Global Forum for Agricultural Research (GFAR)

Consultative Group on International Agricultural Research (CGIAR)

How can the Poor benefit from Growing Markets for High Value Products?

Workshop held at CIAT, CALI, Colombia. October 3-5, 2005

Workshop Documentation

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This report documents the workshop on High Value Agricultural Products for the Benefit of the Poor, which took place on October 3-5, 2005 at CIAT in Colombia. This report is not a final synthesised report, but tries to capture the workshop output in a non-interpreted way.

THIS DOCUMENTATION IS MEANT TO BE A REFERENCE DOCUMENT for all participants and is intended to provide details of what transpired. Almost all results of the working groups and plenary sessions are documented.

The Synthesis Report that summarises the major results of the workshop will be available shortly.

Foreword by the Organisers

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. There is no widely agreed-upon strategy for achieving this aim. There are numerous examples of different approaches, some very successful, others ineffective that have been tried. Certainly no one formula exists.

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'.

The Secretariats of GFAR and the CGIAR Science Council convened this action-oriented workshop as a means of contributing to the development of 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 preparation was guided by a Steering Group made up of representatives from the GFAR and CGIAR Science Council 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). 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 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 the 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 large topics around which research proposals will be developed.

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1. OPENING AND SETTING THE SCENE

1.1. Opening Remarks

Remarks from Joachim Voss, CIAT DG:

Joachim Voss considers the workshop as being very important in view of his own experience in working with small farmers in Africa and Asia. How can we take advantage of human potential within the challenges of sustaining the environment and connecting with market niches? An example of innovative HVA cassava products is biodegradable plastics and the paper industry. If you leave it to the markets alone, big industry takes the advantage. How can we take this beyond? Have to build capacity among the people that need it, but this is made difficult by the great heterogeneity, and the identification of niche markets depends on local input. Most promising HVA products include, for example, of coffee for Starbucks. It is also important to define the best entry point for income and sustainable systems and identifying the most promising to show a coordinated chain down from research to the market and back up again is key.

Remarks from Ola Smith, the Executive Secretary, GFAR

Rupert Best from GFAR's Research Partnership Program made the presentation for Ola Smith, the Executive Secretary, who was unable to attend. GFAR was born out of the process of revitalizing agricultural research for development in the mid 90s. They have regional forums (6) that try to bring together R&D practitioners to identify priorities. Keywords are:

Inclusiveness – open out to include all stakeholders in decision-making. This meeting is the opportunity to bring together R&D practitioners with knowledge of this item to do strategic thinking to realize the opportunity that JV was talking out.

Partnerships - What are types of partnerships among stakeholders that could be identified in a multidisciplinary, multi-institutional approach? GFAR convenes but does not execute; the stakeholders and others have to run with it. Thus GFAR seeks to catalyze sufficient energy so that the process carries itself forward.

Remarks from Ruben Echeverria, Executive Secretary of the CGIAR Science Council

The CG system has a national, regional and international research agenda. The CG is interested in identifying major R&D issues with respect to HVAP (see doc, section 10 in folder). The CG cannot forget that past research is important to build upon. *Building coalitions* for collective action is a key strategy. They are more interested in identifying research topics at the global level. There are four priorities with respect to increasing and enhancing sustainable income generation: fruits and vegetables, livestock, fisheries and aquaculture, and forests and trees.

Remarks from Jürgen Hagmann – workshop facilitator

Jürgen Hagmann emphasized that he was bringing to the workshop a broad view based on his extensive work in the field including organizational development and innovation/ change processes with NGOs, NARS, etc. in different countries. The workshop program is ambitious, but doable. There is a steering group mechanism for co-management of the workshop by the participants. The hope is to address the participants' concerns, but without getting off the track. They were invited to feed their views into them, which will be reviewed in the evening meetings of the Steering Group: Rupert Best (Research Partnership Program, GFAR), Getenesh Sintayehu Tekle (SOS Sahel Ethiopia), Joachim Voss (DG CIAT), Andrew Temu (Prof. Sokoine U. of Agriculture, Tanzania), Alejandro Delfino (IFAP-Argentina),

1.2. Introducing the Workshop Management, Process and Agenda

Core values we need to share

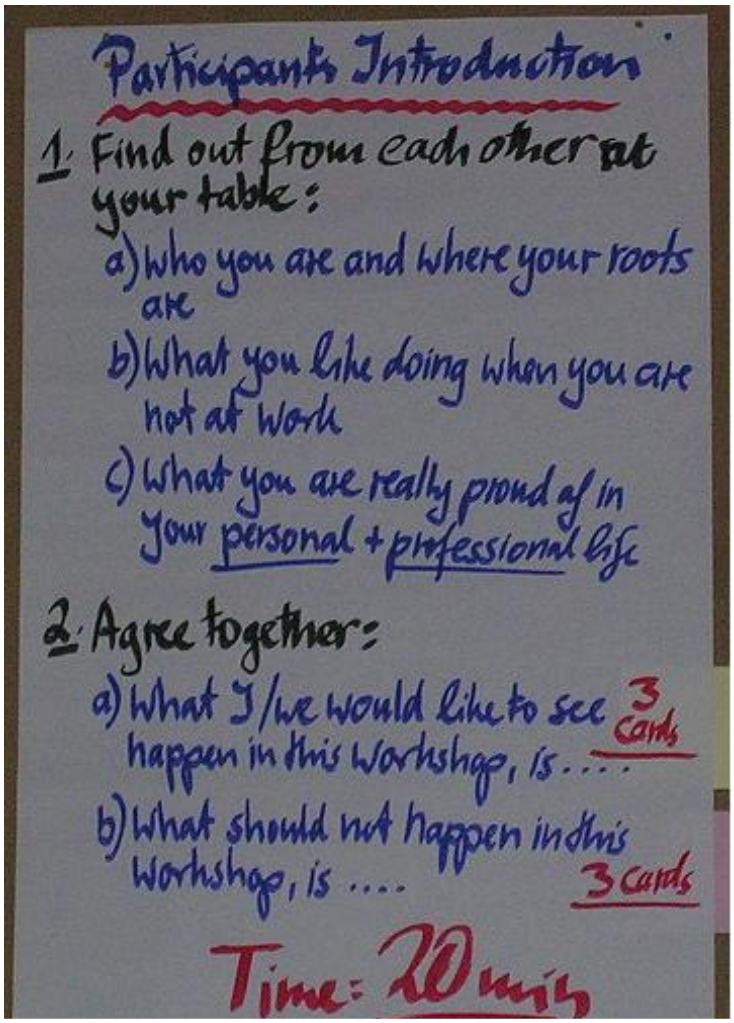
1. Adaptive management, not a cast-in-stone agenda so we can deviate/add issues
2. Informality
3. All contributions are appreciated. There is no such thing as a stupid question. You are not supposed to know everything.
4. Open dialogue – the participants will rotate tables so everyone will have the opportunity to discuss with everyone and get the different perspectives of those who are here.
5. Inclusiveness, there is no driver/passengers relationship. We can ask those who are too quiet a question so that we get input from everyone.
6. Transparency – there are no hidden agendas

Rules for interaction at the tables

- Move to a new table and meet with new people every half-day.
- Encourage the quiet ones who have different patterns of communication but a lot to contribute.
- Control yourself and give others a chance.
- Don't present your case twice.

Participants Introduction

The following task was given to the table groups to introduce each other:



Characterization of participants

Participants were asked to identify themselves according to the sector they represent: private sector, small farmers/private entrepreneurs and associations representing them, NGOs, extension/applied research, and researchers (CG system, universities, NARS). Within research, the largest group was from the CG and system. The question was raised as to why there were no donors. It was explained that they are behind us and funded this workshop even though they are not here physically. GFAR probably does not have as much donor intelligence as some of the older, larger institutions that are also participating here. It is important to get them involved with the farm sector. All are encouraged to participate. There are many government issues inherent in this topic so a case should be made to them through, for example, international NGOs. National research priorities are very important in Latin America. It was recommended that the group think about what their perspectives might be.

The participants then divided themselves by regions: Africa (3), Asia (3), Latin America and worldwide. The last two groups were the strongest.

Gender representation: There were only 5 women.

Participants' standpoints with regard to some statements made

Participants were asked to stand in a continuum from 'I fully agree' to 'I totally disagree' while the facilitator reads out some provocative statements around some issues relevant to the workshop:

The potential for HVAPs is overestimated. They will not bring small farmers out of poverty. Fully agree (3 who have seen things work); totally disagree (3); the rest were divided between agree and disagree. There are too many ifs. Increasing markets, for example, is not enough if you want to bring benefits to the farmers.

We should move away from the dominance of the US and European large farmer model. Those in strong disagreement felt it was important to bring small farmers together so they can enter the global market. There was a mix in the middle. Large agriculture also has problems. Mechanisms for profitability are different, but there is a need for large farmers to produce on commercial scales while niche markets are more for small farmers. It is not really an either/or situation but a complementary one. Those in strong agreement pointed out that small farmers in Vietnam, Colombia and Japan have been able to work successfully in certain areas. Large farms are of relevance to Brazil and Colombia, for example, but they also have many small farmers. It really depends on the crop you are talking about. Small areas are good for cassava and fruit. Associating and better organization are important if they are all to work in the same direction. Putting together smallholders does not work by itself; it requires a new marketing approach. Some of the participants do not like models, preferring a special approach and linkages with coops, societies, etc. Perhaps there is a need for many different models at same time because of local, regional issues. Conclusion: It is important not to be dogmatic, appreciate diversity, develop a common understanding so we don't get bogged down in discussions, identify approaches, context, etc. when we are discussing.

Due to the fact that we are neutral researchers, we miss a huge chance of advocacy to influence policies. Big disagreement – institutional development tools can be used for promoting policy to protect environment. May not be overt but we do try to influence policies. Research-extension-etc are all linked. Extreme agreement – research could do much more and address policymakers more. Researchers are not neutral, we do have biases. The universities are the most neutral but in a pro-development organization we have a long way to go to be more proactive. Advocacy is not aggressive enough, and findings are too technical and not appropriate for advocacy. Need to separate research from advocacy, but there should be partnerships. Donors can also

assume a more proactive role. In the middle group, it is not a question of indifference, but more one of neutrality. They did not have expectations to be met.

We should not get caught in large and small, but on how to get out of poverty. Small farmers may make money. Urban vs rural poor. Empty rural space vs concentrated urban space is an important issue in LA. There are also many farm labourers who have no land. What do the organizers mean? GFAR and the CG system follow the millennium development goals to impact on people earning $1/day. We are really looking at marginal groups because of their distances from markets, access to market niches, but we are not addressing the many structural constraints they are facing. HVAP is very different for those who are isolated. It was suggested that it would be helpful to develop matrices of different situations and what HVAP means for those sectors that have not been catered to.

There is a spin-off of working with smallholders in that it will benefit the area around them. Farm workers and small enterprises also important to consider. Some felt it was important to focus only on the rural economy, not the urban, which is more complex. Concentrate on the more marginalized in the rural economy and how to get them involved in niche markets. There are good opportunities for VA agroenterprise. Need to include landless and rural residents for local employment generation.

Mistake to limit to rural economies – supply chains processing companies that have also benefited and their workers. Cannot consider just the production part of chain but the whole supply chain. We need more knowledge of what works where. International public goods. Others felt actions should expand to all the poor because some workers are rural for only a few months a year. HVAP can benefit wherever they are.

Diversity creates creativity.

The whole chain including the consumer. HV nutritional crops. Food security in terms of nutrition. Access to high-nutrition products. Organizing principle should be the food chain. Address unit that needs similar approaches.

Expectations and Fears

Table 1. The participants then presented their cards on **"What we would like to see happening' and 'what should not happen in this workshop'"**

Make sure environmental safety, equity and gender issues; clear mechanisms on how to move forward. Do not want: concrete agenda; avoid atomization (silo mentality).

Table 2. Farmers organizations, upward strategies to link smallholders; private sector should be active participants. We cannot expect that there will be empowerment of the poor by entering HVAP markets. How can the poor benefit keep on benefiting?

Establish common understanding of key concepts such as HVAP smallholders, markets, poverty; cocoa crops and cassava people need practical actions and identification of opportunities, practical concepts that can be applied immediately. Do not want: workshop hijacked by individuals' agendas.

Table 3. Avoid getting into too much detail – work on vision, big picture; not a general declaration, but a shared conviction; focus on impact of global market on small-scale farmers, highly complex and need to remember that; structural mechanisms must be in place to impact; understanding on emerging markets such as new industrial and nutritionally superior production not all export, some are local. Find mechanism. Good spreading of added value along whole chain. Emerging market identified but often middle part benefits. Do not want: staying up at 30,000 ft in the clouds.

Table 4. More pragmatic research agenda with priority based on competitive advantages. Potential of private sector as strong positive force for benefiting smallholder agriculture; high demand focus with strong private sector direction. Role of all sectors with regard to farmers' organization; they want real working strategy/ approach to link smallholder HVA to sustainable market niches. Do not want: vague sexy ideas, a list of nice-sounding things; do not want to get stuck in endless meetings.

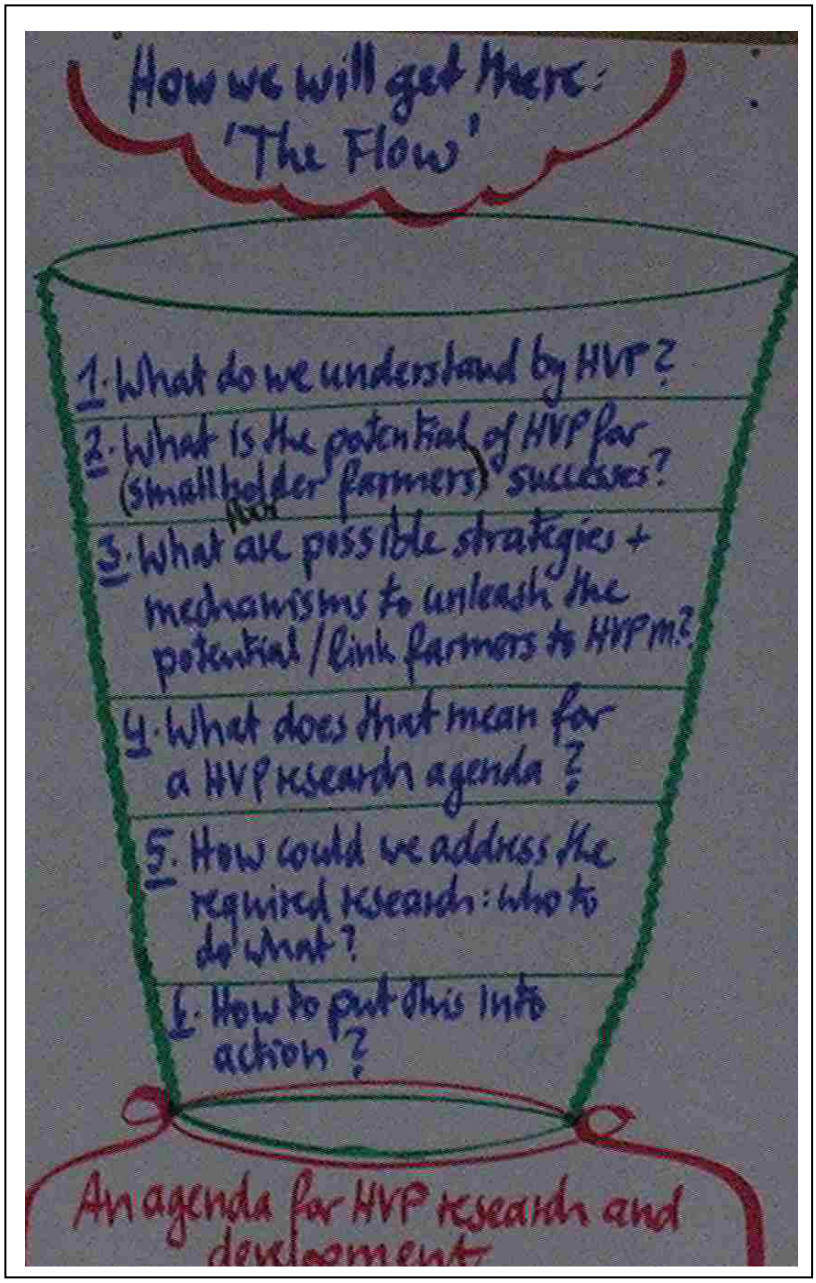
1.3. Creating a shared understanding of outputs and process

Anticipated Outputs

- Shared understanding of HV concepts, particularly as related to the poor
- Possible strategies to link small-scale farmers to HVAP markets
- Broad research agenda on HVAPs and issues to be addressed
- Explore potential coalitions; framework for way forward with champions/donors to form coalition, joint proposals…

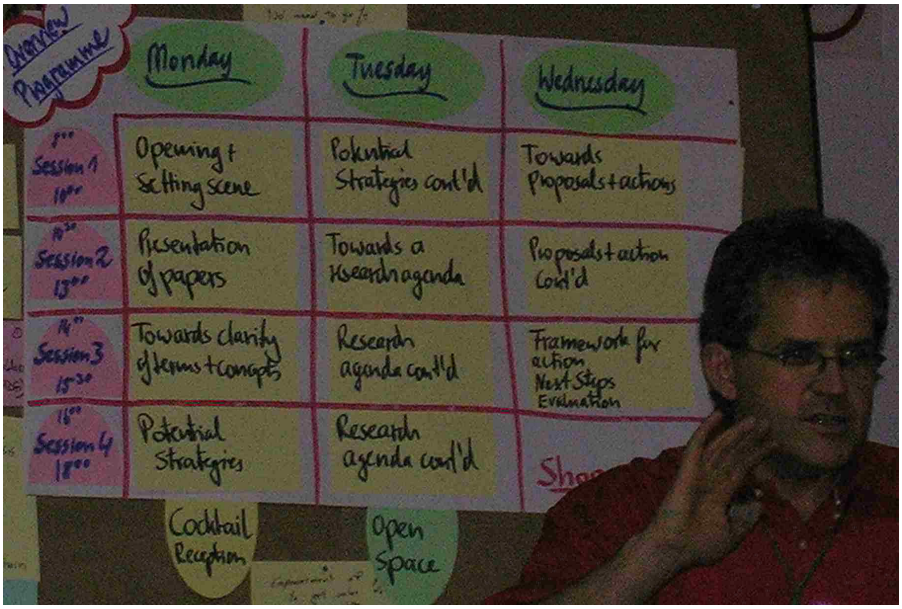
The "flow": steps towards the outputs

The facilitator presented the flow of the workshop – the analytical steps we will go through towards the desired outputs



Overview Programme

After the flow of the workshop was explained, the facilitator presented the overview programme and emphasized that this is flexible and will be adapted to the outcomes of every day by the steering group.



