WORKSHOP REPORT

ASIA REGIONAL WORKSHOP REPORT
ON BEST PRACTICES IN LIVELIHOODS DIVERSIFICATION
AND ENTERPRISE DEVELOPMENT

FAO REGIONAL HEADQUARTERS
BANGKOK, THAILAND

14th – 17th November 2006
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FAO REGIONAL HEADQUARTERS
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14TH – 17TH NOVEMBER 2006
The Livelihood Support Programme

The Livelihood Support Programme (LSP) evolved from the belief that FAO could have a greater impact on reducing poverty and food insecurity, if its wealth of talent and experience were integrated into a more flexible and demand-responsive team approach.

The LSP works through teams of FAO staff members, who are attracted to specific themes being worked on in a sustainable livelihoods context. These cross-departmental and cross-disciplinary teams act to integrate sustainable livelihoods principles in FAO’s work, at headquarters and in the field. These approaches build on experiences within FAO and other development agencies.

The programme is functioning as a testing ground for both team approaches and sustainable livelihoods principles.

E-mail: lsp@fao.org
From inside FAO:

From outside FAO:

The Livelihoods Diversification and Enterprise Development Sub-Programme (LDED)

The Livelihoods Diversification and Enterprise Development (LDED) sub-programme aims to improve the effectiveness of FAO in addressing the needs and interests of poor people in livelihood diversification programmes and projects. The objectives of LDED are:

a. To appraise inhibiting and enabling factors, and approaches supporting livelihoods diversification and enterprise development.

b. To catalyze and facilitate innovative practices for supporting livelihoods diversification.

c. To increase inter-disciplinarity and learning in FAO and partner agencies for supporting livelihoods diversification and enterprise development.

The LDED will add value to FAO’s regular programme and projects with a particular focus on addressing obstacles and promoting opportunities for people. It will capitalize on existing FAO strengths related to LDED in addition to identifying and addressing gaps related to livelihoods diversification and enterprise development.

Email: Doyle.Baker@fao.org
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACFS</td>
<td>Agricultural Commodity and Food Standards</td>
</tr>
<tr>
<td>ACIAR</td>
<td>Australian Council for International Agricultural Research</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AIM</td>
<td>Asian Institute of Management</td>
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<tr>
<td>AWCF</td>
<td>Asian Women in Cooperative Forum</td>
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<tr>
<td>BARBD</td>
<td>Bureau of Agrarian Reform Beneficiaries Development</td>
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<td>BDC</td>
<td>Business Development Centre</td>
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<tr>
<td>BDS</td>
<td>Business Development Services</td>
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<tr>
<td>CBO</td>
<td>Community Based Organisation</td>
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<td>CD</td>
<td>Compact Disc</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DAR</td>
<td>Department of Agrarian Reform</td>
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<td>DFID</td>
<td>Department for Foreign International Development</td>
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<td>EDC</td>
<td>Entrepreneur Development Centre</td>
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<td>EDP</td>
<td>Entrepreneurial Development Programme</td>
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<tr>
<td>ESCAP</td>
<td>Economic and Social Commission for Asia and the Pacific</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAO</td>
<td>Food and Agricultural Organisation</td>
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<td>FPDA</td>
<td>Fresh Produce Development Agency</td>
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<td>GMED</td>
<td>Growth Oriented Micro-Enterprise Development Programme</td>
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<td>GTZ</td>
<td>German Development Agency</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>ITC</td>
<td>Information Technology and Communication</td>
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<td>LDED</td>
<td>Livelihood Diversification and Enterprise Development</td>
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<td>LSP</td>
<td>Livelihood Support Programme</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MFI</td>
<td>Micro-Finance Institution</td>
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<td>MNE</td>
<td>Multinational Company</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>NCDB</td>
<td>National Cooperative Development Board</td>
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<td>National Dairy Development Board</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NIA</td>
<td>National Irrigation Administration</td>
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<td>PCD-L</td>
<td>People Centred Development with a Livelihoods Perspective</td>
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<td>PIC</td>
<td>Pacific Island Country</td>
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<td>PMA</td>
<td>Participatory Market Appraisal</td>
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<td>PNG</td>
<td>Papua New Guinea</td>
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<td>SCR</td>
<td>Success Case Replication</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>SPFS</td>
<td>Special Programme for Food Security</td>
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<td>TCP</td>
<td>Technical Cooperation Programme</td>
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<td>TFNeT</td>
<td>International Tropical Fruits Network</td>
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<td>UP</td>
<td>University of the Philippines</td>
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<td>USAID</td>
<td>United States Agency of International Development</td>
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<td>Village Extension Worker</td>
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<td>WIBDI</td>
<td>Women in Business Development Inc.</td>
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<td>Women in Business Development Incorporated</td>
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1. BACKGROUND, WORKSHOP OBJECTIVES AND FORMAT

1.1 Background

Globalization, agricultural commercialization, market forces and increasing trade liberalization are impacting significantly on rural livelihood strategies. While the changes in many cases are leading to new opportunities, they are also increasing vulnerability because many rural people do not have the assets or support services available to them to respond to market opportunities.

Diversification into market-oriented income generating activities is being increasingly viewed as a path to improving both livelihoods and food security. Small enterprise development is an appealing alternative for stakeholders in rural development, particularly as it contributes to innovation and adaptation to the market dominated environment. However, several major challenges need to be faced if livelihoods of the poor are to be enhanced through livelihoods diversification and enterprise development (LDED). The most important of these include:

- Inclusiveness of the poor and of marginal areas in diversification and enterprise development programmes.
- Commercial viability and responsiveness to consumer demands.
- Management of risk and trade-offs when increasing exposure to markets.
- Sustainability of initiatives and services following the phasing out of any supplemental support provided by field projects.

Technical support agencies as well as donor initiatives and field projects have at best a mixed record in addressing the above challenges. In many cases, enterprise options are pre-identified based on expert appraisals. These priorities might not fit with local needs and assets, or with market opportunities and requirements. Even if the start up focus is right, it is unlikely that all people -- or even most people -- in poor communities will benefit if many people end up competing to supply the same goods and services in local markets. There is therefore a need to be more flexible, market aware and client responsive. This is not easy when projects are designed with specific objectives, and when technical support is provided mainly or exclusively by one or two units within larger multidisciplinary organisations, and clients themselves rarely are the drivers in defining their support priorities. Equally important, technical support agencies and donor funded projects essentially always directly deliver support services, thereby circumventing or under-mining the potential local service providers who would be in position to provide advisory and technical support after special project interventions end. Another main factor inhibiting progress in addressing the challenges of livelihoods diversification and enterprise development by technical support agencies and donor-funded projects is failure on behalf of many units and projects to recognize that the most of their field interventions implicitly or explicitly require changes in market-oriented income generating activities. Consequently, many units and projects tend to focus on rather specific objectives relating to technological change or institutional capacity building without even considering the necessary success factors and good programme practices for supporting livelihoods diversification and enterprise development.

Consequently, under the auspices of the Livelihoods Support Programme (LSP) (2000-2005), the Food and Agricultural Organisation (FAO) with the help of funding from the UK’s Department for International Development (DFID) has been supporting initiatives to enhance the capacity of FAO and development partners to improve the rural poor’s livelihoods.
LDED sub-programme forms part of the LSP initiative and is focused on improving the effectiveness of FAO in livelihood diversification and enterprise development programmes and projects.

Through the FAO field network the LDED sub-programme responds to demands that strengthen income generation and market linkages at the community level. Over three years the programme has helped communities in Asia, Africa and Latin America design 40 mini-projects with cost-effective grants averaging $15,000. In Asia the Facility has supported 12 mini-projects in 10 countries (see Annex C). These activities have, within ongoing umbrella projects addressed gaps or catalyse market opportunities by building local capacity in for instance marketing, finance, business skills, value chain development and operations management. The majority of the activities have been designed and implemented by local people using local/national/regional business service providers with FAO technical assistance when required. The programme promotes local enterprise development that is commercially viable that is not dependent on donor funded assistance for inputs nor on externally predefined and unsustainable diversification routes.

1.2 Workshop Objectives

Before the LDED sub-programme closes in March 2007, it is organizing small regional workshops in Africa (Zambia, June 2006), Asia (Bangkok, November 2007) and Latin America (February 2007) to build capacity on value chain approaches for pro-poor market linkages and (ii) share lessons from LDED mini-projects and among enterprise development practitioners in the region. In Asia the workshop was organized by the FAO regional office for Asia and the Pacific in collaboration with and funded by FAO's DFID funded LDED sub-programme (Rome).

The specific objectives of the workshop are to:

Share information about ongoing diversification and enterprise development in the region, bringing together experienced field practitioners.

Share lessons from LDED mini-projects and among enterprise development practitioners on principles, methods and tools.

Introduce and discussed the relevance of value chain approaches for pro-poor market linkages.

Discuss and provide feedback on high priority contents for guidelines on livelihoods diversification and enterprise development currently being developed by the sub-programme.

The workshop consisted of 24 participants with Asian 13 countries being represented, namely Cambodia, India, Indonesia, Laos, Malaysia, Nepal, Papua New Guinea, Philippines, Solomon Islands, Sri Lanka, Thailand and Vietnam. Fifteen of the participants were citizens of one of those countries, four were expatriates working in one of those countries, four were FAO staff, and one was a FAO consultant. A list of the participants is given in Annex B1. All the participants had experience and knowledge of LDED type initiatives and some of those stationed within specific countries were associated with FAO LDED mini-grants.

1.3 Workshop Format

The detailed programme of the workshop is given in Annex A. To maximise interactive participation a great deal of emphasis was placed on ensuring that the general tone of the workshop was informal and on having small group discussions following which information arising from those sessions was fed back to plenary sessions for further general discussion.
In terms of formal plenary sessions these were kept to a minimum. These consisted of the following:

A presentation by the Assistant Director General, RAPA in opening the workshop.

Short presentations by the participants introduced their organization’s mandate and principle areas of work.

Two major presentations by Doyle Baker: one on the LDED conceptual framework and key issues relating to it; and the other to the principles of the value chain approach and project planning using the approach.

A presentation by Siobhan Kelly on the outline and proposed contents for a LDED guidelines publication that will document the experiences, lessons and good practices identified from the LDED mini-grants and the overall programme.

A panel discussion on lessons learnt from LDED mini-projects. The discussion was moderated by Doyle Baker while the panel members consisted of Lilly Boer, Somchay Soulitham, Salome Ganibe, Steve Francone, Dinh and Van Thanh.

To illustrate the principles of and issues relating to the value chain approach one day was devoted to a field trip to Swift Co., Ltd. and associated contract farmers.

For the purpose of the small group discussions, three groups were formed the composition of which varied according to topic. The selection of the participants in each group was, on one occasion, decided randomly and in the other cases, according to individual interest. A total of four small group discussions were held during the course of the workshop. These were on the following topics:

Lessons learned from enterprise development in terms of principles, process and tools.

Reviewing a case study on either the vanilla export market collapse in Papua New Guinea or on tomatoes and over supply in the urban market (e.g., Accra, Ghana) and make recommendations on what should be done to overcome the problem.¹

Multi-stakeholder (i.e., representatives of farmer organizations, NGOs, private sector and government) group discussions on applying LDED in helping the vulnerable in one of the following contexts: a community with few assets; a vulnerable group within a community; or the vulnerable in high end value driven markets. The purpose of the discussion was to identify the roles/functions/actions of different stakeholders in developing an LDED strategy for helping the vulnerable.

Identification of key challenges and potential solutions relating to implementing LDED initiatives.

### 1.4 Layout of Report

The workshop report is divided into five chapters and four annexes.

The first chapter explains the background for the workshop and the objectives and format used for the workshop. Chapter 2 gives details about the formal presentations in the plenary sessions. Chapter 3 is devoted to details concerning the results of of the small group discussions while Chapter 4 gives some information about the field visit to the Kampangsen

¹ A third case study was also proposed relating to Green Revolution problems in the Punjab but no one was interested. Consequently two groups discussed the tomato case study and one group the vanilla case study.
Packing House of Swift and Co., Ltd. Chapter 5 is devoted to a short summary of the workshop.

Annex A gives details of the workshop programme while Annex B gives information on the workshop participants and short summaries of the five minute presentations many of the participants gave. Annex C gives some information of the LDED initiatives that FAO has supported with mini-grants in Asia. Finally Annex D gives information on the case studies used in one round of small group discussions (see Section 3.3).
2. FORMAL PRESENTATIONS

2.1 Content of Chapter
This chapter is devoted to the formal presentations given at plenary sessions during the workshop. It includes remarks at the opening of the workshop by Mr. He, the Assistant Direct General of the Regional Office for Asia and the Pacific, some initial remarks by Doyle Baker, short introductory statements and some presentations by workshop participants, an overview of the conceptualisation, terminology and implementation of LDED given by Doyle Baker, the deliberations of an LDED Round Table, and a presentation by Siobhan Kelly on the outline and proposed contents for LDED guidelines publication that will document the experiences, lessons and good practices identified from the overall programme and the methods and tools that have been developed during the mini-grants. After her presentation the results of a short discussion on the proposed guidelines relating to LDED that FAO proposes to produce are given.

2.2 Opening of Workshop
The workshop was opened by Mr. He, the Assistant Direct General of the Regional Office for Asia and the Pacific. After welcoming the participants to the workshop he indicated the workshop constituted the second of three regional workshops being sponsored by the Livelihoods Diversification and Enterprise Development sub-programme of the FAO-DFID Livelihoods Support Programme. He then went on to the purpose of LDED and outlined the challenges some of the major challenges that need to be faced if livelihoods of the poor are to be enhanced through LDED (see Section 1.1).

He then indicated that it is very important for Asia and the Pacific that these challenges are dealt with successfully. He emphasised that agricultural commercialisation and market forces are impacting significantly on rural livelihoods in Asia. Increasingly, people in rural communities are looking to diversify into market oriented farm enterprises to increase their cash incomes. There is also interest in value adding agro-processing activities.

However, there are risks and limitations in trying to improve rural livelihoods through diversification into market-oriented activities. In many cases, there might not be enough market demand. In connection with this Mr He gave the example of oranges flooding the market in his home town in China. He went on to indicate that the market might be there but farmers might not be able to produce high quality products at the right price while also making a profit. Many farmers and communities lack the skills, information and finances needed to succeed and to be competitive.

Thus support provided by FAO and the organisations represented at the workshop was needed to help farmers and rural communities overcome these limitations and achieve higher incomes and better livelihoods through market-oriented farm and off-farm activities.

However Mr He indicated technical agencies, such as FAO, as well as donor field projects and local organizations, have had a mixed record in addressing the challenges relating to LDED. In many cases, enterprise options are pre-identified based on expert appraisals. These priorities might not fit with local needs and assets, or with market opportunities and requirements. Even if the start up focus is right, it is unlikely that all people -- or even most people -- in poor communities will benefit if many people end up competing to supply the same goods and services in local markets. There is therefore a need to be more flexible, market aware and client responsive.
Equally important, technical support agencies and donor funded projects often directly deliver support services, thereby circumventing or undermining the potential local service providers who would be in position to provide advisory and technical support after special project interventions end. This is particularly a problem when projects are designed with specific support services, and clients themselves rarely are the drivers in defining support priorities.

