

Improving market access for superfruits through effective dissemination of market information to small holders

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THE SMALL HOLDER SECTOR

- $\frac{3}{4}$ of the world's poor live in rural areas.
- Over 450 million farms are less 2.0 ha.
- Almost $\frac{1}{3}$ of world's population depend on smallholder farming.
- Agricultural growth is at least twice as effective in reducing poverty as non-agricultural growth.
- For the majority of crops, small holders are more efficient producers.
- Smallholder agriculture systems, particularly the commercial aspects, are increasingly managed by women.

Complex information needs of smallholders

- **Which information?**
 - Non-tariff barriers
 - Quality and safety standards, phyto-sanitary regulations
 - Certificate norms
 - Production costs
 - Farm gate, local markets, regional markets
 - Rural competitiveness and investment climate
 - Value chain data
- **Improving access**
 - Information system, versus supply of adhoc data
 - Processed, analysed, visualised
 - ICT (Private, cell phone, public-media)

Deficiencies in dissemination of market information

- Lack of market studies targeted to specific crops. -superfruits?
- Lack of updated market information.
- Inability of producers to access consolidated information.
- Lack of a methodology in gathering market information that reflects the value chain approach.

- ➡ Smallholders often unable to engage effectively in agricultural markets since these markets are prone to inefficiencies (Barret, 2005)
- ➡ Unfavourable linkages to markets due to lack of market orientation (Timmer, 1997)
- ➡ Higher transaction costs to access competitive markets (Pingali, 2006)

- Providing access to accurate and timely market price information without physically visiting markets is the first step in reducing the transaction costs and allowing smallholders farmers to engage effectively in agricultural markets.
- Provision of market price information in timely manner reduces information asymmetry, which in turns allows farmers to reduce their transaction costs while also increasing their bargaining power in market transactions (Ratna-diwakara *et al.*2008)

- **A crucial benefit of having market price information (especially forward and/or future prices) is that it gives farmers more control of their crop planning and harvesting schedule to align agricultural outputs to meet the demand in local and external markets.**

Constraints to better market engagement

- ✓ Facilitation of market price information (be it of agricultural inputs or outputs) have direct livelihood impacts (Molina, 2006)
- ✓ ICTs however are not the sole driver.
- ✓ It is incorrect to assume that purely linking farmers to more markets with better communication access would bring about transformational changes.
- ✓ Small farmers require mechanisms to address a variety of constraints
 - ✚ lack of credit and crop insurance
 - ✚ Geographic and transportation limitations
 - ✚ Lack of knowledge on agricultural techniques and limited access to extension services

ICT's

- Important role in bridging the information deficiencies
- Provide access to markets
- Linking farmers to output markets

New technology is “democratizing” information access

- ❖ **Mobile technology lowers the hurdle for joining the networks.**
- ❖ **Many developing countries are closing the technology gap.**
- ❖ **Smaller businesses are able to gain benefits of scale in information access.**

EMPOWERING VALUE CHAINS

- **Allow smallholders to seize new opportunities by:**
 - ➡ Increase producer knowledge of market demand and pricing of superfruits
 - ➡ Increase investment from private sector to promote superfruits
 - ➡ Increase access of smallholders to knowledge, finance and technology
 - ➡ Reduce transaction cost
 - ➡ Increase the share of value added captured by primary producers

EMPOWERING VALUE CHAINS:

Examples

- Ghana ‘grains partnership’ between small holders and private actor (input suppliers, produce buyers) to boost farm level productivity (maize)
- Sao Tome and Principe organic cocoa schemes contributed to more than doubling the income to smallholder farmer

- **Konzum Supermarkets (Croatia):** Helped small farmer preferred suppliers to use contracts as collateral with local banks to invest in greenhouses and irrigation.
- **Fritole (India):** Helped smallholder potato growers by providing knowledge and finance and buy back the produce.

MISs to smallholders in Zimbabwe (Poulton *et al.*, 2000)

