



*High Value Agricultural Products Workshop. Author revised, pre-edition version. February 2006*

**GFAR**

GLOBAL FORUM ON AGRICULTURAL RESEARCH  
FORUM MONDIAL DE LA RECHERCHE AGRICOLE  
FORO GLOBAL DE INVESTIGACION AGROPECUARIA

## **Synthesis Report**

### **International Workshop on**

### **HOW CAN THE POOR BENEFIT FROM THE GROWING MARKETS FOR HIGH VALUE AGRICULTURAL PRODUCTS?**

**held at**

**Centro Internacional de Agricultura Tropical, Cali, Colombia  
3-5 October 2005**

**November 2005**



## Summary

Growing domestic and international markets for high value agricultural products can represent lucrative opportunities for competitive producers. At the same time, prices of staple commodities are steadily declining and these markets are being squeezed, especially for farmers whose production systems are marginally competitive or that have been protected historically from international competition. Among the latter are millions of rural people who traditionally struggle to meet their subsistence needs by growing staples, working off-farm as labourers and selling a small surplus to generate income to meet their basic needs.

The workshop brought together a group of strategic thinkers and knowledgeable practitioners, from different points in the research and development continuum and from different stakeholder groups, to explore the extent to which the poor can benefit from dynamic markets for high value agricultural products (HVAP). Five background papers complemented individual participants' knowledge and experience: one on global R&D issues related to the benefit that the poor might gain from HVAP markets and four regional situation papers from Africa, Asia-Pacific, Latin America and the Caribbean and West Asia and North Africa.

The workshop participants arrived at a shared working understanding of HVAP as *'crop, fish, livestock or non-timber forest products that return a higher gross margin per unit of available resources (land, labour, capital, human capacity) than other products within a given location and context'*. A series of pro-poor characteristics and attributes of HVAP were identified.

In promoting HVAP for pro-poor development, participants prioritised five key challenges:

- a) How to identify HVAP market opportunities for increasing the income of the poor?
- b) How to stimulate the domestic demand for HVAP?
- c) How to organise small-scale farmers to realise the opportunities afforded by HVAP?
- d) How to ensure access to business services in support of farmers and entrepreneurs involved in production and marketing of HVAP?
- e) How to influence policy to create an enabling environment for pro-poor high value agriculture?

Based on the accumulated experience of the participants, ten key success factors in promoting HVAP were described, together with a three-step process for identifying and developing HVAP opportunities for poor communities.

The information provided by the background papers and participants' own experience illustrated that the potential for high value agriculture to increase incomes of small farmers exists in every major region of the world and the main constraints are similar. However, the relative importance of the constraints varies from one region to another depending on agro-ecological conditions, local institutions, and market conditions. These variations and their implications for research and development (R&D) need to be taken into account when developing region specific interventions.

Based on the foregoing inputs, seven interrelated areas of research were identified as pivotal for enabling effective linkages between poor farming communities and the more competitive and exacting standards of high value product markets. Key areas for research were clustered around these questions:

- (i) How to develop equitable partnerships for engaging in high value markets?
- (ii) How to better organise, with market competence, for the production and marketing of HVAP?
- (iii) What are the good practice methods for engaging in higher value markets?
- (iv) What market types should be considered in an HVAP strategy for the poor?
- (v) How to use and manage information and innovation to maintain competitiveness?
- (vi) How to select the most appropriate technology for HVAP markets?
- (vii) How to foster pro-poor HVAP policies?

Three potential alliances were formed around the following topics for meeting some of the above R&D opportunities:

- HVAPs for livelihood security and enhanced bio-diversity that would i) explore the extent to which commodity crops can be ‘de-commoditised’ so that farmers continue to sell the commodity along with a higher value differentiated product, and ii) assess biodiversity/genepools, including under-utilised species, as a source for promising HVAP.
- Farmer empowerment for HVAP engagement that would identify ways of building social capital for organisation and linkage to markets.
- Knowledge management for sharing information on issues related to HVAP for small-scale farmers.

Participants recognised the AVRDC-facilitated Global Horticultural Initiative as an important starting point and umbrella under which to bring together a multiple array of stakeholders from the public and private sector to address several of the above R&D issues.

In addition to the above outputs of the meeting, participants highlighted the following considerations with respect to the promotion of high value agricultural products as a strategy for reducing poverty and enhancing food security:

*HVAP is not a substitute but a complementary strategy.* HVAP strategies are essentially means of enabling producers to diversify into higher risk business areas. The approach should not be considered as a substitute to current development activities but as an additive or complementary process.

*How to identify which “poor” to engage within a HVAP strategy.* The HVAP approach should identify clients based on risk profiling. In this way communities can self-select among a basket of market options and products to invest in, based on their decisions of acceptable levels of risk exposure. This approach remains inclusive, flexible and offers a democratic and innovative process for working with different segments of the poor within a less advantaged community.

*Intervention locations for HVAP.* The selection of sites for HVAP interventions should consider two options: (i) areas that have high potential to compete effectively in the marketplace against larger scale farmers or imported goods or (ii) areas that contain a high percentage of less advantaged people, such as those from ethnic minorities, with low market access and poor service provision.

*Avoiding the commodity trap.* Rapidly increasing the production of a higher value niche market product will lead to rapid oversupply of markets, causing a collapse in prices and the need to produce more to achieve the same level of income. HVAP by definition have a smaller market share than commodities and therefore to avoid oversupply and increasing market volatility the approach has to take into account market drivers and growth potential.

*No delusion about the zero sum game.* Market interventions that increase the skills and organisational capacity of one group of producers is likely to favour that group with the effect that it squeezes out other farmers and or rural traders due to their being more competitive. To avoid a simple replace process, the market intervention strategy should target growth markets so that new entrants can be absorbed into the supply chain.

*Political will.* It was considered that if left to market forces, it would be unlikely that poor farmers would be able to form long-term links to HVAP markets. HVAP strategies should be developed in areas where there is political will and community support for the process. In other cases, advocacy should be used to raise political awareness of the HVAP options to alleviate poverty and improving food security.

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## **1. Introduction**

### **1.1 Background**

Globalisation of markets for high value agricultural products such as fruit, fish, flowers, vegetables, and specialty or boutique products is creating dynamic markets for competitive producers at national, regional and international levels. At the same time prices of staple commodities are steadily declining and these markets are being squeezed, especially for farmers whose production systems are only marginally competitive or that have been protected historically from international competition.

Among the latter are millions of rural people who traditionally struggle to meet their subsistence food needs by growing staples, working off-farm as labourers and selling a small surplus to generate income to meet their basic needs for healthcare, education, clothing and shelter. In the absence of a major redistribution of land and capital to the poor, one of the key challenges for the millennium development goals is to provide the organization, market linkages, technology, and know-how that will enable a proportion of poorer producers to participate in markets for higher value crops and livestock products in the rapidly expanding urban centres in developing countries and for export to the more industrialized nations.