Mr He also indicated another major factor inhibiting progress in addressing the challenges of livelihoods diversification and enterprise development by technical agencies and donor-funded projects is that many units and projects tend to focus on rather specific objectives relating to technological change rather than the managerial and institutional capacity building needed for livelihoods diversification and enterprise development.

The LDED sub-programme was created to try and address some of these challenges and shortcomings with mini-grants referred to earlier (see Section 1.1).

The Assistant Director General then outlined the workshop objectives (see Section 1.2). In conclusion Mr He indicated that the participants in the workshop included about 20 regional experts in diversification and enterprise development from 13 countries. He also noted that most of the participants had had at least 10 years experience working with small-holder farmers, poor communities and the private sector on projects or programmes that improve access to markets and strengthen people’s eventual ability to compete profitably and independently of donor support. Mr He finished by observing that the workshop therefore provides an excellent opportunity for regional peer exchange on LDED and expressed the opinion that discussions in the workshop would lead to lessons and new insights relating to designing, implementing and evaluating LDED related activities. He said he looked forward to reading the outcomes of the workshop. Before leaving he once again welcomed the workshop participants to FAO’s Regional Office for Asia and the Pacific.

2.3 Introductory Comments by Doyle Baker

The role of AGSF has been changing in line with changes in agriculture and the rural economy. This is reflected in the following four work areas of AGS;

Relationship with the private sector as its role in agriculture changes.

Supporting agricultural farmers’ work with value chains for local markets and export markets.

Rural infrastructure needed for successful rural businesses.

Livelihoods diversification and enterprise development that addresses marginalized and vulnerable groups in the rural economy.

The current area of work around the LDED was born out of the DFID supported Livelihoods Support Programme. DFID provided funding to this programme after a meeting of the UN Rome agencies on livelihoods revealed a series of issues that needed to be addressed for improving the livelihoods of rural populations primarily with reference on how:

To do LDED that is inclusive of the poor.

Do poor people access natural resources for LDED.

To resolve conflicts over access to natural resources.

Do local people influence policy.

Do agencies improve their practices in the field.
LSP Project and Workshop Reports No.16 Livelihoods Diversification and Enterprise Development Sub-Programme

To carry out emergency work in the field and support long-term sustainable livelihoods.

2.4 Introductory Presentations by Practitioners

After the opening of the workshop participants were asked to introduce themselves briefly. Brief biographical notes on most of them are given in Annexes B2 and B3. There were a total of 24 participants (Annex B1), seven of whom were women. Thirteen different countries were represented with seven individuals having been closely associated with LDED mini-grants, four were FAO staff, and the remaining represented various areas of expertise.

Most of the workshop participants were also asked to give five minute PowerPoint presentations of the work they are currently doing. Two of the presentations (i.e., those by Don Taylor and Jan Orsini) were longer and were given at different times during the workshop. None of these presentations are printed in this workshop report but one paragraph summaries are given in Annex B2 and additional details can be obtained through contacting the authors directly (i.e., their e-mail addresses are in Annex B1) or from Siobhan Kelly at FAO Headquarters in Rome, Italy.

2.5 Livelihoods Diversification and Enterprise Development

To set the tone of the workshop and ensure that everyone was familiar with all aspects relating to the conceptualisation, terminology and implementation of LDED, Doyle Baker gave a broad overview presentation. The following is a summary of his PowerPoint presentation.

2.5.1 Introduction

Livelihoods diversification, as used by the LDED programme, refers to farm level diversification into new market-oriented income-generating activities while enterprise development refers to the launching of small scale, market-oriented agro-processing and other non-farm enterprises by entrepreneurs or community organisations. Therefore income-generation through market-oriented activities is viewed as a core livelihood strategy for enhancing livelihoods of the poor.

The rationale for linking farmers to the market is based on the following:

Ad hoc sales of small surpluses are no longer a realistic long-term approach – instead farmers need to respond to market demand.

A rapid transformation in agri-food systems is currently occurring.

Market and business partnerships offer greatest scope for increased earnings as far as farmers are concerned.

In considering farmer to market linkages there are many types to consider, for example:

Farmer to domestic trader with or without an external catalyst.

Farmer to modern retailer either directly or through a wholesaler or agent.

Linkages through leading farmers.

Linkages through cooperatives directly to the private sector or with the help of an external catalyst.
Farmer to agro processor which can be initiated by the processor, by an external catalyst or facilitator or by the government (e.g., oil palm schemes).

Farmer to exporter with the help of an external catalyst or even developed by the farmers themselves.

Linking farmers to markets requires recognition of the following:

The need for analysis of market forces.

The current emphasis on market liberalisation and appreciation that, if care is not taken, modernisation can adversely impact livelihoods

Acceptance of the belief that responding to the market can increase incomes.

The imperative of addressing challenges relating to the fact that the vulnerable usually have few assets, operate under high risk environments, usually have inadequate access to market related information, and often use and/or are offered, inappropriate technologies and tools.

There is consequently the need for vulnerable households to have access to effective and responsive advisory and support services and to receive support for improving business skills and farmer-market linkages.

2.5.2 LDED Programme Overview

The purpose of the LDED programme is to enhance the effectiveness of local organisations and projects to reduce poverty through actions and services that promote and support successful, sustainable and inclusive livelihoods diversification and enterprise development.

To fulfil the purpose of the LDED programme the strategy adopted has consisted of four initiatives, namely:

Embarking on activities in specific sites involving identifying opportunities to target LDED activities to specific challenges in specific locations with specific external partners.

Supporting appraisal and learning through assembling and developing a set of lessons and good practices based on in-house and external experiences.

Developing and assembling a set of tools based on existing in-house and externally developed resources.

Enhancing interdisciplinarity and partnerships through promoting the linkages between FAO regular units, as well as linkages with decentralized officers, field programmes and projects, and external partners.

The core activity of the LDED programme consists of cost effective mini-grants that respond to demand for support with ongoing field activities to address challenges or opportunities related to market-oriented livelihoods strategies for vulnerable groups. Doyle Baker in his presentation gave in tabular format details on nineteen mini-grants that have been given (i.e., six in Asia, nine in Africa and four in Latin America) under the LDED programme.

The principles of the overall programme are that the activities are undertaken in an interdisciplinary mode, that they are client driven and flexible and that they are done in a timely manner. In terms of the field projects they are required to have an equity orientation, be gender sensitivity, involve participation of all stakeholder groups and sub-groups, promote self-help, and facilitate/nurture linkages and networking.

LDED learning clusters have been developed around emergency and rehabilitation, small and marginalized farmers, artisan fisher folk, vulnerable people (e.g., disabled, HIV/AIDS), and mountain, forest, and small island states/coastal communities.
2.5.3 Lessons Learned

A number of lessons have been identified from implementing the LDED programme. They include the following:

In terms of programme strategies:

- Implement projects to the extent possible with or through NGOs, community based organisations (CBOs) and private sector partners – not directly by government.
- Focus on enterprises for which there is a market demand or felt need at the local level; avoid relying on expert identified enterprises.
- Do not encourage small farmers to take on functions that are more effectively performed by other stakeholders (e.g., commercial agro-processing and long distance trading).
- Target diverse but related stakeholder groups (e.g., urban poor, local traders and agro-processors as well as rural producers) and design interventions appropriate to the needs of each group.
- Follow differential implementation approaches for different situations (e.g., individual, commercial, contract, etc. as well as farmer field schools and group action).
- Develop exit strategies to ensure sustainability and spread of benefits.

In terms of support services:

- Provide advisory and technical support on a variety of farm and non-farm activities rather than only on specific crops, animals and technologies.
- Capitalise on, reinforce and support the competence and knowledge of local capable organisations for sustainable services provision.
- Focus on building linkages to help producers acquire the services, markets, finance, expertise and economies of scale needed to be competitive and hence achieve food and livelihood security.

In terms of financial services:

- Avoid targeted, special-interest and subsidised micro-credit and revolving funds that tend to be untenable in the longer run and can also distort the market.
- Give capital contributions to farmers' investments only on the basis of clear enterprise plans which include cash flow budgets to indicate sustainability and viability.
- Provide competent and proper backup if community managed savings and credit activities are to be introduced.

There are a number of priorities that still need to be addressed if initiatives relating to LDED activities are to have a maximum pay off. Six are as follows:

Participatory learning approaches are needed for analysing current livelihood strategies and opportunities for improving incomes as well as for ways of assessing the impacts of new strategies.

Building capacities of farmers and farmer organisations are required in market oriented production, including marketing, business and financial management skills, and there is a need to conduct remedial training of extension workers on the same subjects.

Access to financial services through formal and informal financial providers and through non-financial providers such as traders and input suppliers need to be strengthened.
Vertical linkages need to be built between farmers, input suppliers, agro-processors as do linkages between small and commercial farms and linkages in the marketing chain, with farmer associations, etc.

The capacities of service providers (public sector, private sector and NGOs) for supporting rural and farm enterprise management need to be strengthened.

Appropriate processing equipment for village-level and household processing need to be available.

In terms of useful lessons learnt about LDED activities or actions, they can be divided in two parts: planning and training workshops and other activities and opportunities.

With reference to planning and training workshops the following have proved to be important:

Participatory livelihoods diversification appraisal workshops involving:

- Identifying appropriate community members to undertake enterprise development activities.
- Identifying assets and resources that beneficiaries might use to build sustainable livelihoods.
- Identifying alternative routes to sustainable livelihoods with particular attention to needs and opportunities for poor people.
- Encouraging solidarity and group activities.

Training workshops in enterprise planning and development involving:

- The introduction of key enterprise planning and management skills.
- Assessing potential and viable income generating activities.
- Practicing basic skills in enterprise planning.
- Preparing action learning plans for applying skills that incorporate mentoring.
- Participatory training needs assessments to identify priority skills requirements.

Participatory training in marketing action planning involving:

- Understanding marketing systems, types of markets and marketing approaches.
- Building skills in marketing planning and evaluation.
- Identifying resources and assets available and required for marketing.

Multi-stakeholder meetings to mobilise services provision involving:

- Sharing business plans developed by groups.
- Exchanging views on required support services and existing activities of service providers.
- Identifying means of private-public-community collaboration to ensure delivery of required support services.

Lessons learnt about other activities and opportunities consist of:

Undertaking market assessments for potential enterprises and products.

Giving advice to farmers on good agricultural practices.

Providing micro-grants to support rural enterprises and small scale agribusiness development.

Using experienced entrepreneurs for management and marketing training.
Facilitating farmer-to-farmer learning for introduce new approaches to enterprise development.

Providing advisory services to traders and input dealers involved in linking farmers to the market.

Making use of radio and other forms of mass media communication for scaling up and replication.

Doing appraisals of the demand and supply for support services.

Providing guidance to field staff on the pros and cons of different financing methods so that they can explain these to farmer groups.

Fitting products and services of financial service providers to livelihood needs.

Providing participatory training in quality assurance.

2.6 LDED RoundTable

The objective of the LDED round table was for the recipients of mini-grants who were members of the panel to give observations, based on their own experiences, on topics raised by the chairman, Doyle Baker. Members of the panel were Lilly Boer, Somchay Soulitham, Salome Ganibe, Steve Francone, Dinh and Van Thanh. Additional comments were also made by other workshop participants following the observations of panel members. The chairman organised the session into several topics, namely: implementing market appraisals; developing small business plans or business skills strengthening; financial skills building; and strengthening service providers.

The main points made are summarised in the following sub-sections. No attempt is made to separate the points made by panel members and other workshop participants.

2.6.1 Market Appraisal

Inevitably because of the importance of a market orientation in the implementation of LDED initiatives the first issue discussed was how market appraisal was undertaken. This is considered an important issue since production decisions on the part of farming households need to be based on an understanding of what is wanted by the ultimate clients. This stands in stark contrast to what was often perceived to be a rational approach in the past, namely base production decisions primarily on what the farming household needs and sell any surplus.

Examples of approaches given with respect to market appraisal were as follows:

In the aquaculture project in Vietnam this involved a research team approach based on a stakeholder panel including middlemen and some single market visits.

In the vegetable project in Papua New Guinea (PNG) a participatory market appraisal approach was used. Women group leaders were taken to the market to visit and interview buyers concerning quantities and qualities required and possible prices. The trips were facilitated by a service provider – the Fresh Produce Development Agency (FPDA).

In Laos where the focus was on non-wood forest products, team members initially held discussions with village stakeholders to identify the people in the marketing chain, followed by bringing farmers and representatives of those at different levels in the chain (i.e., the traders) together, to talk about the marketing of the produce, based on appropriate questions for farmers to ask that were earlier agreed to with the team.
In Sri Lanka because the target area was in a recovery emergency mode there was a focus on distribution of inputs and reconstructing infrastructure. Consequently it was impossible early on to partner with anyone for LDED initiatives as they were all too busy with recovery.

Therefore it appears that in market appraisal as far as LDED initiatives are concerned there is an emphasis on participatory approaches rather than more formalised methods involving estimates of supply and demand. In response to the question as to whether there were examples of more formalised methods being used directly in designing LDED related initiatives, the answer was mostly negative. Possible reasons for this could be:

The whole methodology for designing and implementing LDED initiatives is geared towards interaction, engagement and participation and hence participatory market appraisal methods are intrinsically more attractive.

It is likely that time, resources and skills may limit the capacity to do a more formalised type of analysis.

In PNG a market economist from the government did do a more market formal analysis after facilitating the meetings of women group leaders with market traders. The market economist then presented his findings to the women group leaders.

In terms of other examples the approach could not really be considered as constituting formal market appraisal in the conventional sense. For example:

In Sri Lanka discussions were held with a large private sector company (i.e., beyond the local level) on the type of products and the quantities demanded. They indicated, with respect to fulfilling the demand, they were prepared to provide an initial service in helping to train rural producers.

An example was given from the Philippines where a key market food processing industry exists around Manila. However, buyers are never seen in Mindanao, the production area. Consequently visits were made to Manila based processors to obtain specifications and link them back to the producers in Mindanao. The plan was to train them to produce required raw material. The two commitments requested from the Mindanao producers were that if the food processors were to buy their produce, they should send people down to train them.

Neither constitutes a formal market appraisal but simply involve finding a buyer for a particular product. A comment was made that both examples indicate a catalyst initiated the process – that is someone took the initiative. The question posed but not addressed was whether such a catalytic process only works in certain situations or can it be easily replicated?

The general conclusion was that formal market appraisals are rarely done. Instead market demand is usually assessed through farmers going to the market or buyers going to the producers. There was no definitive answer to the question as to whether it is important to do formal market supply and demand analysis. However, the point was made by the chairman that one distinguishing feature of value chain analysis is that it can help in defining the demand of particular consumers.

2.6.2 Business Skills Training and Entrepreneurship

The next topic raised by the chairman was how to get farmers to supply a larger amount following initial technical training. Business skills training is one of the tools used to create awareness.