Agritex-National Extension Agency

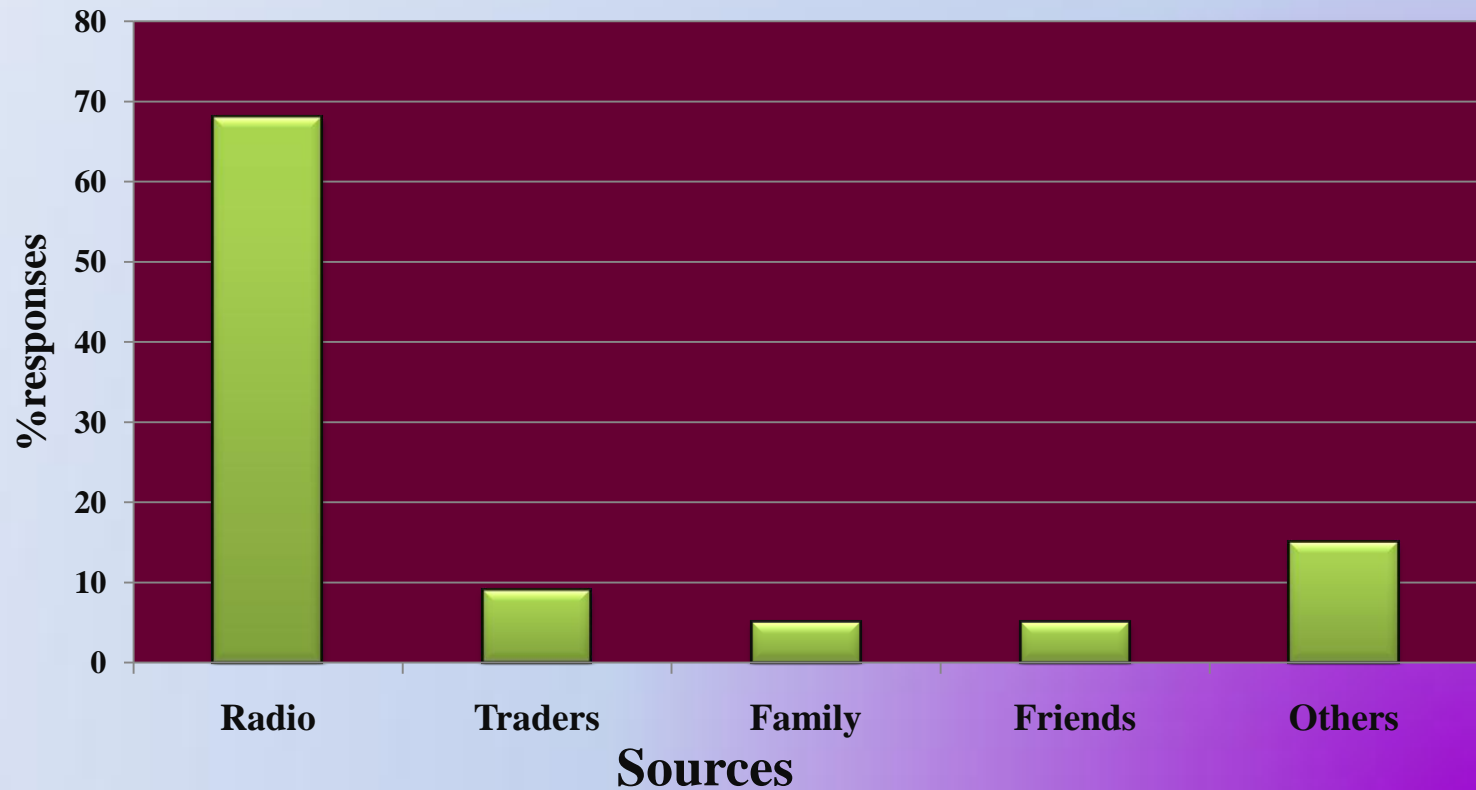
- i. The extension service provides available vehicle for dissemination of MI to smallholder producers.
- ii. Information on new crops and market opportunities is valued more highly by farmers than information on current market price
- iii. Such information should complement, not supplant, traditional production extension advice.

Market information services work better for the poor in Uganda (Shaun Ferris *et al.*, 2008)

- ✘ 94% farmers owned a radio
- ✘ 25% farmers owned a mobile phones
- ✘ 52% farmers indicated MIS had a positive impact on their business
- ✘ 39% stated that it had a lot of impact in terms of decision making and stabilizing incomes.