It is relatively easy to identify the key elements of potential solutions to this challenge, but no widely agreed-upon strategy for achieving sustainable links between smallholder farmers and high value agricultural product markets yet exists. There are numerous examples of different approaches, some very successful others ineffective, which have been tried. Certainly no one formula exists. It is clear that if left exclusively to the market, the effects of unregulated market forces are likely to drive many millions of rural families into increased misery, indigence, underemployment and social violence. There is no shortage of indications that this is already occurring. Of particular concern is the impoverishment of rural families that is made more acute when poor women lose control of production, processing, marketing and income from traditional subsistence crops and products if men assume the control of new and profitable market opportunities.

These issues are at the heart of the priorities established by the stakeholders that make up Global Forum on Agricultural Research (GFAR) as manifested through the Regional Research Forums and the on-going partnership global programmes on Linking Farmers to Markets, Under-utilised Species and Promoting Local Innovation. Furthermore, the Consultative Group on International Agricultural Research (CGIAR) has explicitly expanded its System Priorities 2005-2015 to incorporate research on 'reducing poverty through agricultural diversification and emerging opportunities for high value commodities and products'.

### **1.2 Workshop objectives and expected outputs**

The Secretariats of GFAR and the CGIAR Science Council convened an action-oriented workshop to contribute to developing a common understanding about how small producers can obtain the market linkages, technologies, organization and know-how they require to benefit from dynamic markets for high value products, and to form a platform for future action. To achieve this objective, the workshop brought together a group of strategic thinkers and knowledgeable practitioners from different points in the research and development continuum and from different stakeholder groups.

The workshop aimed to explore options for actions in the field of high value agricultural products (HVAP) within research and development. The desired outputs were:

1. A shared understanding of the HVAP concept and its potential for different strata of farmers/communities, particularly the poor;
2. Possible strategies to utilise these opportunities and to link smallholder farmers to the HVAP markets;
3. A research agenda on HVAPs with priority issues and themes to be addressed to foster the utilisation of the potential of HVAP in different regions;
4. Possible actor networks and coalitions to address the HVAP themes in their innovation systems;
5. A framework for the way forward with realistic actions and proposals on certain themes or issues championed by key actors and with potential for support from donors.

### **1.3 Process and methodology of the workshop**

A Steering Group made up of representatives from the GFAR and CGIAR SC Secretariats, the World Vegetable Centre (AVRDC), the International Center for Tropical Agriculture (CIAT), the International Federation of Agricultural Producers (IFAP) and the International Plant Genetic Resources Institute (IPGRI) guided the Workshop preparation. Prior to the workshop, five background papers were commissioned: one on global R&D issues related to the benefit that the poor might gain from HVAP markets and four regional situation papers from Africa, Asia, Latin America and the Caribbean and West Asia and North Africa. The near final drafts of these papers, as presented at the workshop, can be viewed on [www.egfar.org](http://www.egfar.org).

The workshop was professionally facilitated in a sequence of logical steps of analysis and brainstorming. The first step was geared towards reaching a common understanding of what we mean by HVAPs and what potential HVAPs have for the poor. Then, promising strategies to unleash their potential were identified and debated. A range of challenges emanated and the research needs were identified on the basis of the development agenda. The research agenda was seen as directly contributing to the development needs and research strategies and topics were elaborated. At the end of the workshop, champion groups and coalitions were stimulated and emerged on three topics around which research proposals will be developed.

## **2. What do we mean by HVP for the benefit of the poor?**

### **2.1 A working understanding**

The workshop participants came up with the following ‘working understanding’ definition of high value agricultural products:

*a crop, fish, livestock or non-timber forest product that returns a higher gross margin per unit of available resources (land, labour, capital, human capacities) than other products within a given location and context.*

Typically, high value agricultural products may have higher value-to-weight ratios than high volume commodities. They are often associated with higher investment and risk options than field crops and they are generally supported by more intensive production systems in terms of land area and labour requirements. High value agricultural products are often differentiated from lower value goods due to their perishability, scarcity, historical and cultural significance and/or difficulty in either production or delivery at quality to market. Higher returns are achieved because these products possess attributes for which the consumers are willing to pay premium prices. Among

these attributes, some can be inherent, such as the content of a particular substance (e.g. stimulants, aromatics, medicinal properties, micro-nutrients, vitamins, anti-oxidants, etc.). More recently, for many producers and consumers the understanding of “high value” has broadened or blurred to include products that are special, rare, that provide mystery, are considered exotic and in some cases suggest risk.

Given these characteristics, high value agricultural products typically include goods such as: meat and dairy products, horticultural crops, fish, medicinal products, stimulants, spices, cosmetic, marital and religious products, fresh and processed goods.

Producers can also achieve higher value through “differentiated” products, which can be achieved by product development processes that enable one product to have many price–quality variations. Similarly, segmenting consumers also enable for value addition, as can shifting sales points to include high value markets. Given this broader consideration, product differentiation becomes an important strategy in increasing product value and enables us to also include de-commoditisation of goods as a means of transforming a high volume, low value commodity product into a range of product options that will include a small percentage of higher value, more exclusive products, which target markets that value specific characteristics or the ‘connoisseur’ consumer.

## **2.2 Why HVAP are pro-poor**

HVAP are often associated with high levels of investments, intensive production systems and considerable technical skills and knowledge that are linked into an integrated supply chain. However, HVAPs are also associated with rarity, difficulties in production, specific locations and with a sense of mystery that is linked with remote and ancient cultures. Many of these factors can be integrated or ‘packaged’ to make HVAP particularly pro-poor.

**Rarity.** The exclusiveness of a product is often associated with its niche growing area, such as a forest product. Difficulty of production is a double-edged sword in the sense that some products are difficult to mass-produce and therefore prices are high due to limited supplies. This can mean that products, such as medicinal plants, are gathered to the point of destroying their production base. Hence if farmers can be informed how to protect the supplies of exotic products, this will provide a more sustainable HVAP for poor people.

**Perishability.** The rarity of a product is also exacerbated by its perishability. Any product that requires specialised treatment or more intensive storage can offer opportunities for accessing higher value markets.

**Historical traits and indigenous knowledge.** For the discerning consumer ancient craft has appeal and this will merit a premium price. Increasingly, new HVAP are based on traditional uses of particular products, which require considerable indigenous knowledge and indigenous plants or animals. In this realm, the rural poor have a clear advantage over other producers who are not familiar with these crops or animals and do not have readily available know-how. Furthermore the traits of value and the indigenous knowledge can be described and therefore protected from over-exploitation by other commercial actors, so offers and opportunity to lock in the value of a particular product as used and developed by a particular group of people.

**Location.** Many HVAPs are products whose high quality is associated with the specific traits of a particular location. For example, the finest wines only come from certain vineyards, with certain soil types and specificity may come down to a particular slope, the altitude and a season’s weather. It is this combination that is cherished by the consumer. The experience given by such product by



location combinations is a characteristic that can be quantified and legally protected by “appellation” schemes for the benefit of communities living in those areas.

**Intensive and specialised labour:** The production of most HVAPs requires a relative high input of labour, often specialised labour. Many poor families or communities have access to labour and if a particular product requires labour that cannot be substituted in all cases by other inputs, such as herbicides for weed control, to produce a high value product (e.g. organic), “labour intensive” is a characteristic of HVAP that makes them pro-poor. The need for specialisation suggests that HVAP interventions should focus on specialising labour as a means of adding value to products.