2. PRESENTATION AND DISCUSSION OF PAPERS

After the 'setting the scene' the workshop was going into deeper technical discussions with the presentations of the keynote and regional papers, which were commissioned beforehand.

2.1. 2.1 Presentation 1: HOW CAN THE POOR BENEFIT FROM THE GROWING MARKETS FOR HIGH VALUES AGRICULTURAL PRODUCTS? By J. Davis

Key Questions

- To what extent does the growing market for High Value Agricultural (HVA) products (in particular crops, livestock, fish and NTFP) offer an opportunity for the rural poor in marginal areas to improve their livelihoods?
- What are the necessary conditions for the rural poor to benefit from emerging market opportunities for high value products?
- What are the major R&D issues that need to be addressed in promoting high value products to achieve poverty reduction?

What is a small-scale farmer?

- A small-scale farmer (SSF) (crop or livestock) practices a mix of commercial & subsistence production or either, where family provides the majority of labour & the farm provides the principle source of income.
- Small-scale farmers derive their livelihood from a holding of < 2-5ha (usually < 2ha); and around 10 to 20 heads of livestock (usually < 2 or none at all). We also look at hunters/gatherers & users of common property resources.
- SSF constitute a significant proportion of the rural economy and the poor in developing countries.

Background

- Relatively rapid growth in world trade in high value agri-food (HVA) products, particularly horticultural products, fish and livestock
- Considerable success for some developing countries (DC)
- Key driving forces include:
- Lower levels of traditional trade barriers
- Advances in production & logistical technologies
- High income elasticises & demographic changes
- Increased international HVA market shares for developing countries
- Ancillary changes in HVA trade include:
- Rapid growth of supermarkets in DCs
- In SSA mostly in capital cities serving middle and upper class clientele
- In S.E. Asia spread from capital cities to medium-sized cities, towns and working class consumers
- In S. America supermarkets are now dominant accounting for 58% of retail food sales (weighted avg. for 10 countries)

- HVA exports increasingly mean fitting into regional and international supermarket supply chains
- One way for smallholders to learn how to do this is to fit into domestic supermarket chains
- These HVA trade changes are largely demand driven:
- Rising export demand
- Growing demand for HVA in DC and LDC
- Increasing urbanization
- Concentration in HVA wholesale and retailing & rise in supermarkets
- Responsive national, regional and international supply chains
- Improved quality:
- Food safety practices
- Improved product quality and presentation
- However, concern that sanitary and phytosanitary (SPS) measures/regulations will:
- Pose new or rising barriers to agro-food trade
- Erode DC's comparative advantage
- Marginalize the position of small-scale farmers and SMEs
- There is limited SPS management capacity in DCs at all levels

What are the necessary conditions for SSF to benefit from HVA opportunities

- SSF technical and marketing expertise and knowledge;
- Access to BDS and extension service organisations;
- Formal education and social capital;
- Farmer organisations (e.g. cooperatives etc.)
- Productivity (e.g. access to land, good agronomic practices, planting materials, trained labour);
- Vertical co-ordination within dynamic market structures including exporters and agribusiness;
- Infrastructure including irrigation, cold storage, improved post-harvest handling practices and grading equipment;
- Access to transport infrastructure (including air freight);
- Access to credit which enables investments in key equipment and technology

How do SSF participate in HVA markets?

- Chain segment: SSF are suppliers to processors and/or retailers without having any control over off-farm activities or chain management (e.g. norms and standards, innovation).
- Forward integration: SSF are organized for input procurement, off-farm processing and/or collection of farm produce. They have no control over chain management, as they do not set standards.
- Chain partnerships: SSF become chain partners through specialization, organisation in farmer study groups, development of knowledge systems and skills for negotiation/cooperation with downstream chain partners.
- Chain (co-) ownerships: SSF gain co-ownership over the supply chain by organizing in cooperative business firms, engaging in downstream chain activities

Risks of participation in dynamic HVA markets for SSF

- Risks to SSF in more dynamic markets are high, and opportunities for sustained participation in market are often limited
- S Asia/E Africa—slower restructuring of HVA markets
- Liberalisation and wholesale a more significant factor
- Government active 'push' in restructuring markets
- China: "Replacing wet markets with supermarkets" programme
- Vietnam: Eradicating roadside traders.
- Spill-over between new and traditional markets
- Noticed in many countries
- Private sector can be interested, but incentives for smallholder/SME participation are low
- Lack of validated/replicable models to support intervention (public and private)

Institutional factors

- Challenge of effective public sector response
- Lack of information and mechanisms for anticipatory policy
- A moving target—dynamic and complex
- Interventions on behalf of small-scale farmers or retailers have had limited success
- Regulations to protect producers: buyer power: difficult to apply competition policy to discipline abusive buyer power
- Regulations to protect retailers (zoning, e.g. Thailand, Restrictions of opening hours)
- The need to understand the current and evolving international, regulatory and trade standards in export markets and the needs for certification, and how these regulations vary by agriculture sub-sector.
- Identification of the quality control systems and organizations, both government and private sector, necessary to carry out conformity assessments and certification.
- Identification of the relevant government body and development of the accompanying legal framework to permit the development of local certification bodies.
- Capacity development of the local certification bodies.
- Development of accredited laboratories to undertake analysis to support the conformity assessment process
- Role of the public sector in HVA service provision needs review:
- Standards,
- Quality,
- Inspection services
- Input services
- Market information
- Credit
- Facilitate the provision of appropriate support (e.g., BDS or technical training).

Organisational

- Strengthen local structures, the role and activities of producer organisations input suppliers, SMEs etc

- New models of producer grouping and vertical linkages. Can we improve producer group capacity to effectively link with marketing and input suppliers
- Understanding what works and what public interventions are helpful – regulatory environment etc
- Public-private partnerships:
- Raising awareness Improving knowledge about international standards
- Building skill capacity of partners, e.g. that of SSF/SMEs
- Developing technology at pilot and local level
- Helping local industry to scale up results for themselves
- Brokering or facilitating the formation and sustainability of public-private partnerships
- Stewardship of HVA research to maintain an overview of developments
- Influencing policy and regulatory systems that aim at protecting the public good

Technology and market research

- Technology and market research is needed to:
- Increase productivity
- Product development, post harvest and transformation
- Product handling – cold chain etc
- Product factors and systems to meet standards compliance
- Environmental issues
- Animal and human health
- Market analysis
- Costs in the market chain
- Implications and impacts of dynamic new markets on SSF

Policy

- Better market chain analysis and emerging issues fed into PRSPs /PERs and implications for public sector investment choice i.e. no longer just production focussed
- Support and foster voice of SSF
- Encourage private sector to seek to engage strategically with SSF through Corporate (Social) Responsibility initiatives
- Social auditing;
- Application to small producers of CSR codes very limited.
- Risk management
- Infrastructure – roads and post harvest – stores markets
- Capacity building – all levels

Key priorities for action: horticulture

- How producers, processors & traders could reduce costs of standards compliance by affiliating into associations or groups
- Need to determine transaction costs at producer level i.e. the full cost of compliance with standards by LDCs

- SSF often lack access to both inputs and knowledge and therefore research and development of locally adapted and integrated crop management systems that meet market demands are required.
- •Need better understanding of the socio-economic implications of increased participation of women in the sector and intra-household labour (and revenue retention) impacts of a transfer from traditional commodities to HVA products.

Key priorities for action: livestock

- Improved and exotic livestock breeds for increased productivity
- Veterinary services
- Animal nutrition
- Management of transmittable livestock diseases
- Environmental management
- Niche products

Key priorities for action: fisheries

- With the growth of large scale and often capital intensive aquaculture the trade offs with other kinds of less intensive systems and alternative production needs to be better understood including the impacts on poverty reduction and the environment
- There is a need for ensuring that the rights of the poor are better preserved in global trade agreements, and to take up active, meaningful and participatory programmes to enhance their capacity to take advantage of the process.
- Strengthening of the fisheries associations (particularly women's groups) at grassroots level and at meso and macro levels to support their efforts to maintain and strengthen their position in the market chain including securing access to technology and credit

Key priorities for action: NTFP

- Encourage and support the search for alternative uses of those products where demand appears to be diminishing and appreciable populations still rely on its collection as a key component of their income generating activities
- Provide multi-national regional projections on production and forecast demand

What can GFAR/CGIAR do?

- Understand what markets want and expect
- Grasp agronomic, physical, economic, and social system interaction complexity
- Take emerging standards into account
- Take value chain/supply chain approach to SSF and SME development
- Be entrepreneurial: help small-scale farmers be productive, competitive, and sustainable through alliances/clusters

Final thoughts ….

- Beware of what failed with traditional commodities … over dependence, oversupply and declining prices in real terms
- Supermarkets may not be the most profitable outlet for all small farmers…
- Upgrading traditional markets may be the best SSF and SME development alternative
- The bar will continue to rise with respect to standards of all types, expectations of volume and consistency, the need for farmers to fit seamlessly into supply chains.

- Remember the rural non-farm economy
- R& D is required to support and guide public and private policy interventions to improve the access of SSF in HVA markets. However, to achieve poverty reduction it must also go beyond the usual technical solutions in R and D to fully incorporate policy and interventions that effects the required change…

More information on The Natural Resources Institute, Website http://www.nri.org/

Discussion

- Should not consider just the rural poor. There are good opportunities for livestock and non-rural economies.
- HVAPs are mainly for N-S export markets; have to consider alternative markets, especially in urban areas. Issues include perishability, seasonality, guarantee of production, competition from imported crops; local markets could be bottleneck because of pesticide use and other issues.
- Improve nutritional quality to improve consumption of fruits and vegetables so the demand is very large. Need to consider FAO's global initiative in this regard.
- Local town market-trading centers are overlooked.
- Improved nutritional quality is also crucial.
- It is fair to say that HVAP exports have been successful although there are issues that need to be addressed.
- Why didn't you talk about horticulture? Davis explained that this was a problem of having to reduce a 25-p report to 4 p. Discussions focused on integrating small farmers. Davis will distribute the annex to those who are interested.
- Table 7 deals with the issue of labour intensity. How central is that? Model we are all failing. How important is choosing HV crop where the trend is to substitute labour. Introducing technology and mechanization would reduce labour, but what about areas where it is different to substitute labour. Need to distinguish between on- and off-farm practices. The former is at present advantageous because of incorporating cheap family labour. Might want to focus on a commodity or chain where it is difficult to substitute capital for labour.
- More focus is needed on risk issues. Production liability and set of risks as well as market risks need to be introduced. The niches are very small so the last ones to get in lose when the price falls through the floor. We focused mostly on financing mechanisms and traditional production.
- There is extensive focus on more effective market chains. From the CG perspective, we need to think about the consequences for breeders regarding traits to be incorporated for a broader chain; e.g., livestock and quality. This has to be pinned down more.
- Standards could be barriers or opportunities for small-scale farmers. We need to point that out. Several coops in the Southern Cone can get added value because they are standardizing procedures throughout the chain, use of insecticides and good agricultural practices. Can use that as case study.
- It is difficult for small groups to get access. Could you give more models that work vis-à-vis collaborative practices, etc? Are we losing the opportunity to increase profit at the farm level unless we can negotiate getting into higher chains? The unit of value is key. Effective groups are those that can effectively negotiate and make linkages along the chain.
- Labour issue – It is good to provide new job opportunities; but we have to bear in mind that there is a shortage of labour in some regions, especially where there are women heads of households. When there is more income, who controls it? This is definitely a women's issue. In Africa money is often not invested in the family but in alcohol consumption.
- HPV might not motivate farmers because some felt that their extended family would only place more demands on them in addition to other social demands. There is a paper looking at levels of income in households and what they do with it. How effective is additional income used for education or non-

farm activities, etc. Those who get in earlier get a better position and access to the market but the others, no. We need more research on how their characteristics may help/hinder them.

- HVAP can become a standard commodity, when the prices will get cheaper. This is mostly the case so we need to ponder on how to help them to continue on. Do they have to switch crops? That is more difficult. We need to see how the research we do helps them to become more innovative over time.
- Emphasis is on niche markets, but there are also high-risk markets where the small-scale farmers may have an advantage. On a larger scale, can they keep up with that? How can it be sustainable in the long run? Many of these questions need to be addressed by the group. We are just getting into the field and do not know how to measure this (no crystal ball).
- See opportunity for standards, organic crops, etc.; but when everyone can offer this, the farmers need to be able to differentiate their product.

2.2. 2.2 Presentation 2: HIGH VALUE PRODUCTS FOR SMALLHOLDER MARKETS IN SUB-SAHARAN AFRICA: Trends, Opportunities and Research Priorities By A.E. Temu and A.A. Temu

DEFINITIONS

- High Value Ag-Products (HVAPs) have higher market values than traditional food crops
- Higher monetary value than traditional cash crops
- "High volume-low value v/s low volume-high value"
- High nutritive and "health" value
- We cover horticulture and fish
- Fruits, vegetables, cut-flowers and fish
- Fruits, vegetables and fish have significant domestic markets
- Cut flowers: mainly export, fruits and vegetables picking-up
- Low intra-regional trade in all three
- Small-scale producers: .25 to 3 ha of land
- Low input, rain-fed, weak infrastructure support, technological backwards

HVAP Farmers in SSA

AGRIC IS IMPORTANT in SSA

- Post Independence non-traditional crops dependence
- Significant Gov. involvement: Parastatals
- HVAP untouched

Co-existence of farm types

- Small farms: 25 to 3 ha, low use of inputs, traditional
- Exporter owned or leased farms
- Large commercial farms
- Kenya Case:

- 1972 – Small-scale contrib. 75% Exports to Europe
- Things change: e.g. EU Supermarkets effect
- 1998 - 4 largest F&V exporters in Kenya sourced:
- 18% of produce from small farms,
- 42% from large commercial farms,
- 40% exporter owned or leased land

SSA Small-Scale Agric. Features

- Lack of a dominant farming system
- Predominantly rain-fed agriculture
- Heterogeneity farm systems & livestock
- Key roles of women in agriculture
- Lack competitive markets
- Under-investment in R&D
- Dominance of weathered soil/poor fertility
- Political and economic environment
- Impact of human health
- Low and stagnant labour productivity
- Minimal mechanisation
- Customary land tenure
- Agricultural Productivity
- Generally low
- Graph compares SSA's with
- World, All DCs, South Asia
- Though for Cereals, the pattern isn't different for horticulture and Livestock.
- Low use of inputs, underdeveloped irrigation and low use of other technologies are key to the situation
- Qty and Quality need to be addressed even as a means to access markets

Highlights: SSA HVAP

- FRUITS AND VEGs
- Rank highest Non-Trad. HVAP in SSA Exports
- South Africa & Kenya dominates;
- SSA excluding SACU US$ 980mill trade - 1996-2000 Average
- Much potential is untapped beyond South Africa
- Domestic markets are sound, there is room to improve Qty & Qlty.
- CUT FLOWERS
- EU is the major market
- Growth US$ 140m 1990s to 250m in 2000

- Countries: SA, Kenya, Zimbabwe, Zambia, Uganda
- Domestic and intra-regional small volumes / unrecorded
- FISH
- EU is the major market
- Accounts for 13% of SSA Agricultural Exports
- 370 metric tonnes exports in 1990s has doubled in 2000s / Also in value
- Fresh water v/s Marine – the latter most significant
- Domestic markets are sound: Low levels of value added

Opportunities: Domestic HVAP Market Drivers

- Population
- Higher urban growth
- Rural urban migration
- poor rural economic conditions
- Urbanisation
- Changing diets and eating habits
- Multicultural societies [expatriate communities]

Better education and awareness

SSAs HVAP Export Market Drivers

- Agro-ecological / Climatic Differences N vs S
- Temperate versus tropical climates
- Labour costs?
- Demands: Year round demands for fruits and vegs
- Traditional Market Links
- E.g. East Africa and European Markets
- Importers links with local producers
- Policy Changes
- E.g preferential trade agreements
- Access to technology from the North
- FDI
- Reardon et al argue this is the driver of supermarkets
- Accidental spin-offs
- Minot and Ngugi: Tourism spinned F&V exports

Challenges & Constraints: SS Farmers

- Supermarkets effects [Reardon et. al.]
- Few large retailers now control the retail chains
- Hallam: 7 large retailers in UK control 80% of fresh produce from SSA

- Sidelining of traditional small-scale producers
- Scale, infrastructure, challenges in collective actions
- Same patterns in Cut-flowers
- However, contracting/out-grower systems engage small-scale producers [case study]
- Domestic Markets
- Existence of traditional fruits and vegetable markets traders continue to source from small-scale producers
- Low costs, social capital sustain them
- Compliance to legal and commercial standards
- LEGAL e.g residue levels, sanitary and phytosanitary certification
- COMM – hazard analysis, GAP, traceability etc
- Value addition / Post harvest processes and technology
- Technology and management capacities depressingly deficient

Post-Harvest Processes: Re-emphasised

- Lack of post harvest processing and value adding is an issue
- GDP per capita is low in Agricultural Dependant Countries
- Even Lower in those with lower levels of value addition

Ongoing Research and Dev

- Focus: Linking Small Scale HVAP Producers with/to Markets
- General paucity of information
- NARI constraints though ideally the key focal points
- The UNs Food & Agriculture Organisation
- Exemplified by a study in 2000
- International Food Policy Research Institute
- A key focus area in the organisation's research agenda
- Successes story case studies covered HVAP : Minot and Ngigi
- A Review of patterns and potential of growth: Xinshen et al
- NARIs and Universities
- Changes in NARIS
- Universities, e.g. Regoverning Markets: Market Access for small-scale producers
- FoodNet/IITA and CIAT
- Address non-production crop development research
- Successes in innovations such as those based on ICT
- Consortiums e.g NGO/Research Inst/Farmers
- Farmer empowerment philosophy

Research Priority Areas: Proposals

- MICRO-LEVEL:

- Production Systems Challenges
- Breeding, agronomy, and even biotechnology: address fragility
- Information systems: Innovate markets Info. & knowledge systems
- Input supply systems: What works?
- Synthetics v/s Organic Farming
- Post Harvest Technology
- Processes and technology
- Storage systems, distributional infrastructure
- Farmer Organisations analyses
- What does not work? What works? and How to?
- Gender: Disadvantaged access to resources and information
- Players: Consortiums – NGOs, Universities, NARIs, CGIAR

