

## **Input to the BBA Snapshot – Access to Markets**

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September 2013

Email to the BBA Access to Markets Team 12/9/13

- The Snapshot overview does a great job of capturing the very broad range of things that access to markets can encompass. It is not an easy area to draw boundaries around and we understand that the BBA cannot cover everything. It clearly sets out the enormity of the challenge to supply growing domestic markets and push back against the imports trend.
- One of the main issues which we have covered in our more general feedback on BBA is that it does not cover 'on-farm' issues. We argue strongly that it should, that the role of smallholders in agricultural systems is too important to leave out. Smallholders are the foundation of most agricultural value chains and the BBA needs to include factors that directly affect their ability to benefit from value chain opportunities. We are concerned that the ATI may not happen or that it may not sync well with the BBA.
- In the Access to Markets snapshot however it is good to see that some on-farm issues are covered, for example under the contract farming section. What we would say here though is that there are many ways in which farmers collaborate in order to access markets, not just contract farming. Also contract farming has not be a positive arrangement for smallholders farmers in many cases so it would be important for the Deep Dives to specifically look at how contract farming arrangements need to be established for smallholders to benefit in the long term. In our framework we emphasize the importance of considering gender. This is particularly relevant for market access indicators.
- Since agri-business and private sector are very broad terms (including a huge variety of enterprises of different sizes, structures, power relations), it would be good to disaggregate data. We think it is important for the data to tell policy makers what the situation is for smallholders and what their constraints are in accessing markets, so the indicators need to include them.
- The taxation system is important but not just in relation to trade. In our experience how taxes are applied internally, at district level for example, has a huge impact on how efficient the chain is and what returns actors, including producers, get.

More information about the ASFG and the framework with suggested indicator areas:

<http://www.asfg.org.uk/framework-report/overview>

### **Further input from Practical Action international staff:**

Our work in agriculture is predominantly around how agricultural systems can be transformed to enable smallholder farmers and other actors to make choices and pursue opportunities in a sustainable way. Enabling farmers to have access to the information, technologies, networks and other services and inputs that they need to make decisions about their farming operations/enterprises is one of our priorities. We suggest that smallholder farmers, as the foundation of most agricultural systems in developing countries, need to be fully included in the indicators developed by BBA.

A key area of concern in relation to the Snapshot is **Sub Category c. Ease of contract farming**. We have many examples of contract farming within our organisation (in Nepal, Bangladesh, Zimbabwe for instance) and are aware that it does offer potential for smallholders to be connected to buyers. However we believe that the BBA would be much stronger if it broadened this area to include the range of ways in which farmers can collaborate to access markets. For instance governments could provide an enabling environment for farmer associations by providing them with clear registration procedures, by ensuring there is support for them to develop their capacity to function effectively and efficiently and to ensure that women producers and minority groups are properly represented. Our Zimbabwe team are well aware of the challenges of contract farming in a context where a lack of communication and trust often leads to side-selling and breakdown of the contractual arrangements. Last year small-scale cotton farmers could not understand why buyers wanted to reduce prices during a global price crisis and little was done to support them to adjust. Farmers associations could help the situation but not if they are very weak, as they typically are in Southern Africa. Having processes in place that build the capacity of farmer associations and help them to develop viable business models is critical.

In Peru we are working in the alpaca sector and there is an important collaboration between a farmers' association and the local government to develop collection points. This type of initiative can open up market opportunities for smallholders and enable value chains to become more efficient and to grow. Each of these examples is clearly context-specific.

By focusing only on contract farming (in the indicators) we feel the BBA risks implying that this is the only or the best way in which farmers collaborate to access markets. It is one way but it has many challenges around issues of power, choice, governance, information flows and side selling. Farmers need to be able to consider what arrangements will work best for them rather than having no choice in a contractual arrangement where, in some cases, all the power may be with a large buyer. We recognise contract farming could offer opportunity if certain conditions are in place but would expect a process like the BBA to include other types of collaboration.

Another key issue for the BBA to consider is the high transaction costs typically faced by small-scale farmers. In Bangladesh we are working in several sectors and in some challenging contexts such as the Chars. When considering the type of policy/regulatory/institutional environment that would enable farmers to access markets we look at the position of farmers as well as others in the value chain. In many cases small-scale farmers are facing disproportionate costs on critical aspects like tax and transport. Our analysis of value chains shows that local tax policy is less favourable to farmers than other players like traders. And farmers are spending a disproportionate amount on transport compared to other actors in the chain. This has significant implications for their viability, their livelihoods and the sustainability of the chain. To address these imbalances in Bangladeshi agricultural systems there are advocacy initiatives for the government to increase its investment in bulking programmes and to improve infrastructure in this first stage of the value chain. These kinds of areas could be considered for BBA indicators.

Sub-category a. focuses on product leaving the country. Attention is also needed on how import duties can affect agricultural businesses. Our Southern Africa team are working with private sector players who are interested in importing solar powered irrigation equipment. Despite the benefits of this technology the duties are high and more importantly there is no platform to engage government. In many agricultural sectors there is a need to provide opportunity and incentives for sector players (private, public, of all sizes from large to small, powerful and marginalised) to work together to address key sector constraints and issues. The BBA can look at what space these platforms are given and how inclusive they are i.e. how well they meet the needs of small but vital players (like small-scale farmers).