Examples given of approaches to business skills training were as follows:
In PNG, following the study tours, an externally contracted service provider helped women group leaders do a farm plan and provided training in simple record keeping and farm management. The women met weekly to review the records and the work plan...Later an economist came back to help develop simple gross margins. The group leaders were then expected to help the other women in their groups.

In Sri Lanka skills building in business planning was presented to group leaders and translated in farm plans and records. This was accompanied by monitoring and mentoring so that farmers were more competent in calculating their gross margins.

In Laos they adopted methods being promoted by GTZ and step by step translated them into culturally acceptable and simplified tools. The coordinators themselves introduced the importance of planning a business. However, they found out it is difficult for farmers to understand the complexity of a overall farm business. They are more used to thinking in terms of individual farm enterprises (e.g., what does it cost to raise five pigs). Such an approach is easier to conceptualise and understand.

The Women in Cooperative Development Forum (AWCF) associated with cooperatives in the Philippines promote business planning and capacity building for farmers. Computer based programmes have been developed to assist service providers in guiding farmers in the preparation of business plans. Also the AWCF have used the Porter’s value chain framework to learn about the internal value adding activities of a business in order to identify skill areas that should be strengthened in order to improve the competitiveness of small and medium enterprises (SMEs). A multi-stakeholder participatory workshop and the Porter framework enabled participants to reflect on the important value adding activities of the SMEs and the relationship between their skills and these activities. As a result of this reflection they were able to design an effective training programme concerning which they invited comments from stakeholders.

In the general discussion two major issues that arose and create particular challenges in mainstreaming business skills training in designing and implementing LDED initiatives are:

Traditionally, technical training has focussed on how to produce not how to market. Business skills training is critically important in order to help determine what to produce in order to benefit from entering the market place. Unfortunately access to such types of training is still relatively limited.

Many of the most vulnerable farming households have limited literacy and numeric capacity. This makes the issue of developing appropriate business skill related analytical tools particularly challenging.

With reference to the above concerns the following points were made:

Because of complexity of conventional business tools, FAO, in their various activities (i.e., mainly though Technical Cooperation Programmes (TCPs)) in the PICs have spent a lot of effort developing simple record keeping systems to use in conjunction with gross margin analysis. In connection with this one issue that is considered to be important is obtaining some idea of labour allocation to specific enterprises because labour often has a positive opportunity cost particularly at certain times in the farm production cycle. An example was given from Cambodia, where training in the importance of costing labour helped farmers more accurately ascertain whether they were making a profit on their produce. Since in many places the literacy/numeric capacity is still very limited there has been some emphasis on supplemental training of technical extension staff so they can help farmers keep records and do gross margin analysis.
In terms of dealing with the literacy issue there are ways of keeping simple farm records with the help of symbols and pictures. Alternatively there are often literate younger individuals in farming households who can be instructed on how to keep records.

Two other issues that arose during the general discussion period were those relating to entrepreneurship and information technology (IT).

There was some discussion as to whether entrepreneurial development could be viewed as the same as strengthening business planning skills. In India in the 1980’s it was believed that creating more entrepreneurial people would be good for the country. As a result Development Banks funded substantial entrepreneurial development programmes (EDP) throughout the country. However, there was no attempt at fitting it to local situations and the impact of the training was less than expected. In the end only those who already had entrepreneurial ideas were selected for further assistance from the Development Banks. Later the microfinance institutions replaced the EDP. In general investments in strengthening entrepreneurship has been reduced and replaced by focussing on farmers that have already proven success at business. There is now recognition of the need to support individual entrepreneurs as well as to take advantage of opportunities that exist for training them and ordinary farmers in types of business skills that will support their efforts at producing for the market. One way of doing this is that done in Malaysia. One becomes a business man by selecting a product and developing it. For example one can start from commercial companies in the value chain and go backwards to the farmer. Contract farming can be used as a means for helping small farmers as well as a means for training them in marketing and business.

IT has enormous potential in helping educate farmers throughout the continent. Examples of current initiatives are the following:

In India, ACDI-VOCA is using ITHPOL which is a real time database that educates using pictures for farmers. Farmers are able to ask questions relating to specific issues (e.g., market) using the database. Each lead farmer is equipped with a PDA and can access information. For example, there are pictures of pests, and farmers can get information relating to it from the database. A major food mill is providing some funding to help facilitate the IT services link and organise farmers. Also in order to get an IT system set up in other parts of India, the government is giving graduates six month courses (e.g., in Hyderabad) with a programme of establishing satellite linkages at information centres in villages. Of course the problem is having capital available to do this although there is currently a programme where government underwrites and supports/subsidises the start up. The issue of course is how long can government justify such a subsidy and if there is the possibility of clients being willing to pay for accessing such services.

In Sri Lanka the expansion of IT is occurring very rapidly in business but as yet has been used relatively little by rural entrepreneurs. However that is just a question of time. Some rural IT centres are being established with the help of some venture capital. There is hope there will eventually be some fee collection for accessing the IT system.

In the Philippines there is currently some IT training for technical advisors but at this stage such systems are not accessible to farmers.

Unquestionably IT systems will become more important in the future. The potential uses of such systems are of course many ranging from answering technical and information type (e.g., price dissemination) questions to the potential of providing training courses on specific topics to individuals or groups (e.g., business skill training).
2.6.3 Financial Skills Building

The chairman introduced the topic by indicating that training in financial management and simple accounting is important so that people can manage their finances. Particularly important in designing and implementing LDED initiatives is to estimate and monitor cash flows relating to them. If the production activity has a long and seasonal production cycle then understanding the potential and actual cash flow can be critically important in determining the financial feasibility of that enterprise.

If there are prolonged periods of negative cash flow it is very important to determine whether the farming household can handle it with their own resources or whether they have to seek credit of some kind. For example, in Laos money lenders are common but they charge high interest rates. Therefore there was an appreciation that rural people needed access to microfinance institutions (MFIs). Therefore 20 people from a group of micro-enterprises were trained for three days and then spent a day visiting a financial institution. During the training, tasks were allocated for each group (e.g., accountant, manager, etc.). The meeting with the financial institution enabled them to highlight the critical issue of agricultural credit including that relating to the varying length of cropping cycles. The resulting increased flexibility of MFIs in responding to farmers’ short term cash flow problems inevitably attracted growing numbers of farmers. Cash flow analysis was seen as an important tool in ascertaining this. Therefore cash flow training analysis has taken place at the request of farmers. Also savings groups have been set up consisting of 50 members each with the condition that some savings were required before loans were given. In fact cooperatives and NGOs in many places are playing analogous type roles.

CARE in India has integrated micro-finance with the extension support system. There has been a lot of nurturing with structured outreach programmes, audiovisuals (e.g., simple graphics, charts, drawings) and which are adapted to the local situation. The lesson learnt has been that while replication is possible different methods work in different contexts.

2.6.4 Strengthening Service Providers

Efficient and supportive service providers both on the input and output side are very important in ensuring that farmers and their households benefit from engaging in LDED activities. As indicated earlier Sub-Section 2.6.2), AWCF and the cooperatives they are associated with have, with the help of Porter’s value chain framework and multi-stakeholder workshops, undertaken needs assessments. They have then accessed skills and support systems in NGOs and government to help overcome any identified deficiencies. This problem solving approach has been effective in providing business development services (BDS).

Examples of BDS abound in many countries in the region – some of which have been mentioned in earlier discussion (e.g., CARE in India (Sub-Section 2.6.3), access to credit in Laos (Sub-Section 2.6.3). In many situations, particularly where the needs of the most vulnerable are being addressed, the commercial private sector rarely is very prominent in providing BDS particularly in the initial stages of implementing LDED initiatives. As a result NGOs often have to step in to help. The example was given from Samoa where Women in Business Development Inc. (WIBDI) provides everything from production training, certification, business training, micro-finance, and facilitation in marketing.

In the discussion the point was made that there are various means of accessing and delivering services but the most appropriate approach is going to be contextually specific. For example farm schools, using progressive or lead farmers as facilitators, using groups for certain
activities (e.g., procuring raw materials, credit and marketing products), etc., can be appropriate under certain circumstances.

In conclusion four points that were made in the discussion were as follows:

It is important to recognise the cultural context in which LDED initiatives are being implemented. For example in certain contexts desirable livelihood enhancement may be viewed more in redistribution rather than in wealth accumulation terms. Also the fundamental constraints imposed by severe deficiencies in physical and social infrastructure need to be recognised and taken into account.

It is important for the farmers and their households to be highly motivated if they are going to be serious about engaging in and hence benefiting from LDED initiatives. Initially there may be a lack of self-esteem, confidence and/or motivation. In such situations motivational enhancement is important before a pay-off can be expected from technical and business skills training and from provision of BDS.

In recent years support in provision of services from government has been decreasing (e.g., extension). Therefore there is an increasing need for service providers from the private sector at all levels. The problem is that commitment is required over long periods of time which becomes problematical unless the commercial private sector can operate profitably. NGOs often cannot provide such services indefinitely.

One of the biggest challenges relating to designing and implementing LDED initiatives is that most BDS activities are not provided on a cost recovery basis (i.e., they receive subsidies of various types). A critically issue is how to make provision of such services profitable with farmers paying for the services rendered. The general tenor of the discussion was that over time once good services have been demonstrated and farmers have recognised the pay-off from accessing them, it is likely that they will be willing to pay something. That is when the commercial private sector has a role to play in providing such services. It is very important that conditions need to be created to involve the commercial private sector as soon as any indication exists that provision of services could be financially profitable.

In closing the roundtable the chairman observed that LDED initiatives so far have focused primarily on different types of community based actions to support small business development. However, it is important to recognise that local organizations with the capacity to start a business cannot handle all of the areas that need to be addressed in order to make business development sustainable.

2.7 Presentation on Agriculture Value chains

Doyle Baker spent some time giving a PowerPoint presentation giving an overview of the concepts of agriculture value chains and some operational details relating to using the value chain approach.

There is no attempt in this report to give a detailed summary of his presentation since it was based on materials he has produced for short courses devoted to the subject and copies of his presentation can be provided on request.\(^2\)

However to give some idea of the breadth of his presentation, a summary of the topics he covered in his presentation is as follows:

Definition of a value chain and its critical dimensions.

Why working on value chains is important.

\(^2\) His e-mail address is given in Annex B1.
Key value chain concepts.

An overview of value chain methods and tools.

How a value chain approach helps.

Insights, threats and success factors relating to value chain selection, analysis and strategy development.

The insights given in the presentation in applying a value chain approach to improving the efficiency and pay-off from LDED initiatives were particularly useful for workshop participants. Such an approach is likely to be particularly valuable the further the customer is from the producer, the longer the marketing chain is, and greater the extent to which processing and value adding activities are important in value chain. In fact the greater the degree to which one or more of those situations apply, the more important is it that not only the value chain analysis approach is applied but the more likely it is that the optimal starting point for helping farmers will be from somewhere in the value chain and working backwards to the farmer (see Table 3.4).

2.8 Presentation on the LDED Programme

Siobhan Kelly as an introduction to an open discussion on the proposed LDED guidelines provided a PowerPoint on the outline and proposed contents for LDED guidelines publication that will document the experiences, lessons and good practices identified from the overall programme and the methods and tools that have been developed during the mini-grants. The objective of the guidelines are to strengthen the competence of support services and local NGOs so that they can guide rural communities engagement with market opportunities.

The support areas explored below have been worked on during the LDED mini-grants mechanism and all have encompassed the following principles:

- Client driven.
- Focusing on mobilizing and engaging local services.
- Working under local-umbrella programmes.
- Promoting local innovation.
- Encouraging sharing lessons and innovations across sites.
- Focussing is on capacity and competence, not inputs.

Areas supported in designing and implementing LDED initiatives include issues relating to the below. Guidelines will be developed for these support areas:

Planning the farm/business. This involves:

- Engaging the stakeholders.
- Developing a strategy based on analysis (HR, IT, S&M, finance, logistics, operations). FAAB tools are helpful in this exercise. With respect to this agricultural business planning is important in dealing with issues relating to crop seasonalities, crop/land allocation decision making, production management and marketing farm produce. Farm marketing beyond the farm gate is often explored with the help of study tours. Consideration of issues relating to managing farm finances in terms of financial diversification and pros and cons of accessing credit are also important.
- Developing an action plan.
- Testing and mentoring is important. Use of Success Case Replication (SCR) – see Annex B2) can be useful in this exercise. During the pilot test phase community members: start negotiations with clients identified during market appraisal; identify
additional commercial channels (the marketing specialist can mentor this phase); identify the critical points in the quality control areas and develop the requisite manuals (the quality assurance specialist can mentor this phase); complete the legal procedures (once again the quality assurance specialist can mentor this phase); and pilot test other activities identified as priorities in the business strategies. During the test phase carry out any necessary training (i.e., which are linked to the strategies and action plan results of training needs assessment) in marketing; finance accounting and resource mobilization.

- A SWOT (i.e., strengths, weaknesses, opportunities and threats) analysis and making any necessary revisions.

Marketing for the enterprise. For this the following need to be done:

- The objective of marketing in terms of identification and or expansion needs to be defined. Livelihood-market analysis is a tool that can help define the appropriate market. It involves understanding the farmers’ assets, competence, and desired outcomes, the identification of market opportunities, and matching farmer competence with market opportunities.
- Linkages need to be developed with the appropriate markets (i.e., local, provincial, national, regional or international).
- Reducing uncertainty and managing marketing risks is important with the help of collecting and analysing appropriate information. In connection with this it is important to understand market requirements (i.e., quantity, quality, price) and the market channels. Participatory market appraisal (PMA) tools that can help in this exercise are reviewing available secondary data, semi-structured interviews, mapping, market (food) path analysis, time lines, historical transects, seasonal calendars, price-seasonality diagrams, flow diagrams, ranking methods, etc. As a result it is possible to analyse information enabling: ranking of products by demand; identification of points of purchase and points of sale; movements of customers to purchase products; an idea of seasonal trends in demand, price, and supply, for products; and a ranking of market problems by different groups — producers, retailers, traders, customers and wholesalers.
- An appropriate strategy then needs to be developed on how farmers might respond to the market.

Looking at the issues relating to financing for the enterprise. This involves:

- Appraising the financial landscape (i.e., MFIs, commercial lenders informal, formal, leasing, insurance etc).
- Appraising the existing services/products.
- Reviewing staff capacity to manage and advise and as a result do training needs assessment and ascertain requirements for capacity building.
- Review clients’ ability to manage finances and if necessary (i.e., very likely) provide training in financial management (i.e., basic accountancy, cash-flow, profit and loss, etc.).

In terms of service provision it is important to:

- Appraise the clients with the help of livelihoods analysis.
- Appraise the staff with the help of needs analysis
- Identify critical skill gaps in the staff and develop a training plan specifying the goal of training, type of, and priority areas for, training, and specification of the resources
required, the costs, timing and the potential participants, and an monitoring and evaluation (M&E) component.

Designing a competitive strategy (farm/business and value chain). This involves:

- Identifying and analysing the value chain.
- Mapping the SME’s activities and their actors along the value chain (an example is provided in Figure 2.1).
- Analysing the relationships and assessment of the congruence between skills and activities.
- Identifying constraints, opportunities, and solutions, including improving critical skills through training.