Research Priority Areas: Proposals

- MESO-LEVEL
- Policy Environment
- Conducive socio, economic and environment
- How to further conditions that prospered Kenya
- Institutions and Infrastructure
- Institutions linking farmers-processors-markets / exporters
- Financial systems: organisations and products
- Human resource development: Management and Technical
- Prioritise needed infrastructure: roads, cold storages etc
- Any Public-Private Sector collaborative activities

Research Priority Areas: Proposals

- MACRO-LEVEL
- North - South Policy Interplays
- Northern Policies and impacts on the south
- What other policy developments in the North can help smallholders in HVAPs
- Look and turn East?
- Intra-Africa Trade: Addressing Constraints
- Institutions and SSA infrastructure: roads, rail, ICT
- SSA trade with North Africa
- Policy harmonisation: Tech, Sanitary, Standards

Discussion

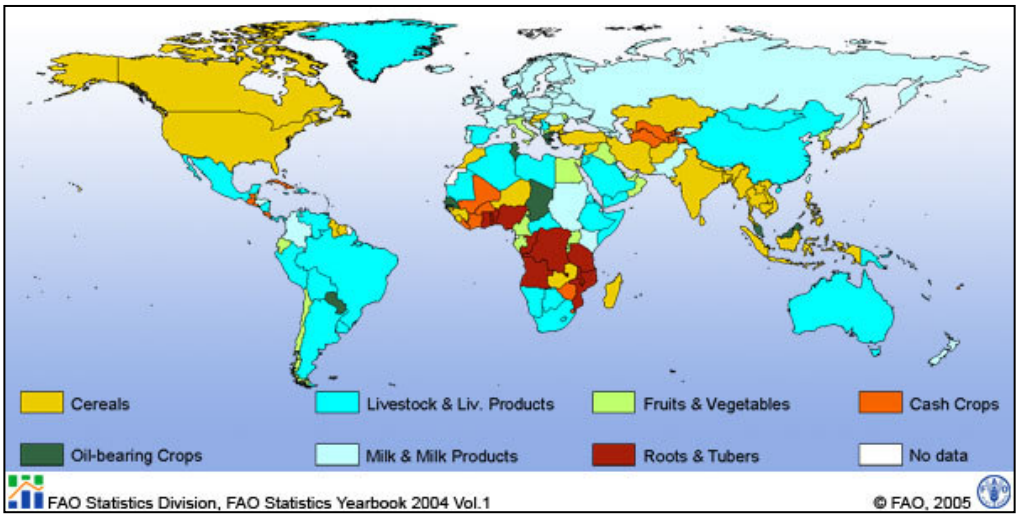
- Interesting article from IFPRI. Export has been narrowly defined to European and US markets, but there are also interregional exports and domestic markets that tend to be ignored.
- Added value – Is it really limited to agricultural processing?

- Look at "Turn East "– look at traditional markets such as coffee and cotton. East is China, etc. There is a huge market for sisal. There are other international markets where we are not doing well.
- Interregional trade is probably huge but not documented, no clue how big it is. What are the institutions that need …
- Livestock growers. Could be a very big market, but not necessarily something that would benefit the poor; e.g. pastoralism and nomadic life style. Big challenge.
- Have you measured importance of food aid for crops such as cereals in Africa? They have not done it. HVAPs do not contemplate grain and cereals, etc. Food net very important for accessing all sectors.

2.3. 2.3 Presentation 3: HIGH VALUE PRODUCTS FOR SMALLHOLDER MARKETS IN WEST ASIA AND NORTH AFRICA – trends, opportunities and research priorities By Ayman F. Abou-Hadid

How can the poor benefit from high cash crops?

- Definition of high value crops / cash crops.
- Availability of natural resources.
- Availability of cultural background.
- Ability to change.
- Availability of markets for the products.
- Ability to compete in international markets.
- Availability of investments and capital.
- Valuing the quality of life.



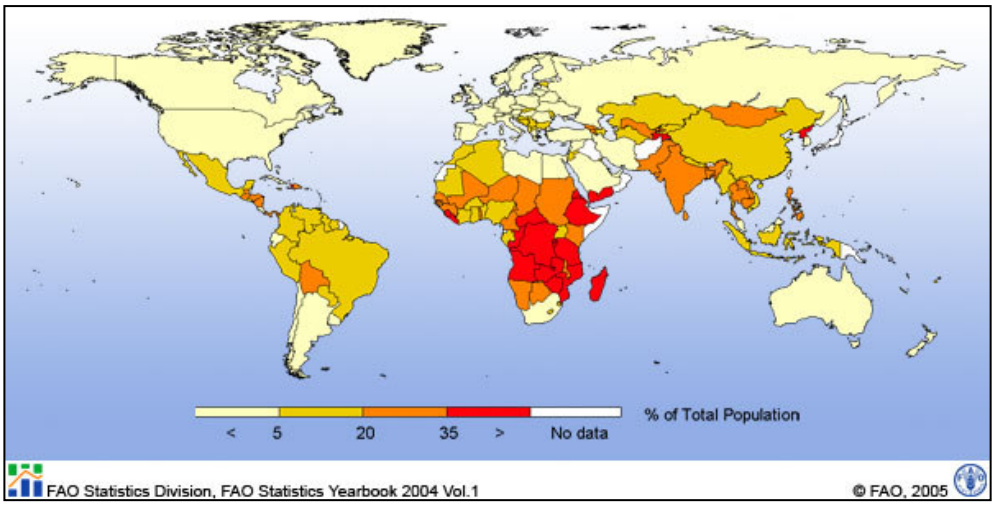
- Highest value agricultural production by commodity groups

WANA population

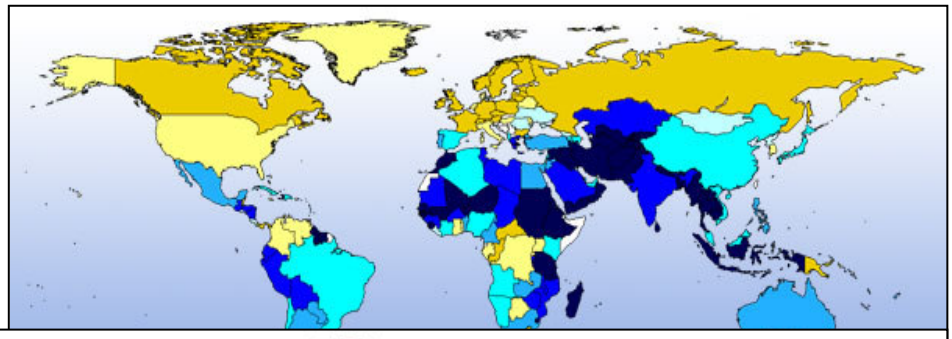
- Population in North Africa and west Asia:
- 667 M (2002)
- 877 M (2015)
- 1,099 M (2030)

Undernourished population in WANA (2000 – 2002)

Agricultural GDP per economically active person in agriculture in most of the countries in WANA region (except some oil- rich countries, is in the range between 500 and 2500 US$, which is substantially low compared to the developed countries where it is over 20,000 US$.

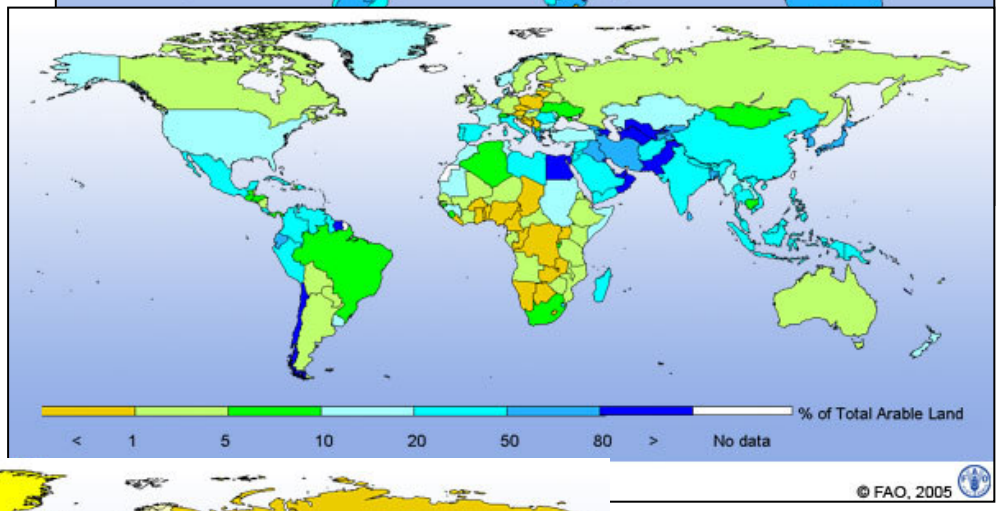


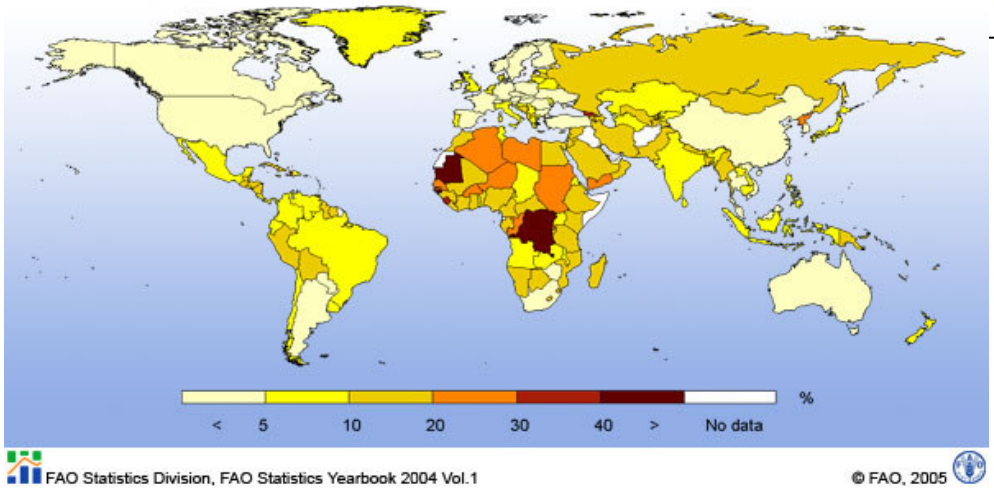
Natural resources endangered, Share of agriculture in water use



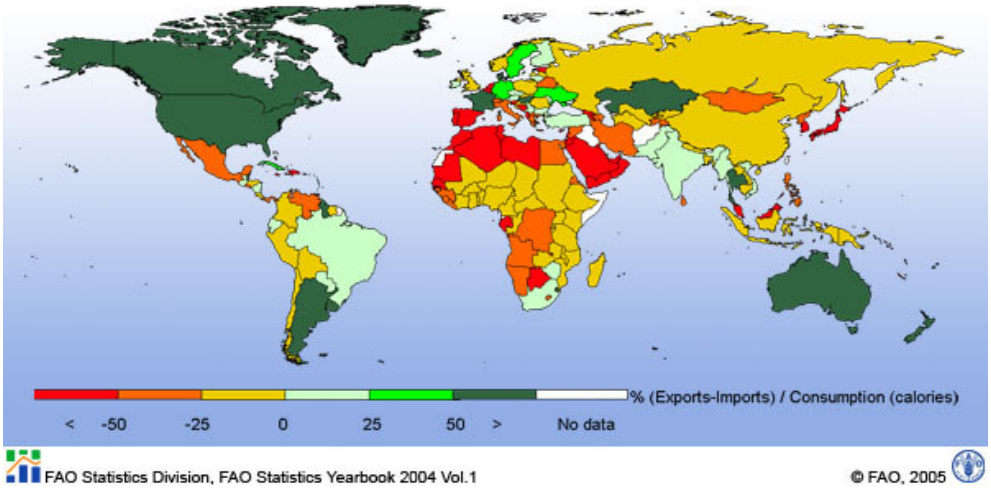
Share of irrigated land in arable areas.

Share of food in total imports

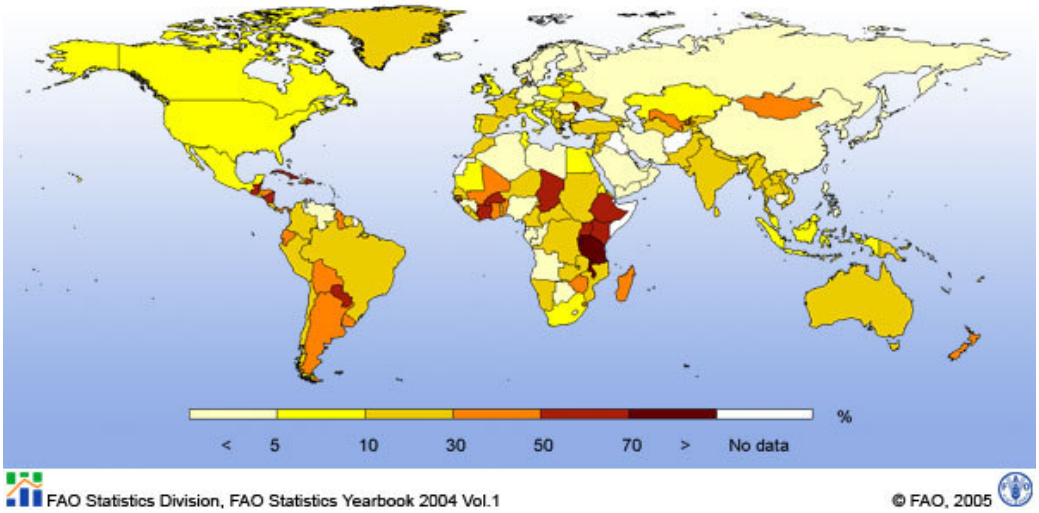




Net trade in food



Share of agricultural exports to total export.



Agriculture utilizes most of the resources.

- Water limitation is alarmingly decreasing.
- Agricultural land fragmentation.
- Crop prices are low / quality is low.
- The poor gets poorer.
- Unavailability of capital and modalities to use it in small-scale agribuisiness.

Advantages of the region

- Mild climate, limited need for heating.
- Long experience in agriculture.
- Suitability of several crops.
- Cheap labour.
- Availability of technical and scientific know how.

- Proximity to world markets.

Concepts for improvement

- Organic farming for higher prices.
- Precession agriculture for better yields
- Urban and peri-urban agriculture.
- Protected cultivation

Past market trends and development in WANA region:

- Food trade deficit of developing countries have tremendously increased.
- Gross imports of food by developing countries grew by 115 percent over the last 30 years period.
- Developing countries are growing as consumers.
- Rapid urbanization reduce land productivity.
- Gross food import in Developing countries increase by 5.6 compared with 1.9 for the rich.
- High level of agricultural protection in rich countries limits the export potentials.

Crop Water Use Efficiencies

- The phrases "Water Use Efficiency" is intrinsically ambiguous in relation to crop production. It may mean saving water from a given supply for crop use, or increasing production per unit of water evaporated from soil and/or transpired from the plants in the field.
- For agronomists, is commonly defined as:

$$WUE=\frac{\text{Yield per unit area}}{\text{water volume used to produce yield}}$$

- the main factors affecting WUE as follow:
    - Water delivery system.
    - Irrigation system.
    - Crop shape and morphology.
    - Climate factors
    - Management options.
    - Economic consideration.
    - Techniques for predicting the yield.
    - Social and political factors.

Decision Making and Planning

- Inputs:
- Data
- GIS
- Climate
- Outputs
- What to grow
- Where to grow

- When to grow
- How much you get

Precession Agriculture

- Inputs:
- On Line Data
- Audio Visual Tools
- Outputs
- Exact Practices for Specific Micro-Climate
- Crop Resource Requirements
- Forecast of Pests and Diseases
- Economic Use of Supplementary Irrigation

Remote Extension/Monitoring

- Inputs / tools:
- Audio Visuals, web, telephone lines
- Data
- GIS
- Models
- Expert Systems
- Outputs
- Diagnoses for Biotic and Abiotic Stresses
- Agricultural Practices / reports
- Field monitoring.

Mission

- HEIA is an industry driven association supporting the Egyptian horticultural community (exporters, growers, and processors) to increase exports of fresh and processed produce through continuous improvement of quality production, marketing, policy advocacy, training and management aspects, assuring Egypt's international quality reputation and raising the agricultural labour force standards for a sustainable national economy.

HEIA Services

- Horticultural Community Development
- General Services
- Business Services

Horticultural Community Development

- Perishable Terminal in Cairo Airport
- Agriculture Secondary Schools
- Upper Egypt Office
- Gender Training

General Services

- Information Dissemination
- Advocacy
- Network Meetings

Business Services

- Technology Transfer
- Training
- Quality Control
- Meeting International Standards (EUREPGAP- BRC – IfS)
- Observation Study Tours
- Exhibitions and Marketing

Crop Councils

- Table Grape
- Strawberry
- Green Beans
- Mango
- Cantaloupe
- Nurseries
- Cut Flowers
- Organic
- Food Processing

Food Chain

- FOOD CHAIN PLAYERS
- Input providers
- Farmers
- Cooperatives, Produce Marketing Organizations
- Packers, Wholesalers, Traders
- Food Processors
- Food Distributors
- Food Retailers – Food service companies
- Consumers

Promise for future

- About 75% of Egypt's horticultural exports is coming from about only 1% of the cultivated area (65,000 Acre), and these are in the large scale farms in reclaimed lands.
- The remaining estimated 99% of the cultivated area, comprising the small scale old lands and some reclaimed lands in the Delta and Upper Egypt, is largely used for local consumption and growing traditional crops like cereals, fodder, legumes, etc.

- The small farms are the hope for exports.

Constraints to horticultural competitiveness

- Lack of availability of packinghouses, including pre-cooling and cooling facilities, and of refrigerated trucks, with particular focus on small growers and exporters.
- Lack of a Perishable Terminal at Luxor Airport to serve Luxor, Quena, Sohag and Aswan; and a need for a Phase II expansion of the Cairo Airport.
- Lack of a Treatment Center with irradiation chambers for herbs and spices for a "clean spice" program.
- The dispersion of the export promotion function across several institutions and the lack of a focal point to coordinate promotional activities;
- Unavailability of adequate cargo space at the right time at reasonable rates;
- Lack of export awareness of the fast changing, demanding requirements and standards of the EU market (European GAP, BRC, HACCP) and the need to provide advisory service to small growers and exporters on these;
- Lack of a reliable market information and data base on production, domestic consumption, and export trends of horticultural crops;

Investment needed

- To improve the export competitiveness of Egypt's horticultural produce, especially among its small growers and/or exporters, to upgrade their ability to export to demanding international markets, and thereby increase their incomes.
- To strengthen institutional and managerial capacity in the horticulture sector through improvements and development of human and physical infrastructure.
- To increase the exporting horticultural area from 65000 acres to one million acre in seven years time.
- Total expected capital investment $85 million, rate per acre only $ 12 $ per acre per year (one $ per acre per month).

