



Using the participatory market chain approach to help smallholder farmers market their produce

Nepal: तरकारी सहक्षेत्रमा सहभागितात्मक बजार सञ्जाल विधिको प्रयोग

Discussions and structured interactions between farmers and the different actors involved throughout the market chain can help to stimulate joint innovations based on shared ideas and mutual trust.

Most Nepalese rural smallholder landowners are subsistence farmers; when they attempt to produce high value crops such as vegetables for income generation they are often disappointed because they end up selling their produce at local markets for marginal profits. They mostly work alone and, for the most part, their efforts are poorly rewarded, since every step of the value chain is either unmanaged, badly structured, or otherwise uncoordinated. A first step towards addressing the myriad challenges and special needs faced by these smallholder farmers can be to use an adapted version of the participatory market chain approach (PMCA). This approach can help them to improve their livelihoods by building their capacity and assisting them to coordinate and form linkages with other smallholder producers and actors all along the market chain.

The participatory market chain approach uses the tools of rapid market assessment, focus group discussions, stakeholder interviews, and interaction workshops to help identify the constraints and opportunities faced by each of the different actors in the market chain. This approach uses a set of guidelines to help achieve well-defined objectives at specific points as the programme is implemented.

Overall, the long-term objective of the PMCA is to help alleviate the poverty of smallholder producers by introducing market chain innovations, and in particular participation and collaboration among the different market chain actors. Once a given set of conditions is found to work, they can benefit a larger number of farmers if the findings are documented and disseminated among organizations and agencies who share the same goals.

The PMCA approach is executed in three phases:

Phase 1: The different actors along the market chain get to know each other. They analyse their situation with the help of market chain sketch tools. By the end of Phase 1, they form a thematic group.

Phase 2: The group analyses potential business opportunities by using a variety of tools such as: rapid market appraisal, quantitative market survey/study, and focus group discussions.

Phase 3: They put into practice the work plan that they have devised to implement the proposed innovations and continue to work on ideas for commercially viable products using the market concept and business plan development tools.

Left: The members of a thematic group and market chain actors present their work plan at a district-level public meeting in Pokhara, Kaski District. Government officials and representatives of NGOs are also present.

Right: The members of a thematic group conduct their meeting in Dhikurpokhari VDC, Ward No. 2 at Simpati. Members of their supporting R&D organization are also present. This type of meeting provides a venue where they can present their achievements as well as discuss their current and future working plans.



WOCAT database reference: QA NEP 33

Location: Bhalam and Dhikurpokhari VDC, Kaski District, Western Development Region, Nepal.

Approach area: 10–100 km²

Land use: Annual cropping

Type of approach: Project/programme based

Focus: Marketing of agricultural commodities

Related technology: Tomato grafting QT NEP 33

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The technology was documented using the WOCAT (www.wocat.org) tool.

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Problems, objectives and constraints

Problems

- At the local level, the markets are poorly structured and poorly managed; there is a lack of systematic marketing for agricultural commodities.
- There is little knowledge of post-harvest processing which would add value to agricultural produce.
- The links and coordination between service providers, market actors, and stakeholders are poor.
- There is insufficient knowledge of institutional development and of the important role it plays in getting products to market.
- Smallholder farmers do not have access to pricing information.
- Distrust and misunderstanding prevail at every step along the market chain.

Aims/objectives

- Develop collection centres at the local level
- Strengthen linkages with the concerned development agencies, service providers, and related market chain actors
- Help smallholder farmers to work with a market-led production plan
- Summarize and share the information gathered with the concerned development organizations in order to scale up the approach
- Develop an action plan based on discussions held with thematic group members and market chain actors

Constraints addressed

Major	Constraint	Treatment
Technical	Inadequate information on market-led production and post-harvest processing; poor links with markets.	Disseminate pricing information; provide training on postharvest processing; give smallholder farmers an opportunity to visit commercial vegetable production sites and different market outlets and allow them to interact with market chain actors and other land users.
Institutional	Weak institutional collaboration among line agencies; market and planning committees only function irregularly.	Facilitate better management of market and planning committees so that the local collection centre can function well.
Other	Distrust, misunderstanding and poor communication are prevalent in interactions between smallholder farmers, traders, service providers, and those in development agencies.	Facilitate frequent interactions between vegetable producers, market and planning committee members, and traders to help break down barriers and build trust; facilitate the development of plans for joint implementation.
Minor	Constraint	Treatment
Social/cultural/religious	Smallholder producers have little experience selling their produce at larger markets.	Strengthen community-based collection centres for collective marketing.
Financial	There is no support that smallholder farmers can count on to market their produce.	Inform farmers of the possibility of participating in programmes like PMCA to extend their networking.

Participation and decision making: This approach targets everyone all along the market chain, including traders, market planning committees, members of thematic groups, community-based farmers' groups, and consumers.