The above results in appropriate strategies and action plans to improve competitiveness.

- A value chain stakeholder workshop (e.g., consisting of suppliers, transporters, processors, distributors, retailers, farmer representatives, etc.) can be very useful in: identifying good practices in value chain development to improve business to business linkages; revising business plans in accordance with good value chain practices identified: and identifying the value chain vision, partnering, chain development and assisting in the development of the strategy for the implementation and monitoring of the chain.

Enabling the business environment. This final step involves:

- Appraising the local economy through market research and analysis.
- Appraising local potential and capacity via livelihoods analysis.
- Designing LDED strategies and action plans.
- Holding a stakeholder meeting at which opportunities are identified and solutions are agreed to overcoming any constraints.

In closing her presentation Siobhan Kelly proposed that a general structure for a proposed set of guidelines focussing on successfully designing and implementing LDED strategies for vulnerable farmers. Specifically the proposal involved three modules, namely:

Module 1: general good practices on enterprise development for improving livelihoods.
Module 2: methods for areas of support with key messages.

Module 3: proposed tools for methods within given contexts.

Immediately following the presentation some discussion took place concerning the possibility of producing a set of guidelines. The major points made in the discussion were as follows:

There was general support for the production of a set of guidelines. This is justified on the basis that much has been learnt and needs to be documented so that new LDED initiatives can be developed and implemented which can be built on the experiences/lessons (i.e., both good and bad) of the past.

In terms of how comprehensive the guidelines should be, although there was recognition that it would desirable to provide a comprehensive set of guidelines, it was recognised that limitations in terms of resources and time precluded this.

It was proposed that in order to make the guidelines/toolkit more user-friendly it would be good to include some case study material.

It was also proposed that the guidelines should be supplemented not only with methods and tools on field action support as is currently the focus, but should also provide more macro strategic direction for practitioners.

In closing the session regret was expressed that the FAO LDED support was to close in 2007 since the LDED initiative requires a long-term commitment. The point was made that the time frame for donor funded projects is usually five years but that a momentum was already present for supporting LDED type initiatives and there was confidence that this would continue.
3. SMALL GROUP DISCUSSIONS

3.1 Content
This chapter is devoted to summarising the results of small discussion groups. Four rounds of discussion groups took place and in each round three groups of variable composition were used. The first round was devoted to lessons learned from enterprise development while the others focussed on specific case studies, implementing LDED in different vulnerability contexts, and finally a round on challenges and possible solutions to designing and implementing LDED initiatives.

3.2 Lessons Learned on Enterprise Development
The first small group discussions focussed on what works in the field in terms of enterprise development. More specifically this involved identifying some principles of enterprise development, the process of enterprise development, particularly with respect to the procedure of getting started, and finally, some tools or interventions relating to enterprise development. Although there were three discussion groups, because all groups discussed the same topics, the following represents an aggregated summary of the deliberations.

First some general issues raised that could not easily be placed under one of the specific headings indicated above, were as follows:

The optimal approach to designing and implementing LDED strategies and programmes will depend on the level of development of the country and the locale where such initiatives are to be stimulated. In other words there are no absolutely rigorously defined approaches and solutions but rather what is optimal or most efficient will depend on the context. Thus solutions are contextual in nature.

The length, the degree of value adding activities in the value chain, and the distance of the final market, influence whether a pre-determined market orientation should be focussed on or not. LDED initiatives have widened the focus of the market from the local (i.e., which often suffer from over supply and hence low prices, resulting from “copycatting”, variable quality of the produce, and limited numbers of buyers) to the urban, regional, national and even the export markets. Until recently the conventional wisdom has been that it is important to help farmers identify the market and then help them produce for that market. That is still an important principle but as the market chain becomes more complex (e.g., with processing functions) and longer, the more compelling is the notion that such initiatives are started somewhere above the farmer level. In other words such initiatives may legitimately start somewhere in the middle of the value chain and work backward to the farmer rather than always forward from the farmer. That is particularly likely to be an issue if the intermediaries in the value chain provide some services to the farmers, for example, production inputs and contracts, credit, extension, etc. What needs to be avoided are decisions made independently by outsiders on what product(s) farmers should produce for the market without the support of farmers and without a full understanding of the value chain, those responsible for operating it, and assurance that they are willing to help nurture the farmer to market linkage.

Gender related issues are particularly sensitive and complex and are very location and context specific. Depending on the contextual situation and the type of enterprise LDED promotion can either promote intra-household cooperation or aggravate tensions between men and women. LDED initiatives, all other things being equal, do tend to reduce the number of enterprises farming households focus on, and that together with the risk associated
with increased reliance on the market increases risks faced by the household – both in production and marketing terms. This can be an issue particularly in situations where women shoulder the primary responsibility for feeding the family and men prefer to focus on producing for the market. Also where women start engaging in money earning enterprises care is often required to ensure that those enterprises are not “captured” by men. Gender related conflicts can also sometimes erupt when women start becoming more empowered and are playing leadership roles. Another issue is that although both men and women can often cooperate well in group marketing activities, only women generally can cooperate reasonably well in group production related activities. The workshop participants did not dwell on the specifics of gender related issues and how to deal with them apart from indicating that considerable sensitivity is required in taking such considerations into account when supporting the designing, implementing, and monitoring/evaluation of LDED related initiatives.

Explicit LDED initiatives focussed on in the workshop were designed to help the vulnerable (i.e., more disadvantaged) members of farming community to enter into, and benefit from, being in the market pace. However, the workshop participants stressed that the notion of inclusiveness that such a focus implies, may make the task of ensuring sustainability of such initiatives in the long run more problematical. This provides a major dilemma for implementers of LDED initiatives. External funders (i.e., donors) often specifically want focus on the most disadvantaged and to help such a focus, support services are commonly designed and implemented to enable this to occur which are later withdrawn when such funding ceases. Workshop participants thought that this was not a good strategy to adopt but appreciated why this so often occurs.

In terms of the farming households involved in LDED type initiatives, it was agreed that those involved and benefiting most are likely to depend to some extent on the context. For example, farming households are likely to differ in terms of their leader/entrepreneurial attributes and their attitude to risk. Many, as a result, are followers and, consequently are not likely to be role models or mentors and therefore are likely to benefit less from changes because of being late adopters. Also the complexity and the level of funds required to adopt a particular LDED activity are likely to separate the adopters from the non-adopters. However, it is recognised that commitment in terms of investment of time and resources (e.g., purchase of mobile phones) is great in building the self-esteem of adopters especially when the benefits of the adoption process are obvious.

There are a number of issues that need to be decided before and/or during the design and/or implementation of LDED initiatives. For example, decisions have to be made on the type, timing and sequence of activities (e.g., participatory training, stakeholder meetings). Also other decisions have to be made. For example, when partnerships are developed, who does the work, who takes responsibility, who bears the cost, etc. Once again the optimal manner in which all such decisions are made will depend on the contextual situation.

Some of the principles that were considered by the workshop participants to be most important in enterprise development are as follows:

There needs to be complete transparency at all levels – that is equal access to information among all stakeholders involved in the LDED process.

It is very important to have a good understanding of the local environment and situation before doing anything with respect to designing and implementing LDED related initiatives. For example it is important to:
• Recognise and appreciate that leadership and people’s development has to be at their own pace and in their own environment.
• Build on the strengths of the local situation and environment in designing and implementing LDED initiatives (e.g., leveraging existing social capital).
• It is important to prepare participants to adapt to new opportunities but to do it in such a way that they have an appreciation for and try and ensure that they can maintain the good characteristics of their existing situation (e.g., maintain social capital).

In terms of the process of enterprise development it is important to:

Go through the process of engagement, namely:
• Ensuring that the beneficiaries are fully engaged – so that future interventions are client oriented.
• That there is an understanding what the target group wants and needs and when necessary these have been appropriately prioritised.
• That any interventions planned and implemented are not for the people but with the people (e.g., through joint ventures, partnerships).

Foster and develop a market orientation that involves:
• In depth feasibility studies in order to develop an understanding of the market conditions and opportunities.
• Developing action plans that build on those market opportunities that have been defined.
• Ensuring in the development of those action plans it is important that attention is paid to: meeting market specifications such as producing “uniform/quality” products for consumers; the vulnerability of producers in not exposing them to too much risk through encouraging product diversification.

In the project design try and ensure:
• A monitoring and evaluation activity is incorporated not only to help in identifying possible adjustments that will improve the efficacy of LDED initiatives, but also will measure impact of such initiatives in a meaningful way (i.e., not just in numbers). The latter is important for external funding agencies not only in terms of justifying their current support but also hopefully in encouraging further support.
• There is the possibility of some flexibility in terms of fiscal distribution and the logframe to allow for the possibility of making some adjustment to changing circumstances (e.g., development of a new market, technology, etc.).

In imparting/developing the necessary skills:
• Training should be a problem solving approach and should be built on the existing skills/knowledge base.
• The training approach should be one of nurturing and mentoring/counselling throughout the enterprise development process.
• Mentoring can take several forms (e.g., highlighting factors that ensure success) and be done in a number of ways (e.g., done within a cooperative).
• The type of skills enhancement required will vary greatly and will be contextual specific. However, given the importance of a market orientation it is likely, for example, to be important to bring buyers’ participation into training programmes and to help farmers, and perhaps, on occasion, even some service providers, to be able to do simple financial analysis
and projections. Introducing some aspects of the value chain methodology and analysis may also be important.

Time did not permit a comprehensive discussion on issues relating to interventions but the ones that were highlighted focused on linking farmers to the market. More specifically:

Linking of groups – small with large-scale producers – has proved to be a useful way of providing market and entrepreneurial related mentoring for small-scale producers,

Business study tours, participation in trade fairs, and networking of various types, are viewed as important ways to expose farmers to the market and help cement the seller-buyer interface.

The service providers, both on the input and product side, are critically important in determining how well the farmer to market linkage works. Such services can be provided by private or public sectors. The workshop participants agreed that in the interest of long-term financial sustainability the optimal situation is for such functions to be provided by the commercial private sector. However, it was recognised that in the case of vulnerable groups the non-profit commercial private sector (i.e., NGOs and CBOs) may be compelled to provide some such functions in the short to intermediate run. However, if this is the case, it must be done in a way that preferably paves the way for such roles to be taken over by the commercial private sector. Therefore strenuous efforts are required to ensure that any such services are provided in a way that the farmers are eventually responsible for covering costs. An important principle to constantly bear in mind is that any function relating to implementing LDED initiatives should be assigned to those institutions/organisations intrinsically most efficient in implementing them.

3.3 Group Work on Case Studies

This section reports the results of three small group discussions in which the workshop participants assumed the roles of technical advisors and were asked to identify key issues, strategies and actions pertaining to specific case studies. Two groups discussed a case study relating to the oversupply of tomatoes for an urban market and one focused on the collapse of the vanilla export market in Papua New Guinea (PNG). In terms of presenting the tomato case study, they are summarised in one section since there was a good deal of overlap between the findings of the two groups. Specific details about the two case studies are given in Annex D.

3.3.1 Vanilla Export Market Collapse in PNG

A number of issues were identified as being important that relate directly or indirectly to the collapse of the vanilla export market in PNG. They can be summarised as follows:

Direct. These relate to the somewhat spontaneous or unplanned way in which the vanilla export market evolved in PNG. There was a dramatic response to a perceived opportunity but government was not involved and there was a:

- Lack of coordination, planning and market regulation.
- Rapid increase in supply of vanilla of very variable quality – much of it poor – leading to a price collapse.
- Absence of technical support, rural financial services and information/experience and knowledge/skills about the best practices for growing vanilla.

Indirect. These relate to:

- Disruption of other activities as a result of many poor farmers switching to “copycatting” the early adopters of vanilla growing.
• Negative social impacts, such as disruption within households as a result of the vanilla boom period when farmers – usually men -- initially achieved very high financial returns and often used the money for anti-social activities. Consequently many household and communities have become more vulnerable as a result of decrease in or destruction of social capital.

The issues identified helped in pinpointing what should be focussed on in terms of developing general strategies and actions geared specifically to the vanilla crop. In terms of general strategies the group indicated the two basic thrusts should be the following:

The core elements of developing any strategy as far as vulnerable farming households are concerned are to:

• Be inclusive (i.e., in terms of helping them).
• The extent possible, to be equitable in helping such households, that is, in terms of both within household relationships – namely gender – and between households – namely don’t help some at the expense of others.
• Promote sustainable livelihoods through ensuring food security.

The above needs to be done in such a ways to reduce vulnerability to external shock (i.e., such as extreme fluctuation in vanilla prices) through designing and implementing specific strategies to:

• Promote food security via diversification.
• Preserve local culture values/social capital.

Turning to key actions more specifically geared to the problems of the vanilla enterprise the discussion group recommended the following:

Initially doing a very careful market appraisal of the potential role for PNG in world market for vanilla. Considerable reliance would need to be placed on secondary information to determine the potential size of the market for PNG vanilla both in quantity and quality terms and also to ascertain the value adding possibilities for PNG vanilla.

Implementing a participatory producer appraisal with vanilla growers to ascertain their cropping patterns and quantities of production of vanilla. On the basis of this information develop proposals for specific target areas and groups and if possible/necessary identify alternative markets and proposals for product diversification.

Implementing a participatory stakeholder appraisal involving representatives of government, private sector (NGOs/CBOs and commercial) and farmer groups to agree on linkages, responsibilities, oversight (i.e., in terms of quantity and quality), and mentoring, monitoring and evaluation.

On the basis of the above develop an intervention strategy for ensuring the evolution of a sustainable vanilla industry in PNG which, after agreement of all the relevant and involved stakeholders, is implemented.

3.3.2 Tomatoes and Excess Supply for the Urban Market
The two small discussion groups identified a number of important issues. Some of the major ones were as follows:

Small-farmers are not part of the existing organised groups whereas the larger farmers have assets to invest and risk. When small-farmers form part of a well organised group their bargaining power vis-à-vis the market can greatly improve.
Vegetable production is capital and labour intensive which is a problem for the poorer farmers as they have limited financial resources, and this type of work spreads their resources too thinly.

Encouraging the smaller more vulnerable farmers to follow in the steps of successful larger vegetable producing farmers will probably result in over-saturation of the market. However, in this case the export market is growing, which smaller farmers may also be able to take advantage of. The status of the domestic market is not clear from the details given in the case study.

The potential of other livelihoods paths not just fresh vegetables possibly need to be evaluated for small-farmers.

For any practical favourable results to be achieved issues relating to access to land, technical knowledge and skills, services and credit appear to need improvement particularly as far as the small poorer households are concerned.

The goal in developing strategies and actions is to have a sustainable vegetable industry which provides a “win-win” situation for everyone from farmers to consumers. Possible strategies proposed for helping in this and dealing with some of the identified issues were to:

Expand and/or differentiate the vegetable market through, for example:

- Value adding through developing the food processing industry, promoting storage.
- Promoting niche markets (e.g., organic vegetable production).
- Increasing focus on more distant markets – for example, regional and export.