Proposed projects Competitiveness at the Level of Production. Strengthening Food Safety for Exports through compliance and conformity with Export Standards.

- Competitiveness at the Level of Post-Harvests. Development and Improvement of Post-Harvest and Cold Chain Infrastructure
- Competitiveness at the Level of Export Marketing. Strengthening Export Promotion Awareness and Institutions

Discussion

- Access to import markets – is it timing or analysis of protection – concern of trade perspective – any focus. Author says that for the EU niche, for example, they have a very brief time for exporting Egyptian grapes in a short window in May. China needs sisal.
- Who has benefited from increased trade of grapes & melons? Rich people with aggressive mentality, who in the 60s-80s had land-reclamation projects. Development has to be based on a different strategy. The farmers have managerial ability, etc. so they ask for a larger market, but it is difficult to make the step because of chemical management in the fields. Some people use old pesticide cans for drinking water. Dealing with this not easy. The cultural barrier is difficult to overcome.
- Water efficiency is a strong issue today and could be the window for drought resistance and tolerance. Genetic improvement must go hand in hand with cultural practices.

- Salinity is related to water. What about it? Resistance to salinity & technology to prevent salinity. Alfalfa is tolerant. We cannot afford to continue with traditional agriculture. There is a need for a battery of soil-less culture with hydroponics culture for breeding animals.

2.4. Presentation 4: HIGH VALUE PRODUCTS AND SMALLHOLDERS' ECONOMIES: Concepts, Issues and Research Needs in Latin America and the Caribbean By Alvaro Paz and Edson Gandarillas

Introduction

- Structural economic reforms have reduced overall poverty in LAC but smallholders still struggle with poverty and its pervasive effects
- HVAP has been recognized as an alternative for poverty reduction
- We intend to highlight several issues

What are high value products?

- HV demand factor and supply factor
- Drivers of consumers value perceptions
- Safe
- Rare
- Healthy
- Environmentally and culturally friendly

What are high value products?

- Sources of asset uniqueness
- Agro geographical location
- Biodiversity
- Locally available assets

Smallholders in LAC

- 61 million smallholders
- Bolivia, Guatemala, Honduras, Nicaragua, Paraguay and Peru 70% under poverty
- 33% indigenous communities, 31% small farmers, 29% landless farmers
- 8 to 10 million rural households are headed by women, 2 to 3 million are employed in agriculture, 30 40 million women with a male partner are in charge of agricultural activities

Smallholders in LAC

- Smallholders population structure
- Rich: Economic surplus, high returns on their assets (considering context restrictions) fairly high opportunity costs over their assets

- Poor: No surplus, low returns on their assets, fairly low opportunity costs
- Very Poor: Negative economic balance, low and restricted returns on scarce assets (often always hand labour)

HVAP and Smallholders

- Not al high value products are real opportunities for smallholders. They don't always perform well in asset restricted environments
- Does the product have high quality standards? Can they be met within current and future asset restrictions?
- Does production process demand short-term financial input? Does it demand high technology?
- Is it profitable enough to compensate costs of change?

HVAP and Smallholders

- The integration of high value products into smallholders economic systems in the LAC region is not straight forward process
- Will the diversified product serve as core business of as a side business in the system? What kind of synergistic or antagonistic effects can be expected?
- Will it add liquidity to the system or will it raise its capital base?
- Will its production systems fit into smallholders' economic logic or will it demand substantial behavioural changes?
- Will overall system outcomes improve?
- Will the smallholder capture actual outcomes of diversifications or will it benefit stay up stream in the agri chain

HVAP and Smallholders

- HVAP usually need specific local, national or even regional institutional and organizational conditions that are not readily available in the LAC region
- What kind of institutional and organizational improvements are needed to be made in order to generate basic context conditions in which high value products can perform well?
- Do actual policy reforms promote or hinder the development of smallholders´ initiatives that are related to the production of high value products
- How hard is the effort of making available critical services for smallholders? How long will it take?

Research Context in LAC

- Increased institutionalisation
- Previous aims: Increase food supply.
- Recent institutional discomfort: New poverty reduction

Research Context in LAC

- Supranational level
- Develop technological innovations and methodologies that are particularly fitted for poor rural contexts
- Understand how smallholders can be linked to competitive markets
- Develop policy recommendations to national research systems
- Examples: Rural Innovation Institute (CIAT), Papa Andina Regional Project (CIP)

Research Context in LAC

- National level
- Achieving food security for the poor
- Expanding agricultural exports by linking smallholders to agri chains
- Alternative development for substituting illegal crops production
- Promoting sustainable agriculture
- Promoting private, market based research and extension services.
- SIBTA in Bolivia, WB Projects all over LAC

Research Context in LAC

- Local, grassroots organizations
- Providing technical assistance and commercial services to smallholders
- Improving empowerment among smallholders
- Developing gender biased initiatives
- Examples: TUKAYTA in Ecuador

Research Context in LAC

- Current issues
- Chains, markets and technical assistance and research
- Platforms, clusters and networks
- Problems of researchers connecting with practitioners and with smallholders
- Smallholder indigenous groups doing research and development
- Smallholders business corporations and cooperatives

Research issues

- Basic research of biochemical and physical proprieties
- Genetic improvement
- Sustainable agriculture farming systems
- Post harvest and conservation systems
- Market development for exotic produce
- Strategies for developing products with cultural and territorial identity
- National Agricultural research and development policies
- Creation and conservation of enabling business environments in rural areas

Discussion

- Did you identify factors that distinguish among the rich and the poor, etc.? There are country-specific factors. Bolivia has structural problems and the rich have had large holdings for hundreds of years, a historical pattern that explains that. In other countries there may be more environmental and political factors that make a group more vulnerable, etc.
- Can coffee be an HVAP in LAC? Consumers value LA coffee so that product could be an HVAP.

2.5. Presentation 5: GLOBAL HORTICULTURE ASSESSMENT AND THE GLOBAL HORTICULTURE INITIATIVE AVRDC, by Dr. Thomas A. Lumpkin

Global Challenges:

- Job Creation, Income Enhancement, Health

Horticulture

- Raises Incomes & Creates Jobs

Why Now?

Timing

- FAO, WHO
- Donors
- Condition of NARS horticulture programs

New markets

- Globalisation, urbanization and supermarkets
- Diverse and year-round availability of food
- F&V are 21% of developing country exports

New technologies

- Information and communication technologies
- Biotechnologies

Three Phases

- Phase I: Synthesis Workshop on Global Horticulture Challenges
- Phase II: Regional Workshops
- Phase III: Analysis, Integration and Publication of Results

Regional Workshops and Establishing Priorities (Phase II)

- AVRDC's primary responsibility
- Pre-workshop surveys
- Participants from NARES, NGOs, IARCs, private sector, universities, FAO, ISHS, USAID
- Around 75 participants per workshop (3 day duration)
- Global Horticulture Assessment (GHA)
- Eight primary issues emerged:
- Germplasm conservation and enhancement
- Sustainable production systems and natural resources management
- Post harvest systems and food safety
- Market systems

- Capacity building
- Socio-economically enabling environment
- Gender equity
- Nutrition and human health

Global Horticulture Assessment (GHA)

- Conclusions and Recommendations
- Proposed: A Collaborative Research Support Program in Horticulture
- Designed to provide the research, capacity building and knowledge extension support essential for development of the global horticulture sector

Relevance of the GHA to the Global Horticulture Initiative (GHI)

- The GHA produced a prioritised list of horticultural constraints/problems for:
- Sub-Saharan Africa
- Latin America & the Caribbean
- Asia & the Near East
- These results can be used in the GHI to prioritise research, training, technology transfer and other activities

Global Horticulture Initiative

- focus donor resources and network the world's horticultural R&D organizations …
- to improve economic opportunities and food security for the poor …
- through efficient and targeted efforts to improve horticultural systems

GHI Members

- IARCs involved in horticulture crops (AVRDC, CIAT, CIP, IITA, ICARDA, ICRISAT, ICIPE, etc)
- NARS (KARI, ICAR, PCARRD, EMBRAPA, etc)
- Advanced research institutes/universities
- Private sector (APSA, Shoprite, Carrefour, Bayer, etc)
- NGOs (CARITAS, CARE, RI, Helen Keller, IDE, etc)
- Other international organizations
- (ISHS, ASARECA, FAO/WHO, GFAR, WFP, etc)

GHI Crops

- Priority Crops:
- Vegetables
- Fruits
- Indigenous crops

GHI Beneficiaries

Primary:

- Poor agricultural households in rural and peri-urban areas

- (more jobs, higher incomes, new marketing opportunities)

- Secondary:
- Poor households outside the agricultural sector, primarily in urban areas
  - (improved access to vegetables and fruits, new jobs in hort. industries)

Expected GHI Outputs

- More economic opportunities
- Improved nutritional security
- Increased production and consumption of hort. crops
- Reduced malnutrition and childhood mortality
- Enhanced environmental quality and human health

Comments:

- How much research do you see ahead? At least half the budget is for research, but they have to make requests and submit tenders to get additional funds.
- Field research in the Philippines showed there was a gender impact from transferring technology to households that are now better off and with slightly more benefits for women. Nevertheless, caution should be taken in extrapolating these findings given the highly cultural-specific nature of the same.

2.6. Presentation 6: HIGH VALUES AGRICULTURAL PRODUCTS IN ASIA AND PACIFIC By: Thomas A Lumpkin & Katinka Weinberger

Outline

- Poverty in Asia & Pacific
- Past trends in HVAP and factors
- Consumption

Production

- Domestic and international trade
- Factors influencing HVAP projects

Poverty in Asia and Pacific

- Majority of the world poor live Asia Pacific
- 2/3 of global poor (800 million < US$ 1)
- 40% live in South Asia
- Concentrated in rural areas
- Feminisation of rural poverty

- More female headed households
- Poverty in these households more severe

Farmers in Asia and Pacific

- Share of rural population is high
- South Asia: 72%
- East Asia and Pacific: 63%
- Projected to remain high, despite urbanization
- High population density
- Farms dominantly smallholder based
- Widespread occurrence of subsistence systems

High value products

- Typically perishable
- Often of high value
- Increasingly sold in specialized markets
- Meat, milk & products, fish (sea water & fresh), fruit, vegetables
- Here: not spices, floriculture, forest products

Consumption of HVAP in Asia and Pacific

- Increasing per capita consumption of fish, meat, milk, fruit, vegetables
- Growing importance of supermarkets outlets
- Increasing consumption of processed food

Consumption of HVAP in Asia and Pacific – data issues

- Per capita vegetable consumption in China: 43 kg (1972) to 252 kg (2002)
- Nutrition literature cites contradicting data
- Suggests consumption not risen in past 20 years

Supermarkets in Asia and Pacific

- Growth in Asia later than in LAC but faster
- China: fastest growth in the world
- Since 1991, by 2003: 71 billion US$ of sales
- 48% of urban retail (2001)
- Annual growth rate: 30-40%

Supermarket's impact on fresh produce

- Growing share of fresh produce in supermarkets
- Malaysia Fruit: 60%, Vegetables: 35%
- Thailand (Bangkok): Fruit: 40%, Vegetables: 30%
- Philippines (Manila) Vegetables 15%

- Korea, Fresh produce: 11%
- China, Fresh produce: < 10%
- Procurement system impact on farmers? → evidence that small-scale farmers drop out

Factors influencing consumption of HVAP in Asia and Pacific

- Growing middle class with money to spend
- Urbanization
  → demand for processed & transported food
- Growing female workforce→ increased demand for processed food
- Growing health concerns among the affluent → increased demand for 'safe' food

Factors contributing to increasing trade

- Shift from 'commodity markets' to more differentiated 'product' markets
- Opening to international trade
- BUT: domestic markets more important than international markets in terms of volume traded

High value agricultural products

- Contribute to income generation
- Contribute to creation of employment
- Contribute to development of market linkages
- → How can we ensure that small-scale farmers and poor rural population participate in this development?

Evidence from Asia and the Pacific

- APAARI 'success stories' (http://www.apaari.org/)
- Series of studies commissioned by DFID Crop Post-Harvest Programme in South Asia (http://www.cphp.uk.com)
- AVRDC studies on impact of vegetables on rural livelihoods (www.avrdc.org)
- IFPRI studies on impact of selected agricultural crops on rural livelihoods (www.ifpri.org)

Lessons learned - Interaction

- Supply chains for HVAP more complex
- Success relies on collaboration between a number of organizations, esp. private sector!
- Communication between the various agents in the supply chain is essential

Lessons learned - Demand

- Market demand
- Can be domestic or international
- Domestic markets more important in Asia/Pac
- Consumer awareness programs
- Maintenance of international standards (also for domestic markets!)

Lessons learned - Impact

- Positive impact on poor and small-scale farmers, but they require an opportunity to express their agenda concerning:
- Employment and income effects
- Nutrition effects
- Social solidarity and empowerment
- For women as well as for men
- Changing gender relations with changing markets for HVAP? → no evidence

Lessons learned: requirements for adoption

- Vulnerability
  → expected impact of technology on people's vulnerability to loss of income and other factors;
- Assets
  → whether farmers have the assets necessary for technology adoption
- Institutions
  → whether institutions encourage adoption, e.g. farmer cooperatives

Discussion

- Complex supply chains → facilitate interaction between stakeholders
- Input markets → high quality seed, chemicals, packaging
- Quality system infrastructure → standards, quality assurance, traceability
- Post-harvest and agro-processing → washing, packaging, drying, freezing, atmosphere
- Support of policy makers

Comments:

- Example of small landless family who just bought 40 m2 with money they have obtained from project, but the environment in Bangladesh is very fragile.
- Feminization of poverty
- Big difference in working with small-scale farmers for their own consumption vs commercial-scale horticulture, which will be limited to farmers near markets and means of investing. Goal of the first focus would be for improving nutrition. Africa is focused on local communities; while in LA they are not interested in meeting the needs of rural areas or in exploring indigenous knowledge. They only wanted to export to the US or EU.
- A lot of employment has been created in Asia, but it is very different from producing vegetables for villages.
- In China there is intensive production, and they are more organized in the production system. Overall, however, things are generally chaotic and highly diverse. They are exporting organic products, but the actual conditions are very input-intensive, with low-quality production even in what goes across the border so people have to smell the product to see whether it is edible or not. Similarly, in India chemicals are very cheap so they are used extensively in horticulture. In China they consider GMO seed as being very positive. Some are legal; others are leaking out of system. It is truly a wild West environment, where anything goes.
- With respect to HVAP, are the poor benefiting without their adding the value? That is a critical part of the issue. Grading, processing, etc. are important income generators. Quality seed production is also very important in China

Discussion:

- In general the group was impressed by the cost of tremendous growth – how do you balance the energy behind this effort with quality?
- Balance of internal/external market: the biggest market portion is internal so maybe the drivers, etc. should be more oriented to it rather than to the external market.
- Goals should not be to increase HVAP per se, but ensure that production is safe.
- For food security, HVAPs have to be focused on local national markets because we are not reaching WHO nutritional requirements, especially for children, vitamins, fiber, antioxidants and minerals. Today there are many nutritionally retarded children, where brain development has been affected (non-reversible).
- How can we monitor chemical use in local markets?
- How can genetic research be used to raise health and quality standards of local production?
- Various initiatives to promote horticulture so need to coordinate/merge these initiatives so as not to duplicate work.
- Under-investment in fruits and vegetable research dangerous trend in world
- High net returns per ha important way to define HVAPs
- Environmental concerns – pesticides, residual effects, how to mitigate negative impacts of HVAPs
- How to ensure appropriate inputs are available for production HVAPs
- Ensure information flow to produce HVAPs
- Gap in HVAP other than horticulture
- How will epidemics such as avian flu affect poultry production in Asia?

3. TOWARDS A COMMON UNDERSTANDING AND WORKING DEFINITION OF HVAP

Three groups were formed to address three fundamental questions around which we need to reach a common understanding:

a) What are the factors that make HVAP pro-poor?

b) How could different markets and products be defied as criteria to differentiate categories of farmers, without fixed/rigid boundaries, and

c) What should we consider as a working understanding, not a definition, of HVAPs?

3.1. What are the factors that make HVAP pro-poor?

Task: Group 1

What are the factors that make HVAP pro-poor?

Please come with a report to plenary.

Please nominate 2 people from your group to join a synthesis group.

- Labour intensive – poor have comparative advantage
- Relatively wealth neutral
- Potential high-profit margin
- Can be practiced on small land areas and can be land-quality neutral (including options for hydroponics)
- HVAP can provide attractive diversification options
- Crop/livestock options that capture unique indigenous knowledge and indigenous species. Indigenous plants and their value dynamic potential entry into market
- Capable of engineering knowledge and skills that are transferable to other enterprises to get ahead of game
- Do not impact negatively on women and children,

They can be successful if:

- There are multiple market outlets, both high and low
- They allow for organizational arrangements that enable producers to access markets: easy to bulk so as to achieve sufficient volume and easy to supervise compliance with market standards
- Do not impose unmanageable risk; e.g., time to repay initial investment must not be too long
- Requires enabling environment such as transportation and inspection facilities
- Gender neutral, particularly when accompanied with labour-saving technology to reduce women's household labour burden

Discussion:

- Point 2 – add: which can be produced without economies of scale, no advantage by expanding production. Area. Scale neutral.
- Point 1 - Ecologically friendly? The smallholders are not going to produce with medium and longer-term environmental issues in mind. The poor do not think about short-term sustainability.
- Different inside economy – pay for training – how can they reach such objectives - enabling environment are organizational arrangements
- #5 (first slide) – what about classification of HVAPs in a packinghouse. This discussion focused only on the household level. Post-harvest production aspects are also important. Reducing household chores such as carrying water makes women more available for production and processing. That will free women's time to do this. Labour saving has to be looked at several ways including seasonality of production demands that increase/decrease. We need to see how these new HVAP requirements fit in the seasonal calendar so that they do not compete with traditional production.
- Some things cannot work with the pro-poor if there are ecological issues and to quality of life for women and children. This is a moral issue. It is a practical problem because much research shows income controlled by women invested in household welfare; but when it is atrophied, they are worse off. Another criterion (#9) would be: invested in household assets.
- Somebody mentioned yesterday that the poor do not have enough labour available so they might not be pro-poor any more.
- Descriptors – necessary conditions are a different matter
- What about the comparative advantage with respect to millennium goals – the only advantage is cost of labour. Is that a valid criterion? An advantage would be that they do not have to invest in technology – high return on labour investment; also idle labour would be better than doing activity when there are labour peaks.

