

Linking farmers to markets

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The changing nature of agriculture in developing countries

AGRICULTURE, the largest sector of most developing country economies, is in the midst of a complex process of change. This is driven by trends in the macro-economic, social and natural environment that include:

- population growth and urbanization
- the forces of trade liberalization
- the increasing role of the private sector
- the growing importance of sustainability issues
- information technology and communication (ITC)
- the growing importance of intellectual property rights.

The rise of the agri-food sector

As a result, the agri-food sector (processing, marketing, distribution etc.) is becoming more important because:

- urban lifestyles are demanding better quality and more processed foods and meat products
- globalization and tariff reduction are producing an increasingly integrated global agri-food industry
- developments in ITC have increased the quality and speed of market and other information flows
- consumer concern for food safety and a desire for natural foods increase the scope for differentiated, value-added products
- of the increased use of carbohydrate (starch and derivatives) and other products as renewable, sustainable raw material inputs for industry.

To ensure that changes occurring in the agri-food sector are sustainable, such changes will need to be:

- economically and commercially successful
- socially equitable
- compatible with the preservation of the natural resource base upon which future generations depend.

The challenges of globalization

To reach societies' developmental goals, it is important to understand how the world's poor can respond to these trends and exploit the opportunities offered by globalization. This will impact on issues relating to markets, technologies, policies, institutions and organizational change. Agri-food systems include produce grading and selection, quality assurance and control, storage, value-added processing and product differentiation, marketing distribution, and consumption. These operations and processes are therefore increasingly critical to achieving the developmental goals of society, such as food security, poverty reduction, and sustainable development.

The issues outlined above are particularly acute for developing countries, where small-scale producers, processors, and traders face increasing competition. These challenges are also faced by their support institutions, which need to make fundamental changes in their strategies, human resource skills, and partners.

How can small-scale farmers benefit?

The following operational issues will need to be considered—how to:

- organize small-scale farmers and enterprises to be competitive in local to global markets
- foster innovation and adoption of technologies by small and medium postharvest enterprises
- ensure that effective and affordable support services for small and medium agro-enterprises are sustainably provided, especially in rural areas
- meet consumer needs and demands for healthy, nutritious and safe food
- provide local communities with methodologies and tools to make sound business (marketing) decisions
- build on market opportunities that support the adoption of responsible business practices
- create an institutional and policy environment that promotes provision of nutritious, safe food.

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PhAction activities

A cycle of consultation involving north/south stakeholders in the agri-food sector was held during 2001 by PhAction (The Global Post-harvest Forum). The objective was to identify ways in which dynamic interventions in the sector can contribute to improved livelihoods, food security, and sustainable development in developing countries. Such interventions should equitably link smallholder farmers to growth markets. The following themes have been identified as areas for

interventions in the agri-food sector around which development programs could be constructed:

- maximizing market opportunities for small-scale operators
- improving the organization of supply chains and agri-business support services
- fostering technology innovation and uptake
- enhancing product quality.

Slides from a PowerPoint® presentation on the PhAction program are reproduced in Appendix 1.