Help farmers through, for example:

- Improving access to appropriate inputs and services and ensure a market outlet via contract farming.
- Extend the vegetable production season, thereby reducing seasonal price variation, with the help of new technologies (e.g., new and shorter cycle varieties).

Specific actions required to evaluate the feasibility/practicality of the above strategies include:

Market appraisal to evaluate:

- Market demand – seasonal and year round – locally, urban, regional and export.
- Potential demand if product is differentiated (e.g., niche markets).
- Actual and potential market for processed product(s).
- The above can help identify gaps in the market that would be suitable for vulnerable small-farmers to address.

Infrastructure appraisal in terms of:

- Hard infrastructure – roads, communications, etc.
- Soft infrastructure – in terms of: farmer based organizations (FBOs), cooperatives and services such as provided by government, NGOs, CBOs and the commercial private sector.

An appraisal of the efficacy of the market value chain to assess and potentially correct any weak links.

Evaluating whether there is an enabling business environment – a function of government policy plus a favourable infrastructure and market appraisal.
If the above appraisals lead to a generally satisfactory and favourable conclusion about moving forward then further specific actions are required to implement initiatives such as:

Hold participatory stakeholder workshops with representatives of all stakeholders from farmers to consumers to facilitate linkages, agree on the approach, assign responsibilities, ensure that the requisite services and market outlets are accessible to the target groups selected, etc. When necessary such a group could lobby government planners to adjust policies so that farmer to consumer linkages are improved.

Help farmers, particularly the poorest ones, to organise so as to participate in, and benefit from, the initiatives being planned. Provide the opportunities required for them to adopt the requisite skills and services to make this possible (e.g., when relevant, engage farmers in organic certification processes and training based on established standards).

Set up a management information system and a monitoring and evaluation system.

3.4 LDED in Different Contexts

In the third set of small group discussions the setting for discussion was a multi-stakeholder meeting at which workshop participants represented different stakeholders – namely farmer organisations, government, NGOs and the private commercial sector. One discussion group was assigned to each of the following situations:

Helping farmers in an area or community that was geographically challenged and isolated from the market.

Helping a vulnerable group in a community where other members were competing satisfactorily.

Helping farmers involved a high end value product.

The discussion groups were asked to select a specific example depicting the general situation they had been asked to discuss and agree on the roles the different stakeholders should play in order to help vulnerable groups. The following sub-sections summarise the major points made be each of the discussion groups.

3.4.1 Community Geographically Challenged and Isolated from the Market

The area chosen by the group was Cambodia Pusat. Some important points to note about this area, most of which in essence constitute issues, are the following:

The population amounts to 700,000 people and the income is only $0.50/person/day.

The area suffered, until recently, from a 30 year war and trust/morale is at a very low ebb.

The infrastructure is woefully inadequate and is poorly maintained and government has very little in the way of resources.

Most farmers are reluctant to venture far from their farms and many have not visited the main market for 15 years.

The main marketed products are rattan based – mainly baskets. However, they are generally of poor quality and knowledge about and access to the market is very sporadic and poor and is provided via irregular visits by a trader who comes to buy the baskets.

There is no control over the raw material for the baskets, namely rattan.

The elements of the strategy required for helping such vulnerable communities are fairly obvious in principle but require a great deal of commitment in terms of time and resources both of which are scarce given the current realities in Cambodia. They include the need to:
Work out ways to empower the vulnerable individuals, households and communities and to re-establish trust among everyone – social capital has basically been destroyed.

Create and/or enhance the food security of all the households in the communities.

Build capacity at the farming household level to enable food security to be more easily attainable.

Improve the cash economy particularly with respect to products using rattan.

Ensure that rattan continues to be available for use in the future – this requires wise common property management and a reforestation programme.

The actions required to enable that the above strategy can be implemented mean a major role has to be played by NGOs not only in terms of specific activities but also in terms of advocacy on behalf of the disadvantaged (i.e., the resource poor and demoralised farming families). This is because the government – given the current realities in the country – has very little in the way of capacity or resources to deal with such micro-related issues, while the commercial private sector – as it currently exists in Cambodia – has to be guided by profit rather than socially determined objectives. Consequently:

The issues of empowering the people and giving them a feeling of trust and conviction they can have some control/say in their own destiny is the most important initial issue to be addressed. Without a foundation of self-confidence and self-esteem little else will be possible. NGOs will have to provide the major input into bringing this about. Other stakeholders will not have the requisite experience or skills to do this.

There is a need to form groups for collective action such as saving and forest user groups to build up the potential for establishing food security and ensuring the availability of rattan into the future. Once again NGOs are likely to play an important role in bringing this about.

In terms of capacity building of farming households it is important that farming households are instructed on how to produce quality rattan baskets and perhaps other rattan based products that add value. NGOs, perhaps in partnership with representatives from the private commercial sector, can collaborate in this capacity building exercise.

Efforts will also be needed to shield farming households from relying too much on the market for rattan baskets. Reducing market related risks can be enhanced through NGOs suggesting and implementing strategies to enhance food security, for example, through product diversification, which may include promotion of other marketed products (e.g., paddy rice).

In terms of an advocacy function it is likely that NGOs initially, at least (i.e., until farming households start feeling empowered), will have to play an advocacy role on behalf of farmers with the private sector to help ensure that the former get a “fair/reasonable” price for their products.

In all the above it would be very positive if government could enact policies to facilitate and nurture above actions.

3.4.2 A Vulnerable Group in a Community Accessible to the Market

In Malaysia there is an initiative to encourage unemployed and landless rural youth to engage in agriculture.

The issues are:

That the agricultural population is aging.
That youth migration to urban areas is a problem.

How to ensure that partners (i.e., youth and the commercial private sector) honour any agreements that are drawn up.

The strategy should involve the following components:

The farmer based organisations should select youth to be trained by NGOs and government extension in agricultural production. Emphasis should be placed on producing crops with a relatively short production cycles (e.g., papaya/pineapples) so that the youth can see the results of their work regularly. Training should also involve business skills training while NGO sponsored training should involve a motivational component, emphasising that agriculture is a respectable occupation.

Government should finance costs the first year and afterwards the programme should finance itself.

The private sector should guide what is to be produced through drawing up formal contracts with the young farmers. The contracts will help ensure that youth and the private sector remain committed to the programme (i.e., the youth provide reliable produce and the private sector purchases it).

After two years of successful production land should be allocated to the youth. Success is to evaluated in terms of demonstrated ability of youth to engage in profitable agricultural production.

Youth should get six acres of land for starting their own enterprise. They should own it but should not be allowed to sell it. If they drop out of agriculture the land will revert to government.

Table 3.1 summarises some of the major actions that are required and the stakeholders primarily responsible for ensuring that they occur. Table 3.2 indicates some of the risks involved in the implementation of the programme and the strategies that should be used to deal with it.

<table>
<thead>
<tr>
<th>Table 3.1: Stakeholder Responsibility in Helping Rural Unemployed Youth, Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
</tr>
<tr>
<td>Selection of youth</td>
</tr>
<tr>
<td>Training:</td>
</tr>
<tr>
<td>Technical (technology)</td>
</tr>
<tr>
<td>Reorientation/motivation</td>
</tr>
<tr>
<td>Internal capital generation</td>
</tr>
<tr>
<td>Product specification</td>
</tr>
<tr>
<td>Contract arrangement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 3.2: Risks and Mitigation Strategies, Rural Unemployed Youth in Agriculture, Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
</tr>
<tr>
<td>Natural calamities</td>
</tr>
<tr>
<td>Pests/diseases</td>
</tr>
<tr>
<td>Market risk:</td>
</tr>
<tr>
<td>Over supply</td>
</tr>
<tr>
<td>Pricing</td>
</tr>
<tr>
<td>Continuity/sustainability of the youth being involved in the agricultural enterprise</td>
</tr>
</tbody>
</table>
The following points were made in a plenary discussion following the presentation:

Different contexts imply different approaches and tools. For example, the approach of allocating land to rural unemployed youth cannot work in countries/area where land is in short supply.

Different contexts result in different risks which need to be addressed when the poorest (i.e., most vulnerable) are being helped.

There is a risk that the market could be distorted because of government interventions – however increasingly the private sector is providing services and the situation is becoming more market driven.

Currently there are no agricultural oriented NGOs in Malaysia.

3.4.3 Helping Farmers Involved in a High End Value Product

The group chose to discuss the case of high value mushroom production in Sri Lanka targeted for the export market. Up to 30,000 farmers could be involved.

The strategy is to enlist stakeholder cooperation and collaboration to develop a viable/sustainable mushroom export industry involving small farmers.

The key initial action to successfully implementing this strategy is for the NGO to facilitate a value chain multi-stakeholder workshop to:

Bring together representatives of all the stakeholders on whom the potential viability and sustainability of the mushroom export industry is likely to depend (e.g., farmer organisations, government, NGOs, commercial private sector).

Identify all the possible constraints that are likely to arise and agree on the most practical solutions for overcoming those constraints.

Agree on the responsibilities to be assigned to each stakeholder taking into account their areas of expertise and experience.

A partial list of required actions and possible assignment of responsibilities is given in Table 3.3.

Points raised in the general plenary discussion were as follows:

Questions were raised as to who will finance the programme – for example, the value chain stakeholders meeting.

There is usually a tremendous reluctance of government to engage with NGOs.

It is unusual that the government would cover the credit guarantees and insurance certificates and the private sector is generally very reluctant to assist in terms of providing risk insurance.
Table 3.3: Actions and Responsible Parties, Mushroom Export Industry, Sri Lanka

<table>
<thead>
<tr>
<th>Action</th>
<th>Stakeholders Primarily Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation of all stakeholders/linkages</td>
<td>NGO</td>
</tr>
<tr>
<td>Multi-stakeholder memorandum of understanding (MOU)</td>
<td>NGO</td>
</tr>
<tr>
<td>Organising farmers into groups</td>
<td>Farmer organisations, Cooperatives, NGO</td>
</tr>
<tr>
<td>Technical training as per the buyer’s (i.e., exporter’s) specification</td>
<td>Buyer – provides specifications and expertise, NGO provides link, Government provides extension officers</td>
</tr>
<tr>
<td>Market information to farmers</td>
<td>Farmer organisations, Government, NGOs</td>
</tr>
<tr>
<td>Covering producer’s risk</td>
<td>Credit guarantee and insurance scheme by government/private sector</td>
</tr>
<tr>
<td>Quality certification</td>
<td>Government technical agency</td>
</tr>
<tr>
<td>Market diversification – beyond export to domestic market including supermarkets</td>
<td>Farmer organisations, Cooperatives, NGO</td>
</tr>
<tr>
<td>Monitoring system</td>
<td>Farmer organisations and NGO</td>
</tr>
<tr>
<td>Progress report to government</td>
<td>NGO</td>
</tr>
</tbody>
</table>

3.4.4 General Discussion of the Three Scenarios
In overall discussion of the three scenarios the following points were made:

The roles of the government, NGOs and the commercial private sector vary considerably depending on the context. For example, the commercial private sector was virtually non-existent in the first case study and was very active in the third case study.

There are major challenges in stimulating enterprise development for the vulnerable and all appear to require catalytic type initiatives at least involving third party financing.

NGOs seem to play critically important supporting and facilitating roles in enterprise development but on occasion they may become too heavily involved in market activities which could distort the market.

In general NGO and government interaction was lacking in the strategies which of cause is the regrettably often the situation in reality.

In the third case study the private sector played a very active role. It is likely they would only agree to such a situation if they believed such engagement was viable and profitable in the long-term.

3.5 Challenges and Solutions
The last round of small group discussions focussed on a consideration of the most significant challenges to enterprise development and what were the potential solutions. Since all three groups were given the same subject to discuss, and there was some overlap in what was said the results are aggregated into one presentation.

The major challenges and associated solutions that were proposed are summarised in Table
3.4.

Table 3.4: Some Major Challenges and Possible Solutions Relating to Enterprise Development

<table>
<thead>
<tr>
<th>Major Challenges</th>
<th>Possible Solutions</th>
</tr>
</thead>
</table>
| Vulnerability (e.g., resource poor community, depletion in social capital, deficiencies in physical and social infrastructure) | Empowerment, education  
Consider risks when entering market – if necessary provide safety net  
Need to balance self-reliance and market access |
| Differences in and sensitivity to social/cultural orientation                    | Policy guidelines/discussions must include cultural values within the LDED strategy |
| No common vision amongst different stakeholders and issue of including marginalized groups | Dialogue and process of consensus building at all levels |
| Limited capacity of local organisations                                          | Creating strong farmer/people owned organisation |
| Capacity building (i.e., issues relating to who plays key roles, where can resources come from, and unrealistic time frame imposed by donors) | Private sector involvement  
Build on lessons learned by practitioners  
Greater use of information technology  
Networking and information sharing  
Provide resources for training/capacity building/follow-up |
| Linking resource ownership and local entrepreneurship                           | Equitable credit\(^a\) and other initiatives delineated in this table |
| Make decisions on whether to work forward or backward to farmers                 | If distant market work backward  
If local market or vulnerable farmer, work forward  
Stakeholder meeting is required for defining needs and responsibilities |
| Too much concentration on production planning rather than marketing planning     | Availability of contextualised information for business decision making |
| Bridging the gap between farmers and the private sector                          | Educate and train farmers  
Initiate participatory dialogue (meeting)  
Establish coordinating body of participating stakeholders |
| Convincing the private sector to adopt/implement corporate social responsibility (CSR) | Dialogue  
Interface with farmers |
| Price regulation\(^b\)                                                          | Advocate with appropriate authorities on  
minimum price  
Information dissemination on prices |

a. Equitable credit does not mean subsidised credit but equitability in terms of access.
b. In workshop discussions this was a contentious issue with many opposing the idea.
Following the presentations from the small groups there was a general discussion on challenges and proposed solutions.

A question was raised as to whether the tools exist to handle the challenges listed in Table 3.4 or are they important things to work on? With reference to this issue two important points made were that solutions are contextual in nature and that different stakeholders are likely to use different approaches and tools in solving specific challenges. Because of limited time for the exercise no concrete action steps were delineated to address the challenges but it is reasonable to accept there are a number of approaches, methods and tools to solve particular challenges. Possible solutions to specific challenges are developed as a result of experience, need to be disseminated, for example, through networking.

Much of the remaining discussion time was taken up with discussions on solutions to specific challenges but nothing very definitive emerged! Some general points of interest that were mentioned and discussed were as follows:

A number of the challenges and solutions were the same as emerged at the Africa LDED workshop although there also some new ones.

In terms of a broad common vision Asia generally seems to have adopted the western model, which does not fit well with the social and religious milieu existing on the continent. As a result the enterprise development side is very much market focused which can cause social friction. Work on poverty is done using market driven approaches. Is this the only or most desirable approach within the Asian context?

