Implementing effective policies to enhance market access and improve smallholder integration in tropical superfruit value chains

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Definition of Value Chain in Agriculture

- A sequence driven by consumer demand and marked by value growth and coordination at each stage of production, processing and distribution. It carries with it a range of support functions such as input supply, financial services, transport, packaging, market research and advertising.

The actors consist of input providers, smallholders, processors, packagers, distributors and retailers.

(adapted from http://pore.cta.int)
Main features of value chain

- Coordination of all links in the chain
- Added value at each stage
- Market-led approach, responding to local, national and International consumer demand
Value Chains can be mapped or analysed through value chain analysis to identify (through surveys, interviews, meetings):

- Who are the key players (actors)
- How the sequence works - links between the actors
- Factors influencing chain performance which includes the enabling environment – policies, institutions, service providers
(Adapted from: Hellin, J and Meijer, M. Guidelines for value chain analysis)
Key requirements for smallholder integration into the value chain

- Smallholder be given opportunity to enhance market access
- Smallholders play a more active role in chain
- Government provides enabling environment
Some key issues influencing integration of tropical fruit smallholders into the value chain

- Low productivity – traditional agriculture,
- Low quality produce – low prices, no grading
- Limited expansion, no credit facilities
- Seasonal price fluctuations (glut)
- Lack of market information
- Lack of infrastructure
- Lack of Post harvest facilities
- Lack of access to technology
Access to technology - Value addition in tropical fruits

- Improved quality – better varieties, technology
- Better post-harvest management
- Sorting, Grading and Packaging
- Certification
- Processed products
Case study 1 – Rambutan in Vietnam

- Rambutan growing areas in Ben Tre and Tien Giang total 6,300 ha
- 80% is grown with local variety
- The 10% mixed variety and only 10% with Rong Rein, a variety which commands a better price
- Lack of infrastructure - proper collection centers
- Logistics
  - A gradual shift in the type of variety grown and
  - infrastructure development
Case study 2 – Mangosteens in Indonesia

From farmers surveyed (West Java):
- 14 % sell according to grades, 83% sell mixed grades (Grade A – USD 0.80 / kg. Mixed Grade – USD 0.40)
- 68% price determined before harvest (contract), 32% on the spot price
- 88 % no access to credit facilities
- 50% wanted direct access to wholesalers and markets
- 91% - require capacity building in GAP and production technology

Focus on improving fruit quality, grades, credit availability and Capacity building activities
Key policy areas to improve smallholders integration and enhance market access

- Access to technology
- Access to credit facilities
- Access to marketing skills
- Access to market information
- Private sector involvement
- Provision of logistics and infrastructure
- Public private partnership
- Institutional – formation of cooperatives
- Overall objective to increase income and improve competitiveness
Policy directions

Fundamental policy directions to integrate smallholders into the tropical fruit value chain are:

- Scaling up productivity of labor and land, agricultural research, extension, institutional development
- Provision of credit facilities
- Promoting specialization and diversification;
- Marketing information system
- Applying modern agricultural technologies for increased production and productivity; and
- Encouraging private sector to increase its share of investment in agriculture.
Conclusion

- Value chain mapping important to identify chain performance, gaps and the enabling environment in tropical fruits value chain
- Requirements to integrate smallholders into tropical fruit value chains are: better access to the market, active role of smallholders in chain (upgrade) and enabling environment
- Policies formulation to address key issues such as technology transfer, providing market information, credit facilities, infrastructure development, private sector involvement and institutional development
THANK YOU