**Investments.** Many HVAP enterprises require considerable capital to enter. However, some can be developed with relatively little cash, at least at the start (e.g. mushroom production). Provided that other needed resources can be assembled, engagement in HVAP is not only an option for rich farmers, but can also be attractive to resource poor. However, if capital is not a barrier to entry, over promotion can lead to saturated markets and price declines.

**Intensive production systems.** The production of HVAPs in intensive systems is often suitable for small pieces of land, which does not necessarily need to be of high quality. The development of affordable and relatively low-cost alternative production systems, such as those that use hydroponic principles, which require little space and are independent from soil quality could make an important contribution. The potential of HVAP for high return on investment even in small-scale enterprises provides an opportunity for making them pro-poor.

**Context based.** Although high value is often associated with export markets and supplies of high quality exotics to boutique markets, this is not the mainstream of HVAP. High value depends much on the local context and therefore tomatoes in some areas and fruits being sold into the local or hotel market represents a significant increase in income for a poor family compared to growing low priced food staples such as maize, sweetpotato or cassava.

Engagement in HVAP is therefore an attractive diversification option for the poor to increase income from the available resources and to improve their own food basket.

### **2.3 Necessary conditions**

Despite the manifold reasons that make HVAP attractive for poor producers, there must be certain conditions in place in order to fully tap into their economic potential.

HVAPs can only benefit the poor when they **fit** into the existing farming or eco-system, making use of the available labour in times when not otherwise employed. The additional employment created must not exploit children and women. Success is more likely therefore when time on other household tasks, such as collecting firewood and water, can be reduced through complementary development investments.

An HVAP enterprise is more likely to be pro-poor if there are **multiple markets** for the products so that the portion of the production that does not meet the high value standards can be sold elsewhere or can be consumed by the family. It must allow for organizational arrangements that facilitate market access, such as assembling or bulking with the production of others.

For the long term sustainability of certain HVAPs there is great benefit if the value can be locked into a particular type of **location** or legally bound to a particular **practice** of a group of suppliers.

HVAP must not impose **unacceptable risks** to the poor producers particularly with regards to the amount of money borrowed and their capacity to repay in case of a failure.

Finally, engagements in HVAP will have a positive **impact on poverty** only if the additional income is invested appropriately in household assets, health, education, etc.

### **3. Challenges in promoting HVAP for the poor**

#### **3.1 Key challenges and potential strategies to address them**

The workshop participants prioritised five key challenges that should be addressed in promoting HVAP for the poor.

- 1. How to identify HVAP market opportunities for increasing the income of the poor.** This is the starting point for involvement in HVAP, and the question arises as to the relative role of the public research sector and the private sector in identifying and characterizing HVAP market opportunities, balancing these with the asset endowment of target rural populations and developing appropriate solutions to identified constraints. Among the issues that underlie this challenge are a predominant research culture little attuned to engagement with market actors and very incipient public-private interaction for establishing collaborative ventures to strengthen farmer-market links. Incorporation of Corporate Social Responsibility objectives by publicly owned private firms is providing opportunities for engagement with research institutions around a pro-poor agenda. Public research institutions need to gather intelligence from both the supply and demand side, and encourage two-way communication among actors. Research needs to combine and integrate knowledge generation and information gathering with action research in supply chains to understand successes and failures, and issues related to scaling up. Addressing HVAP for the poor has significant implications therefore for public research organizations in terms of thinking, approaches and methodologies.
- 2. How to stimulate the domestic demand for HVAP.** The potential for a significant proportion of small-scale farmers, especially those with limited resources, to access HVAP markets will lie in the domestic market. The domestic market for HVAP in all continents is growing and represents a considerably larger volume of total sales than export opportunities. Domestic demand for HVAP could be strengthened appreciably with well-targeted interventions to promote their consumption and use. A clear understanding of domestic consumer needs and perceptions can help identify specific opportunities. The appreciation and application of the basic principles of market research and development are required to realize the opportunities identified. In parallel, appropriate regulatory frameworks and traceability systems need to be put into place to ensure quality and safety in line with increasing consumer expectations.
- 3. How to organize small-scale farmers to realize the opportunities afforded by HVAP.** Organizational issues related to the supply of products are critical for meeting the volume, quality and frequency requirements demanded by HVAP markets, both domestic and export. This includes organization of farmers and rural entrepreneurs and the organization of relations among the different actors involved in moving products from the farm to the consumer. Responses to these challenges are location and product specific, and require interactions that combine outside expertise, local community and farmer involvement, technical support and private sector participation. Clear step-wise processes that move from opportunity identification, assessment of probability of success and understanding of the risks involved, to business planning and implementation have to be employed. There is an evident need for a

greater understanding of what has worked well in certain situations and why it has worked, with a much greater capacity for applying market and business principles in the support of organizing rural communities that opt to engage in HVA production, value addition and marketing.

- 4. How to ensure access to business services in support of farmers and entrepreneurs involved in HVA production and marketing.** Business services are vital for increasing enterprise sales and reducing costs; they help a business grow. Business support encompasses a wide range of services, ranging from the facilitation of market access, provision of inputs, training and technical assistance, advocacy and influencing policy, development and delivery of new technology, etc. The issue underlying this challenge is the need to awaken an entrepreneurial culture at the community level. The basis for ensuring adequate access to business support services for HVAP then becomes the progressive promotion and nurturing of entrepreneurship among the rural population, especially the young. Those that show entrepreneurial attributes – experience suggests that between 10 and 20 % of any population show true entrepreneurial characteristics – will be motivated to lobby for and demand access to adequate service provision. The experience of existing agencies and organizations, chambers of commerce, trade and business associations can be harnessed, sensitising them to the opportunities afforded by HVAP and the particular requirements of rural communities. In support of this, there is an accumulating knowledge base, developed by international organizations such as ILO, FAO, UNDP and UNIDO, on options and models for business service delivery. Appropriate mechanisms for sharing present knowledge and state of the art are required at all levels, from global to local. At the local level, government, business and civil society organizations all have a role and should be stimulated to assess demand for and provide business development services; tripartite arrangements among these actors to promote and support locally identified HVAP could be envisioned. At the national policy level, there is a role for government in ensuring policies that provide incentives for a flourishing small and medium enterprise sector, taking into account the particular context under which these have to operate in the rural sector.
- 5. How to influence policy to create an enabling environment for pro-poor high value agriculture.** An enabling policy environment describes a situation in which the private sector takes the lead role in organizing production and marketing of HVAP, but the government plays an important role in guiding and facilitating this development. Policy, in this sense, includes public investment, policies, a regulatory environment and enforcement mechanisms. The elements of an enabling policy environment that are of particular importance for HVAP targeted to the poor include i) **public investment in infrastructure** such as roads, communication, irrigation and electrification are critical for HVAP, especially those that are perishable and bulky; ii) **public investment in research and extension**, going beyond traditional supply side technology development, adaptation, technical assistance and training to include research on potential new crops, the monitoring of trends in consumer demand, the identification and characterization of emerging opportunities, and their evaluation with farmers, and how to meet specific quality and safety standards; iii) **a regulatory framework** that covers aspects such as pesticide use, seed trade and varietal approval, bio-safety, grades and standards, certification of quality, safety, origin etc., and the monitoring of private efforts to establish traceability systems; iv) **secure property rights**, which are especially important for HVAP activities that require long-term investments in land and inputs such as water; v) **promotion of HVAP**, either those that are indigenous or new, and can contribute to the economic, social wellbeing and health of the urban and rural population, vi) **policies to mitigate the impact of risk** associated with many HVAP, such coherent and consistent macro-economic and trade

policies and support for the establishment of market information systems, local and international commodity exchanges, insurance schemes etc.