The basic market orientation behind LDED initiatives means that focussing on reducing the vulnerability of disadvantaged groups has a danger of replacing the vulnerability they are exposed to in their “traditional” environment with another type of vulnerability in being exposed to market risk. Do those who are facilitating/nurturing LDED initiatives take this sufficiently into account in ensuring that there are strategies implemented that will reduce such market vulnerability? Therefore risk reducing strategies both on the production and marketing side should be an important issue in designing and implementing any LDED initiatives.

It is unreasonable to expect the commercial private sector to be very interested in servicing marginalised or vulnerable groups, at least initially. However, the point was made that the in some corporations a sense of corporate social responsibility is emerging and that on occasion they may be willing to provide some support services if there are likely to be tangible pay-offs for them down the line.

Sustainability of LDED initiatives is very important. Therefore sound exit strategies need to be designed and adhered to so that local farming households and their communities can eventually continue to work on their own development rather than being continuously dependent on projects/outside assistance.

Funding agencies (e.g., donors) should consider the possibility of channelling money in such a way as to encourage farmers to buy services instead of giving funds directly to service providers. This would help the process of developing in farmers the notion of having eventually to pay for the services they access.
4. SWIFT AND CO., LTD

4.1 Introduction

On the third day of the workshop a field visit was made to the Central Packing House owned by Swift and Co at Kampangsen. Following a presentation by the chairman of the company, the workshop participants toured the packing house, were treated to a lunch hosted by the company and then went to the field to talk to some extension agents employed by the company and a farmer who has a production contract with the firm.

This chapter provides a brief overview of a presentation of the chairman, a couple of comments on the farm visit and a brief summary of the discussion by workshop participants after the return to Bangkok.

4.2 Remarks by the Company Chairman

The chairman indicated the company has been in business since October 1986. Their core business is grading and packing quality fresh farmed vegetables, both organic and conventional. They aim to generate profits in all parts of the value chain from the farmer to the retailer and their contract price is higher than the normal market price. They have two packing houses and are currently building an additional one. The packing houses are located close to their clusters of contract growers.

In terms of standards they are EUREPGAP, Organic, GMP; HAGGP and BRC accredited meaning that their staff have gone through a rigorous training process that adheres to these international standards. As a result the company exports to Europe, Australia, Japan and the Middle-East. There is an efficient and computerised tracing system, which traces the produce back to the grower.

In terms of producing the produce selected farmers receive contracts from the firm and extension staff employed by the company visit them regularly. The firm also provides the external inputs on credit and farmers are expected to adhere to the instructions given by the extension agents. Farmers use whatever equipment they have. If it is old it therefore can impact on the quality of the produce. Swift therefore monitors the quality of the work and the equipment that farmers use.

There are many layers in the value chain meaning that there is a lot of room for inefficiencies, loss and wastage. On the other hand, if managed well, it means that substantial costs can be saved in the value chain and also value added. Traditionally all losses are pushed back to the growers and in order to minimise their risks a buyer will try to buy at the lowest possible price. Bad management practices upstream result in the grower receiving a low profit relative to the work invested. By improving management practices, cutting waste etc., the grower does not have to suffer these losses and can receive a fairer price for his/her produce. This is in fact what the company has succeeded in doing. There is sharing of market information and farmers are always aware of market prices, as they

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3 He is Mr. Paichayon Uathaveekul. In addition to being the chairman of the company he holds the following positions: President of the Thai Fruit and Vegetable Producer Association; committee member of Organic Farming for Community Development; committee member of Food and Agriculture Business for the Board of Trade of Thailand; committee member of the Advisory Board of the European Union (EU) – Thailand Economics Co-operation; committee member of The Federation of Thai Industries Committee; member of the National Bureau of Agricultural Commodity and Food Standards (ACFS). Mr. Paichayon hold a Masters degree in Economics.

4 A CD containing details of his talk can be obtained by contacting Siobhan Kelly -- for her e-mail address see Annex B1.
increase and decrease. As far as Swift is concerned a great deal of reliance is placed on the reliability of the contract growers since the company needs regular suppliers based in different locations to ensure that there is a continuous flow of produce.

In terms of the future the company is developing a strategy whereby it will in the domestic market investigate controlling the whole of the value chain and deliver directly to the customers’ door. The firm is also exploring the possibility of changing its packaging to biodegradable plastic.

4.3 Farm Visit

The workshop participants visited an asparagus contract farmer and also talked to some extension agents. Three interesting points that emerged were as follows:

Farmers are organised in groups or clusters with suggestions for new members being proposed by the farmers themselves. They are then vetted and approved by company officials who look at the land use history on the farms, the soils, etc.

Farmers are trained in keeping farm records which are checked regularly by the company’s extension staff who visit each farm regularly. The farmers are also trained by the extension staff on the appropriate farming techniques. For example a small plastic top when placed over the root, stops the photosynthesis process, and results in the white asparagus, which is popular in the market because of its high fibre content. Farmers or their representatives are expected to be available on the farm every day from 8am to 11am and from 2pm to 5pm in case they are visited by an extension agent. The extension staff are mostly young agronomist graduate who appear to consider themselves fortunate to be working with Swift.

Farmers are paid weekly during the harvesting period by Swift. This amounts to about $250 a week over an eight month period. There is no income for four months and the funds are paid directly into the bank. The asparagus farmer spoken to didn’t employ anyone as all the family members and extended family members helped on the farm. The funds the farmer received were sufficient for living reasonably well for the entire year.

4.4 Plenary Discussion on the Field Visit

There were many complimentary remarks about the system Swift have set in place in terms of linking small farms to the processing system and hence to the national and export markets. There seems to be a genuine concern for the welfare of the farmers (e.g., through allowing them to profit from the market) while at the same time there was a desire to minimise waste through maximising efficiency in the value chain. The technology used in the processing system is impressive, there are genuine concerns about operating in an environmentally friendly manner, and there is a strong consumer orientation. What is even more impressive is that the progress to date has achieved without subsidies or support from NGOs. Therefore there was a great deal of admiration expressed for what has been accomplished to date.

On the other hand there were a number of issues that were not clear and it was difficult to get a good handle on during the short time-period of the visit. Some points that were raised included the following:

It is likely that the company would most likely work with farmers who are already viewed as progressive or lead farmers in their communities. The question posed was what about other farmers that are not in the programme. How will they compete with such an efficient domestic and international model? Also what will happen to excluded farmers in the long run?
It is not clear how the contract farmers feel about the approach. They are obviously grateful for the monetary rewards but it does come at some cost because of the obligations and commitments they have to make in being associated with the programme. A comment was made that some farmers may feel almost labourers since a major part of the decision-making powers have been stripped from them although the rewards were attractive.

Some concerns were expressed as to how replicable the model is in terms of applying it elsewhere. It is apparent that the firm has been blessed with very astute, insightful and dynamic leadership.

Although there are undoubtedly genuine environmental concerns on the part of the firm it was not clear how much advice is being given to farmers in terms of rotations and environmental issues on their farms as a whole. Is attention on the part of extension staff just focussed on the part of the farm – which sometimes constitutes the whole farm – which is under contract to Swift?

However, although these issues were raised during the discussion, it is important to emphasis that the general tone was one of admiration and support for what the Swift company is doing.
5. CONCLUDING COMMENTS

FAO, with the help of funding from DFID has, for the last five years, been supporting initiatives to help the vulnerable poor improve their welfare by becoming more market oriented via livelihood diversification and enterprise development (LDED) activities. Through their field network FAO has responded to funding requests that strengthen income generation and market linkages at the community level. A central feature of this help has been the provision of $15,000 mini-grants to support LDED initiatives that are complementary or catalytic for other ongoing livelihoods projects or programme being undertaken by other agencies (e.g., often NGOs) in the field. The main objective of the workshop, that is the focus of this report, is to capture insights relating to FAO’s experience in supporting LDED initiatives in Asia. Consequently 24 individuals from 13 Asian countries and varied backgrounds met at FAO Regional Headquarters in Bangkok, from November 14th-17th primarily to share experiences and lessons relating to designing and implementing LDED initiatives. Additional objectives were to exchange lessons and experiences with other LDED regional experts, discuss the relevance of value chain approaches for pro-poor market linkages and explore the potential content of a set of guidelines on LDED which are to be produced by the FAO Livelihood Support Programme.

This report gives a summary of what was discussed. The operational style of the workshop was informal with a deliberate effort to maximise participation among the participants. Consequently formal presentations were kept at a minimum and extensive use was made of small discussion groups that were asked to address specific questions and issues. One day was also spent visiting a processing facility owned by Swift and Co., Ltd. That provided an admirable opportunity for the workshop participants to see first hand the benefit of paying attention to the value chain approach.

The general feeling among the participants at the end of the workshop was that the days spent at the workshop had been very useful and instructive for everyone.
ANNEX A: LDED WORKSHOP PROGRAMME

Tuesday, 14th November

08:00-08:30  Registration/arrival of participants and invited guests
08:30-08:40  Opening of workshop – given by Assistant Director General, RAPA
08:40-09:00  Self introduction of participants
09:00-09:30  Presentation LDED conceptual framework and key issues – Doyle Baker
09:30-10:00  Icebreaker – David Hitchcock
10:00-10:15  Tea/coffee break
10.15-10.30 Presentation of workshop overview – objectives, outputs, outline – Doyle Baker
10:15-12:30 Participant presentations; good practices in LDED
12:30-13:30 Lunch
13:30-14:30 Participant presentations; good practices in LDED (Con)
14:30-15:30 Small group discussions (three of them) on three issues concerning lessons learned on enterprise development:

- Principles concerning enterprise development
- Process of enterprise development
- Tools of enterprise development

15:30-15:45 Tea/coffee
15:45-17:00 Presentations and discussion on results from small group discussions
17:00-17:45 Presentations from the region:
ACDI/VOCA – Don Taylor
SCR – Jan Orsini

Wednesday, 15th November

08:00-08:15 Recap of small group discussions on lessons learned in enterprise development – David Hitchcock
08:15-10:15 Panel discussion on lessons from LDED mini-projects. Moderator Doyle Baker, Panel Members: Lilly Be’soer, Steve Francone, Salome Ganibe Somchay Soulimham and Dinh Van Thanh
10:15-10:30 Tea/coffee break
10:30-12:00 Three small group discussions to review case studies on:
Vanilla export market collapse in PNG (1 group)
Tomatoes and over supply in urban market in Accra, Ghana (2 groups)

5 No one selected green revolution problems in the Punjab in India.
12:00-12:30 Presentations from small group discussions to potential funding agency (Doyle Baker and Heiko Bammann or Siobhan Kelly) and summary discussion

13:00-14:00 Lunch

14:00-15:30 Three small multi-stakeholder (i.e., representatives of farmer organizations, NGOs, private sector and government) group discussions on applying LDED in one of following contexts – one group on each:

Community with few assets
Vulnerable group within a community
High end value driven markets

With respect to above discuss roles/functions/actions of different stakeholders in developing an LDED strategy for helping vulnerable groups.

15:30-15:45 Tea/ coffee break

15:45-17:00 Presentations of results from small group deliberations and general discussion

Thursday, 16th November

08:00-16:00 Field visit to Swift Co., Ltd to illustrate a value chain

Friday, 17th November

08:30-09:00 Discussion on Swift Co., Ltd field trip
08:45-09:15 Presentation on the value chain – Doyle Baker
09:15-10:30 Project planning using the value chain approach – Doyle Baker
10:30-10:45 Tea/ coffee break
10:45-11:30 Feedback on the value chain approach
11:30-12:30 Three small group discussions on key challenges and potential solutions relating to implementing LDEDs
12:30-13:30 Lunch
13:30-14.30 Feedback from small group discussions and plenary session
14.30-15.30 General lessons from mini-grants and proposal for guidelines document – Siobhan Kelly
15:30-16:00 General discussion
16:00-16:30 Closing by Doyle Baker
## ANNEX B: PARTICIPANT LIST AND BIONOTES

### B1 PARTICIPANTS LIST

<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td><strong>LDED Stakeholders</strong></td>
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<td>Be’Soer, Lilly, Ms</td>
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**B2 Bionotes and Presentation Summaries**

**Mr. Bishwa Mohan Acharya**

**Bionotes:** He is currently secretary of the National Cooperative Development Board (NCDB), Nepal. Prior to this he served in this organisation as Deputy Director and Director looking after planning, promotion, training, research and studies and other developmental activities pertaining to the development and promotion of member based cooperatives. He has also worked as a consultant and facilitator for various national and international development agencies and NGOs regarding training, promotion and also legal aspects of cooperatives including micro enterprise development.

**His work:** Mohan described the genesis of cooperatives in Nepal, the objectives, functions, duties and powers of the umbrella organisation, NCDB Agricultural Commodity and Food Standards. The NCDP has both a promotional and developmental role with respect to cooperatives in Nepal which he outlined in his presentation. He finished by summarising the activities of the Board during the 2005/06 period and gave some ideas on what it should do in the future to strengthen the cooperative movement in the country.

**Ms. Lilly Be’Soer**

**Bionotes:** She is from Papua New Guinea, and is currently employed by the Highlands Kainantu Gold mine as Community Development Coordinator. She also provides advice and support to the Rural Women’s Development Initiative. Lilly has extensive experience working with non-government organisations, promoting the role of NGOs and in particular women’s community groups in the fresh produce industry in PNG. In her work she carries out organisational needs analysis, development and implementation of community plans, NGO capacity building, and programme monitoring and review. She acts as an advocate for NGOs and CBOs in the Highlands and represents them in negotiations with donor agencies, employers and other stake holders. She holds qualifications in education and management training and has had extensive experience in applying training and facilitation techniques in the PNG context.

**Her work:** Lilly presented information on a project she has been involved with in the Highlands of PNG. The goal of the Village Extension Worker (VEW) is to promote skills among village farmers that enable them to better grow and earn an income from marketing fresh produce. This is done side-by-side with other activities that deal with more general developmental activities that include a wider village development context. The VEW approach involves contracting someone from, and based in, the village. He/she is the local contact person for the Fresh Produce Development Agency (FPDA). The VEW provides advice and training in marketing. The VEW acts as a model farmer and works with farmer groups and is a link between village and the FPDA experts. The VEW is also responsible for providing regular reports to the FPDA. The FPDA tries to maintain a gender balance in having equal numbers of male and female VEWs. The FPDA makes a special effort to promote the role of women in villages, and provides training and support in areas beyond vegetable growing, (e.g., gender awareness training, training in good nutrition, and encouraging the responsible use of money). In conclusion she and the FPDA believes the VEW approach is a very useful model for agricultural extension and community development service providers, particularly when the government extension service has largely collapsed, as it has in PNG.
Mr. Chua Piak Chwee

**Bionotes:** He holds a BSc. in Agribusiness and a Diploma in Agriculture. He is currently Project Officer for the International Tropical Fruits Network (TFNet). He has over 30 years experience working for the Department of Agriculture in Malaysia serving in various positions related to agricultural extension and agricultural economics. He has worked with FAO supporting the FIVIMS Trust Fund Project and has been involved with other short term agribusiness related assignments.

**His work:** Chua talked about the setting up of Entrepreneur Development Centres (EDCs) to which individuals with potential entrepreneurial skill are sent for training both in the technical and business skill areas. They are then supported to some extent in getting started in their careers.

