems function.

What did the initial market assessment involve: The market assessment involved household questionnaires from 450 randomly selected households, 10 focus group discussions with selected households, and 50 key informant interviews with other market actors and players, including traders, input providers, local government officials and university researchers. A validation workshop was conducted to verify the accuracy of the findings.

What were the main findings: The market assessment found that the vegetable and livestock subsectors offer important opportunities for poor people to improve their livelihoods and resilience. Despite this potential, farmers' productivity was very low due to a lack of access to, and limited knowledge of, quality inputs, services and technologies. For example, good-quality and affordable seeds for high-yielding varieties of vegetables were limited in availability. One of the causes of this were the poor capacities of the private sector (e.g. traders, input suppliers) to promote and build demand for needed services at the local level.

How the assessment findings were used: The project focused on developing the technical and business capacities of 'local service providers', who were often lead farmers or traders with whom poor farmers interact with regularly. The services these actors provide include selling inputs (feeds, seeds and fertilizers) and buying and consolidating farmers' production. By improving the capacity and incentives of these local actors, and their ability to effectively promote and market their services, the project helped generate increased demand for new inputs and services. This,



A local service provider in the Philippines weighs a farmer's vegetable harvest as part of her consolidation services. © Leonides Yape

among other reasons, has improved the quality of inputs and advice farmers receive, and made it easier for them to sell their products for a fair price. Further information on the project's interventions can be found in this [article](#), called Reality Check: Applying a Systemic Approach in a Fragile Context provides further analysis on the projects systems approach.

FIELD EXAMPLE: PARTICIPATORY MARKET ASSESSMENT IN CAMBODIA

To explore marketing opportunities in the livestock value chain, PIN Cambodia supported poultry farmers (who had been selected as representatives of their farmer groups by other members) to meet with poultry traders, input suppliers, retailers, wholesalers and end consumers to learn about their interests, needs, and challenges, as part of a participatory value chain analysis. PIN worked with the farmer representatives to assist them in defining the objectives and target groups of the assessment. PIN also helped to cover some of the farmer representatives' transport costs associated with their visits to different market actors to conduct surveys. The findings from these participatory assessments were then discussed during village meetings with other farmers, to decide on steps they could take to improve their marketing practices. Among other outcomes, these meetings resulted in farmers deciding to sell their chickens to traders collectively at an agreed upon central location. This was done as traders had informed the farmers that they could improve the price they received for their chickens by reducing the transport costs that the traders incurred by collecting produce from farmers individually. Involving farmer representatives in this process provided them with an important market learning opportunity and helped to improve the relevancy and use of the data collected.



Chicken farmers meeting traders at a central location as a part of a collective sales event in Cambodia. © PIN. Archive

ENGAGING MARKET ACTORS IN THE MARKET ASSESSMENT PROCESS

Practical Action has developed an approach (and practical tools) called Participatory Market System Development (PMSD). The PMSD approach supports groups of market actors, such as farmers, traders, buyers, and extension agents to come together and jointly identify challenges and develop action plans to address them. It is based on the principle that when market actors come together to discuss problems and agree on actions they can take, change in the system can be more sustainable, and other market actors may be more willing to copy these changes. Engaging producers (or their representatives) in the process of collecting relevant information, as part of

a market assessment process, can be one effective way to support such a participatory approach. This could involve collecting information on: the prices farmers are receiving, the prices different traders are paying (and how this fluctuates throughout the year), the prices being offered on local markets, the cost of hiring a truck for transporting produce, the products that have the most demand at local markets, other potential buyers that may exist, and the quality of the products demanded by buyers. Once this information has been collected, it can be presented to the farmer groups for them to identify and discuss opportunities to improve their marketing.



A trader buying banana's from a farmer in Eastern Samar, the Philippines. © PIN Archive

3.

HOW AND WHY WE SHOULD ENGAGE THE PRIVATE SECTOR

When NGOs become involved in direct service provision, such as providing transport to move farmers' produce to markets, processing the produce, or distributing inputs, this can achieve short-term benefits for farmers, but it usually does not offer long-term solutions to their problems. Withdrawal of NGO services would inevitably result in a collapse of these services. These approaches also run the risk of undermining existing commercial services or providing no incentive for them to set up (this BEAM Exchange [video](#) provides a good example of this). To ensure sustainable impacts and a clear exit strategy, projects should aim to play a facilitation role in supporting linkages between farmers and other actors who have an interest in providing such services.

For example, if we wanted farmer groups to be trained on the benefits and use of improved seeds, instead of having NGO staff train farmers directly, we would coordinate with sales staff from seed companies to train them, as this can develop a relationship that will last beyond the NGOs involvement. The private sector is often best placed to play a lead role in developing the services that can assist smallholder farmers to effectively produce, market and sell their products, and has the capacities and incentives to develop them successfully.

For example, when it comes to enabling access to market and price information, private-sector led internet and phone-based services such as rural kiosks or SMS messaging services have proven to be much more effective in enabling access to information than government or NGO-run programs.⁷ However, often the introduction of new services and linkages represents substantial changes, which can often require external assistance, expertise and resources. Knowing how to identify and select suitable private sector partners to work with is an important step in this process. Guidance on this is provided in Section 3 of this [Good Practice Guide](#) developed by PIN.

WHAT IS A 'MARKET FACILITATION' APPROACH, AND WHY IS IT IMPORTANT?

To avoid negatively impacting markets and to ensure our interventions are sustainable, it is important to take a 'facilitation' role. Facilitation can be understood as **creating the conditions for public and private market actors to drive change themselves**. Right from the start, when facilitating initial introductions, organisations should be pushing businesses to start communicating directly with each other. For instance, farmers should be involved in the first step of identifying buyers, and producers and buyers should contact each other to arrange meetings, rather than relying on organisations to coordinate this. Organisations **should play a strong role behind the scenes**, for example, by reminding the involved actors to follow-up on their action points, planning objectives and agendas for the meetings, and advising on action points and next steps.