SUMMARY REPORT OF GROUP 1

I. WHAT ARE THE ATTRIBUTES THAT MAKE HVAP PRO-POOR?

The group first discussed the fact that most high value crops require a relatively high input of labour, which is an asset in high supply with many poor families or communities. The possibility exists to substitute labour for some other inputs that may be needed to produce a high value crop, such as hand weeding to replace a purchased herbicide. Thus, it was agreed that "Labour intensive" is an attribute of HVAP that makes them pro-poor.

While many HVAP enterprises require considerable capital to enter, there are some enterprises that can be approached with relatively little cash, at least at the start of the project. Thus, we should not conclude that HVAP is only for the rich farmers. It can be wealth neutral if other resources can be assembled for HVAP production.

Another attribute of HVAP is that there is strong potential for a high return on investment (profit), which may be the case even for a small enterprise. Clearly this makes it pro-poor.

The production of high value products is often suitable for a very small parcel of land and this land does not necessarily need to be of high quality. For example, the crop production system may involve hydroponics.

The group felt that few poor farmers would be willing to divert all of their resources into HVAP production because of the high risk of losing everything if it fails. Furthermore, the HVAP may not be a food crop so other staple crops must continue to be produced to feed the family. The HVAP should, in most instances, be

considered as an attractive diversification option. However, they should fit into the existing production system and making use of the available labour in times when not otherwise employed.

HVAP can be considered pro-poor when they require indigenous knowledge and indigenous plants or animals. It is likely that the poor may have an advantage over some other producers who are unfamiliar with these crops.

While engaging in HVAP agriculture is high risk and the producer may at first fail, by engaging in this activity the producer will certainly gain knowledge and experience that will prove useful in the future. This fact alone must be considered an attribute of HVAP that is pro-poor (in the long run!). The knowledge and skills learned are likely to be transferable to another enterprise.

PRO-POOR HVAP OPTIONS CAN BE SUCCESSFUL IF:

The group then discussed various 'conditions' that a HVAP enterprise would have to meet if it was to be considered pro-poor.

The impact on family stability and specifically on the health and safety of women and children was considered as very important. A HVAP enterprise can provide safe employment for women and children but the possibility exists that it could exploit children by taking them away from school and could burden women if their other family tasks are not reduced.

An HVAP enterprise is more likely to be pro-poor if there are multiple markets for the products so that the portion of the crop that does not meet the standards of the high value market can be sold elsewhere at a lower price. It would be an asset if the product was suitable for family food as another 'escape' when the product is of insufficient quality to command the high returns.

To be pro-poor, an enterprise must allow for organizational arrangements that facilitate market access, such as being assembled or bulked with the production of others so as to have the volume required by the market. Thus, it is pro-poor when it is produced by a community and has some infrastructure support.

HVAP must not impose unacceptable risks to the poor producer. For example, the amount of money borrowed to get started cannot exceed the capacity of the poor farmer to repay in case of a crop failure. Furthermore, crops with a short cycle are likely to be the most pro-poor.

While many HVAP enterprises can be suitable for both men and women, they are not pro-poor if women must continue to perform their normal household chores and responsibilities. Thus, to be pro-poor, there must be some labour saving household technologies implemented.

3.2. How could different markets and products be defined as criteria to differentiate access of different categories of farmers, without fixed/rigid boundaries

Task: Group 2

How could different markets and products be defined as criteria to differentiate access of different categories of farmers, without fixed/rigid boundaries?

Please come with a report for plenary presentation.
Please nominate 2 people from your group for the synthesis group

Plenary presentation.

There are 4 main areas: (1) competence, organizational skills and facilitation skills; collective action, education, business acumen, skills of market facilitation process with public/private sector report to negotiate, competence of groups has large effect on risk. (2) technical production. Technical support to get where you need to go. (3) Requirements related to marketing aspects risks, scarce, volume and value of markets, different types of markets with different grades to input your product, stepwise way of looking at risk; (4) financial – lot of capital to get into market, time for return on capital, volatile market or not, handshake agreement or contract to supply buyer,

Discussion:

- How do you use this as a screening tool when looking at potential HVAPs? Narrow down sequentially so you need to turn the criteria to identify best bets. It also defines action points along the way to address skills, etc. that are needed to make it go, where you need to intervene.
- As you go through evaluation, level of organization is critical – big issue that will be discussed later.
- Technology placed only in production; i.e. anything you need to produce better including germplasm and technical skills regarding a new crop; e.g. are also critical
- Where is the processing factor? It was considered as part of the product. The market tells you what you need to do to get product on the market. Other actors may be involved in processing. Should be separate link. If the small-scale farmers are organized, they have the capacity to negotiate at the onset; otherwise they will not be in a position to get anything out of it.
- Policy and governance – need to have honest brokers or ensure control by actors in the chain. This area needs to be looked at better.
- Processing can be looked at the angle from the farmer who is better off selling fresh production, but from the angle of processing, the farmer gets less money.
- How close to the household can value be added? – quite different from a large $5 million project than engaging in local processing.
- Processing means adding more value. You can get added value through packing and marketing, but not processing.

SUMMARY REPORT OF GROUP 2

PROCESS FOR IDENTIFYING HVAP OPPORTUNITIES FOR POOR COMMUNITIES

There was a general understanding in the group that even though the key factor in this identification process has to be knowing what the market requires (= is ready to pay for !), it would be an endless task to develop a general worldwide knowledge about market opportunities: the process has to be embedded in a local setting (for instance marginalized farmers of the Colombian highlands of Colombia), enabling to reduce the scope of market intelligence (which in itself carries the risk of missing some opportunities….).

So the first step in the process is to do a situational diagnostic. This will include, at the local level:

Selection, identification and description of the site; especially a fairly detailed resources assessment (land, climate, farming system, human resources, infrastructure, knowledge base, institutional set-up ….)

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 will include a wealth ranking of these stakeholders)

This first step leads to the definition by the partners and clients of a consensual ''vision'' on their desirable future: this vision could, as well as not, include a willingness to engage in a study of the opportunities of HV products (in some situations, the target community could prefer to invest in other strategies, like reduction of production costs, increase of productivity….). It is important that this vision is their vision, and not one imposed from outside.

If the first step leads to an interest in HVAP, the process moves to the second step, the selection of high value product opportunities.

This is based on collection of information in four different fields:

Market issues:

- Characterisation of the existing and prospective demand: volume and value, actual and trends; level of competition;
- Type of market by geographical scope (where is the market: local, national, regional, international) and by nature (what sort of market: commodity market, ethnic market, fair trade, wholesale, health market…)
- Buying conditions: minimum lot size, frequency of buying/selling, types of contractual agreements, stringency of requirements on specific attributes, level of penalties in case of non quality or non delivery…
- Access to market/barriers to entry: financial barriers, technological and knowledge barriers (patents), physical barriers (distance, lack of infrastructures), dominant actor (monopoly)
- Risk assessment: price/volume volatility, exchange rates, resilience to change in climatic conditions or in standards, possibility to move into HVAP in a stepwise manner (several successive steps) or to reach simultaneously several interchangeable markets (eg sell your best fruits on the wet market and do jams with the other fruits), do you have any 'fall back' positions ?
- Chain co ordination: governance of stakeholders relationships, level of equity/democracy, position of target community in the chain
- Level of commitment of the private sector (buyers, transformers…) into the HV products (have they already invested in it ?)

Production issues:

- Natural requirements (availability of adequate growing conditions) for the targeted HV Product: soil, climatic conditions, water needs, susceptibility to disease/pests. If not easily available, cost of substitution factor (eg cost of fertilizer in case of low soil fertility)
- Technical requirements (to produce and to process): access to germplasm, access to technologies and knowledge (is the HV production knowledge intensive? who holds this knowledge?); in case of unexpected problem (eg a new disease affecting your crop), do you have access to a knowledgeable resource institution to solve it?
- Labour requirement (how much labour? Who ? and when ? does it compete with other crops/activity, or does it requires labour when the opportunity labour cost is low ?)
- How is the access (level of availability, delays and costs) to technical support, market support, financial support, business support
- In case of a product requiring a processing step (packing/cleaning/sorting/transforming/extracting/labelling…), where is the processing done and by who? how much of this added value stays within the target community ?

Profitability and financial requirements:

- Level of initial investment

- Profitability
- Delay before equity return
- Profit Volatility
- Who can provide financial support, at what cost? are there any 'strings' attached ?

Organization issues:

- Identification of the 'social capital' of the target community: level of education, business expertise, social organisation/segmentation, existence of leadership
- Previous Experience of collective action (with good or bad results)
- Existence of market facilitators (honest brokers coming from outside the community, or local entrepreneurs/businessmen ready to invest and take some of the risks)
- Overhanging political framework (socio/eco/political stability, enabling policies)
- The second step should lead to a portfolio of opportunities, each one characterised (profitability, financial requirements, technological barriers, risk…) in such a way that people can make sound choices. These choices could lead to an HVAP strategy based on one or several HV product (s), for one or several categories of local producers/processors.
- The third step is then to elaborate and implement this strategy:
- Detailed market chain(s) analysis
- Business planning and implementation.

3.3. What should we consider as working understanding, not definition, of HVAPs? What are they and what are they not. Criteria for defining them.

Task: Group 3

What Should we consider as working understanding, not definition, of HVAP's? Criteria for defining them?

Please come with a report to plenary.

Please nominate 2 people from your group for the synthesis group

Plenary presentation

- Have not yet reached closure. Working understanding.
- HVAP is not a commodity.
- Working upward, perceptions of consumers that the product is different (e.g. exotic, rare, safe/unsafe) are what really drive the market.

- Differentiated product has a price premium fueled by demand.
- Cocoa, for example, is not differentiated, but the farmers see it as a high-value crop, premium; a relative rather than an absolute understanding.
- Everything except markets are attributes, where marketing affects them by creating perception; show unknown crop with valuable trait.
- Price premium towards different grades of crop and towards nutritional aspects
- Minority view: Replace the term "perception" by "attribute." Match objective needs with specific crops. Under-utilized crops: the difference between subsistence and neglect is that attributes come out, which then need to be substantiated (e.g., indigenous knowledge), which can be a costly process.
- A key attribute might be high quality on certain markets (e.g. wine and coffee). The 'de-commodification' of coffee is based on different grades, types with premium price
- Value of the consumer vs that of the producer. It has no special attribute, but it still has high value on the international market.
- If we do not differentiate, any agricultural production can be termed HVC. Need some limits.
- Attribute: a positive perception is what really convinces the consumer to pay more.
- Differentiation from what (within and relative to others) and price value
- Highly contextual – any product can be high value. Scarcity of the product is another factor in pricing (e.g., tomatoes in an area where they cannot be grown). Driver leading. Others felt that scarcity is real so it is not truly a driver.
- Perception is imaginary or close to reality.
- Organic HVAPs could grow in scale, but it is an immediate response to poor small-scale farmers, where it is not easy to move into big-farmer market here.
- Intrinsic to itself, what has been produced or whether it requires significant investment to transform it to make it a HVAP (2nd group topic) that could really impact on the poor farmer.
- Change term at the end of day: profit premium, value premium that can be distributed among stakeholders.
- Cocoa is considered high value at present, but 10 years ago, this was much less. High value is subject to scarcity so it is difficult to put a sticker on one particular crop per se. There are now specialty cocoa shops that offer many varieties.

SUMMARY REPORT OF GROUP 3

WHAT IS A HIGH VALUE PRODUCT?

High value products are those products that have a premium price/profit coming from a high demand.

Demand is driven by different factors such as:

- Product attributes (physical characteristics, size, composition, flavor…)
- Service (quick attention to complaint/requests)
- Healthy
- Safe/Unsafe
- Rare/Exotic/novelty
- Environmentally friendly
- Origin

- Reflects cultural values
- Organic

Marketing and Governmental regulations amplify the perception of the demand to create high value crops.

- Scarce-rare-exotic HVAPs
- Market driven
- HVAP is not a commodity.
- Differentiate products with a price premium within the range of a commodity such as coffee
- Higher gross margin/ha/unit of level
- Products with attributes consumers are willing to pay for
- Two ways of looking at things, but not sure which is better
- Characteristics…
- Need to start from market side – process location specific. Diagnostic process as 1st phase and do resource assessment including partners/clients. Are they willing to move into HVAP? Criteria for selecting opportunities, understanding the market including production chain, processing and resources needed
- Assessment of profitability – level of existing organization
- Your target group, community will take decision to go for it or not Then go into more detailed analysis
- High value and added value and agroprocessing: Made matrix no value added/value added

Commodity	***HVAP***
Coffee + roasting/high-quality grapes, packaging	organic coffee + roasting
Coffee	organic coffee

Discussion points:

- Canning beans are a high-value product, where the can costs more. The producer does not benefit from this.
- The word indigenous equals money – sell organic coffee roasted in a special store operated by the growers themselves
- Not just the market but other values such as nutrition and health are important issues
- This example does not get to the poor when it involves processing.
- We are focusing on the community. There can be poor processors that are not growers.
- The next step is design and implementation.
- Indigenous knowledge, human resource development are key areas.
- Think of capital: knowledge, human and financial resources; otherwise we are in danger of trading off.

3.4. Synthesis Report On High Value Agricultural Products

Two members from each group were proposed to act as synthesizers/rapporteurs. Given the time constraints, they worked parallel to the groups who listened to the remaining presentations. They were given 1-1/2 h to present the synthesis to the group and write the report for the group.

High Value Product Synthesis Document

1. HIGH VALUE PRODUCT DEFINITION (A WORKING UNDERSTANDING)

High value products (HVAPs) are:

1. Products that return higher gross margin per hectare and/or per unit labour input than commodities

2. Products that have attributes for which consumers are willing to pay a price premium.

HVAPs are not commodities. High value is not an absolute characteristic. They are often a differentiated product within a commodity such as gourmet/organic coffee is to coffee. They can also be differentiated relative to other products, such as vegetables are to a typical subsistence diet.

The former definition approaches HVAP from the producer side while the second is from the consumer perspective. Products depend on the inherent attributes of the product and how the consumer perceives them. A product's origin, which can comprise cultural and/or geographic aspects, is an example of a product attribute. Others include aspects of product safety (e.g. low pesticide residue) or lack thereof. Drugs such as coca have a thrill-seeking characteristic that can be considered unsafe. Management practices of the product, such as environmentally-friendly production, can be a product attribute.

On the supply and availability of the product, aspects of scarcity, rarity and exoticness are quality that may lead to a price premium. To enhance the price premium, restricting supply and enhancing demand can manipulate of the market. Supply is sometimes consciously restricted to create product scarcity and exclusiveness. Supply restricting can also occur unconsciously, via weather or other random events. These are not manipulations of the market. On the marketing side, advertising can amplify any of the above drivers to enhance the consumer's willingness to pay.

There may be some confusion between *high value* and *value added*. In the context of markets for high value agricultural products it may be useful to think along the lines of *value added* being post-harvest activities such as packaging, processing, transformation etc. These activities tend to take place further up the value chain but in some cases the value added may still be captured by the rural poor. Figure 1 is a conceptual way of distinguishing *high value* from *value added*.

The most potentially pro-poor option may be the high value and value added product e.g. roasted organic coffee where farmers are getting a premium for their organic coffee and are capturing a percentage of the value added as the coffee is roasted and packaged etc. Of course, the reality is that this may not be the most pro-poor option and that we would be best advised to focus on the bottom right hand box (organic coffee – high value but not value added) or the left hand boxes.

Figure 1: Conceptual matrix high-value versus value-added products.

<table>
<tr><td colspan="4">Value added</td></tr>
<tr><td rowspan="2">Commodity</td><td>Roasted coffee</td><td>Roasted organic coffee</td><td rowspan="2">High value product</td></tr>
<tr><td>“Normal” coffee</td><td>Organic coffee</td></tr>
<tr><td></td><td colspan="2">No value added</td><td></td></tr>
</table>

2.A. WHAT ARE THE ATTRIBUTES THAT MAKE HVAPS PRO-POOR?

The group first discussed the fact that most high value crops require a relatively high input of labour, which is an asset in high supply with many poor families or communities. The possibility exists to substitute labour for some other inputs that may be needed to produce a high value crop, such as hand weeding to replace a purchased herbicide. Thus, it was agreed that “labour intensive” is an attribute of HVAP that makes them pro-poor.

While many HVAP enterprises require considerable capital to enter, some enterprises can be developed with relatively little cash, at least at the start of the project. Thus, we should not conclude that HVAP is only for the rich farmers. It can be wealth neutral if other resources can be assembled for HVAP production.

Another attribute of HVAP is that there is strong potential for a high return on investment (profit), which may be the case even for a small enterprise. Clearly, this makes it pro-poor.

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The group felt that few poor farmers would be willing to divert all of their resources into HVAP production because of the high risk of losing everything if it fails. Furthermore, the HVAP may not be a food crop so other staple crops must continue to be produced to feed the family. The HVAP should, in most instances, be considered as an attractive diversification option. However, they should fit into the existing production system and making use of the available labour in times when not otherwise employed.

HVAP can be considered pro-poor when they require indigenous knowledge and indigenous plants or animals. It is likely that the poor may have an advantage over some other producers who are unfamiliar with these crops.

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2.B PRO-POOR HVAP OPTIONS CAN BE SUCCESSFUL IF:

The group then discussed various ‘conditions’ that a HVAP enterprise would have to meet if it was to be considered pro-poor.

The impact on family stability and specifically on the health and safety of women and children was considered as very important. A HVAP enterprise can provide safe employment for women and children but the possibility exists that it could exploit children by taking them away from school and could burden women if their other family tasks are not reduced.

An HVAP enterprise is more likely to be pro-poor if there are multiple markets for the products so that the portion of the crop that does not meet the standards of the high value market can be sold elsewhere at a lower price. It would be an asset if the product were suitable for family food as another 'escape' when the product is of insufficient quality to command the high returns.