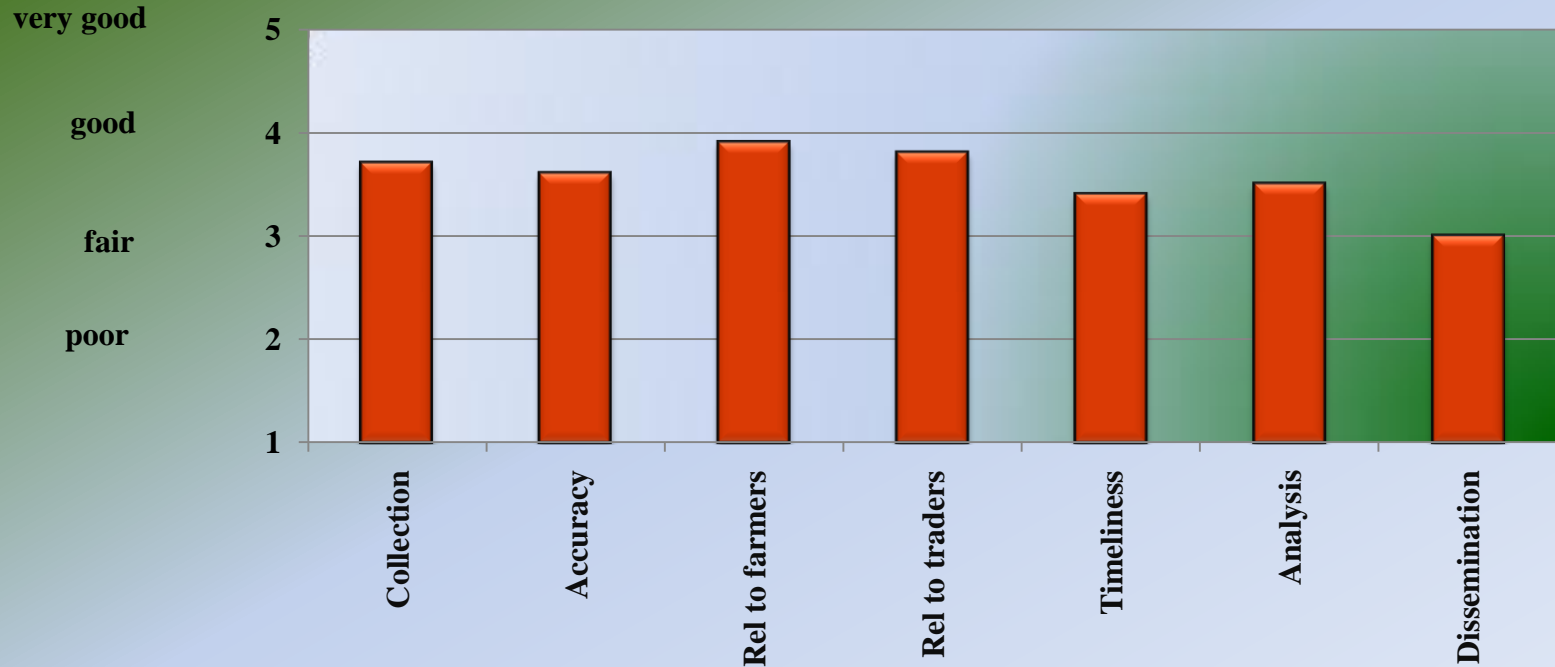
Farmers' main sources of market information

Main sources of Market Information



Farmers rating of the current agricultural market information in Uganda

Rating of MIS by farmers



Relevance and usefulness of market information

	Farmers	Farmer Groups
Learning about produce sale price	76%	89%
In deciding what to plant	63%	80%
In deciding which market to sell produce	73%	83%
In deciding when to sell	59%	46%
In negotiating with traders for better prices	40%	39%

Source: NAADS MIS review 2005

Price gains by individual and farmers in groups

	Farmers	Farmers in groups
Percentage number of farmers who gained	30%	56%
Average % increase gain above prevailing prices across all farmers in category	16%	24%

Price grains within product types

	MIS + group	MIS + group + location	MIS + group + storage
Bananas	45%	60%	
Beans	31%	63%	158%
Coffee	32%	71%	156%
Maize	28%	49%	77%
Mean	34.0	60.8	130.2

Key messages

- The availability of timely, accurate and relevant market information is a **critical factor** in the success of MIS.
- Addressing the (information) needs of small-holder farmers is **paramount** for improving their ability to engage with the market and thereby improve their livelihoods.
- It is **essential** to recognize and understand regional (and national) differences in the state of development of MIS and other market instruments. Thus, improved knowledge-and information –sharing is needed.

- Development of MIS and other market instruments should be sequential. Thus, training, knowledge-sharing and consultation is needed.
- MIS should be combined with other services(e.g.,advice, advocacy, financial, legal, insurance). This requires a better understanding of what is required for an enabling environment and preconditions.

Conclusion

- MIS needed to be designed in a way which make them more accessible to farmers.
- Smallholders should have access to information on market trends, standards and prices of superfruits which would allow them to seize market opportunities.

- Formation of smallholders association could be useful for market information dissemination at the producer level, and through an electronic market place, where public/ private partnership could be promoted.
- In addition to establishing accessible MIS, capacity building activities must target farmers in order to make sure that they value market information and the feedback they receive contributes to effectively stimulate their entrepreneurship (information on market opportunities, technical assistance etc.)

**THANK
YOU**