This role has implications for the types of competencies that project staff have and requires a greater need for soft skills (e.g. communication, relationship-building, coaching). It also requires a **strong investment into capacity building of project teams**, so that they understand what a facilitation approach means, why it is important, and how it can be done in practice, particularly early on in a project. This also includes investing into the capacities of local partners, if they are supporting implementation. PIN's experience has shown that it can take up to a year or more for this shift in skills and mindset to start emerging.

Recruiting project staff with more of a business and private sector background can be helpful in this process. Engineers Without Borders have developed a practical [guide](#) for assessing the competencies of staff, called Being a Market Facilitator: A Guide to the Roles and Capacities. They have also developed a useful [list of best practices](#) and ideas for facilitation activities. The ILO have also developed a useful [learning note](#) on facilitation tactics, and an online [role-playing game](#) to test your facilitation skills.

CONTENTS PAGE



4.

PRACTICAL APPROACHES TO IMPROVING PRODUCERS' ACCESS TO MARKETS

The approaches described in Chapter 4 are commonly used by programs aimed at engaging the private sector to improve poor producers' access to markets. Most programs will use a variety of the approaches mentioned below, depending on the findings of the market assessments conducted, and the nature of the commodity or sector.

4.1

TYPE OF SUPPORT: FACILITATING LINKAGES BETWEEN PRODUCERS AND BUYERS

Supporting links between poor producers and buyers can transfer knowledge, information, and technical, financial, and business services from one actor to another along the value chain. These non-financial transactions are a critical aspect of the relationships between buyers and sellers, and are important for practitioners to understand.

For the majority of smallholder farmers in developing countries, the most accessible markets are informal markets (termed “informal” because they exist beyond the tax system and are off the record). Farmers who succeed in linking to formal markets tend to increase their income and gain better access to support services, such as inputs and credit.⁸ To access more formal market opportunities, farmers often have to meet the quality standards and volume requirements of formal buyers, and will typically require some type of agreement with buyers. Accessing these markets through more formal arrangements can also present a new range of risks for producers. **NGOs can play an important role in facilitating these linkages and ensuring producers are aware of these risks.**

When facilitating linkages, it is important to understand the types of linkages that could exist and to determine **what type of linkage would be most appropriate for a particular producer or group of producers at a particular time.** The goal in linking farmers to markets is **not to link the most vulnerable farmers with the highest value markets**, but to support approaches that will help specific types of farmers, and communities of farmers, to access markets that match their capacities, production, financial resources, and attitudes towards risk. For example, an approach to link poor farmers with an urban supermarket 80 km away, through a contract to supply a certain quantity of produce at an agreed

upon price, could potentially help these farmers gain a guaranteed market for their produce. However, this arrangement is likely to face a lot of challenges and risks if the producers are unable to maintain a consistent supply that meets the quality demands of the supermarket. Smaller steps, such as negotiating a collective sales agreement with local traders, may first be needed to improve options for these farmers.

WHAT DIFFERENT TYPES OF MARKET LINKAGES AND AGREEMENTS EXIST?

- **Producers can be linked to local traders/consolidators** and may work together informally to bulk-up produce to reduce costs and attract larger traders. For example, groups of vegetable farmers in Samar in the Philippines used to sell their produce to their neighbours for a low price. Farmers were supported to improve and better organise their production, and were linked to local traders, who also received assistance to start providing consolidation services to farmers. This involved agreeing with farmers in advance the quantities they would purchase and collecting this produce around the same time in bulk. This then enabled the traders to sell larger amounts of produce to larger buyers, such as market vendors, retailers, and restaurants. The higher prices these buyers offered resulted in higher prices for farmers.⁹
- **Producers can be linked to retailers or wholesalers** by becoming consolidators themselves. This may require a formal group structure, particularly when a buyer does not want to deal with producers individually. For example, producers of bitter melon in Bangladesh decided to work together and pool part of their harvest of bitter melon and sell it to wholesalers in the central market in Dhaka. The Dhaka market was more than 200 km away, so they used the services of a wholesaler agent who helped the group reach the Dhaka market. Farm gate prices during that season were half of what they were in the Dhaka wholesale market. Although the producers had additional expenses in the form of transport and market tax, the profit they realised from the sale was higher because prices for their products were double their usual selling price.¹⁰
- **Producers can be linked to end-consumers (direct marketing)** by selling raw or processed produce on or off the farm (e.g. roadside stands, farmer markets and restaurants). This approach offers the advantage of adding an increase share of value going to producers, however often the quantities demanded from

consumers are insufficient to enable large numbers of farmers to sell their products efficiently through such channels.

- **Producers can be linked to agro-processors** by bulking up their produce for collection by a processor, who can provide inputs and technical assistance to farmers. For example, rice farmers in Myanmar were supported to develop an agreement with medium-sized rice millers. Millers provided credit and inputs to farmers on the condition that the farmers sold an agreed number of baskets of paddy rice to the millers. This allowed farmers to improve the prices they received for their paddy and helped the millers gain improved year-round access to rice to improve the operation of their mills.¹¹ Processing operations can also sometimes be managed by agricultural cooperatives. For example, livestock farmers in Cambodia sold their chickens to a cooperative managed slaughterhouse, that would then process and sell these chickens.
- **Producers can be linked to larger scale farms** (sometimes referred to as 'outgrower' schemes), which often involves the grouping of producers. Often the large farm will provide technical assistance, credit and inputs to producers.