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3. PROCESS FOR IDENTIFYING HVAP OPPORTUNITIES FOR POOR COMMUNITIES

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This is based on collection of information in four different fields:

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- Characterisation of the existing and prospective demand: volume and value, actual and trends; level of competition;
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Production issues

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- How is the access (level of availability, delays and costs) to technical support, market support, financial support, business support
- In case of a product requiring a processing step (packing/cleaning/sorting/transforming/ extracting/labelling…), where is the processing done and by who? how much of this added value stays within the target community ?
- Profitability and financial requirements
- Level of initial investment
- Profitability
- Delay before equity return
- Profit Volatility
- Who can provide financial support, at what cost? are there any 'strings' attached ?
- Organisation issues
- Identification of the 'social capital' of the target community: level of education, business expertise, social organisation/segmentation, existence of leadership
- Previous Experience of collective action (with good or bad results)
- Existence of market facilitators (honest brokers coming from outside the community, or local entrepreneurs/businessmen ready to invest and take some of the risks)

- Overhanging political framework (socio/eco/political stability, enabling policies)

The second step should lead to a portfolio of opportunities, each one characterised (profitability, financial requirements, technological barriers, risk…) in such a way that people can make sound choices. These choices could lead to an HVAP strategy based on one or several HV product (s), for one or several categories of local producers/processors.

The third step is then to elaborate and implement this strategy:

Detailed market chain(s) analysis

Business planning and implementation.

Comments on the working definition (3rd round, on Wednesday following the circulation of the above document):

- Product that returns higher gross margin/ha and/or unit labour input from commodities (wouldn't it be net?)
- Products that have attributes for which consumers are willing to pay a price premium.
- Combining the 2, you would distinguish between de-commoditization
- No. 1 greater priority for higher net returns for farmers
- High return to capital from private enterprise should be included if it has high positive returns for farmers; need to work through concrete exercises to see what works
- /Unit of resources as there is other input there.
- Danger of having 2 conversations in one: Is this for us or is the focus on policymakers?
- Compromise between 2 dialogues by using * in text and expound on that in the written text but not in bullet definition.
- High return to resources available to the poor
- At beginning we should say that this includes many other things discussed, but this is what we will focus on, so as not to turn off other people such as donors' attention to labour demands/unit.
- Get professional communicators in this area to develop more polished, catchy version
- Political message on 2nd page.
- In any case this will be a later task.

4. ISSUES and CHALLENGES for Promoting HVAPs for the benefit of the Poor

After each presentation, the table groups were distilling issues and challenges emanating from the papers. These issues were briefly presented and later clustered as a guide to work along these lines and identify strategies on how to deal with the challenges

The following task was provided to analyse the presentations:

> **Task for Tables**
>
> What are the most salient issues, challenges and controversies in promoting/inhibiting the potential of HVAP markets for the poor? Discuss this on the basis of this presentation and your own experience.
>
> Write on cards (3-5), starting with how to….

The cards that were written by groups around each table following the Global Issues paper and the Regional Situation papers were grouped according to the following major challenge areas.

How to identify HVAP opportunities for increasing income

- How to identify production with highest potential for income generation for the resource poor.
- How can traditional products be upgraded to absorb HVAPs?
- How does product differentiation help give value to both the old and new commodities?
- How to differentiate products/targets through “appelation” - type schemes
- How to find new, secure markets for traditional crops.
- How to identify high-value crops where small farmers have a comparative advantage.
- How to integrate cultural identities and customs into these HVAPs.
- How can HVAPs address severe food transitions linked to rapid urbanization in SSA?
- How to take better advantage of South-South trade linkages (e.g., East) and value-added options.
- Gaps: HVAPs other than horticulture.
- How to improve access to markets.
- How to enable farmers to overcome market-entry barriers; e.g. escalating standards.
- Which HVAPs are likely to have biggest multiplier effects for the rural economy?
- How to identify and quantify size/value of market-access options.
- How to combine increasing productivity of staple foods with development of HVAPs.
- How can livestock be effectively integrated into an HVC R&D strategy?
- Which sub-sectors will have value for the rural economy?

How to organize small-scale farmers to be able to utilize the opportunities for HVAP

- How to improve capacity to access to markets through more viable groupings of poor farmers; e.g., chain of ownership or general partnerships
- How to merge producers into internationally competitive entities
- How can small-scale farmers be developed into entrepreneurs?
- How to link the small farmers to the successful medium-sized markets.
- How to organize farmers more effectively to supply these high-value markets.
- How to ensure supply of HVAPs.
- How to involve farmers in "setting-up" role and in research agendas.
- How do producers learn to organize themselves to market unique selling points of their HPVs.
- How can small farmers be empowered to meet market standards.
- How to organize at the local level to share secrets of profitability.
- Classification of farmers: how to organize farmers at local level to help group benefit as a whole

How to ensure access to business-support services (e.g., training, information)

- How to attract private-sector technology and business services (private sector) to support small high-value producers in a supply chain.
- How to help small-scale farmers access necessary technological information, training and collabourating organizations in order to sustain their business in rapidly changing markets.
- How do you enhance extension and education?
- How to assure that ITC benefits the poor/small-scale farmers. Who provides? What? Who pays?
- How to overcome problems of infrastructure and poor communication.

How to define the appropriate level of technology for small-scale farmers HVAP opportunities

- Water is a key production indicator (kpi); kg/t
- Select production indicators (key production performance indicators)
- How to increase investment in hydroponics & organic crops for urban & peri-urban groups based on FAO experiences.
- What technology solutions can we provide the poor for HVAPs?
- What are the limits to this type of solution for the poor; i.e. capital-intensive technology such as precision agriculture?
- We need strategies for improving agricultural production.
- Importance of diversification through growing short-cycle crops.
- How to use hydroponic technology for smallholders to produce HVA crops.
- How to improve productivity to develop attractiveness of HVA.

What is the minimum asset endowment required to diversity into HVAP?

- Can HVAP be a solution for minifundios/landless farmers? Land reform as a direct step or indirectly through contract farming.
- What is the minimum asset environment needed to diversify into HVAP?
- What are the critical assets required to benefit from the HVAP chain?

How to value and stimulate domestic demand for HVAP

- How to ensure products for local markets and with a high nutritional value.
- How to establish or develop promotion for internal market.
- How to build the internal market for HVAPs.
- How to reduce harvest losses.
- How to ensure continual supply of HVAPs?
- Attributes in defining HVAP: Consider scarcity, health/nutrition, environmental sustainability, high monetary value for volume
- How to reach consensus on the definition of HVAPs.

How to develop the capacity of farmers and entrepreneurs to adapt to changing markets

- How to secure sustainable income for producers?
- How to protect emerging markets potentially to higher value/value-added products.
- How to avoid the moringa fiasco (the moringa tree is a cure-all; pyramid scheme to get into a business and 5 years later everyone recognizes it doesn't work).
- How to get investors/entrepreneurs to work as multipliers for the small-scale farmers in HVAPs.
- How to maintain sustainable businesses when HVAPs are subject to fashion trends.
- How to maintain sustainable business when HVAPs demand mass production and move to economies of scale.
- How to maintain economically viable pricing.

How to investigate the risk of markets/pricing, etc.

- How to ensure high return to risk (i.e., investment in meeting standards; black beans for CR markets but then they cancelled their order).
- How to develop market institutions to mitigate the level of price risk.
- How to build awareness of potential of HVAPs (consumer side).
- How to institutionalize macro-, meso- and micro-level research for various categories of small-scale farmers.
- How to ensure transparency of standards (possible conflicts of interest)? How to transform added-value assets (e.g., healthy eco-friendly products) into monetary returns?
- When there is a surplus, can it be moved to HVAPs? Should we focus on both aspects?
- How to share benefits between international and national organizations (e.g., local processing, transformation and differentiation).

What does a good enabling environment look like?

- How to recognize social value of hydroponics/organic products in the pricing?
- What does good enhancing environment look like?
- How can policy be influenced to protect and enable smallholder entering high-value markets
- How do we ensure that international organizations do not undermine the farmers' ability to organize for higher returns?

How to identify/create champions who drive the linkages along value chains

- How to identify key nodes within the value chain that have a major interest in enhancing product quality/performance of producers.

Subsequently four groups were established to further develop these Challenge Areas, with the following guiding questions:

Task for Working Groups

1. What needs to be achieved in the respective challenge areas?

2. What are the underlying issues, plus any that have not been captured by the cards.

3. What needs to be done to address the issues?

4. How can research contribute and leverage impact?

5. What should research be doing at the global, regional, and national levels, and in the short, medium and longer terms?

Each group met, reported to plenary on their discussions and a rapporteur prepared a summary of their deliberations.

4.1. Group 1. ORGANIZATIONAL CHALLENGES OF SMALL FARMERS INVOLVE IN HVAP PRODUCTION

Plenary presentation by Group 1. Farmer organisation

- Vision
- To design HVAP interventions that provide income opportunities for the rural poor

Elements of the Intervention process (pilot projects not micro)

- Targeting of communities and Partners (poor / best market access)
- Resource assessment
- Identify market opportunities
- Business planning with stakeholder groups
- Motivational Change / education
- Farmer organisation
- Market facilitation
- Financial instruments for enterprise development

Principles and entry at the local level

- Targeting on community (poverty mapping / market access)
- Participatory

- Project should be community focussed
- Demand driven with clearly demonstrated community benefits
- Self selecting and following democratic processes
- Scale of operation (pilot /

Partners

- Community representatives
- Farmers group leaders
- Local administration
- Market facilitation (organise / market linkage)
- Research
- Private sector
- Finance

Market identification

- Participatory
- Rigourous
- Clear targets (marketing – production biz)
- Market identification
- Market chain analysis (chain co-ordination)
- Business planning
- Finances required
- Final decision made by the community

Organisation

Market facilitation

- No hand outs
- Strong technical / admin / marketing support

Market information and intelligence

Farmer organisation

- First order farmer groups (check list of good practise)
- Second order aggregators (Negotiation)
- Level of entrepreneurship is limited to minimum requirement and paid for

Aspects for consideration

- Depending on scale
- Provision of services
- Evaluate farmer capacity
- Evaluate MF competence

Contractual arrangements

- Clarity of agreements (volume, quality, timing)
- Legal implications (limited, enforceable)
- Premiums (quality, volume)
- Agreement on penalties / bonuses
- Emergency / Disaster clauses (provisions)
- Credit agreements to investor / buyer

Partnerships

Key players at:

- HVAP intervention support group
- Chain level actors
- Wholesale and retailers
- Policy local administrators

Research

- Research should be demand driven, focussed on the HVAP issue and rapidly prioritise options
- Should use best practise options and most effective existing technology / packages
- Increasing diversification
- Safe and sustainable processes
- No negative environmental impact
- Gender neutral
- Interventions should be based on highest level of impact leverage

Research Needs

- Information / organisation
- Good practices (productivity, marketing
- Action research on key issues / opportunities
- Monitoring and evaluation
- Policy on key barriers to market engagement
- To be addressed at international national and local levels

Technology Issues

- Affordability
- Has to fit into the farming system
- Has to provide clear profitable
- Has to deliver high quality product

Comments by group presenter:

They did not follow questions because the responses would depend on what crop you are dealing with. Champions would then step forward at the end. Put tactical teams into the field to make it work.

- Capacity of farm community, etc.
- Came up with a vision statement: To design NVP interventions that provide income opportunities for rural poor. Rather than a theoretical approach, a team should be put on the ground to see what really works with a strategic planning process that involves all actors: government, community representatives, R&D, the private sector.
- A lot is locally driven, with the focus on the local market opportunities to form a model to be followed later on.
- Principles and entry at the local level: targeting community (poverty mapping, market access). If it is to be a pilot study, we do not select a community with all the possible strikes against it. If the community does not want it, we drop it. Demand driven by clearly demonstrating community benefits. Democratic processes.
- The pilot should have a big enough area to supply chain stores.
- Market identification: chain analysis, business plan, finance requirements; final decisions made by community
- Organization complex: market facilitation support by technical team; farmer organization is a minimum requirement for the level of entrepreneurship; depends on scale, provision of services, evaluation of farmer capacity, MF (market repress?) competence
- Contractual and credit arrangements to be assessed before you proceed
- Partnerships including local administration
- Research should be demand driven, access to other experiences/packages, and specific needs based on highest level of impact leverage, no negative environmental impact and gender neutral.

Discussion:

- It is not necessary to reinvent wheel – possible to share current experiences and see research as a way to support/valorise that research. The key thing is to communicate between your project and international community; could be S-S. Target in by area and product and demonstrate that you can make a difference so others want to be part of the process.
- A number of organizations do have teams on the ground to develop market opportunities so research should partner with those teams. The partnership would provide useful tools, etc., but we do not want to redo things. We want models to show what will work on a regional or national scale in a large distribution chain. We need to deal with the broader issue rather than the limited local markets. First you develop the local markets and provide room for their growth.

Summary Report Group 1: Organizational Challenges of Small Farmers involved in HVAP production

We were asked to address a set of questions relating to organizational challenges of small farmers becoming involved in high value product production.

The keys to the discussion were: The capacity of the farm community to meet HVAP requirements, the organizational needs at the local level, the process of identifying champions and the level of technical support required.

Our discussion quickly realized that an effective response to these challenges must be location and product specific. With this in mind we focused on the vision that small and poor farmers must have enhanced income as a result of targeting HVAP markets. In our view the best way to make this happen is by developing an interaction strategy that combines outside expertise, local community and farmer enrolment, technical support

and private sector participation. Pilot areas or markets need to be identified where the concept of a task - learning approach could be fully tested. Critical actors would complete a situational analysis that looked at all of the key needs for participation in HVAP markets and complete a realistic assessment of opportunities for success. Outside resources would be needed to prepare this initial "opportunities assessment" but then it would be necessary for community champions to step forward and drive the process. The bullets points in our presentation (above) describe some of the key elements that would be part of the assessment and include market requirement, transportation challenges, organizational needs and profitability projections. This approach is very much action oriented. Rather than speculating on possible needs or developing general options we feel it would be a much better use of resources to test this approach in the field at a specific location with the intention o eventually passing on lesson learned to other locations.

From a research perspective, this approach would have a tendency to have the demand drive the research. If there were areas of concern identifying is the initial field assessment that posed research questions the research could be focused on providing solutions of specific problems. There would be the need for the research community to make available focused background information that could be used as tools in developing the HVAP action plan. This information would include best management practices with respect to marketing structures, organization development, framing strategies, quality assurance programs and production chain linkages.

Our group is convinced that targeted intervention could be a key tool for guarantying successful participation in HVAP markets.

In summary we feel the key elements of success in addressing capacity and organizing issues are as follows:

- Keep the goal of farmer profitability as the main drive.
- Target the communities on the products that could benefit from a task team approach to developing a HVAP market.
- Ensure the task team has all of the relevant partners as part of the process.
- Prepare a realistic assessment of the opportunities for success.
- Only proceed to implementation if the community steps forward with champions to drive the process.
- Ensure that existing technical and research resources are made available as tools.
- Communicate the success and or failure so that future projects benefit from the knowledge learned.

4.2. Group 2. HOW TO STIMULATE DOMESTIC DEMAND AND ENHANCE THE VALUE OF HVAP AND HOW TO ENSURE ACCESS TO BUSINESS SUPPORT SERVICES?

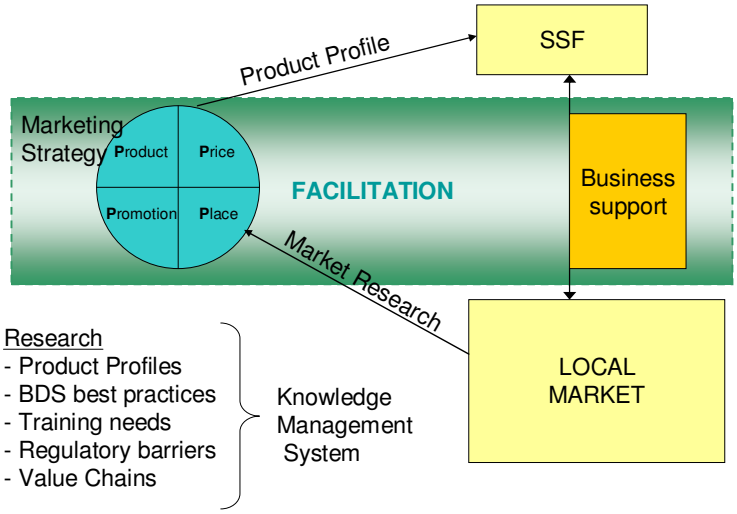
Plenary presentation Group 2: Stimulate domestic demand and ensure access to business support.

- Two areas of business support for small-scale farmer at local-market level. On the other hand, there is a need for marketing strategies and delivering product profile to small-scale farmers. 4 Ps apply here: Price, promotion, pace, product. See Figure below.
- Have menu of best practices, identification of training needs, value chains. This research is very local.
- Issues: local partnerships, chambers of commerce, NGOs, associations. Should they be menu driven? The champion can be a company that wants to get good publicity (e.g., BP supports program for young entrepreneurs in the countries where they exploit big petroleum fields). Knowledge management systems need to pick up research and coordination on horizontal (geographical) and vertical axes.

Discussion:

- Need for identifying current knowledge and state of art – could be global initiative.
- Very logical presentation, but it still feels a bit top down even though you included local consultation. This group is global and should focus on the forest. We need to come up with models that can work in other situations where farmers can go to other markets even if they have damaged tomatoes. There are companies and NGOs that will work with them. Some are helping 1-5 person seed companies. There is a potential for growth.
- Many things are going on on the ground; but there is no focus, efforts are not coordinated. Village-level deployment teams that go with guidelines according to their specific needs. We need options, not models. There is a need to train trainers and build some sense of an academy for this skill building. This might perhaps be a regional strategy.
- There is a need for pilots and give them every opportunity to succeed; you need to be sure there is a reasonable chance of success. You run the risk of getting turned down if you go into an area where there are too many constraints and no local capacity to do what is necessary. This needs to go beyond a token commitment. Then you will learn things out of this experience and take it to the next step with experience to address concrete changes.
- Valid in line with AVDRC
- What is the distribution impact of different ways of organizing actors in the chain and efficiency tradeoffs between equity and efficiency? How you organize the chain is critical? This is also true at the community level, where rich families exploit local labour in sweatshops.
- Knowledge management: There are some 6000 research reports and a number of hits on horticultural science, but not on socio-economic factors. The International Society for Horticultural Science (ISHS) (Norman E. Looney, President), www.ishs.organization has a web page and seeks to enhance this aspect for R&D organizations.