## **4. Framework for promoting HVAP for the benefit of the poor**

Building on participants' experiences in promoting HVAPs for the benefit of the poor, the workshop identified critical factors for success, and subsequently outlined an intervention strategy for identifying, prioritising and developing HVAP opportunities for poor communities.

### **4.1 Critical success factors in promoting HVAPs**

Two overarching themes were highlighted: 1) the need to provide training and technical advice at all stages of the HVAP supply chain and 2) the need to identify champions within the chain that would have the capacity to guide and motivate the other actors. The ten key success factors identified are:

1. *Willingness and capacity of farmers to organize for collective action.* It was felt that in order to overcome the challenges and risks posed by high value markets it is critical for farmers to organize collectively for input and output markets, advocacy and other functions, and to link with other actors of the chain, the principle being that SSF are defined by their limited assets.
2. *Ability to access technical and training assistance and organizational advice.* This is a key factor that can be included in each of the other key factors listed. This explicit mentioning of this point results from its importance and the continued need for it in SSF organizations that are involved in HVAP supply chains.
3. *Credible facilitating agents to encourage market linkages and build trust among actors.* Third party facilitation is often required to build effective farmer-buyer linkages. This targeted short-term intervention is designed to create effective and efficient communication and coordination along the supply chain.
4. *Capacity to innovate among the actors of the chain.* HVAP markets can have limited time horizons; therefore continued innovation in products, grades and standards, marketing, labeling etc. is required.
5. *Demonstrated ability to distribute profit equitably along the supply chain.* Although equity as a concept is difficult to measure in practical terms, it is critical that perception of equity is achieved in order to build motivation and successful supply chains.
6. *Access to credible market information and intelligence.* Small scale farmers need to know what to produce to access the HVAP markets, but they also need to know where, when and how to sell their products.
7. *Access to affordable finance.* Tools to access credit, which is affordable and reliable, can be crucial at all stages in the chain.
8. *Local motivation and entrepreneurial skills within the community.* Entrepreneurial skills among at least some members of the local community are a necessary requirement.

9. *Consistent and supportive policies to create development and promotion of HVAP.* Enabling environments entails more than governmental infrastructure issues. Pro-poor policies entail changing policies that create bottlenecks in supply chains; and creating a socio-political environment with an emphasis on food security through rural business development.
10. *Ability to identify risk and develop measures to mitigate impact.* Natural disasters, civil strife and political instability can undermine the successful marketing and production of HVAP. The actors in the chain need to take the appropriate measures in order to minimize the risks associated with these and other damaging events.

#### **4.2 A process for identifying HVAP opportunities for poor communities**

Among the key elements emerging from the list of the “critical factors” are the market and business dimensions. Market intelligence services, finance mechanisms, entrepreneurial skills, risk management have been mentioned. When thinking of a strategy (or process) to promote HVAPs there are other important dimensions that need to be taken account.

Participants agreed that it would be an endless task to develop a general worldwide knowledge about market opportunities. For these reasons, the process to identify HVAP opportunities for the benefit of the poor communities should be embedded in a local setting. While this reduces the scope of the market intelligence required, it does in itself carry the risk of missing some potential opportunities.

The proposed strategy follows a three-step process.

The **first step** would be to undertake a situational diagnostic, which will include at the local level:

1. A selection, identification and description of the site with a focus on a detailed resources assessment
2. Description of local actors/stakeholders and of the relations between them, leading to the understanding of who, among them, are the potential partners in the HVAP process, and who are the clients for HVAP opportunities

This first step leads to the definition by the partners and clients of a consensual “vision” on their desirable future. It is important that this vision is their vision, and not one imposed from outside.

If this first step leads to an interest in HVAPs, the process moves to a **second step**: the selection of high value product opportunities. This is based on the collection of information in four different fields:

1. *Market issues.* For example characterization of the existing and prospective demand, access to market /barriers to entry, risk assessment, chain organization and coordination.
2. *Production issues.* Natural and technical requirements, labour requirements, access to technical support (financial, business etc).
3. *Profitability and financial requirements.* Level of initial investment, delay before equity return.
4. *Organization issues.* Identification of the social capital of the target community, existence of market facilitators and overarching political framework, such as socio-economic and political stability.

The second step should lead to a portfolio of opportunities, each one characterized in such a way that people can make sound choices. These choices could lead to an HVAP strategy based on one or several HVAP, for one or several categories of local producers/processors.

The **third step** then is to implement this strategy by:

1. Undertaking a detailed market chain analysis of the selected HVAP, leading to
2. The formulation of a business plan for each HVAP supply chain, and
3. The implementation of the business plan should the technical and financial conditions so allow.

## **5. Regional differences in opportunities and R&D agendas**

The potential for high value agriculture to increase the incomes of small farmers exists in every major region of the world. Furthermore, the main constraints are similar across the world: inappropriate technology, credit constraints, production and marketing risks, and the costs for buyers of dealing with many small farmers. Nonetheless, the relative importance of each constraint varies from one area to another depending on the agro-ecological characteristics, local institutions, and market conditions. This section begins with a brief description of agro-ecological conditions, institutions, and market access in four regions of the developing world: Latin America and the Caribbean, sub-Saharan Africa, West Asia and North Africa, and Asia. It then describes how these differences translate into different priorities in research on high value agriculture. It should be kept in mind that there are huge variations within each region, so the discussion follows very broad generalizations regarding each region and the proposed research issues for each region are relevant only to areas that are “typical” within the region.

### **5.1 Differences in agriculture, institutions, and markets**

In terms of agro-ecological characteristics, Latin America and the Caribbean is characterized by relatively plentiful rainfall, diverse topography include large area that are hilly or mountainous, and a dualistic agrarian structure in which small and large farms co-exist. Large-scale agriculture tends to dominate in the flat areas as the Argentine pampas, eastern Bolivia, coastal Peru, and the valleys of Colombia. The dominant characteristics of the West Asia and North Africa (WANA) region is low and variable rainfall, leading to intensive agriculture where irrigation is possible (such as the Nile Valley) and extensive agriculture and grazing where it is not. Sub-Saharan Africa is also characterized by low and variable rainfall, but irrigation is much less common than in WANA. Small farms dominate, though large farms and estates are common in southern Africa. Areas with plentiful rainfall, such as coastal West Africa and the East African highlands, tend to have higher population densities. In many countries of Asia, widespread irrigation and relatively plentiful rainfall create conditions for intensive rice-based agriculture. Some of the poorest areas in Asia, however, are hilly and mountainous areas that are isolated from markets (e.g. Nepal, Laos, northern Vietnam, and western China).