It is important to note that these various types linkages can co-exist within the same markets and for the same products. For additional details about these linkages, and their potential advantages and disadvantages, please refer to World Vision's Integrating Extremely Poor Producers into Markets [Field Guide](#) (page 25-28). Different types of contractual relationships require different abilities and commitments from producers. Some types of contractual arrangements (listed in order of their complexity and intensity), include:

- **Spot markets:** Products are bought for cash and delivered immediately. Agreements are verbal and often traders and farmers do not have an established relationship.
- **Forward contracting:** A buyer and seller agree on delivery of an agreed upon quality and quantity of goods at a specified

8 Wiggins, S.; Compton, J. (2016) [Factors leading to agricultural production aggregation and facilitation of the linkage of farmers to remunerative markets](#)
9 Zenebe U, Helvetas, Rural 21 (2016) [Enhancing sustainable income for poor and vulnerable farmers in the Philippines](#)

10 USAID/ World Vision/ FHI 360 (2012) [Integrating Extremely Poor Producers into Markets Field Guide](#)

11 Livelihoods and Food Security Trust Fund (LIFT) Myanmar (2014) [Annual Report](#) (page 26)

12 Webb, P. and Kennedy, E. (2014) Impacts Of Agriculture On Nutrition, Food and Nutrition Bulletin, vol. 35, no. 1

FIELD EXAMPLE: COLLECTIVE SALES OF AGRICULTURAL PRODUCE IN THE PHILIPPINES

Context: In the Philippines, the Helvetas and PIN-implemented ESIP project supports the livelihoods recovery of poor farming households. Poor farmers located within the project areas were earlier encouraged by other institutions to produce cassava, but were not provided with any support to sell their products. This resulted in farmers losing their investments due to the absence of buyers.

Type of marketing linkage supported: In order address the issue, the project worked with a local cooperative called BACO, which has an ongoing support program for cassava farmers. PIN and BACO jointly conducted training activities for cassava farmers on proper production techniques, the cassava drying process, financial services available and marketing. PIN introduced BACO to Local Service Providers who were willing to include dried cassava chips as part of the list of commodities that they consolidate and then sell to larger buyers. Since these local service providers are coming from different municipalities, their location became a strategic advantage as convergence points where cassava farmers deliver and get paid for their dried cassava chips, based on a fixed buying price agreed upon with farmers earlier in the season. PIN also provided drying nets to speed up the drying process at the farmer level. Once the quantity of dried cassava consolidated by each service provider reaches a substantial quantity, BACO picks up the dried cassava chips. The dried



chips are then accumulated in BACO's warehouse until it reaches up to 10 metric tonnes, which is the minimum quantity for delivery to San Miguel Foods (one of the country's largest food companies), who uses dried cassava chips for its animal feeds. The project supported this linkage with San Miguel Foods through the facilitation of business opportunity meetings attended by farmers, BACO, San Miguel Foods and the project team.

Outcome: The results were favourable as farmers are now gaining additional income from dried cassava chips, and have expanded their plantations.

WHAT IS NUTRITION SENSITIVE AGRICULTURE AND WHY IS IT IMPORTANT?

The agriculture sector has a key role to play in reducing child undernutrition. However, **the link between improved agriculture yields or increased income and improved nutrition is not automatic.** A research exercise, which analysed over 7,000 agricultural programmes, found that the overwhelming majority were unable to prove their impact on reducing undernutrition.¹² Through considering the key principles of nutrition-sensitive agriculture when engaging the private sector, **NGOs can play an important role in making value chains more nutrition-sensitive.** This can be done by: conducting initial analysis to understand

the nutritional situation (and any causes of undernutrition) and identify opportunities to improve nutrition security (this can be done during the market assessment); including explicit nutrition goals and actions into the project design; targeting the nutritionally vulnerable; and incorporating a nutrition behaviour change component (e.g. nutrition messages on packaging, or public sector health promotion). Additional guidance is provided in this World Vision [Guide](#) (pages 12-19), and in this global lessons learned [report](#) by the Alliance 2015 on the Role of the Private Sector in Food and Nutrition Security.

future date before the goods have been produced. This involves an advance agreement on price. This can sometimes develop into a regular arrangement each production season.

- **Contract farming:** The producer works for one buyer exclusively for a particular crop or product, with the product, price and time clearly specified and agreed to. For example, a large agro-processing company contracts a group of farmers to supply them with a certain volume of products (e.g. sugarcane, tea, coffee, cotton, milk), which they will receive an agreed upon price for. The contract may include, but does not have to, support from the buyer on inputs, upfront cash, or technical assistance. Contract farming is the type of arrangement that requires the most communication and trust, and to succeed these approaches often require strong involvement from third parties (e.g. governments or NGOs) to ensure and promote trust between the parties.

In deciding which type of arrangement would be most suitable for poor farmers, we should consider:

- What abilities would poor producers need to enter the particular type of contract?
- What challenges might poor producers have in fulfilling the commitment?
- What type of communication needs to exist between poor producers and those they are contracting with?
- What support or capacity building might they need?

An assessment tool (page 34) of this previously mentioned World Vision [Guide](#) can be used to assess the suitability of a given contract for poor farmers, and can guide decision making on how to most effectively facilitate these arrangements.

WHAT CAN IMPLEMENTERS DO TO SUPPORT LINKAGES?

A range of approaches can be used to facilitate successful market linkages between farmers (or farmer groups) and buyers. Some facilitation approaches include:

- **Map potential opportunities and actors:** Identify producers and producer groups with a capacity and interest in developing more formal agreements. Mapping different buyers (e.g. processors, wholesalers, supermarkets) involved in a sector or region, can help to identify potential opportunities to attract buyers interested in developing

arrangements with farmers. This can also involve identifying suppliers of quality inputs and facilitating linkages between buyers and these suppliers (as part of an agreement with farmers). Guidance on mapping can be found [here](#) in Practical Actions PMSD Roadmap.