STIMULATE DOMESTIC DEMAND AND ENSURE ACCESS TO BUSINESS SUPPORT



Summary report Group 2: How to stimulate domestic demand and enhance the value of HVAP and how to ensure access to business support services?

Access to domestic markets was often indicated in the workshop discussions as a critical element for strategies to promote high value products. One of the major challenges to be addressed by research efforts is thus the identification of demands for HVAP's in domestic markets and the promotion of their continued growth.

A related challenge is to ensure that small-scale farmers have access to business development services that support their competitive and sustainable linkage to these markets.

In order to meet these two challenges, a diversified set of issues, goals and research needs has to be considered, as summarized below.

Underlying issues

a) Stimulate domestic demand

- There is a need to provide information on HVAP's to producers, consumers and other participants in the value chains
- There is a need to ensure quality and safety through appropriate regulatory frameworks and traceability systems
- There is a need to develop HVAP specific (product specific) market promotion activities
- Advocacy of public incentives to reduce costs and prices in value chains, including tax breaks, might be considered as a HVAP promotion strategy
- Demand seasonality must be taken into account in HVAP promotion activities

b) Ensure access to business support services

- For effective use of BDS services, there is a need to nurture entrepreneurship among small-scale farmers. A culture of entrepreneurship should be encouraged in the target communities
- It is necessary to ensure appropriate BDS services and models are available which can be relevant for the promotion of HVAP. They include in principle models such as "youth enterprise in schools", as well as others provided by enterprise agencies, chambers of

commerce and business associations. They also include the models developed and/or promoted by international agencies such as ILO, FAO, UNDP and UNIDO.
- A data base of best practices needs to be established and a knowledge management system developed to ensure easy access at all levels to best practices and methodologies
- Create guidelines for the determination of appropriate BDS for small farmers

In both these areas there is a need for local facilitation at the grassroots level to help the SSF's to identify appropriate HVAP's and the means of bringing them to markets.

What needs to be done?

a) Stimulate domestic demand
- There is a need to develop a marketing methodology to understand and promote HVAP's for domestic markets
- Develop marketing strategies for specific HVAPs, taking into account appropriate decisions regarding pricing, product, place (distribution) and promotion
- Facilitate small-scale farmers' linkages to markets via NGO's, private corporations, and government and trade associations. These activities might include information provision and training / capacity building

b) Ensure access to business support services
- Promote entrepreneurship among small-scale farmers through improved information, services availability, etc.
- Establish one stop shops
- Promote private sector involvement in BDS provision via contract farming
- Promote public-private partnerships and business mentoring programs
- Promote local partnerships and stimulate the role of NGO's, agencies and tripartite models (government, business, civil societies) in BDS provision
- Facilitate training of trainers for BDS providers in areas such as business planning
- Design and enact deregulatory policies to facilitate BDS provision
- Develop adequate business education curriculum in local schools
- Develop easily and accessible market information systems applying ICT technologies, including cell phones, telecenters, etc.
- Promote local trade fairs and exhibitions to disseminate best practices and open up markets

Research needs (mostly local)

- Understand consumer behavior, identifying the relevant demand drivers and taking into consideration socio-psychological variables
- Develop market profiles for HVAP's (different products for different product groups)
- Review and identify best practices in BDS provision and Corporate Social Responsibility promotion
- Identify regulatory barriers for entry into domestic markets for HVAP's
- Develop research on training needs for local groups of actors and BDS providers
- Analyse the flow of benefits along HVAP value chains

4.3. Group 3. CREATING AN ENABLING POLICY ENVIORMENT FOR HIGH-VALUE AGRICULTURE

Plenary presentation Group 3. Enabling policy environment

How to influence policy to create an enabling environment?

1. What do we want to achieve?

Overall goal:

- To create an enabling policy environment to promote high-value agricultural production in a pro-poor and sustainable manner

2. What are the deeper underlying issues?

What is the rationale for involvement of public section and international organization?

- Equity –Public interest in reducing poverty and equity. Markets may not address.
- Provision of public goods – Markets will under-invest in public goods; need public investment.
- Market failures – Markets for credit, information, etc do not work well. Need public involvement.
- Long-term sustainability – People are shortsighted, government should not be.
- What are types of strategies to increase net returns to small farmers?
- Adding value to product – Differentiation, quality, processing, packaging, etc.
- Reducing costs of production – Use of inputs including labour/land/chemicals
- Increasing yield or efficiency – More output for same level of resource use
- Reducing post-harvest losses – Particularly important for perishable high value agricultural products

3. What needs to be done?

What are elements of enabling policy environment for high-value agricultural products?

All policies and programs affect HVAP but some have particular importance for HVAP

Public investment in infrastructure

- Examples: roads, communication, irrigation, electricity, market places, etc.
- Perishability and processing needs mean that lowering transport costs is particularly important for HVAP

Public investment in research/extension, particularly:

- Agronomic research (though private sector very active in horticulture)
- Consumer demand and trends
- Marketing research & extension
- Adding value pre- or post-harvest
- Mitigating perishability (staggering harvest, preservation, etc).
- Small-scale irrigation & water saving tech.

Regulatory framework & services

- Pesticide regulation by crop
- Seed trade and varietal approval
- GMO and bio-safety regulation
- Transparent grades and standards
- Certification of quality, safety, origin, etc

Property rights

Land tenure

- HVAPs often have high investment & input costs
- Secure title to promote investment & credit,

Water rights

- Irrigation important for many HVAPs
- Controling groundwater depletion
- Institutions to manage water allocation

Direct HVAP promotion

- Indigenous products & markets, other HVAPs
- Targeted agronomic & market research
- Targeted technical assistance and extension
- Targeted credit programs

Policies to mitigate impact of risk

- Market information systems
- Use of local or international commodity exchanges
- Irrigation & water control
- Stable macro and trade policy

4. What should research do at national, regional, & global level?

National level

- What is contribution of HVAP to poverty reduction?
- What HVAPs are candidates for promotion?
- What are problems faced by HVAPs sector?
- What are nutritional deficiencies in country and what HVAPs or processing would ameliorate?
- How to meet export standards?

Regional level

- What are patterns and potential of intra-regional trade?
- How to protect and share genetic resources?
- How to harmonize regulations in seed, pesticide, grades & standards, food safety, etc. to promote trade?
- Develop capacity with regional training and networking

Global level

- Research to provide evidence on benefits of high-value products
- Harmonization of donor & national policy
- Research on complex technical issues
- Research to address global problems
- Protect bio-diversity (on farm & gene bank)

- Methods and tools for use at regional & national level
- Capacity building

Discussion:

- Rationale for involving public sector and international organization. Promoting equity and reducing poverty. Long-term sustainability.
- Issues related to infrastructure, perishability and processing are related to transportation, electricity, etc. These are big determinants of return.
- What needs to be done regarding horticulture, perishability, irrigation on a small scale, water-saving technology, and regulator framework regarding pesticide regulation, seed trade, GMO and biosafety, certification of quality. Property rights, water rights. Grey area: Indigenous products and other programs targeted by each nation. Risk is a very critical variable (e.g. insurance program for weather risk).
- Nutritional deficiencies. Export standards. Harmonization of regional issues for seed production and distribution including pesticide use, grades, standards, food safety. There is international collaboration on global problems such as avian flu.
- Think of insurance more broadly to include self-insurance because they do not work well. Poor vulnerable to risk but risk mitigation strategies need more priority. Pool labour, each one grows different crops, share risk and finances; market collectively in Phil.
- Nutrition and HVAPs – invisible traits – challenge is traceability not only for research and credibility. What can public sector do to facilitate it?
- Do we need public investment or finance itself?

Summary report Group 3: Creating an enabling policy environment for high-value agriculture

How can the public sector promote high-value agricultural commodities? What is the role of research at the national, regional, and global level in promoting high-value agriculture? And how does the research agenda differ among national, regional, and global research institutes? These are the questions addressed in this note.

Objective

It is useful to begin with a statement of the overall objective of the public sector and researchers in this area. We argue that the goal should be to create an enabling policy environment for the promotion of high-value agricultural products in a pro-poor and sustainable manner. An "enabling policy environment" describes 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, is defined broadly to include public investment, policies, regulatory environment, and mechanisms of enforcement.

Why public intervention?

An important question is why the government and publicly funded research is needed at all. One might argue that if high-value agricultural products really provide higher returns per hectare or per day of labour, farmers already have strong incentives to adopt them. And if these crops are often commercially oriented crops, 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. Thus, the government often seeks to increase the pro-poor impact in the evolution of the economy, including the development of high-value agricultural commodities.

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, defined as markets that do not operate efficiently or do not operate at all because of externalities or information problems. Examples of externalities include the use of natural resources such as groundwater or air and information problems plague markets for credit and insurance.

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. Examples include measures to control depletion of non-renewable resources and to limit climate change.

Before examining elements of a policy environment that enables the development of high-value agricultural products, it is useful to review four ways in which policies and programs can increase the returns of small-scale farmers:

- Policies may increase the returns of small-scale farmers by adding value to their output. This includes shifting to higher-value crops or varieties, improving quality, certifying organic methods, and carrying out additional post-harvest activities such as sorting and packaging.
- Policies can increase returns by reducing the costs of production, such as new technologies to reduce chemical use, labour input, or water requirements.
- Policies can improve profitability by increasing yields or output for the same level of land and other inputs.
- And policies can improve profitability by reducing post-harvest losses, a particularly important issue for high-value agricultural products, many of which are perishable.

Elements of an enabling policy environment

What are the elements of an enabling policy environment for promoting high-value agriculture? To some degree, policies conducive to the private sector and agricultural production in general also apply to the promotion of high-value agricultural products: protection of property rights, modest taxation, transparent regulation, and provision of public goods. But here, we focus on aspects of the policy environment that are of particular importance to high-value agricultural production.

Public investment in infrastructure is critical to promoting high-value agriculture. Roads facilitate economic activity of many types, but high-value agriculture is particularly dependent on good transportation because of its commercial orientation and its perishability. In the absence of market access, high-value agriculture may offer nutritional benefits to the producer, but the income benefits are virtually eliminated. Communications infrastructure is important in transmitting information about volatile and quality-sensitive markets for high-value products. Irrigation infrastructure is particularly critical given the fact that many high-value products, such as vegetables, require irrigation. Electrification is a major constraint on the development of agro-processing industries.

Public investment in research and extension is important to all agricultural sectors, but the emphasis is somewhat different in high-value agricultural products. On the research side, the private sector plays a major role in varietal development and seed distribution, but adaptive trials and research on cultural practices is still needed. In fruit, a major issue is the development of improved and disease-free planting materials. Because perishability is a source of risk and losses to farmers, research must give priority to lengthening the harvest

period and methods of preservation. Promoting high-value agriculture also implies more research on small-scale irrigation and water-saving technology. Finally, there is a larger role for research in monitoring trends in consumer demand (both domestic and international) and in development methods to meet quality and safety standards set by buyers, local and foreign. In extension, high-value agriculture requires a greater effort on the marketing side. It is not enough to show farmers how to grow high-value agricultural products; they must be given assistance in evaluating market opportunities and meeting specific quality and safety standards.

The *regulatory environment* is another part of creating an enabling policy environment. Of particular interest in promoting high-value agriculture are:

- Pesticide regulations
- Regulations controlling seed trade and varietal approval
- Regulations concerning bio-safety and genetically modified organisms in particular
- Grades and standards
- Certification of quality, food safety, geographic origin, and so on
- Regulations to monitor and certify private efforts to establish traceability systems

Secure property rights are important for many economic activities, but more so for one that involve long-term investments (such as fruit and other tree crops). Land title is generally necessary (though not always sufficient) to obtain formal-sector credit to pay for specialized inputs often required for high-value crops. Because of the importance of irrigation in high-value agriculture, water rights and institutions to manage water allocation are also important.

Campaigns to promote selected high-value products, are a part of the policy repertoire of many developing countries. This may involve introducing new crops or reintroducing indigenous crops. Although there is debate about the effectiveness of efforts to "pick winners" and effectively promote them, in one form or another governments need to do research on potential new crops.

Finally, *policies to mitigate the impact of risk* are particularly important given the production and marketing risks inherent in many high-value agricultural products. Market information systems, use of local and international commodity exchanges, and insurance schemes (including facilitation of self-insurance by farmers and weather index insurance). Indeed, the risks faced by farmers may even be exacerbated if macro-economic and trade policies change frequently.

Role of national, regional, and global research institutions

At the national level, research needs to focus on country-specific issues. What is the contribution of high-value products to farm income and income growth? What products are candidates for promotion? What are the specific production and marketing problems faced by the high-value agricultural sector? How can high-value products address specific nutritional problems facing the poor? And what can farmers and exporters do to meet export standards for quality, food safety, and plant protection?

At the regional level, the focus of research should be on the patterns of intra-regional trade and the potential for expanding it through lower barriers and harmonization of regulations. Another focus is the sustainable use of regional resources such as river basins, coastal fisheries, or groundwater reserves. The protection of genetic resources may be coordinated at the regional level, though efforts are needed at the national and global level as well.

At the global level, empirical evidence is needed on the contribution of high-value agricultural products in order to mobilize resources from donors to carry out research on high-value agriculture. Technical research involving highly advanced techniques may be beyond the capacity of individual countries but feasible on the global level. Similarly, research on problems that affect many regions should be undertaken at the global level, because nations and regions are likely to under invest in these problems. The protection of bio-diversity (either *in situ* or in gene banks) needs to be supported at the global level. Finally, methods and tools for

studying the high-value agricultural sector should be developed at the global level for application at the regional and national levels.

4.4. Group 4. HOW TO IDENTIFY MARKET OPPORTUNITIES?

Plenary presentation Group 4: Identifying market opportunities

The Challenges

- How to identify HVAP opportunities for increasing incomes?
- How do you identify and what is the minimum asset endowment needed to diversify into HVAP?

1. What do we want to achieve when addressing these challenges?

Develop a methodology and research program to identify suitable HVAP opportunities leading to reduced poverty

2. What are the deeper underlying issue and their problems and opportunities?

- Lack of resources for SSF to meet market demands
- Lack of public-private interaction
- Lack of coordination in supply chains
- Little participation of research in supply chains
- Research culture not attuned to engagement with market actors.
- Are privately owned firms more pro-poor than publicly owned firms if so what are the implications for trend toward increased corporate responsibility
- High transaction (engagement) costs associated with doing business with SSF

3. What needs to be done to deal with these issues?
Promising strategies

- Effective interaction between research and market actors, especially the private sector and development practitioners.
- Gather intelligence form both supply and demand side – forums, etc.
- Combination of knowledge and information gathering research with action research in supply chains to understand success/failures, scaling up issues.

4. How can research contribute and leverage impact?

- Policy briefs (e.g. …)
- Sharing and co-innovating, building on best practices between research and development partners (e.g learning alliances) – for learning and scale-up

5. What research at a global, regional and national level?

- Case study analysis of successes and failures for HVAP
- Determining the minimum asset endowments along the market requirements for HVAP

- Ensuring food safety and environmental sustainability
- Developing knowledge and technologies for profitable and sustainable production systems
- Identifying and characterizing genetic resources for unique and useful commercial traits
- Handling and post-harvest technologies required to meet market requirements
- Understanding the evolution of consumer demand and preferences in domestic and export markets
- Policy changes that will enhance:
  - Foreign Direct Investment
  - Formation of business clusters
  - Business environment

Discussion:

- Want to develop methods and research priorities to identify the HVAPs with a potential.
- There was a long discussion for greater public-private interaction to understand opportunities for HVAPs.
- Most farmers are not connected to supply chains as such.
- Research is isolated from needs of particular supply chains. Researchers are not culturally attuned to engaging with market actors.
- There are trends toward increased corporate responsibility as private owned farms are more pro-poor than publicly owned ones, which are slower in response so private sector is better.
- Interest level – if the donor is family owned, they may be willing to support long-term activities. The trend is for Fortune 500 companies to report on social and environmental responsibility – opportunities for us. They are heavily devolved and often characterized by national decision power. The strategic direction is broad and lets locals move forward. There is even faster cause-related marketing for what helps their business case.
- High transaction and engagement costs are associated with doing business with small-scale farmers.

Summary Group 4: How do you identify market opportunities?

Challenges:

- How to identify HVAP opportunities for increasing incomes?
- How do you identify and what is the minimum asset endowment needed to diversify into HVAP?

Overview of the discussion*:*

The discussion mainly focused on how research could contribute to identifying and realizing HVAP market opportunities for SSF. We began by discussing where the key entry points lie for addressing these issues. Is it the supply chain? Is it the producer? What role for the private sector? What scope for public research and potential partnerships with the private sector? How could these partnerships be realized? Would it involve institutional changes for research organizations in terms of thinking, approaches and methodologies? Is there an adequate incentive framework in place to properly reward public sector research collaboration with the private sector? Do researchers in public institutions often face a dilemma in terms of “academic excellence” and publishing in top journals vis-à-vis policy/development (practice) oriented research with private sector institutions? There is much evidence that public research institutions are moving in this direction, but at what

rate and how effectively? There was also a lot of discussion about efficient (and most effective) ways in which researchers can communicate and collaborate with the private sector. Are particular types of private firms more "pro-poor" and/or receptive to investment in potential PPP research? How do we initiate shared learning platforms to foster effective public-private partnerships (PPP) in research was a recurrent topic of discussion.

Initial discussion – Getting the ball rolling!

- What are the researchable elements of this?
- Should we be studying patterns of consumer demand?
- What does the market actually want?
- Should we be evaluating trends in taste?
- What role does or could modern media play in creating demand for SSF HVA produce? An example was given of the USA and impact of food magazines and chef/cooking TV shows in broadening appeal and developing demand for new products
- SSF need to have the necessary skills to produce for the market.

What do we want to achieve?

- Develop a methodology and research program to identify suitable HVAP opportunities leading to reduced poverty

The Group discussed the following problems:

- Who in a given community takes advantage of these opportunities?
- Is there scope to preserve market access for the poor in HVAPs?
- What are the main obstacles to be faced by SSF when trying to enter new market niches? (This in part relates to the issue of asset endowment).

2. What are the deeper underlying issues and their problems and opportunities?

- Lack of resources for SSF to meet market demands
- Lack of public-private interaction
- Lack of coordination in supply chains
- Little participation of research in supply chains
- Research culture not attuned to engagement with market actors.
- Are privately owned firms more pro-poor than publicly owned firms if so what are the implications for trend toward increased corporate responsibility
- High transaction (engagement) costs associated with doing business with SSF

Are there high transaction costs incurred in dealing with SSF? It was argued that the high transaction costs of these operations would put-off large firms, so coordination is very important for bulking-up the HV product. Therefore the question is how to overcome these high transaction costs?