Ms. Susana Evangelista-Leones

**Bionotes:** She is the Director of the Bureau of Agrarian Reform Beneficiaries Development (BARBD) of the Department of Agrarian Reform (DAR) in the Philippines. Before joining DAR in 1989, Ms. Leones was a pioneer community organiser of the National Irrigation Administration’s (NIA) participatory Irrigation Development Program. She was also a trainer, researcher and part-time Professor at the University of the Philippines’ College of Social Work and Community Development. Over the years she has worked with the Asian Development Bank (ADB) in North Sumatra, Indonesia, as a World Bank consultant in Lao PDR, and also as an international consultant on Social Assessment in Bangladesh and Agriculture Specialist for the World Bank City Development Strategy Project in the Philippines. Ms. Leones is a candidate for a Doctorate of Public Administration at the University of the Philippines (UP). She holds Masters degree in Development Management from the Asian Institute of Management (AIM) and a BA in Social Work from UP.

**Her work:** Susana gave a brief outline of her work which has focussed on land reform and agrarian justice.

Mr. Steve Francone

**Bionotes:** He was born and raised in Arizona and graduated cum laude from the University of Michigan Business School. After graduation, Steve joined the Deutsche Banc Alex Brown as a financial analyst and engaged in a variety of transactions including, IPOs, follow-ons, convertible debt, PIPEs, private placements, M&E and bridge financing. In 2003, he was approached by a premier Sri Lankan NGO, Sewalanka Foundation, to support a separate entity focused on rural enterprise development. He focuses on facilitating regional development, marketing linkages, appropriate technologies and direct investment. He has sourced several key private and community partnerships including links with IKEA and Hayleys, a preeminent Sri Lankan conglomerate, and is currently advising on the development of more than a dozen community based enterprises.

**His work:** Steve indicated the tsunami had a major impact on work priorities in Sri Lanka. Work started initially mainly on rehabilitation in the war torn areas of the north and east but has now shifted to more developmentally oriented type activities. Among a number of initiatives have been activities in the area of micro-finance, value chains, IT centres, and the development of financial software for use at the local level.
Ms. Salome “Sally” Ganibe

**Bionotes:** She joined the Asian Women in Cooperative Development Forum (AWCF) in 1996 and is currently their Regional Coordinator. Early in her career she worked in academia and later moved to working with the co-op movement as an extension worker cum community organizer in northern Philippines. She has a Masters degree in Management from the University of the Philippines.

**Her work:** The AWCF is a resource centre and advocacy body on gender and cooperatives in Asia. Members are in five different countries including the Philippines and the AWCF also has partners in another five countries. It is specifically geared towards enhancing women’s entrepreneurial skills and to mobilising the resources of cooperatives to support women-owned and/or women-managed enterprises. This is done through organising exchange programmes among women cooperative leaders and entrepreneurs, and setting up business development centres (BDCs) in cooperatives. Sally indicated that many lessons have been learnt with respect to exchange programmes, setting up BDCs and about micro-enterprises.

Mr. Jan Orsini

**Bionotes:** As an American Peace Corps Volunteer, he worked on Rural Development and Agricultural Extension in South Thailand from 1966 to 1968. After this he worked with the FAO Rubber Development Project, South Thailand, from 1968 to 1973, focussing on extension for rubber smallholders including forming rubber marketing groups for small farmers. More recently he has been working for the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Agriculture and Rural Development Division. From 1977 to 2000 he was involved with field trials relating to the Success-Case-Replication (SCR) method of rural employment promotion in eight countries in the Asian region.

**His work:** Jan presented an overview of the SCR approach which is a type of farmer-to-farmer extension that is proving to be very popular in a number of Asian countries. A CD consisting of a handbook for implementing the approach is available directly from Jan.6

Ms. Patareepan Pongwat

**Bionotes:** No biographical notes were provided.

**Her work:** Patareepan has been involved with work with women involving SMEs, their education and training, promotion of credit unions, provision of financial services, gender related programmes and linking groups for different services.

Ms. Smita Premchander

**Bionotes:** She has 20 years of experience in development work as a trainer and consultant for gender, micro-finance and micro-enterprises both in India and internationally. She is the founder of Sampark, an NGO, Bangalore, which works on research, training, advisory and consultancy services all over India and internationally. She has carried out short-term assignments on enterprise development related topics with the International Labour Office, Centre for Development and Environment, University of Berne, Switzerland; FAO of the United Nations, Bangkok; UNIFEM, Bangkok; UNOPS, Malaysia, Traidcraft, UK; DFID, Bangladesh and Delhi; Swiss Development Corporation, Delhi; CARE – India, NOVIB, 6 His e-mail is given in Annex B1.
Netherlands; DFID, New Delhi; National Dairy Development Board (NDDB), World Bank, and Universities of Sterling, Durham and Swansea, UK.

**Her work:** Smita’s NGO employs 15 people and is located in Karnataka. She is particularly interested in empowering women. She has developed/created enterprise counselling teams to help in bringing this about. Women themselves select their own enterprises and training needs and her NGO helps them to get started.

**Ms. Christiana Retnaningsih**

**Bionotes:** She is a lecturer in the Department of Food Technology at Soegijapranata Catholic University. She majored in the area of food and nutrition and is the chairwoman of the laboratory of food science. She has been working extensively on the development of food business and is the team leader of the Community College Youth Programme on the Development of Food Business, sponsored by The Ministry of National Education, of the Republic of Indonesia.

**Her work:** Christiana described three projects he has been associated with, namely Bandarharjo, Kaliasin and Semarang Old Town. They have involved targeting specific groups of women (e.g., labourers, wives of traditional fisherman and rickshaw drivers, beggars, prostitutes, etc.) and conducting training courses on food processing followed by active help during the implementation stage. Technical assistance was also given on financial analysis and on marketing techniques. Regular monitoring and evaluation exercises have also been undertaken. The experiences have both been instructive and rewarding in helping the disadvantaged.

**Mr. Suryamani Roul**

**Bionotes:** He is a native of Orissa, India and currently holds the position of Vice President in the Livelihoods Department of ACCESS Development, a Not for Profit Company set up by CARE-India. He has 22 years of work experience covering sector-tribal empowerment, participatory community development, micro-finance and micro-enterprise promotion and has authored and presented many papers on enterprise promotion, micro-finance and women empowerment, youth policy and tribal policy. Suryamani holds two Master degrees, one in Management (MBA, University of Calcutta) and the other in Applied Economics (MA, Utkal University).

**His work:** Suryamani gave a summary of his work in micro-finance and livelihoods which has focused primarily on the under served regions of the country. He is particularly involved with the notion of setting up rural business or business development service hubs.

**Ms. Somchay Soulitham**

**Bionotes:** She is the Operations Manager for Enterprise and Development Consultants Co., Ltd (EDC). She has worked on SMEs development, training trainers for almost 10 years, giving courses on how to start and expand businesses to Lao SMEs. She has recently been involved in market studies for agricultural products for rural villagers and led the team of trainers that conducted enterprise development training for the LDED/FAO mini-grant project and forestry’s market appraisal and development project in Laos.
Ms. Adimaimalaga Tafuna’I

**Bionotes:** She is the Executive Director of Women in Business Development Inc. (WIBDI), an NGO set up in 1991 to help rural Samoan families identify opportunities to generate an income where they live through utilising products in their local environments. In the absence of local markets for their products, she is committed to ensuring that products from rural Pacific Island farms are able to reach niche export markets by adding value at the farm gate through internationally recognized organic certification and fair trade labels.

**Her work:** Adi explained that the vision of WIBDI is that women, youth, people with disabilities and their families in Samoa are able to contribute fully to the development of themselves, their families and their country through income generation, job creation, and participation in the village economy. Thus the mission of WIBDI is to help women, youth, people with disabilities and their families to achieve the vision by providing them with skills, opportunities, access to finance, and access to markets. Adi then went on to explain the many activities that WIBDI engages including six projects revolving around micro-finance and an organic certification programme to enable access of Samoan products to the export market.

Mr. Don Taylor

**Bionotes:** He has specialized in the design and implementation of private sector-led agribusiness and rural enterprise development initiatives for more than 30 years, primarily in Asia. He has consulted for the United States Agency for International Development (USAID), Asian Development Bank, World Bank, FAO, various associations and numerous corporate clients. Mr. Taylor is currently serving as ACDI/VOCA Chief of Party for the USAID-sponsored India Growth Oriented Micro-Enterprise Development (GMED) Programme. He is an American and has been a resident of the Philippines for the past 19 years. He holds a BS degree in Agricultural Journalism from California State Polytechnic University and a Master of Agriculture degree with specialisation in agricultural economics from Oregon State University.

**His work:** The GMED Programme has two main components, urban services and agribusiness. The agribusiness component is larger and currently focuses on the fruit and vegetable and organically certified food sectors. Particular emphasis is being placed on integrating smallholder vegetable farmers into the commercial supply chain. A value chain approach is being used in project implementation. No subsidies or grants are given. Instead emphasis is placed on technical assistance, which is completely demand driven. Reliance is placed on embedded services as the primary service delivery vehicle for the programme. The goal is to broaden the scope of those services, make them more efficient, ensure that small enterprises are treated equitably and also that the corporate partner also benefits. A special effort is also being made to increase functional efficiency and cost effectiveness of private extension services. With respect to this electronic connectivity is being used to improve information flow between farmers, the extension system and buyers. This is being done via the information technology communication (ITC) e-choupal platform with computers being installed at sanchalak’s homes with each e-choupal serving five or six villages. The system provides information on market prices, weather forecasts, technical production information and a conduit for ordering production inputs and consumer goods for the villages. More than 5,000 e-choupals have been installed and the coverage area includes 3.5 million farmers. In the recently introduced horticulture e-choupal system, extension agents, who are in continuous contact with farmers, are being equipped with a hand-held device – PDA or computer – which is connected to electronic data and information hubs at collection centres to facilitate the transmission of technical and marketing information.
Mr. Dinh Van Thanh

**Bionotes:** He is currently working in livelihoods analysis on a DFID funded project in Thai Nguyen, Quang Tri and Long An Provinces in Thailand. He is a socio-economist and has also worked with UNDP on a agricultural resources conservation and development project in Quangbinh Province. He is also the Vietnamese Team Leader in cooperation with Western University, Australia on market chain analysis for reservoir aquaculture in northern Vietnam.

**His work:** Dinh has been involved in several projects involving livelihood analysis and aquatic resource systems in Northern Vietnam that have been funded by different agencies including DFID, UNDP, EU, ACIAR, and FAO. Activities have involved stakeholder meeting, the use of participatory rural appraisal tools, training workshops, and introducing record keeping.

Mr. Seng Thuy

**Bionotes:** He is from Cambodia and works as a Group Enterprise Specialist for FAO, Cambodia, supporting Livelihood Diversification and Natural Resources Management since March 2006. He provides technical assistance to farmers on their income generation activities and natural resource management. Before working on community small enterprise development in Cambodia for seven years he worked three years with a multinational company.

**His work:** The project he is involved with is the Livelihood Diversification and Natural Resource Project is supported under FAO’s Special Programme for Food Security (SPFS) umbrella focuses on improving income generation activities of poor and vulnerable farmers and on natural resource management. Activities in the 15 targeted villages have included workshops and training programmes, the formation of saving groups (34 groups and a total of 562 farmers) and small group enterprises (14 groups), an explicit effort to encourage women participation and collaboration with national and local authorities, NGOs and the commercial private sector. The project is being implemented by the Ministry of Agriculture, Forestry and Fisheries in collaboration with the Ministry of Women Affairs.

Ms Thipphaphone Xosanavongsa

**Bionotes:** No biographical notes were provided.

**Her work:** Thipphaphone works for SNV the Netherlands volunteer service and has been associated with a number of min-projects in Cambodia, Laos and Vietnam.
B3 Bionotes of Other Workshop Participants

Mr. Doyle Baker
He is Chief of FAO's Agricultural Management, Marketing and Finance Service. An agricultural economist, Dr Baker has worked for FAO in Rome for the last nine years, following 15 years in Africa where he carried out and led farming systems and resource management research with Kansas State University and later with the International Institute of Tropical Agriculture.

Mr. Heiko Bamman
He is the Farming Systems Development and Marketing Officer, Sub-Regional Office for the Pacific, Apia, Samoa.

Mr. David Hitchcock
He is stationed at the FAO Regional Office in Bangkok, Thailand.

Mr. Tony Jansen
He coordinates the Melanesia Farmer First Network and also runs an NGO, Kastom Gaden, in the Solomon Islands.

Ms. Siobhan Kelly
She has been coordinating FAO’s LDED programme for almost four years, supporting NGOs in Asia, Africa and Latin America in the design and implementation of small enterprise development interventions. Before working for the International NGO, Society for International Development, as Programme Officer on Livelihoods, she lectured on International Business at the Universidad Tecnologica de El Salvador, Central America (1998-2001). After graduating from Business School she worked for three years with multinational companies (MNEs) in the areas of Finance and Marketing in Dublin and Madrid. She holds a BA (Hons) in International Business and an MA in International Relations with a specialisation on the topic of Foreign Direct Investment in Developing Countries.

Mr. David Norman
He is British and Professor in Agricultural Economics at Kansas State University. He did his BSc in Agriculture in England and completed his MS and PhD degrees in Agricultural Economics in Canada and the United States. He spent 20 years working in the farming systems area in NARS in Nigeria and Botswana. He has done short term assignments for many international agencies (e.g., FAO, UNDP, World Bank, DGIS, DFID, SAREC, USAID, Ford and Rockefeller Foundations, CGIAR, etc.) in about 90 countries in Africa, Asia, Latin America and the Pacific Islands. These assignments have been in many different areas for example: farming systems, livelihood diversification and employment generation, research and development project design and evaluation, etc.

Mr. Ramesh Poudyal
No biographical notes were provided.
ANNEX C: FAO LDED PROJECT PORTFOLIO ASIA/PACIFIC


This appraisal, carried out by the Chief Technical Officer of the WIN project identified operational lessons and good practices related to LDED. A number of income generating activities were supported in each of the countries and the experience demonstrating that participatory practices, combined with technical training and decentralized management, can create a constructive environment for local action. The report argues that even the poorest farmers can diversify their production systems and income streams with appropriate technical advice and support. (February 2005).

India: Moving from Micro-credit to Livelihoods Finance — a Pilot Study in India.

The Indian microfinance movement is identified with having reached a remarkable scale of outreach (nearly 20 million households), achieved largely through the mechanism of Self Help Groups (SHG) linked with formal sector financial institutions. It is becoming clear however that the SHG bank linkage model is failing to meet the livelihood related financial needs of most members and there is the need for business development services to help people out of poverty. In collaboration with Care the LDED aims to identify and develop the means of assisting informal self help savings and credit groups in India to enhance their ability to move beyond “minimalist credit for consumption smoothing and self-employment for the poorest” to “financial services and technical assistance for livelihood development in rural communities”. (July 2006).

Laos: Enterprise Planning and Management Skills; Participatory Training and Workshops for On-and-Off Farm Diversification in Five SPFS Sites.