- **Improve negotiation skills and access to information:** Poor producers often do not have the confidence to negotiate. Development organisations can play a role in helping to improve the negotiation ability of producers over time. Farmer groups can assign specific members of their groups with the authority to undertake market visits and negotiate on their behalf. Supporting this type of market visit can help farmer representatives get more information about standard requirements and pricing from different buyers. Mobile phones can be very useful for producers in communicating with market actors, especially when those market actors are a considerable distance from the producers themselves. Most communities worldwide, including very poor communities, contain someone with a mobile phone. Farmer representatives can either call buyers or send them a text message to find out market prices, communicate the quality and quantity of products, and negotiate deals without having to leave the village.
- **Organise business opportunity meetings:** This can be done by inviting buyers (for example, processing businesses or traders) who are interested in developing better business relations, to meet with poorer farmers in order to present the opportunity. Larger and more experienced farmers can also be invited to join, so that buyers and farmers can discuss new potential business relationships. These more experienced farmers can often become a bridge between buyers and smallholder producers. Organisations can help by facilitating the meeting, and by helping producers prepare and think through the key issues they need to consider before the meeting. This may include, among others, being clear on their production capacities, quality, and supply consistency. Farmers should also have a good understanding of their production and breakeven price so that they can be ready to commit and close a deal.
- **Agricultural product trade fairs:** Similar to the business opportunity meetings, these provide an opportunity for producers (sometimes of processed agricultural products) to promote their products to potential buyers, such as supermarkets, wholesalers or overseas buyers.



Calamansi produce being transported by market traders, the Philippines.
© Leonides Yape

- **Improve understanding of the costs and benefits:** Supporting farmers to conduct some simple cost-benefit calculations can be very helpful in assisting them with decision-making for any new business approach or agreement they are considering. For example, if farmers are interested in producing a new type of crop in high demand by a local processor, project staff can help farmers estimate and analyse the different costs (e.g. inputs, labour, marketing etc.) that would be needed for this, to assess the potential profitability in relation to the expected prices they will receive, and to analyse which costs are too high and could be reduced. It can also be helpful to support farmers to access and exchange information on the prices, costs and margins of the other market actors, so that farmers understand their relative position in the entire chain and

are then able to see and understand whether they get a fair price as compared to the other actors.

- **Facilitate an agreement:** Support the development of an agreement between producers and buyers, including clear roles and responsibilities for each party, and the necessary capacity building and mentoring to both parties, to ensure that they are meeting their obligations. Page 143 of this World Vision [Guide](#) provides a sample template for a Memorandum of Understanding between a project and a company involved in buying products from farmers through a formal agreement.
- **Stakeholder workshops:** Stakeholder workshops (sometimes referred to as 'farmer-trader' workshops) are structured, facilitated discussions with various actors involved in an

agricultural sector (e.g. producers, traders, retailers, input suppliers etc.) with the goal of designing an action plan for making a sector function more effectively for all actors involved. They can be an effective way of stimulating discussions between market actors about key challenges and potential solutions, and can help to build trust and understanding between market actors. These can be useful at the start of a project, after a value chain/market assessment has been conducted, to share and discuss the findings and develop a plan for the sector moving forward. They can also be helpful when the government is actively supportive of pro-poor private sector development (and when the government will need to support certain activities and plays a key role in the market). It is important that the farmers are adequately prepared for these events and the opportunities that may arise from them. This World Vision [Guide](#) (pages 86-92) provides practical advice on how to facilitate farmer-trader workshops, including guidance on the preparation and format for these events. When facilitating larger events it is important to encourage permanent market actors, usually government actors or chambers of commerce, to plan and host the event, as this offers the possibility of sustainability.



Farmers cultivating their fields in Western Province, Zambia. © Archive PIN



TOOLS AND RESOURCES FOR IMPROVING PRODUCERS ACCESS TO MARKETS

[USAID/ World Vision/ FHI 360's Integrating Extremely Poor Producers into Markets Field Guide](#)

Practical field guide providing practitioners with tools, guidance and examples to support very poor households access market opportunities, includes specific examples how to ensure greater participation of women (pages 127 – 134).

[USAID LEO's Scaling Impact: Improving Smallholder Farmers' Beneficial Access to Output Markets](#)

Findings and recommendations for implementers from a review of 50 projects that aimed to improve farmers' access to output markets.

[GIZ's Contract Farming Handbook](#)

Guidance on the process of implementing contract farming programs.

GUIDING PRINCIPLES AND BEST PRACTICES WITH LINKING PRODUCERS TO BUYERS



Start small and simple: Facilitating new business relationships is a step-by-step process, which involves learning about, reflecting on and adapting approaches to find what will work. Poor producers will typically need to begin working quite informally with local traders to build trust and confidence. As they become more confident in their own production systems over time, they may decide to work with a higher level of buyer or search for a contract with a small shop or restaurant.



Build mutual trust: A significant proportion of agricultural marketing transactions between farmers and traders are based on trust. It can be difficult for a farmer who has limited income-earning opportunities to understand the potential benefits of establishing a long-term arrangement with a buyer. Considerable work is therefore required by facilitators to develop trust between the various parties. Selection of companies or buyers to work with should also assess the buyers' trustworthiness, by reviewing their history, reputation and relationships. If market linkages are to work, implementing organisations should be careful about their hostility to the 'middleman'. Successful linkages require trust between all parties and such trust cannot be achieved if project staff are sending a message to farmers that their private sector partners are not to be trusted.



Be mindful of producers' power versus buyers' power and support partnerships that empower smallholders: Smallholder farmers often face power imbalances in their relationships with buyers. This can create problems for partnerships when more powerful partners start to take advantage, for example when buyers reduce the prices they are offering to producers. To reduce the risk that partnerships will reinforce smallholders' weak power relationships with their buyers and suppliers, facilitators should explore ways that the project's interventions can empower producers. This could include, for example, working with multiple buyers to increase competition, increasing the transparency of information, and supporting farmers to organise collectively.¹³



Engage partners to sustainably reach and benefit women: World Bank research found that if women and men had equal access to agricultural inputs in

Sub-Saharan Africa, crop yields could increase by 6 - 20%.¹⁴ There are a number of important arguments that can be used to convince buyers and other private sector actors to make their business practices more inclusive and targeted to women. This includes, for example, reaching female customers (who are often key decision-makers on agricultural purchases, such as for inputs) and improving the business brand, impact and reputation.¹⁵ Projects should work to understand and explain this business case to partners. This means collecting and sharing accurate information on gender roles and relationships and/or gender-disaggregated consumer behaviour. For example, in Georgia, Mercy Corps presented evidence to milk collection centres on the significant role women played as livestock caretakers. This resulted in increased participation of women in trainings.¹⁶



Analyse the financial benefits and risks: It is important that any agreements are based on a carefully considered business model for producers, but also for the buyers and processors, and that these are transparent. Poor producers need to be very clear on all the risks involved in making an investment or choosing a certain course of action, as they have limited ability to take on additional financial risks. This includes careful crop selection. For example, to minimize potential losses, crops should be selected for their ecological fit, as well as their economic potential.