Regarding the institutional capacity, Latin America and the Caribbean have relatively developed agricultural institutions, including research, extension, and education, but they are perennially under-funded. The formal private sector is relatively active in the agricultural sector in Latin America in both production and processing. Public sector institutions in West Asia and North Africa are in a similar situation, though the private sector is less involved in agriculture. In sub-Saharan Africa, the public institutions are generally weaker, though there are exceptions. Non-governmental organizations play an important role in providing services and implementing development projects. Private sector involvement tends to be modest and focused on export crops.

In Asia, the institutional capacity varies widely across countries, being stronger in the higher-income countries.

There are also important regional differences in terms of market opportunities. Many countries in Latin America and the Caribbean have large urban populations, creating a large internal market for high value agricultural products. On the other hand, economic growth in the region has been slow, so domestic markets for high value agricultural products have been stagnant or slow-growing. Supermarkets have spread widely in the region, creating both opportunities and threats for small farmer participation in high value supply chains. North America is the traditional export market for Latin America and the Caribbean, but exports to Asia are growing. Chile and other southern countries benefit from off-season exports to North America. The West Asia and North Africa region also has a fairly urbanized population; though the cities tend to be smaller than in Asia or Latin America (Cairo is an exception). Proximity to Europe creates opportunities for high value agricultural exports, when European trade policy permits. Sub-Saharan Africa has a relatively low population density and small share of the population in urban areas. Europe is the traditional export market, though HVAP exports are limited to countries with good air connections or products that can be sea-freighted. Southern Africa can supply perishable fruits and vegetables to Europe in the off-season. Asia has a relatively high rural population density and many large cities, creating an internal market for HVAPs. Agricultural exports tend to be intra-regional, including major high-income markets in Japan, South Korea, Singapore, and Hong Kong. Rapid economic growth in East and South Asia has resulted in shifts in food consumption patterns toward high value agricultural commodities, though cultural patterns affect the type of shift. In South Asia, meat demand is quite low, but demand for milk has grown rapidly, while in China and East Asia the reverse is true.

## **5.2 Implications for research on high value agricultural products**

What do these regional differences mean for the research agenda on high value agricultural products? In Latin America and the Caribbean, the market for HVAP is relatively large, due to the presence of large middle-class urban populations and proximity to the North American market. But the issue is how to help small farmers compete with large-scale farmers in meeting quality and food safety requirements, both for export markets and for domestic markets. The effect of supermarkets on small farmers is a particularly important issue in this region. Given the importance of the private sector, strategies for linking small farmers with private companies, including processors and exporters, are a key topic for research.

In West Asia and North Africa, a key issue for promoting high value agriculture is water management, including irrigation and water conservation. This is particularly important because high value commodities such as fruits, vegetables, and milk tend to require much more water than traditional food staples. Another key issue is how to meet the quality and food safety issues to gain access to lucrative European markets. This is partly a technical issue (e.g. how to meet the standards?) and partly an institutional and political issue (e.g. how to persuade European authorities that the standards have been met and to reduce barriers?).

In sub-Saharan Africa, the low population density, the relatively small urban populations, and lack of purchasing power result in a relatively low level of commercialisation in agriculture. In many cases, the medium-term issue is how to help farmers get involved in market production rather than which high value agricultural product is most suitable. Issues of agricultural credit and market information are particularly important in this region. High value agricultural exports (such as fruits, vegetables, fish, and animal products) are generally destined for Europe, so European import

restrictions, food safety regulations, and trends in food consumption are particularly relevant for sub-Saharan Africa.

In Asia, rapid economic growth has resulted in significant shifts in food consumption patterns, particularly in urban areas. Thus, understanding the nature of changes in demand, projecting future changes in demand, and understanding the implications for small farmers is an important topic for research. In many countries of Asia, crop diversification and off-farm income have already benefited farmers close to the cities, but a bigger challenge is to help more remote farmers participate in high value agricultural chains. Given the importance of irrigated rice production, another important issue is under what conditions it makes sense for farmers to diversify from rice production to rice and high value crop production. This decision is complicated by the fact that it may be difficult for an individual farmer to switch out of irrigated rice without affecting the irrigation of neighbouring plots.

## **6. Towards a research agenda for equitable engagement in HVAP markets**

Engaging poor farmers with more competitive higher value markets offers both opportunities and also many challenges. Setting out on this process is no guarantee of success and several aspects of the research agenda reflect a balanced and even guarded view of the merits and demerits of this process. Initial brainstorming on developing the research agenda led to a broad range of ideas, which reflected the many differing perspectives, skills, and experiences of the conference group. These ideas were subsequently re-clustered, and distilled down to seven areas, shown in Figure 1.

Themes considered to be central to the success of this new strategy were partnerships and market chain equity. These were considered as focal points of a research agenda that would unite other areas of intervention; it was felt that success in these areas would be pivotal for enabling effective linkages between poor farmers and the more competitive and exacting standards of high value markets. The following section provides greater insight into the action based and thematic research areas that may be useful to guide the initial areas of investigation. This list is not exhaustive and should be considered as a guide to the types of research questions that maybe used in formulating a research plan.

### **1. How to develop equitable partnerships for engaging HVAP markets**

The need for new and more effective partnerships and institutional arrangements was a recurrent theme in the discussion. Participants felt that it was necessary to place much greater emphasis on how to foster more effective partnerships that would bring together the necessary skills; incentives and business “know how” to successfully and equitably link poor farmers with high value markets. Many considered that linking poor farmers with local markets was already a difficult challenge and that linkage to higher value markets, introduced a significantly more complex challenge; a challenge that requires much greater precision and responsiveness. Key areas for research in this area included:



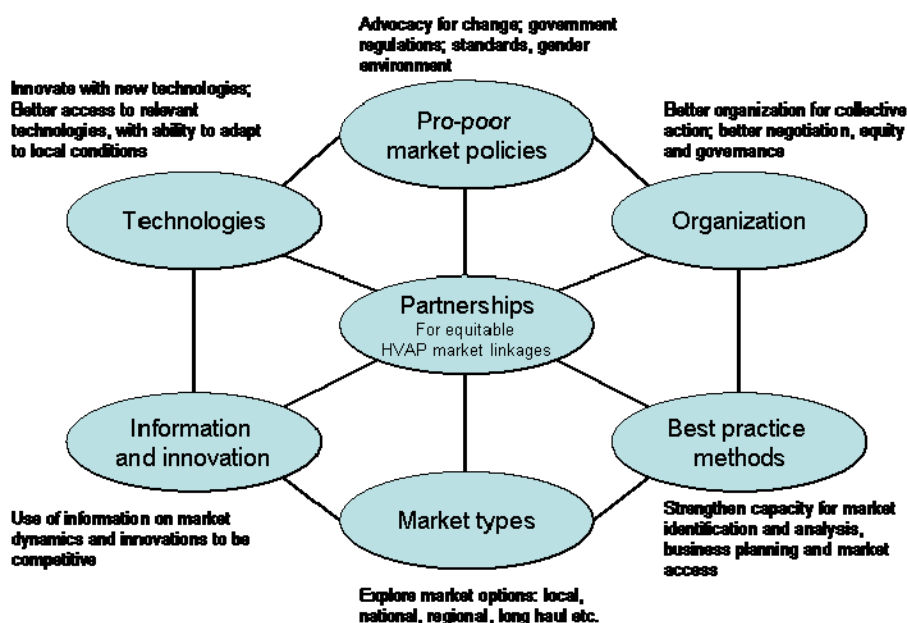


Figure 1. Major themes around which an HVAP research agenda can be elaborated

- How can service providers and communities identify and mobilize key actors, champions and mentors to supply specific HVAP markets?
- How can service providers identify motivated and effective partners from the rural community and the higher order private sector partner to engage in high value projects?
- How can new institutional arrangements be developed such that smallholder farmers can increase and maintain access to high value markets?
- How to construct public-private partnerships to benefit the poor?
- What are the critical strategic elements for developing HVAPs so that vulnerable groups are included in the benefits (women, youth, ethnic minorities and the very poor) and that issues of equity in the market chain are well managed?

## 2. How to better organize, with marketing competence, for the production and marketing of HVAP

A basic requirement for communities to enter more competitive markets is better organization. Building social capital through the formation of focus groups has proven to be one effective way of harnessing collective action. In many cases, HVAP strategies will benefit from the development of similar social structures to accelerate learning process, gain from economies of scale and be in a better position to negotiate in specific market types.

Similarly, service providers in both research and development will need to organize and equip themselves with the skills and incentives to facilitate market linkages. In many cases traditional support services are not well endowed with market specialists and consequently both community representatives and service providers find it difficult to both identify market opportunities and to negotiate for change with potential commercial partners. Success in this area will depend upon being able to apply marketing skills through credible organizational structures. Key areas for research in this area included:

- What social and or other types of capital are required to shift from low to high value market engagement?

- How can rural communities take greater benefit from new social structures such as collective action, self help groups, and savings and loans groups in their preparation for engagement with HVAP markets?
- What incentives and skills are required by service providers to shift from traditional food security roles into high value market areas? Are these skills easily transferable, or are new organizations required?
- How should poor rural communities organize themselves to negotiate more effectively with service providers, traders, processors and policy agents to supply HVAP markets?
- How can we structure more equitable chain co-ordination to engage the poor?

### **3. What are the good practice methods for engaging in higher value markets?**

Market based methodologies and processes will be required by many communities and service providers to engage in high value market opportunities. In some cases, such methodologies exist, and in other cases they will require designing and testing. Testing of market based methodologies and information systems could form the basis of an action research platform. Results from the action based method testing would provide demand for additional research and inputs from other intervention areas such as technology and policy. To facilitate cross-site learning, it was proposed that similar marketing methods be adopted at several locations and market types at the outset. However, it was recognized that in the longer run, specific methodologies and approaches are likely to emerge as being best suited to specific contexts. Areas for research in this area include:-

- What are the best methods for analysing the assets and skills of both communities and service providers to match HVAP market options with risk exposure of selected groups?
- What are the best methods for identifying HVAP market options for poor communities?
- How can poor rural communities analyze their risk exposure and devise risk mitigation strategies based on types of HVAP and their position in the market chain?
- How can information on aspects such as market and climate be integrated through GIS linked processes (e.g. homologue type), to assist in both identifying best production zones and also in protecting market identity?
- What options are there for sustainable linkage to high value markets, such as how can a poor rural community develop and legalize simple “appellation” systems that enable poor farmers to lock in market opportunities?
- What are the best practices for linking smallholder farmers with large companies and ensuring equity of chain governance over time?

### **4. What HVAP market types should be considered in a HVAP strategy for the poor?**

Market types can be categorized in terms of their distance from the site of production and processing to include: local, national, regional and international/offshore markets. Similarly, consumer type, produce value type and combinations of these attributes can categorize markets. For each HVAP analysis, market research and demand studies will be required. At a more generic level, research should also be done to identify trends and new opportunities for pro-poor high value market options. Research in this area should focus on:

- What are the emerging trends, opportunities and impediments to accessing HVAP markets for the poor?
- What are the patterns and trends and market opportunities in different market types for the poor?
- How can HVAP market opportunities be made available to communities in marginal environments?

- What are the trends in consumer behavior, how can analysis of these trends be used in such a way as to the benefit of poor remote communities?
- Can GIS methods be usefully developed to identify issues of market access, based on key attributes of products and locations?
- How can HVAP production systems be developed for urban producers, and for peri-urban small-scale systems, to engage in the new urban market opportunities such as supermarkets and higher income consumer segments?

#### **5. How to use and manage information and innovation to maintain competitiveness?**

To be successful in the marketplace, access to relevant information is considered vital for the communities and service providers involved in HVAP market development. The ability of traders and intermediaries to successfully conduct spatial and temporal arbitrage at a profit is largely based on their skills in filtering relevant information from many sources and taking advantage of that position of knowledge. Application of this marketing knowledge is not a one-time function, but is based on the ability to maintain partnerships with people in the market chain that enables ongoing transactions to be competitive. To engage in HVAP markets effectively, research should assist both service providers and rural communities to identify essential information needs and to devise low costs systems such that partners can access the required information to make better business decisions. As information becomes more widely available the roles of actors in the market chain will change and also more people will be attracted to enter the same market. Therefore HVAP entrepreneurs will also need to be able to experiment and innovate in order to generate new information, so that they can retain a competitive edge. Key areas for research in the area of information access and management include:

- How to integrate knowledge management systems and information about marketing methods, partnerships, processes, opportunities, product dynamics and new technology options to improve the ability of poor communities to benefit from HVAP market opportunities?
- What is the best ways to make an interactive knowledge system accessible to the poor for HVAP engagement?
- What technical knowledge needs to be compiled on high value products to be useful to the poor?
- How to ingrate ideas and activities of experimentation and innovation into the learning and information process, such that market chain actors are maintaining their competitiveness?
- How to make relevant and timely market information and market intelligence available to poor producers?
- How can such information services be financed to make them sustainable?

#### **6. How to select the most appropriate technologies for HVAP markets?**

This area of research will be based on decision by partners to invest in a particular type of market chain and product. Hence, demands for technology types and decisions on choices will be highly dependent on parameters such as group assets, context and location. In many cases, common problems and needs will occur in relation to product types, efficient usage of natural assets and post-harvest technologies. Research in this area however, MUST be demand driven and not be led by existing research interests. Key areas suggested include:

- What genetic traits can be identified for integration into HVAP, particularly those that overcome post-harvest constraints?
- What are the key nutritional traits and values of indigenous products that make them desirable as HVAP?