The aim of this project was to contribute to the awareness-building of project staff and villagers in the generation of ‘‘good practices’’ related to small enterprise development and participatory training in ‘‘real world’’ enterprise plans for local villages. The activity was in follow-up to a previous successful LDED training in enterprise development in two other SPFS villages. The SPFS programme in Laos identified a strong need to train villagers and project staff in these skills in order to stimulate local income generation and market linkages. (February 2005).

Laos: Participatory Training Workshop in Enterprise Development Skills for Forest Dependent Communities.

The Technical Cooperation Project (TCP-LAO-3002) aims to improve the incomes of communities dependent on non-wood forest products (NWFP) and promote the sustainable use and management of forest resources using FONP’s MA&D approach. The LDED supported the TCP with the provision of training in business skills and planning for the local villagers. (March 2006)
Laos: The Home Garden Project and Participatory Training on Basic Management and Credit Systems.

The main objective of the FAO Home Garden Project (HG) is to increase the level of food production in Lao PDR. The nation presently accounts for the highest levels of malnutrition in South East Asia, with 40.7% of children suffering from chronic malnutrition, 15.4% from acute malnutrition, 40% underweight, and 91% deficient in key micronutrients. While research and district staff typically support socio-economic and agro-ecological diversification activities, their capacity to do so in Lao PDR is considerably limited. This LDED mini-project supported village level capacity building through the training of villagers and provincial and district staff in the basic management and operation of rural credit systems, and village level micro-finance networks. This included a heightened focus on teaching women the basic principles of micro-finance, which was seen as particularly important considering that women often have strong decision-making roles in production and diversification of household and agricultural activities. (February 2006).

Nepal: LDED Strategies for Women in Conflict.

In February 2004 the LDED sub-programme supported a stakeholder workshop that appraised success cases in livelihoods diversification among rural women in Nepal. There was much learning gained about rural women’s shift in livelihood diversification strategies under the adverse political conditions in the country. Based on the lessons learnt from this workshop and with the additional support of the LDED Facility the women subsequently were able to test LDED strategies for improved market linkages for eventual up-scaling. (July 2006).

Papua New Guinea: Marketing and Business Planning for Women Vegetable Producers in the Highlands of PNG.

A social impact assessment done by the Fresh Produce Development Agency (FPDA) revealed that women involved in vegetable production earn more than their traditional food crop counterparts. Nonetheless women growers in PNG are not visible to the players in the formal food supply chain even though they are: the gardeners, the marketers and the money earners that sustain their family. The proposed LDED project will assist women to improve their participation in the market, their access to market knowledge, their production, and their self-confidence through incorporating tools and lessons from similar mini-projects in other regions. (August 2006).


Village-level cooperatives can be effective training schools for building self-confidence and leadership among the rural poor which in turn can improve their effective participation in local governance. FAO’s technical assistance focuses on cooperative policy, legislation and institutional capacity building in support of agricultural cooperative enterprise development (ACED) with emphasis on improving business planning and market information network capacities. In support of the work of FAO’s Regional Office for Asia and their efforts to address value chain issues, this LDED mini-project, will look at the internal value-adding activities of four cooperatives (two in the Philippines and two in Thailand) to identify
capacity skills that need strengthening. The results of the training and action plans and the lessons learnt from the activities will be documented and disseminated amongst the members of the Network for Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC) established by FAO, and the International Labour Organization. (August 2006)

Solomon Islands: Learning from Experience: Melanesian Farmers First Network (MFFN) Meeting.
Livelihood Strategies in the remote communities of Melanesia are diverse. Improving Livelihoods involves addressing key problems while being careful that changes in one area do not undermine sustainability in another. The MFFN partners focus on improving self-reliance and rural livelihoods. The LDED supported a stakeholder meeting to identify lessons from their activities to improve their: self-reliance, involvement in the case economy, community obligations, and management of resources and assets. (August 2004).

Sri Lanka: LDED in Post-Emergency (Tsunami) Situations.
In May 2005 an LDED appraisal mission and stakeholder workshop took place in the North East Province of Sri Lanka to discuss the gap between relief and rehabilitation and LDED interventions for groups recovering from emergencies. Several key findings and recommendations were identified and have since been shared at various planning meetings for the FAO emergency team and their partners. (May 2005).

With the support of the national government investment in coastal aquaculture in Vietnam is expanding at great speed. However the growth has caused an increase in the poverty gap, social conflicts and environmental degradation. To support the Vietnamese government and help local communities understand the role of the new aquaculture enterprise on livelihoods, and to address related issues, the LDED funded the training of study teams to carry out a market and livelihoods analysis. The teams worked in three locations in the North-Central Coastal Area of Vietnam to understand the socioeconomic, market and livelihood issues affecting poor people reliant on aquatic resources. (May 2004).

Over 300,000 people depend on Vietnam’s lagoons’ complex for income generation and food security from fishing, aquaculture, and on tourism activities and nurseries for in/offshore fish species. However, the lagoons’ capacity to support human development is being threatened by a number of factors, including over fishing, seasonal fluctuations of various types, environmental changes, and poorly planned aquaculture development. The LDED is supporting the Research Institute for Aquaculture in helping poor villagers appraise their livelihoods options. They are also receiving training in basic business skills. The mini-project will culminate in the identification of recommendations for FAO’S larger IMOLA-Hue (Integrated Management of the Tam Giang Lagoon) programme for LDED up-scaling. (August 2006).
ANNEX D: CASE STUDIES USED IN SMALL GROUP DISCUSSIONS

**D1 Diversification into High Valued Export Products: the PNG Vanilla Industry**

There are around 50,000 people involved in the Papua New Guinea (PNG) vanilla industry today. Five years ago, no more than a few hundred households were growing vanilla. Such meteoric industry growth is unprecedented in PNG and Pacific island agriculture.

The world market for vanilla is a very small niche market. Total world consumption is only around 2,500 tonnes, depending on price and availability. Over the last 20 years, world consumption has oscillated between 1,800 and 3,000 tonnes, with vanilla production varying from 1,200 to 4,000 tonnes. World demand and supply for natural vanilla is highly concentrated. The United States accounts for around 60% of world consumption. France and Germany also constitute major markets. Madagascar dominates world supply, with a market share ranging from 60 to 75% over the last 15 years. Over the last few years, PNG has also dramatically emerged as a major supplier, now accounting for around 10% of world supply.

The narrow, world vanilla market is characterized by extreme price fluctuations made up of high price peaks and prolonged troughs of relatively low prices. This price pattern is characteristic of the classic ‘cobweb’ price-formation model. Prices have been particularly sensitive to events in a single country – Madagascar. The recent vanilla price episode has been particularly extreme. A major cyclone in Madagascar in early 2000 triggered a rapid escalation in world vanilla prices. These high prices were then sustained by a combination of:

- A civil war (2001-2002) that delayed the rehabilitation of the Madagascar industry.

- The launch of “Vanilla Coke”, which increased demand.

- A second cyclone that again damaged Madagascar’s vanilla-growing areas in early 2004.

Speculative demand, which was driving prices above the reality of supply and demand fundamentals.

For three years farmers throughout the vanilla-growing world earned unheard of returns and responded accordingly. Farmers worldwide began feverishly planting and rehabilitating vanilla. However, nowhere was the response as great as in PNG. In 1998 there were no official exports of vanilla from PNG. In 2003, 101 tonnes were officially exported, with an estimated value of US$ 35 million. This represented about 11% of PNG’s agricultural exports in that year, and 10% of world vanilla production. It is possible, depending on the level of Indonesian production in 2004, that PNG could become the second largest producer in the world. PNG has become a major player in the world vanilla market. This is an unprecedented situation for any Pacific island country.

The PNG vanilla industry is almost entirely smallholder based. Around 80% of current vanilla production comes from the East Sepik Province. This is a relatively poor coastal province. The vanilla boom dramatically changed this situation, if albeit temporarily. Individuals with a plot of only 100 plants had the potential to earn a large amount of cash. Such levels of returns had hitherto been unheard of in PNG agriculture.

The most obvious reason for the PNG vanilla phenomenon was the extremely high prices on offer. The PNG grower price increased 1300 percent over a two-year period. Similar price increases were on offer to vanilla farmers worldwide. Yet nowhere has the response matched that of the semi-subsistence village farmers of the Sepik. A combination of factors explain the PNG vanilla phenomenon:
Expectations of PNG vanilla farmers, unlike their counterparts in Madagascar or Tonga, were not tempered by the experience of previous low price episodes.

A depreciating exchange rate significantly inflated the prices received by PNG growers in nominal terms.

Agro-ecological conditions in parts of the East Sepik Province proved ideal for vanilla production. This is not true for many areas where vanilla has been planted in PNG.

The foundation of the industry was laid by a visionary nucleus producer, who encouraged smallholders around him to plant. This provided the critical mass upon which a large-scale, smallholder-based industry could quickly develop once the right price incentives existed. This critical mass has been the missing ingredient in other Pacific island vanilla industries.

The planting of vanilla proved very attractive to semi-subsistence farmers.

To plant vanilla, sufficient land could be obtained through traditional land-tenure arrangements.

The very high unit value of vanilla and its non-perishability made it particularly suited to farmers in remote locations.

The marketing of PNG vanilla is disorderly and largely unregulated. In the short run, farmers have benefited from the competition created by the large number of exporters. Intense competition helped bid up buying prices. However, many of these traders have little understanding of the product and were willing to purchase inferior quality vanilla at inflated prices. This has had a negative impact on the quality of PNG vanilla and its overall reputation on the market.

PNG vanilla farmers cure their own beans. The existence of large numbers of curers has helped spread the benefits of the industry widely and has allowed the participation of farmers in the most isolated locations. However, it has seriously mitigated against quality. Most farmers did not have access to information on best practices, and the information that was available was primarily misinformation.

At one level, the rapid development of the PNG vanilla industry has been a remarkable success story. It has provided a high-income earning opportunity to a large number of rural households in some of the most economically depressed and isolated areas of the country. Many commentators saw vanilla as a major new export diversification industry, rivalling the importance of PNG’s major export commodities. The reality is that the industry, in its present form, is not sustainable for the following reasons:

Substantially lower prices in the future.

Overplanting of vanilla.

A large volume of inferior-quality beans.

Harvesting of immature beans.

Bean theft.

Reliance on small-scale curers.

Lack of information or misinformation on agro-ecological, agronomic and processing requirements.

Lack of exporter standards.
The experience of the vanilla industry shows how beneficial high-value niche commodities can be for semi-subsistence village farmers in remote locations. Vanilla has a high unit value, can be produced on a small area of land without title, requires only labour inputs, provides a high return to effort and, once cured correctly, is non-perishable.

A major downside of most high-value niche export products is their price instability. This instability mitigates against the benefits accruing to farmers and to the national economy. Unrealistic expectations during price booms result in a misallocation of household resources. During the price boom, the foreign-exchange leakages are large, with a high consumption of imported goods, including food. Little of the windfall income is saved for future investment and consumption needs. In Pacific island countries, the absence of rural financial services has contributed to these adverse effects. Farmers become disillusioned when prices fall dramatically from high levels, even if they remain at a reasonable level in absolute terms. Many farmers prematurely depart from the industry, leading to a further waste of resources. These farmers are subsequently not in position to take advantage of the future recovery in price.

Policies and supporting programmes need to be directed to assist farmers in better managing their decisions in a highly unstable price environment.

**D2 High Valued Crops for Local Markets: Vegetable Growing in Ghana**

Ghana’s national account defines agriculture as comprising of five sub-sectors with the following contributions: cocoa (14%), other crops (61%), livestock (7%), fisheries (5%) and forestry and logging (11%). The agricultural sector currently contributes approximately 36% to GDP. Subsistence production is prevalent in the food crop sector with low productivity levels. Smallholder farmers, on family-operated farms using traditional technology, produce about 80 percent of total agricultural production. The smallholder farms are dispersed and this makes the provision of support services expensive. Production is largely rain-fed and traditional techniques of production tend to dominate. Less than 1% of the arable land is irrigated. Fertiliser and insecticide use is limited amongst smallholders. During a series of structural adjustment programmes in the late 1970s and early 1980s, subsidies were removed on agricultural inputs, prices were deregulated, and many public enterprises were privatized. Market liberalization and globalization are accelerating the monetization of subsistence producers. Farmers are faced with increasing demands for cash and declining earnings from conventional products. Prices of traditional commodities have been declining over the years. The challenge is for farmers to be able to meet their financial demands in the face of the low prices with seasonal variability. The options available to them are to intensify the production of traditional commodities, undertake the production of new commodities such as export and high value crops, incorporate off-farm and non-farm activities or exit agriculture altogether. Each of these options has its challenges and implications for resource requirements.

Local villagers in the forest zone consider vegetable production to be the most important pathway to commercialisation. Commercial production of vegetables (garden-eggs, tomatoes and pepper) already is found in many villages.

Vegetable production is both capital and labour intensive and as such, some community members are unable to participate. It requires high outlays of capital to purchase fertilizer and agro-chemicals as well as pay for labour services. Access to credit and other means of financial support become necessary to enable farmers consider moving into vegetable production. Apart from credit, some farmers do not have good land (fertile) on which to
cultivate vegetables. Moreover, there is some degree of uncertainty to some in adopting vegetable production as output price is sometimes unfavourable. Farmers are compelled to sell even when the price is very low because the produce is perishable and not storable. Farmers incur large losses when traders fail to come. Alternative marketing avenues need to be explored by farmers other than the middleman.

Significant differences exist in the distribution of community members by wealth, and this is impacting on diversification into vegetable production. Rich households devote around 30 percent of the total cultivated land to vegetable production, but poorer households devote only around 10 percent of the cultivated land to vegetable production. Poorer households are often food insecure due to very small farm sizes, and have very low cash income levels to buy inputs. Richer households have more resources, are more educated and have skills that allow them to produce on a larger scale. They are also able to take their produce to marketing centres outside the village communities and sell at more competitive prices. They have better market linkages, and have access to a wider range of information.

Opportunities abound for the poorer households to grow vegetables, but they need improved access to productive resources and services such as land, technical knowledge and skills, access to inputs and other services. Other constraints are lack of information and financial limitations. Complementary processing and storage are needed to further increase profitability as better prices can be obtained if the produce can be stored or processed.

The key constraints in commercial vegetable production have in some places been addressed where the producers have formed groups for production and marketing of the produce, and where they have established close linkages with vegetable processors, transporters and retailers. Formation of producer groups and cooperatives, along with the strengthening of value chains, also has been quite successful in export oriented fruit production. Fruit export has grown rapidly over the last decade in large part because of success in establishing value chains in which export firms have provided inputs, technical assistance and secure prices to producers.

Building on experiences from the export sector, it appears that the development of stronger linkages along value chains to urban areas and value-adding processors could help poorer – and even richer producers – benefit from diversification into vegetable growing. At the same time, it would be prudent to lay a basis for diversification into other commercial activities – for domestic and export markets – as the supply of fresh and processed vegetables eventually (and inevitably) starts to exceed domestic consumer requirements.
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