Identify win-win opportunities: Regardless of the type, commercial relationships work best when they are win-win relationships. That is, each side invests something in the commercial relationship but also gains something from that investment. For example, a buyer provides a vegetable producer with training on post-harvest techniques (e.g. how to properly store their potatoes to preserve their quality). The buyer will benefit from improvements in the quality and quantity of the goods they wish to purchase. Similarly, producers will spend time and often also money on the new techniques, but will benefit from a guaranteed market and price, and a higher selling price for their upgraded produce.



Flexibility and adaptation: Successful projects have all emphasized the importance of taking time to build links, strengthen competencies, and provide

flexibility. This includes not imposing a model from outside, and instead allowing something to develop according to the local context. PIN's experience from Georgia was that farmers became quite suspicious when the project was pushing an idea too strongly. The project team made sure to present any new innovations as an opportunity that could be started on a very limited scale. In many contexts, there is a risk of side-selling, where producers sell part of their harvest to other buyers instead of to a buyer with which they have an agreement. To reduce side-selling, contracts should allow flexibility for farmers to sell some portion of their produce elsewhere, in case crop prices rise and farmers want to benefit from this by selling to other actors. Projects have found that side selling was significantly reduced if farmers retained the autonomy to sell a portion of their crop through alternative marketing channels.¹⁷ Integrating an adaptive management approach into our work is very important, Mercy Corps' [Managing Complexity, Adaptive Management at Mercy Corps](#) provides practical guidance on this.



Consider domestic markets that are large and expanding: Domestic and regional markets, such as agro-processors, retail stores, restaurants, and hotels can offer significant potential to smaller farmers, normally without the complications that are involved with accessing export markets. Research has found that these can also improve food security when compared with export-oriented commodities, through increasing the availability and affordability of local food products.¹⁸ Projects should look at bringing together buyers who lack supply with farmers who are able to produce. Projects can also consider supporting promotional activities to develop local demand for products farmers are able to produce.

¹³ USAID's LEO Project (2015) [Scaling Impact: Improving Smallholder Farmers' Beneficial Access to Output Markets](#)
¹⁴ World Bank (2014) [Leveling the Field: Improving Opportunities for Women Farmers in Africa](#)
¹⁵ Mercy Corps (2015) [Power of the Purse: Making the Business Case for Women as Consumers in Uganda](#)
¹⁶ Mercy Corps (2016) [Gender and Market Development](#)
¹⁷ USAID's LEO Project (2015) [Scaling Impact: Improving Smallholder Farmers' Beneficial Access to Output Markets](#)
¹⁸ CONCORD Europe (2017) [What role for \(which\) private sector in agriculture and food & nutrition security?](#)

By working together and forming a group enterprise, small producers can often obtain a better outcome than they would as individual market actors. As many as 20% of farms in the world belong to a producer organisation which collects their produce and increases their selling power to the market. Research in Africa has shown that the benefits of group membership include increased incomes of 20-45% and improved access to finance, inputs, market information and technical advice.¹⁹

There have been a lot of cases though where producer organisations have failed, due to a lack of management or business skills, among other reasons, so any approach to support them needs to take into account and try to mitigate these risks. Some ways that producer groups can cooperate to access markets for their products include:

- **Collective sales of agricultural produce:** Producer groups can play a role in aggregating individual members' production, enabling them to access markets that would otherwise be out of reach if producers were transporting and selling their production individually. This can help increase producers' bargaining power and enable them to negotiate better prices and trading terms with buyers. This is the most common function of producer groups. On behalf of members, the groups can identify optimal buyers, negotiate terms, coordinate aggregation at harvest time, organise transportation, and manage the transaction and distribution of payments. In cases where groups have their own funds, they can use these funds to purchase agricultural produce from their members to sell to the market.
- **Contract farming:** For companies considering contract farming, a major obstacle is the difficulty of coordinating groups of farmers in one area. Producer groups can help overcome this barrier, by providing a pre-existing coordination mechanism that will more easily enable buyers to establish and manage contract farming relationships.

¹⁹ Wiggins, S.; Compton, J. (2016) [Factors leading to agricultural production aggregation and facilitation of the linkage of farmers to remunerative markets](#)



Farmers bring their chickens to sell to a trader at a central location during a collective sales event. © PIN Archive

FIELD EXAMPLE: COLLECTIVE CHICKEN SALES IN CAMBODIA

PIN and its local partner organisations supported village vets and farmer group representatives to coordinate collective sales of their chickens in order to add value to the chicken selling price. Chicken traders are happy to pay more when they purchase a large number of chickens at one time (as they can spend less on transportation), which allowed farmers to earn higher than market prices, an increase in the range of 20-50 US cents per kg of live chicken, depending on the quality of the chicken. The project supported the coordination of these collective sales events through:

producing a leaflet with the contacts of local chicken traders (which farmers could choose to purchase for a small fee), coaching village vets on how to organise these events (who informed farmer group members and other farmers of the time and place of these events), and through cost-sharing signboards to formalise a central location (displaying the name of local chicken traders) for the sales. Additionally, the project cost-shared weight scales, which farmers brought to the collective sales events to ensure transparency in the weighing process.



A trader weighing vegetables in the Philippines. © PIN Archive

WHAT IS VALUE-ADDITION, AND HOW CAN IT BE SUPPORTED?