- How can low cost production / post-harvest / packaging technologies be made available to poor farmers to support the supply of HVAP markets?
- How can we develop an inventory of indigenous products that may provide poor smallholder farmers with market opportunities, related to specific conditions of climate, elevation, market access etc?
- What are the determinants / traits of quality traits that make HVAP demanded by consumers?
- How can fish/livestock or other integrated systems be made available to poor communities to increase their income efficiencies?

### **7. How to foster pro poor HVAP policies?**

The group understood an “enabling policy environment” as a situation in which the private sector takes the lead role in organizing production and marketing of high value agricultural products, but the government plays an important role in guiding and facilitating this development. “Policy,” in this case, was broadly defined to include public investment, policies, regulatory environment, and mechanisms of enforcement. An important question in the context of HVAP is why is the government and publicly funded research needed at all? It can be argued that if high value agricultural products provide higher returns per hectare or per day of labour, farmers already have strong incentives to adopt them. If these products are by definition commercially-oriented, then the private sector already has an incentive to market them efficiently. There are four rationales for support and intervention by the public sector and for publicly funded research.

First, the government has an interest in reducing poverty and improving equity; something the unfettered operation of the market does not necessarily guarantee. Second, even in the absence of the equity motive, the government can improve the efficiency of markets by providing public goods, defined as goods which create widespread benefits but which cannot be profitably produced by private firms. Examples of public goods include roads, communications, and legal infrastructure. Third, public sector intervention may be justified by market failures. Fourth, the government may intervene in the interest of sustainability, to protect future generations from paying the costs of shortsighted decisions by the current generation.

As to the specifics of the policy research agenda, the group felt that at this time, it was unclear which policy issues and approaches would generate most benefit to suppliers in HVAP markets. The initial policy research should define this area and clearly focus on areas that are most relevant to address practical impediments to the market engagement. Key research areas suggested include:

- What are the critical public investments in infrastructure required to promoting high value agriculture?
- What are the new areas of public investment required to support high value agricultural products?
- How to minimize the negative effects of market barriers / regulations and standards on HV market access for poor smallholder farmers?
- How can regulations be formulated to enable poor smallholder producers to access HVAP markets?
- How to alleviate barriers to market entry for smallholder producers in HVAP markets at the local, national, regional and international levels?
- What is the impact of concentration in supply chain in small farmers?
- What is the regulatory environment required to promote high value agriculture are, as related to issues of pesticide, seed approval, bio-safety, grades and standards, product tracing, etc?
- How can property rights be secured to benefit from long-term investments?

## **Reflections on the research agenda**

The discussion on the research agenda reflected the view that linking poor farmers to high value markets is a highly challenging task, and there are no silver bullets due to the range of client types, beneficiaries, locations, market types, risks and product options that need to be addressed. Recurrent themes in this discussion included the link between risk and sustainability, and opportunities versus equity. Based on these discussions, the “research agenda team” suggested that HVAP interventions should develop strategies that would be sufficiently flexible to benefit from the fullest range of diversity in market and community opportunities that exists; and that the research agenda should design and test processes that enable different types of actors, based on their skills and assets (in terms of wealth and opportunity parameters) to gather information and make selections for business options that would be based on “their” ability to absorb or take on added exposure to risk. In all cases, approaches should pay careful consideration to ensuring equity of benefits in the chain and avoiding simplistic approaches that led to rapid market oversupply.

Based on these considerations the “research agenda team” also felt that it was also important to distinguish between action and thematic types of research:

(i) Action based research, which would be undertaken with partners in their on-going high value market linkage projects. This dynamic research will focus on how methodologies, processes, information tools, technologies and policy reforms perform in specific sites and cultures and provide a means of evaluating the impact of research outputs within the changing socio-economic environment. The action research platforms would also provide opportunities to identify and adjust new options to feed into the thematic research agenda.

(ii) Thematic research focused on identifying and defining the key drivers, assets, attributes and skills required in enabling smallholder farmers to gain better access to HVAP markets. This work would focus on identifying major leverage points and methods related to: market chain governance, distribution and equity of benefits within changing market conditions, the importance of and effect on market access related to location, gender, finance instruments, knowledge management, scale and specific policy variables. Having identified these issues, the research would also evaluate specific themes across sites and cultures.

## **7. Towards actions and coalitions**

### **7.1 Ideas for action**

In the last session of the workshop participants were asked to identify emerging initiatives or ideas that are of high importance for promoting HVAP. 10 ideas were presented. These are described briefly in Table 1.

### **7.2 Coalitions**

Following the generation of the ideas presented in Table 1, a process of coalescence occurred with groups of actors forming around three areas, with support for the overarching platform provided by the Global Horticultural Initiative.

**Table 1. Ideas for emerging initiatives on HVAP**

No.	Idea	Notes
1	HVAP and peri-urban agriculture in LA	Build on existing platform and on-going programmes and projects provide by FAO. Bring together, CG centers, Ministries of Agriculture and the Environment, municipal authorities.
2	Maize as an HVAP	The question is how to “de-commoditise maize”. The existence of differentiated market demands for different maize types could lead to premium prices for indigenous varieties and high protein maize for animal feed, hence higher incomes for farmers.
3	Biodiversity and HVAP	Understanding biodiversity and hidden attributes fundamental for making use of HVAP. Issues: i) consequences of HVA production on biodiversity, ii) trade-offs between on-farm biodiversity and uniform quality for the market, iii) priorities for gene bank conservation.
4	HVAP and environmental services	HVAP have the potential to generate sufficient income for farmers to take care of environmental issues. People are prepared to pay for carbon storage and or managing water. How can we best facilitate this type of process?
5	HVAP advocacy at NARS level	Concept notes and awareness materials could be pulled together to address policy makers on the importance of HVAP and how can these contribute to poverty alleviation.
6	Organization of supply chain actors for HVAP in WANA	Organization of the supply chain actors in cooperatives or other associations can be an important factor. For example, organizing small growers association and linking these with successful entrepreneurs to draw useful lessons and experiences.
7	Information exchange on HVAPs research issues	A newsletter or a website could be set up with access to a database of research activities to share experiences across countries and also information about training opportunities on HVAP issues.
8	Global Initiative on Horticulture	AVRDC offers to function as a focal point through the Global Initiative on Horticulture for all initiatives related to HVAP.
9	IPM for tropical fruits	Fruit growers are faced with heavy losses due to anthracnose, fruit fly problems etc. These are posing serious threats on farmer’s capacity to export. Requires investment in IPM.
10	Farmer empowerment to realize HVAP opportunities	The idea is to work with other organizations and institutions to look at farmer empowerment through organizational models such as cooperatives and other forms of association.

### **Group 1. HVAPs for livelihood security and enhanced bio-diversity**

Convener: Jon Hellin, CIMMYT.

Focus: To explore two linked strands under the umbrella of HVAPs: i) the extent to which commodities can be ‘de-commoditised’ so that farmers continue to sell the commodity along with higher value de-commoditised or differentiated products and ii) assess biodiversity/genepools, including under-utilized species, as a source for promising HVAPs.