Stakeholders/target groups



Land users, individuals and group



Approach costs met by:

International non-governmental organization	60%
Private sector	10%
Local government (district, village)	10%
Local community and land user	20%
TOTAL	100%

Annual budget: USD 1,400-14,000

Remarks:

All costs and amounts are rough estimates by the technicians and authors. Exchange rate USD 1 = NPR 72 in December 2010

Decisions on choice of the technology: Initially, the choice of the PMCA approach was made by national and international specialists in consultation with local people. It was first offered by a research and development organization, but as everyone came to see how valuable it was, it was eventually taken on by local people and is now offered by various groups to everyone throughout the market chain.

Decisions on method of implementing the technology: The approach is implemented through the Marketing Planning Committee (MPC), which works through vegetable collection centres and creates various thematic groups with the assistance of research and development (R&D) staff.

Approach designed by: International specialist and adapted by development agencies and non-governmental organizations through the thematic groups

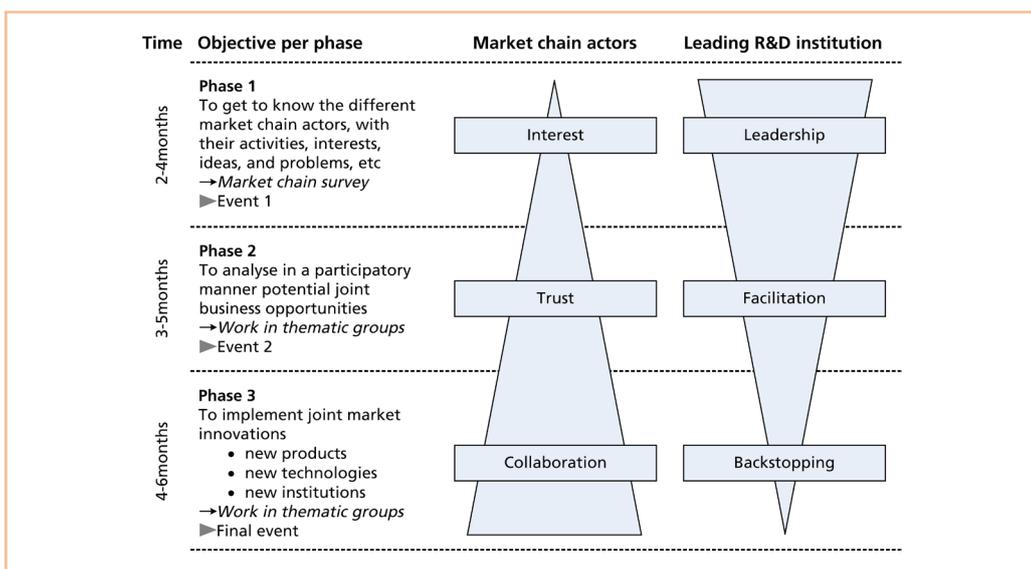
Implementing bodies: Mainly international and national non-governmental organizations in coordination with different groups throughout the market chain

Land user involvement

Phase	Involvement	Activities
Initiation/motivation	Interactive	Public meetings, focus group discussions, interviews, market surveys and rapid market assessments, impact filters
Planning	Self-motivation and self-mobilization	Market constraints and opportunities are identified; actors throughout the market chain and members of thematic groups develop future plans based on their assessment of the business potential for local products and services.
Implementation	Self-mobilization	The PMCA is implemented through the Marketing Planning Committee and collection centres by various actors from throughout the market chain and members of the various thematic groups; skilled staff from the R&D organization helps with facilitation.
Monitoring/evaluation	Self-mobilization	Members of the various thematic groups and the MPC jointly monitor and evaluate plans and achievements on a regular basis.
Research	Interactive	The approach is applied by the thematic groups. R&D organizations help these groups to analyse both quantitative and qualitative information.

Differences between participation of men and women: A majority of the participants (>60%) were women who are involved at different points along the market chain.

Involvement of disadvantaged groups: More than 20% of those who participated are from disadvantaged groups.



Organogram

The PMCA approach facilitates and promotes trust among market chain actors and allows them to work together to introduce innovative new ideas. During the initial phase, it is usually R&D organizations that take the lead, but as the approach matures, there is an ever greater involvement of the community. The PMCA process supports the development and implementation of institutional, technological, and commercial innovations and has acted to promote constructive interactions through mutual learning and trust. (AK Thaku)

Technical support

Training/awareness raising: Before implementing this approach, it is essential to increase the capacity of everyone along the market chain so that they are familiar with basic concepts such as rapid market assessment, joint programme planning, business plan development, and market-led production plans. Similarly, governance training is necessary for institutional development.

Extension: The key elements of the extension approach were afforded to everyone all along the market chain and included exposure visits, demonstrations, audio visual presentations, public/stakeholders meetings, sketch and interaction meetings, and the distribution of publications. Both the government and NGOs are adopting these extension methods and are also applying them to other fields.

Advisory service: Included the following: a market-led production plan; technical training for the thematic groups and regular monitoring of land users' fields; and facilitation of joint programme planning and implementation.

Research: This approach is the result of research which took place in Peru and Uganda. It has been adapted to the vegetable sub-sector in Nepal by IDE Nepal in collaboration with local NGOs. Both the government of Nepal and other local NGOs are in the process of adopting and piloting what was learned.