When exploring opportunities for value addition, which will often be revealed during the market assessment process, it is important to distinguish between the different types of value addition, which actors in the chain can be engaged for this, and which types of value addition may be most suitable for the context. Value addition can be categorised into two main types. One is what can be done on the farm (e.g. drying, sorting, cleaning, and grading of produce) in such a way to offer the best quality to the buyer, if the market rewards better quality. Often there are many opportunities for implementers to support this type of value-addition, and improve farmer' prices, particularly for national or regional markets.

The second type of value addition involves the more technical and capital-intensive task of processing the produce into another form (e.g. using machinery to process bananas into banana chips). Organisations sometimes try to encourage farmers or farmer groups to try and adopt

this role of agricultural processing (to integrate them more vertically into the value chain and take a greater share of the value). However in many cases farmer's interests may be to just receive fair prices for their production and keep their risks low. They may not want to become involved in playing a processing role in the value chain, due to the risks of entering this new type of business. Project staff should start with small steps when it comes to value addition (e.g. starting with the first type of value addition mentioned, before considering opportunities for the second type) and always think about farmers' interests and capacities. Supporting existing processors and buyers to address their constraints and improve their capacities (and add more value to their processing operations), can also be an important way to add value for farmers groups that supply these buyers. These other opportunities for value addition should be considered and analysed before supporting farmer groups themselves commence processing operations.

→ **Collective production:** In some communities, producers choose to pool their labour, land or other resources to farm or manage livestock collectively. This is not an arrangement that will work in all cultures and communities, as it requires a very high degree of cooperation between farmers, but in some communities it can work effectively. The group usually plays a role in organising the planning and production of participating farmers, who are responsible for marketing the output and sharing the proceeds among members.

Example: Mercy Corp's M-RED program in Nepal supported producer groups to plant sugarcane on marginal communal land close to riverbanks, and organised collective management, harvesting and sales. This was done to improve the resilience of farming communities that lived close to riverbanks to flooding events and erosion. The proceeds from the sales of sugarcane were distributed to group members, and a small portion was allocated to the producer group. The initiative was effective at improving flood protection measures whilst also increasing incomes for group members. Additional information on this initiative can be found in this [case study](#).

→ **Storage services:** Some producer groups have storage capacity for agricultural outputs, which they can rent to members at discounted rates, and can store agricultural outputs to sell them when their price is high. This can be for dry agricultural products (such as grain), or in some instances can include cold chain facilities (for example for milk storage). Some storage facilities focus on seeds saved for the next planting season, to increase resilience.

→ **Collective processing, value-addition and branding:** Equipment for processing and value-addition is often expensive, and out of reach for individual farmers. By pooling their resources through the group, members are often able to purchase equipment, and then rent to members at an affordable price or operate the machinery with paid labour on behalf of members. Likewise, developing improved packaging and branding enables producers to capture a larger share of the product value, which is not possible when operating as individuals. Processing can also help make agricultural

outputs less perishable and reduce their weight and therefore the price of transportation, both of which can enable producers to access more distant and higher value markets. Due to the risks involved regarding joint management of machinery (e.g. internal conflicts, servicing costs), it is advisable to first look for any existing service providers whose support to farmer-groups can be strengthened before supporting such farmer-led initiatives.

HOW CAN ORGANISATIONS SUPPORT PRODUCER GROUPS TO ACCESS MARKETS?

- **Empowering and strengthening groups:** PIN often works with existing groupings of farmers, for example, farmers who have already developed relationships through farmer field schools, helping them turn their informal learning group into a genuinely market-oriented enterprise capable of delivering services to members. When providing support to groups, it is important to support an existing permanent market actor to take responsibility for group formation and capacity building (for example the government's Ministry of Cooperatives). This Find out About Groups [tool](#) by CRS has guidance on the steps that can help those planning to work with farmer groups to carry out an initial assessment of what groups already exist in an area, their purposes, and their membership and history. In some contexts, to ensure quality participation and empowerment of women, women groups should be supported (as opposed to men and mixed groups).
- **Training on group and enterprise management:** An essential task when supporting groups is to support their members in establishing clear structures and guidelines for their operations. This includes helping them agree on simple and easy-to-understand membership rules and responsibilities, fee structures, leadership positions and selection processes, and clarifying which services the group will provide for members. It is very important not to impose a pre-determined structure from the outside. Members should decide for themselves on their rules and structures and their priorities for services to provide to members.

FIELD EXAMPLE: SUPPORTING AGRICULTURAL COOPERATIVES TO ACCESS MARKETS IN GEORGIA

Context: PIN's ENPARD project aimed to strengthen the Georgian agricultural sector through the development of agricultural cooperatives. Nearly half of the Georgian population derives their income from agriculture - two thirds of them farming on 0.1-1 hectare of land, and most farming is characterised by poor productivity and is largely oriented towards self-consumption.²⁰ The project was aimed at improving collective production, processing and marketing opportunities.

Type of collective selling approaches supported: The cooperatives provided two main marketing-related benefits: 1) easiness: instead of going to the market to sell their production, the supported cooperatives enable farmers to sell their milk, honey and other products right at their doorstep (saving time and travel expenses, and guaranteeing regular sales) 2) profitability: by improving the volume, processing and packaging of farmers' production, the cooperatives enabled farmers to access more profitable markets, such as provincial restaurants and shops (for dairy, wine) or foreign markets (for greens and wine).

Steps the project took to support producer groups access markets: The project provided trainings on marketing, food safety standards and regulations, and value adding operations (such as packaging and labelling). Cost sharing grants were allocated to cooperatives to enable them to invest into value adding equipment - such as packaging machines or printers for labels. The project also helped to facilitate farmer groups' participation in Agricultural Fairs and Exhibitions - which helped them develop relationships with new buyers.

Main results and outcomes: The results included higher profits for farmers from the value added to their products, increased quantity and quality of their production, and access to more lucrative markets. The project also resulted in market diversification and expansion and the development of new products. For example, a new variety of ricotta cheese started to be produced as a result of feedback from buyers and technical trainings the project had facilitated.



© PIN Archive

[The Tool for Business Plan Development](#) by Community-Based Enterprise Development is a simple training tool to support groups plan their joint businesses in a participatory way.