The ideas include an analysis of the extent to which a proportion of the traditional commodities produced by small-scale farmers (maize, wheat, cassava, forages etc.) can be a vehicle for increased incomes through a process of product differentiation: identifying and developing higher value

market segments for products with specific attributes sought after by industry and consumers. Other researchable issues should include the trade-offs between product uniformity/ standardization and on-farm biodiversity; strategy development to mitigate potential adverse impact of promotion of HVAP on biodiversity; policy issues such as Intellectual Property Rights and community rights related to HVAP derived from biodiversity.

Interested partners: Michael Hermann (IPGRI) and Irmgard Hoeschle-Zeledon (GFU-IPGRI), Jon Hellin (CIMMYT) Michael Peters, Douglas White, Joachim Voss, Shaun Ferris and Jacqueline Ashby (CIAT); Philippe Petithuguenin (CIRAD), Yves Savidan (Agropolis) and possibly Monica Zambrano (Cadbury Schweppes).

Next steps: The group agreed to explore the possibility of pooling ideas towards a cross-institutional and cross-disciplinary research project. As a first step, a draft concept notes will be shared amongst the interested parties before the end of October.

## **Group 2. Knowledge management and information sharing**

Convener: Alonso González, CIAT.

Focus: To initiate the building of a data base and communication vehicle(s) for sharing information on issue related to HVAP for small-scale farmers.

Interested partners: Nicholas Minot (IPGRI), Thomas Lumpkin (AVRDC), Rupert Best (GFAR)

Next steps: Alonso González will develop and share a concept note for sharing among the interested persons.

## **Group 3. Farmer Empowerment**

Convener: Ron Bonnett (IFAP)

Focus: To work with farmer organisations to identify ways to build social capital for their organisations and market linkages. Key areas of development will include i) organisations, ii) marketing structures and chain governance, and iii) facilitation of skills. Typical topics that will be addressed are:

- Motivational change (farmer organisation, youth, the vulnerable )
- Business mentoring
- Sharing of knowledge, information
- Improving communication systems
- Finding ways of making institutions more sustainable
- Integrating a process of continual innovation
- Developing the ability for advocacy and policy development

Interested partners: Alejandro Delfino (IFAP), Shaun Ferris (CIAT), Andrew Temu (Sokoine University), Richard Street (Youth Employment), Getenesh Tekle (PROLINNOVA), ALARU

Next steps: A concept note will be prepared for circulation among interested partners for their input. IFAP will discuss internally and initiate first planning steps.

## **Overarching platform on horticultural crops**

Convener: Thomas Lumpkin

Focus: Horticulture crops and products offer significant opportunities to alleviate poverty, increase income, and reduce malnutrition. A review of literature from various developing countries shows that horticultural crops can boost income from 20 to 500 percent and increase labour demand from two to five times per unit area compared to cereal crops. The ability of the horticultural research and development community, however, is very poorly funded and too disjointed and disorganized to adequately capitalize on this opportunity. To rectify these problems, the CGIAR Science Council has raised high value agricultural products as a priority issue and AVRDC has proposed, and is willing to facilitate a Global Horticulture Initiative (GHI) possibly as a CGIAR Challenge Program with the support of GFAR, CIAT, CIRAD and other organizations.

Potential partners: Participants at the meeting recommended that AVRDC facilitate the GHI. The GHI could provide technical personnel and funding for collective actions between IARCs, NARS, NGOs, ARIs and the private sector to tackle problems such as Whitefly/Gemini viruses, weak seed sectors, indigenous crops, etc.

Next steps: The GHI will be promoted during the December CGIAR AGM05 and will have an official launch in March 2006 at Montpellier. The GHI can provide the R&D complement to the new FAO/WHO initiative to promote production and consumption of fruits and vegetables.

### **7.3 Immediate next steps**

Beyond the steps defined by each of the above groups, the actions shown in Table 2 will be undertaken as a means of building on the work initiated in the workshop.

**Table 2. Workshop follow-up actions**

<b>Action</b>	<b>Time frame</b>	<b>Responsible persons</b>
Finalization of workshop documentation	15 October	Rupert Best and Jürgen Hagmann
Preparation of Synthesis Report	30 October	Rupert best, Jürgen Hagmann, Irmgard Hoeschle-Zeledon, Shaun Ferris, Antonio Schiavone
Further development of concept note proposals		Respective conveners
Development of one or more publications		Douglas White, Jon Hellin, Nicholas Minot, Shaun Ferris
Report to GFAR NARS Sub-Committee	2 December	Rupert Best
Presentation to AGM during Science Forum	5 December	Tom Lumpkin

## **8. Workshop conclusions**

The participants felt that the following eight points capture the essence of the workshops deliberations:

**1. What is a HVAP?** A high value agricultural product is one that returns a higher gross margin per unit of available resources (land, labour, capital, human capacities) than another product within a given location and context.



**2. Research Priorities:** Process methods related to (i) organisation of partners, (ii) market chain analysis and (iii) sequencing of interventions to access higher value markets were considered to be of highest priority to enable the poor to access high value markets.

**3. HVAP is not a substitute but a complementary strategy.** Given that HVAP strategies are essentially means of enabling producers to diversify into higher risk business areas, the approach should not be considered as a substitute to current activities but as an additive or complementary process. Risk should be addressed based on client's ability to absorb shocks and market facilitators should undertake due diligence methods to avoid exacerbating poverty.

**4. How to identify which "poor" to engage within a HVAP strategy?** To avoid time-consuming diagnostic approaches to identify the poor, it was proposed that the HVAP approach would identify clients based on risk profiling. In this way, the community would self-select among a basket of market options and products to invest in, based on their decisions of acceptable levels of risk exposure. This approach remains inclusive, flexible and offers a democratic and innovative process for working with different segments of the poor within a less advantaged community.

**5. Intervention locations for HVAP.** The selection of sites for HVAP interventions should consider two options: (i) areas that have high potential to compete effectively in the marketplace against larger scale farmers or imported goods or (ii) areas in that contain a high percentage of less advantaged people, such as those from ethnic minorities, with low market access, poor service provision.

**6. Avoiding the commodity trap.** The obvious danger of the HVAP strategy is that rapidly increasing the production of a niche market product will lead to rapid oversupply of markets, causing a collapse in prices and the need to produce more to achieve the same level of income. HVAP by definition have a smaller market share than commodities and therefore to avoid oversupply and increasing market volatility the approach should take into account the market drivers and growth potential.

**7. No delusion about the zero sum game.** In most cases markets exist and are being supplied by nearby farmers who are linked through a number of intermediaries to the market. Market interventions that increase the skills and organisational capacity of one group of producers is likely to favour that group with the effect that it squeezes out other farmers and or rural traders due to their being more competitive. To avoid a simple replace process, the market intervention strategy should target growth markets so that new entrants can be absorbed into the supply chain. There should also be a tangible increase in the efficiency of the market supply chain such that several chain actors including consumers benefit in a long-term manner.

**8. Political will.** It was considered that if left to market forces, it would be unlikely that poor farmers would have long run links to HVAP markets. Therefore to be effective, HVAP strategies should be developed in areas where there is political will and community support for the process. In other cases advocacy should be used to raise political awareness of the HVAP options to alleviate poverty and improving food security.

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12October2005