External material support/subsidies

Contribution per area (state/private sector): District level government, non-governmental organizations, and private sector service providers have supported the development of market centres as well as technical aspects of agricultural production and marketing.

Labour: Various actors throughout the market chain participated voluntarily; they worked together to improve their production and marketing for the common interest. Eventually, everyone benefited: the consumers had a greater choice of vegetables to choose from; the farmers obtained better prices for their produce in a secure market, and they were able to increase their landholdings; and the Marketing Planning Committee was able to obtain more revenue because the volume of trade increased.

Inputs: The project demonstrated new agricultural technologies only once; after that, the various groups adopted new technologies at their own cost.

Credit: Not applicable

Support to local institutions: The groups that were given market-centred training, and technical training on high value vegetable production and post harvest processing. Participants included members of village development committees, local governance and community development programmes (LCGDP), community forest users' groups, youth clubs, and women's groups.

Monitoring and evaluation

Monitored aspects	Methods and indicators
Technical	Commercial production and collective marketing
Socio-cultural	This approach increased their bargaining power and made them aware of current market prices for their high-value products.
Economic/production	Market-led production and the application of post harvest processing techniques
Area treated	The Marketing Planning Committee surveyed the area.
No. of land users involved	Some 200–750 farmers were involved in the Market Planning Committee and the collection centre.
Management of approach	Various actors from all along the market chain participated; regular observations were made and training was given to facilitate the implementation of innovative activities.

Impacts of the approach

Changes as result of monitoring and evaluation: The focus was on the collective marketing of smallholder farmers' vegetable produce. These farmers now work towards market-led production through regular meetings and trainings; they market collectively, and have better post-harvest processing. It is helping to empower women and members of disadvantaged groups and to improve their livelihoods.

Improved sustainable land management: In districts where the farmers have adopted organic vegetable production, there has been a noted retention of good soil fertility. Valam VDC of Kaski District is one such example.

Adoption by other land users/projects: The agricultural component of the Market Access for Smallholder Farmers (MASF) Project which is implemented by IDE (and funded by DFID) has adopted this approach. District level line agencies such as LI-BIRD have also adopted it. Districts in the Eastern Region that adopted agricultural crop and goat programmes include Bara, Rautahat, Siraha, and Saptari Districts.

Improved livelihoods/human wellbeing: When everyone along the market chain collaborates through shared interests and mutual trust to bring better produce to a common market - everyone benefits from the increased opportunities.

Improved situation of disadvantaged groups: Smallholder farmers are commonly the poorest and most disadvantaged members of any community, and they have benefited from this approach.

Poverty alleviation: When smallholder farmers sell their produce at collection centres for a fair price they earn more income and, as a result, their livelihoods are improved and poverty is reduced.

Training, advisory service, and research: This approach facilitates smallholder farmers in the production, marketing, and market linkages for their produce. The training which is needed at each step is provided by a whole host of organizations, including R&D organizations that mobilize thematic groups, Market Planning Committee executive members, sloping land management specialists, agricultural specialists, and other actors all along the market chain as needed.

Land/water use rights: The approach does not deal specifically with water or land use rights. When these are problematic they are referred to the concerned authorities on a case-by-case basis.

Long-term impact of subsidies: Some long-term investments, such as the collection centres, and the training and awareness-raising sessions, have yielded and continue to yield, long lasting benefits for smallholder farmers.

Sustainability of activities: The approach can be replicated without external support. Once a core group of smallholder farmers understands the approach, they can pass on the know-how to others through regular meetings and other vehicles. The establishment of the collection centre is an activity that should yield benefits for a long time to come.

Concluding statements

Strengths and →how to sustain/improve

Everyone along the market chain is involved in making decisions about the choice of high value crops and their marketing. →It is important to continue the regular meetings in order to assure the continued success of the present activities and to introduce innovations.

The PMCA has proven that it can be a valuable tool for all stakeholders along the market chain to help them design and implement programmes. → Lobby the government and other agencies to replicate the PMCA in other areas and agencies.

The approach helped to build relationships and trust among the market chain actors and it led to increased vegetable production and increased earnings for farmers. → Upgrading the market planning committee to a cooperative would help to generate more resources from the members.

Farmers sell their produce through the collection centre in a collective marketing approach. → If this approach is documented and disseminated, other areas of the country can learn from it and replicate it.

Weaknesses and →how to overcome

Smallholder farmers cannot always produce enough high value crops to sell profitably; it can be a challenge to transport crops to the collection centre.

→ Farmers need time and support in order to learn how to adopt commercial farming methods and how to market their produce collectively.

When only smallholder farmers are involved, the meetings of the thematic groups can be sporadic. → Need to involve commercial farmers in the thematic groups.

The PMCA process has not been well documented for replication.

→ Clear documentation is necessary so that the results can be replicated in other areas.

Smallholder farmers often do not have the means to implement innovations. → Provide some seed money for thematic groups; development organizations who plan to implement the PMCA approach can provide this.

Key reference(s): Thomas, T; Graham, T; Thomas, Z (no date) *Participatory market chain approach (PMCA): user guide* (unpublished). Kathmandu, Nepal: IDE Nepal, RIU Project

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