- **Business and financial management training and coaching:** Once farmers have formally established their group and elected people into leadership positions, certain members will need to be trained on specific skills to ensure successful operations of the enterprise. Leadership training will be needed for the person who leads or represents the group and other senior positions, and record-keeping training will be needed for the person who is responsible for the group's finances. This training does not necessarily need to be provided directly by the implementing organisation; there may be an appropriate business development service provider, such as a consulting firm or



PRACTICAL TIPS TO BUILD TRUST BETWEEN PRODUCERS:

- Clear communication of members' roles and expectations
- Clear understanding of the group's goals and vision, and shared vision of a business plan
- Continued communication to keep members informed and involved
- Processes to deal with issues or concerns (one way to do this is for the members to agree on one member of the leadership team as a confidential person to whom they can take problems)
- Conducting business-like meetings, following a clear agenda, and having written minutes
- Clear agreement on penalties if roles are not fulfilled
- Regular review and reflection events to learn from experience and evaluate how things are working
- System for regular rotation of group leadership to lessen potential for corrupt practices

Source: USAID/ World Vision/ FHI 360 (2017) [Integrating Extremely Poor Producers into Markets Field Guide](#)

organisation that specializes in such trainings. Any training support should be as practical as possible and suited to the educational capacities of the group members. Projects might also provide mentoring, and facilitate improved information exchange and advice internally within the group. In any group of producers, there are always some that have better knowledge and skills than others. Supporting interactions between producers (e.g. through regular meetings and informal exchanges) enables groups to discuss particular challenges or new ideas, and builds social bonds that encourage members to seek advice from one another.

- **Facilitate technical training on market requirements and rules:** Supporting producers to understand market requirements and rules can be very useful and have an important impact on the mentality of farmers. This can involve sharing information and facilitating discussions on price, quality, delivery time, quantity, reliability, flexibility, and grading of products into quality categories.

- **Financial support:** This can be used to purchase needed equipment for value-addition, or process and package their produce (e.g. to dry and de-hull coffee, dry and package vegetables). It is important not to make this investment too soon and to be extremely cautious in the way that that this is done, ensuring there are suitable mechanisms in place to avoid misuse by leadership or theft.
- **Ongoing monitoring:** Monitoring the key competencies (e.g. financial management, staff management, marketing, technical skills, etc.) of groups is important to help us better understand their performance over time, capacity building gaps, and the impacts of any capacity building support being provided. This Business Practices Assessment [tool](#) (Annex B) developed by World Vision uses a simple checklist that can be adapted and used to monitor the key competencies of community enterprises.

GUIDING PRINCIPLES AND BEST PRACTICES WITH SUPPORTING PRODUCER GROUPS' ACCESS MARKETS



Activities and plans should be locally driven: The least successful types of groups are those that were imposed from outside and based upon donor or NGO-driven criteria (for example, size, organisational rules, membership rules), which do not resonate locally, have limited internal capacity and very broad and ill-defined objectives. More successful results have been observed from groups with strict entry requirements that were created by local entrepreneurs to address a specific need.



Clear incentives and benefits: Forming new groups always present a risk for sustainability. A critical factor for sustainability is that members need to see a clear incentive and benefits if they are to continue to participate actively in the group (often these are economic incentives, though they can also be social). When groups are formed solely to achieve project goals - such as receiving training - they are much less likely to be sustainable. Groups need to understand they are an independent entity with an economic purpose, and not dependent on an NGO. Particular emphasis should be put on making sure this is clear to all members.

Self-selection for group membership: Implementers should try and use self-selection approaches (based on members' own motivations and interests to join) as much as possible, rather than having the project select members. A practical lessons learned document on self-selection by USAID can be found [here](#).



Start with small activities (and groups) and establish group trust: Producer groups do not need to perform all the market functions or offer all types of services to members. It is usually best for groups to start by trying a

few of the lowest hanging-fruit, and then expanding over time. Small shifts in farmer production systems are more likely to be adopted than larger shifts. Changes being promoted within production systems should align with existing farmer practices. For example, projects can work with buyers to identify the minimum required adjustments to farmer production systems to achieve yield quantity and quality increases. Projects that promoted many changes in production practices or tried to encourage production of a new crop saw far slower adoption rates.²¹



Leadership and management skills: Group activities in marketing have a greater chance of success when attention is not only paid to capacity building in areas directly related to marketing, such as researching markets and negotiating with buyers, but also to overall organisational and management skills, such as basic problem-solving and conflict-resolution skills, that could help the groups operate independently.



Only form groups when it is necessary and people really want them: Collective action is not always essential, and sometimes farmers can benefit from working informally together (e.g. bulking their products) and do not need to be organised into formal groups. Rather than forming new groups, farmers can also be linked to other existing farmer groups, cooperatives or service providers in the area, the presence of which should be assessed as part of an initial mapping process. Farmer organisations and groups must be seen as a means to an end, not as an end in themselves.

²¹ Overseas Development Institute ODI (2005) [Walking Tightropes: Supporting Farmer Organisations for Market Access](#)



TOOLS AND RESOURCES FOR SUPPORTING PRODUCER GROUPS TO ACCESS MARKETS

[CRS's Preparing-farmer-groups-to-engage-successfully-with-markets](#)

Practical field guide written for practitioners with advice on strengthening farmer groups and their access to markets. Tool #2 is a checklist that can be used/adapted to track progress in key skill sets being supported (either by project staff or as a tool for the groups self-evaluation).

[World Vision's Producer Group Business Practices Assessment Tool](#)

Assessment survey tool that can be adapted to monitor key competencies of community-based enterprises over time (e.g., leadership, governance, strategy, finances). Should be combined with the ACDI/VOCA tool below to ensure gender considerations.

[ACDI/VOCA's Gender Manual & Toolkit](#)

Tool 7 (page 63-70) can be used to assess the quantity and quality of men's and women's participation in and benefits from farmer-based organisations.

In some cases, farmers and other actors in a market may lack the knowledge capacities or technologies to identify and take advantage of new commercial opportunities. For example, farmers may not know the requirements for selling their crops organically, and the potential earning improvements this can provide. Some of these other approaches include:

Improve farmer's capacities to find and evaluate profitable market opportunities: Some projects have achieved success by helping farmers to organise into marketing clubs so as to strategically discuss and choose what crop to grow based on their previous experiences. Often the key success was the development of farmer's capacities to assess risk and evaluate various production and marketing strategies against one another. This can provide farmers with 'transferable skills' (beyond a specific crop or value chain being supported by a project) to choose to pursue other crops and market channels that may be more profitable for their group.

Support movements into higher value market niches (e.g. certification schemes) such as export, organic, and fair trade markets. For example, PIN Moldova has been supporting farmers to benefit from exporting organic produce to EU markets, through enhancing exporters' capacities to train staff, incorporate quality management systems, and pay the fees for certification. While there have been successes with these types of linkages, market access is often complex and can be expensive for producers and suppliers. Standards imposed by both the private sector and governments, and certification requirements impose high costs that are difficult for small farmers to absorb and may be risky. Projects need to strongly consider the likely sustainability and replicability of activities after donor support is withdrawn. Domestic and regional markets that are large, expanding, probably more stable and less demanding may be a better option to reach a large amount of smallholders with improved market access.

Introduce new technologies to strengthen trust, transparency and communication. Technology can play a role in bolstering trust and transparency among market actors and can support commercial engagement. For



example, many commodities are sold by weight, often using scales that are not regulated for accuracy. This can create mistrust between farmers and buyers and can encourage deceitful behaviour. To overcome this, PIN's CAM-4-SCALE project cost-shared weight scales for farmer groups. During collective sales events, farmers brought and used their own scales for weighing chickens, to ensure transparency between farmers and the trader during the weighing process. Another example of useful technologies are mobile applications and technologies that can link sellers to buyers in an effective way by providing a transparent space for smallholder farmers and buyers to negotiate fair prices and deals. The Lima Links mobile [platform](#) initiated by IDE in Zambia is an example.

Upgrade the capacity of buyers and processors that influence farmers' access to output markets. When larger firms in the value chain, such as traders, processors and exporters, face capacity challenges, particularly in contexts with few commercial actors or limited competition, farmers can suffer. The support offered by facilitators to build the capacity of buyers and processors can vary substantially, addressing problems with accessing financing for expanding their operations (and purchasing poor farmers' produce), conducting market research (to see the potential in engaging with poorer farmers), and building connections with export markets (to be able to trade larger volumes and gain better prices).

QUALITY CHECKLIST - THINGS THAT PRACTITIONERS SHOULD LOOK OUT FOR

What is this checklist? This practical checklist was developed to assist you to consider important steps when planning and implementing initiatives to assist producers to access markets. You can use it during the project design stage or during implementation.

Quality Checklist – Enabling poor producers’ access to profitable markets to sell their products

Have you conducted an assessment to properly diagnose the ‘system-level’ constraints poor producers face in accessing markets for their products?	Y	N	N/A
If introducing a new product or commodity, have you adequately assessed the marketability, quality standards, and profitability of the proposed product for producers?	Y	N	N/A
Have you considered what products are undersupplied on local markets that could perhaps be supplied by farmers in the area?	Y	N	N/A
Have you considered the risks associated with the identified markets? (e.g. low prices, limited demand, price fluctuations, competition, high marketing costs, difficult quality standards)	Y	N	N/A
When introducing a new business model or practice, have you made sure to assess relevant interventions that have been tried previously (and the success or failure of these)?	Y	N	N/A
Have you considered whether group formation is essential to link with the identified market?	Y	N	N/A
Have you made sure to first pilot your types of support before you scale them up, and used an adaptive management approach? (Mercy Corps’ learning note provides practical guidance)	Y	N	N/A
Have you considered the key principles of nutrition-sensitive agriculture? (this World Vision guide has guidance on how to do so including a checklist on page 19)	Y	N	N/A
Have you considered how to integrate a gender-sensitive approach into your interventions? (Christian Aid’s guide has useful guidance on gender-sensitive market development approaches)	Y	N	N/A
Have you made sure to coordinate your activities with other market or non-market actors?	Y	N	N/A
Have you made sure, that as much as is possible, you are only playing a facilitation role? (consider EWBs list of best practices , and this role-playing game by ILO)	Y	N	N/A
Have you developed a vision for sustainability? (the Who Does Who Pays analysis is a useful tool for this, guidance is linked here , especially pages 21-24)	Y	N	N/A
Have you ensured that any financial support has a realistic exit strategy?	Y	N	N/A
Have you allocated resources for capacity building to the project team on facilitation, and made sure that they are aware of the project logic?	Y	N	N/A

CONTENTS
PAGE



A farmer planting rice in Cambodia. © Jiri Pasz

ACKNOWLEDGEMENTS

The author would like to thank those who have shared their ideas and expertise, in particular: Penhpheak Bun, Chourn Bunnara, Pavel Muroň, Elenio Yap, Francesco Melara, Pavel Bělíček, Buba Jafarli, Zuzana Filipová, Jan Svitálek, Martina Opočenská, Ben Haagsma (Fair and Sustainable Consulting), and Anna Munter.

Published by: People in Need (PIN) in November 2018

Author: Julien Brewster

Editor: Petr Schmied

Graphic Designer: Martin Kovalčík and Nina Damová

The guide can be downloaded at: msd.peopleinneed.cz

If you have any feedback on this guide or ideas for improvement, please send them to resource@peopleinneed.cz

READ ALSO:



ENABLING POOR PEOPLE'S ACCESS TO ESSENTIAL PRODUCTS AND SERVICES

INCREASING POOR PEOPLE'S DEMAND FOR ESSENTIAL PRODUCTS AND SERVICES



IMPROVING EMPLOYMENT OPPORTUNITIES THROUGH MARKET-DRIVEN VOCATIONAL EDUCATION AND TRAINING