Is lack of capacity an underlying issue? Do some SSF simply lack interest in engaging with HVAP and dynamic markets? What is the minimum asset endowment required? There may be market demand for a given HVAP however SSF often lack the "resources" to meet that demand. By resources we mean the '5 capitals': human, social, physical, financial and natural. We include information as sixth possibility because it is an often cited problem for SSF and SMEs.

We observed that HVAP markets are usually a result of supply. So does everyone have to be included in HVA?

We had a long discussion about the challenges of scaling-up the results of research based on a small sample of SSF. Scaling-up from a study of 200 SSF to 1 million was questioned – how efficient is this?

What is a niche market and what is a "fad"? What are the dangers associated with encouraging SSF to investment in these markets? Perhaps we need to consider more closely potential beneficiaries for different markets and the relative costs and benefits of entering these markets for the poor.

3. What needs to be done to deal with these issues? Promising strategies

- Effective interaction between research and market actors, especially the private sector and development practitioners.
- Gather intelligence form both supply and demand side – forums, etc.
- Combination of knowledge and information gathering research with action research in supply chains to understand success/failures, scaling up issues.

There was some discussion about the timeframe for entering and maximizing the potential benefits from HVAP markets. It was argued that by the time SSF get organized and bulk-up their produce is it too late to enter a HVAP market? What is the time frame before a HVAP becomes a commodity? This process takes on average 7 years, so products need to continually evolve and differentiate. For example, coffee is grown around the world; despite this speciality coffees capture high-prices in niche markets. Perhaps the key here is continuous innovation and good marketing. However we should also recognize that perhaps nothing changes at the farm gate – the SSF level.

Governance and strategic management issues were raised. These issues were discussed in terms of the nature of the research relationship between public and private institutions. Public research institutions lack financial resources and the private sector lacks access to public research information and skills. Thus the question was asked – when PPPs are formed what do public research institutions provide to the private sector (often corporate) firms to keep this relationship alive and mutually beneficial?

One of the responses to this question as an underlying issue focused on the lack of coordination in supply chains and the potential role for public research institutions to act as facilitators of this process and to foster joint PPP in research. A further response emphasized the need for strategic alliances between the public and private sector. Public research institutions often act as service providers – mainly in support of producers focusing on technical issues (e.g. breeding, variety improvement, pest management etc.), organizational skills and SSF empowerment. It would seem that many public research institutions (e.g. NARS) lack the capacity to address the demand side – as it were- the market orientation issues, which has isolated many of these institutions from the private sector and its needs. It was felt that public research institutions need to more effectively promote their research excellence and the skills they can offer to the private sector.

There is clearly a lack of resources to finance important areas of research in public research institutions – perhaps the private sector can help bridge that gap. However, are public research institutions really asking or answering the right research questions? Just how demand responsive are they in terms of their research agenda? Could this be better linked to private sector and market requirements through more effective dialogue and interaction? Do researchers need to re-think and focus their efforts on things for which there is an identifiable market/private sector demand?

A related issue was raised questioning whether there is public sector institutional/cultural resistance to change in terms of re-focusing their research and interaction with the private sector. Can researchers begin to "think outside the box" regarding these issues.

In addition although greater linkages are being made between the public and private sector there appears to be little progress in commercialising the products of research. What is the incentive structure for doing so? What are the implications for international public goods of PPP? The dilemma appears to be that public research institutions need to produce global public goods but increasingly need the funding of the private sector.

Researchers should interact more with the public sector in terms of information and advisory services. Researchers should get more involved in piloting and scaling-up of projects – researchers need to work with marketing institutions interacting both on the ground and through projects.

It was felt that public research institutions need to listen to both sides of the chain not just producers, but also the private sector. Researchers need to gather intelligence on both the supply and demand side encouraging two-way communication in potential PPP.

The group discussed ways in which this interaction between the public research institutions and the private sector might take place. Research and industry forums were discussed e.g. an annual workshop/ meeting where ideas around a particular topic could be shared and interaction initiated. It was also suggested that a first step might be to identify a business cluster which researchers could target and then facilitate interaction. Indeed, it was felt that the key question to be considered here was how to have an efficient forum for research needs assessment and data collection?

4. How can research contribute and leverage impact?

- Policy briefs (e.g.
- Sharing and co-innovating, building on best practices between research and development partners (e.g learning alliances) – for learning and scale-up

It was felt that policy briefs could disseminate policy relevant public research to stimulate debate and interaction between the public and private sectors. Policy briefs could also show/state how best researchers can link with the private sector. A key issue that was discussed in this regard is the degree to which this interaction can take place with “public” firms (e.g. boards and shareholder) and private (e.g. family owned) firms. It was argued that the former tend to require a fast return on investments; whereas the latter can take a longer-term view of such investments. The question was subsequently raised as to whether private firms are in this sense more pro-poor? There is a growing trend amongst Fortune 500 firms towards incorporating elements of Corporate Social Responsibility codes of practice into their business activities. Therefore, the question is if private firms are more pro-poor than publicly owned firms, what are the implications of the trend towards CSR and engagement with researchers?

The group proposed learning alliances (where knowledge is being multiplied through sharing) for institutional learning and scaling-up. It was felt that public sector researchers can act as “interpreters” between SSF and the private sector until they “speak the same language”. The lessons, experiences and methodologies or tools used to enhance research should be collected, synthesized across programmes/projects, and fed back into PPP forums and learning platforms in a rigorous and systematic way, enhancing learning in institutions and networks. The proposed learning alliances could also help to create a common understanding and vision among a diverse range of stakeholders and partners involved in implementing research. The joint perspective of the stakeholders may be a precondition for successful changes.

5. What research at a global, regional and national level?

i. Case study analysis of successes and failures for HVAP
ii. Determining the minimum asset endowments along the market requirements for HVAP
iii. Ensuring food safety and environmental sustainability
iv. Developing knowledge and technologies for profitable and sustainable production systems
v. Identifying and characterizing genetic resources for unique and useful commercial traits
vi. Handling and post-harvest technologies required to meet market requirements

vii. Understanding the evolution of consumer demand and preferences in domestic and export markets
viii. Policy changes that will enhance:
- Foreign Direct Investment
- Formation of business clusters
- Business environment

The group considered whether any of the above issues are researchable right now? It was felt that there was scope for action on points (ii) through to (vii). Whilst (viii) is important the group did not have time to fully explore the implications of policy changes that will enhance FDI etc. The group agreed that that researchers need to be more pro-active in terms of their activities and need to "think out of the box". In fact, can researchers create the necessary energy and incentives to effectively engage with the private sector? Researchers need private sector investment for their work on products that are critical to the poor. Researchers should be networking with those that can critically engage from the private sector; however this process needs to be managed effectively to enhance its potential impact.

The objective of research should be to develop tools, but this also needs interaction in piloting with actors and stakeholders in the research process i.e. action research. It was felt that action research is one of the best ways of developing tools to address these issues. We also need to consider background/baseline studies (cataloguing available knowledge, experience and best practice) with the objective of identifying success factors.

Thus, public research institutions need to catalogue and synthesize best practice and experience so that e can learn from earlier cases/ case studies for future project design and analysis.

5. CRITICAL SUCCESS AND FAILURE FACTORS FOR PROMOTING HVAPS

On Tuesday afternoon, before closing, participants were asked to spend 30 min to bring together issues regarding critical success/failure factors in promoting HVAPs for poor and small-scale farmers, bearing in mind that HVAPs are not just crops. We have a good framework for HVAPs, a good idea of the principal challenges for getting it done and a grasp of research issues. So we need 5 maximum for each area. The 4 previous groups have looked at research issues so it is a matter of identifying the five key areas for success/failure. This material collected from the tables fed into the discussion by a working group that clustered the cards and provided a report on the Wednesday (see box below).

Group on: Approach to promotion

Synthesis of the critical factors for success into a framework for design and monitoring of interventions and knowledge management.

Presentation in plenary of result of group discussion

The group identified 10 success factors:

- Local innovation and entrepreneurship skills in the community. Not everyone has to be an entrepreneur, but someone in that role at the local level is important.
- Ability to identify risks along the long chain up front so that decision-making is soundly based
- Capacity to innovate continuously along the chain
- Access to reliable market information and find new pathways; transparency for supply chain, for example.
- Consistent and supportive policies enabling development and promotion of HVAPs – enabling environment lot of information avail
- Finance credit, tax subsidies, etc
- Demonstrative profit equitably distributed along the supply chain. Problems and changes over time are tough to measure but critical.
- Vertical supply chains to ensure market links and trust among actors
- Ability to access training, technology aspects, BDS

Discussion:

- The idea is that eventually a champion has to emerge in a facilitating role to bring actors together, but at some time you have to find one within the chain to drive relationships. Is it behind the overall statement or should it be an idea for success?
- Not so much a champion, but self-motivation is critical. Many people want to get involved, but it is important to identify what they are really looking for. Generate self-starting critical.
- The champion can be an individual or organization, but you have to test their motivation.
- The initial champion may not be the work horse to carry thing through

Summary Group 1 - Promotion of HVAPs

Following the card exercise the group met with the task to identify the critical factors for success that would help promote HVAP for small scale farmers.

Two overarching themes where recognised: **1) the need to identify champions within the chain that would guide the process and motivate the other actors in the chain**; and 2) **the need to provide training and technical advice in all of the ten areas identified below**.

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 associate with each other or with other actors in the chain with the principle that SSF are defined by their limited assets.

2. **Capacity to innovate among the actors of the chain.** HVAP markets can have limited time horizons, therefore innovation in products, grades and standards, marketing, labelling and etc. are required.

3. **Consistent and supportive policies to create development and promotion of HVAP.** Enabling environments entails more than governmental infrastructure issues. Pro-poor policies may entail changing policies that create bottlenecks in the supply chain, creating a positive socio-political environment with an emphasis on food security, negotiating with large firms to help address issues of poverty and the allowance of advocacy.
   - Appropriate enabling environment
   - Positive social-political environment considering food security
   - Firm attitude of Government for developing SSF
   - Bureaucratic efficiency
   - Change in policy
   - Government involvement
   - Infrastructure
   - Well informed advocacy

4. **Demonstrated profit equitably distributed along the supply chain.** Determining the motivation of the partners along the supply chain helps inform business strategies targeted at the SSFs. In addition, this manages expectations from both ends of the chain and can motivate all actors to develop and implement realistic profitable business plans.
   - Motivation of SSF
   - Securing benefits of HVAP for SSF
   - Motivation of partners
   - Inadequate interest at basic level
   - Profitability
   - Motivation plus attitude of farmers
   - Equitable sharing of benefits in the chain
   - Development of adequate business plans
   - Be realistic with the HVAP expectations

5. **Credible facilitating agent to encourage market linkages and build trust among actors.** Third party facilitation is sometimes 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.
   - Effective market facilitation
   - Effective farmer-buyer linkage
   - Communication and coordination along the value chain
   - Facilitation
   - Targeted intervention of HVAP

6. **Ability to access technical and training assistance and organizational advice.** This is arguably a key factor that can be included in each of the other nine factors listed. The explicit mentioning of this factor results from its importance and the continual need for it in SSF organizations that are involved in HVAP supply chains.

7. **Access to affordable finance.** Access to credit, that is affordable and reliable is crucial at all stages in the chain. Investment and saving facilities among others.

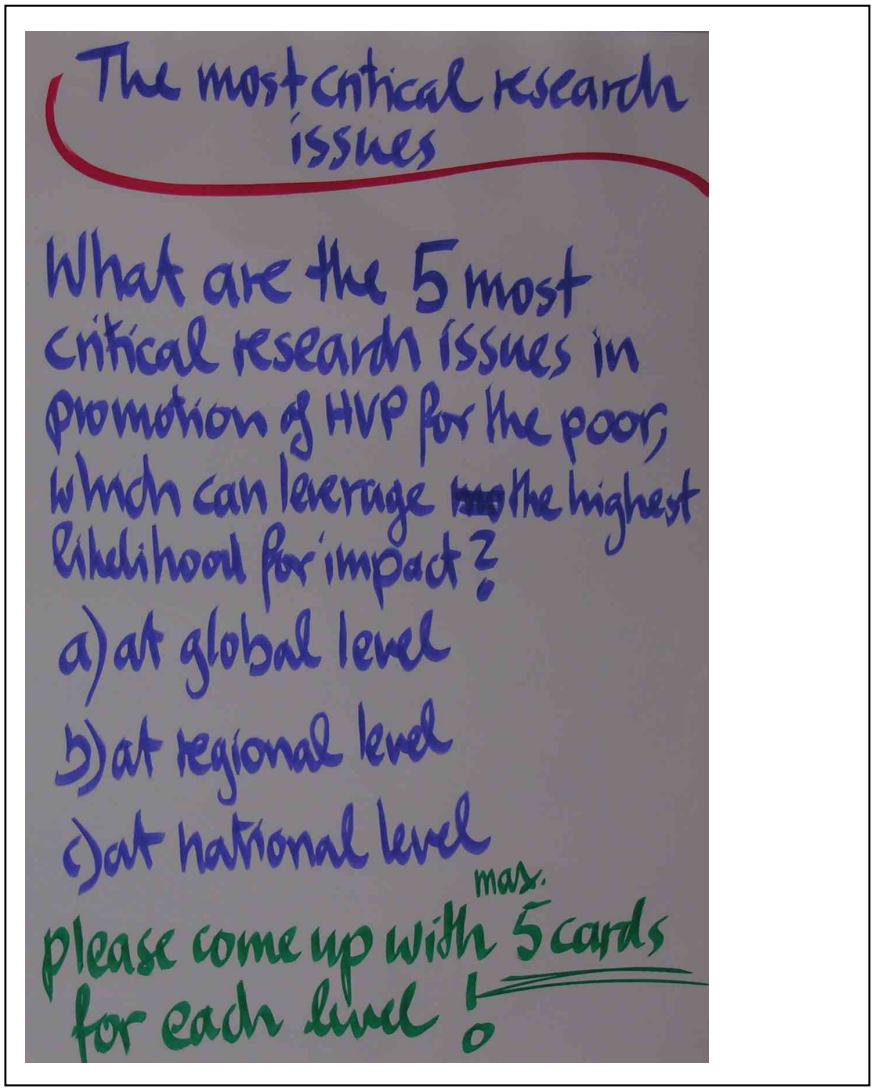
8. **Access to credible market information and intelligence.** Small scale Farmers need to know what to produce to access the HVAP markets, but they also need to know where, when and how to sell their products.
   - Market intelligence
   - Good information channels
   - Adequate asset endowment (knowledge, infrastructure)
   - Thorough research on market of HVAP

9. **Local motivation and entrepreneurial skills within the community.** Entrepreneurial skills among at least some members of the local community are a necessary requirement.

10. **Ability to mitigate risk and develop measures to mitigate impact.** Natural disasters, civil strive 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 others damaging events
    - Natural disasters and civil strive
    - Market collapse and
    - Political instability

6. TOWARDS A RESEARCH AGENDA FOR HVAPS FOR THE POOR

Participants were grouped by tables, brainstormed on research issues and reported back to plenary. The points raised by each table were as follows:



Group 1

There was nothing at the local level and only one at the national level: accompany pilot studies to learn from them. The rest were global issues:

- Get people to work together
- Identify value traits for HVAP because there are all types of characterization linked to germplasm work
- HVAP for marginal environments, without fertile soils and adequate water
- Major return to poor in market chain and … tradeoffs are chain specific so there is a need to think about it at various levels

- Equity, efficiency and environment
- How to concentrate on high return to labour, what needs to be done
- IPGRI studying international trends but others are needed to collabourate
- HVAPs are a new way of doing things so risk analysis investigation is critical. Perhaps this could be at the regional? Global issue first and then you act locally. International public goods. Methodologies are international within a national context
- Sensible standards for HVAPs
- How can you trace invisible traits such as bio-fortification
- Research on transfer of regional commodities to HVAP to trade regionally; champions
- How to construct public-private partnerships to benefit the poor and IPR related to that

Group 2

- Research issue of high impact to study market potential of new high value product
- impact of high value products on on-farm diversity
- inventory of best practices in production, marketing
- Global: low-cost protective technology (e.g., under glasshouses)
- Genetic to post-harvest constraints
- Inventory of indigenous products that could be HVAPs
- Global and national model design for urban markets – high potential for HVAPs
- Global and regional – nutritional value of indigenous products at the industrial level
- Integration of production systems
- National/local: Low-cost packaging technologies
- Harmonization of standards, phytosanitary control, seed quality of HPV products
- Nursery testing program for HVAPs

Group 3

- National level: import substitution
- How are people adopting HVAPs – mechanisms, data, best practices
- Local: How to group poor efficiently in value chains
- Regional. How to compile technology knowledge to support poor
- Important market failures that constrain HVAPs – make inventory, best practices
- Best methods for studying emerging markets for organics
- Global: Tool boxes – accessible knowledge at local level, interactive knowledge system for HVAPs with chart
- Reviewed existing global entrepreneurship, monitoring reports that have started up in the last 42 months. Results were counterintuitive in many cases. Japan was the least entrepreneurial; Thailand, the most. The study covers both opportunity and survival start-up, unemployed seeking way of livelihood. In some countries they tried to go into the informal sector as well. This should be reviewed to get indicators.
- Boundary groups – young, women.
- Key characteristics of networks that successfully promote HVAPs

- Alleviate restrictions of trade barriers
- How to get market information and match with production zones
- Review existing information as to what makes countries entrepreneurial

Group 4

- Local: How can HVAP be protected – differentiation – can be exclusive and return to certain markets
- Understand determinants of quality for this HVAP

Global:

- Research fair trade practice in certain global areas and their …. If there are guidelines, why do research? In smaller areas, there are more specific conditions so research would be important. Equity depends on HVAP.
- Best practices for linking smallholder with big companies. Partnerships: National?
- Distribution of benefits and wealth – best practice for well-being and benefits of suppliers
- Supply management could be used to restrict supply of HVAPs that benefit the poor; there could be problems with trade agreements, but not if it is done by the producers.
- Patterns and trends of HVAPs for poor, baseline understanding, opportunities
- Resource endowment and constraints facing poor farmers when (credit…)
- Poverty reduction to generate funding for more research to demonstrate importance of topic for whole sector
- How to help farmers meet quality and safety standards
- Regional: Impact of concentration along supply chain such as supermarkets and opportunities that might exclude small-scale farmers
- National demand patterns
- Increase share of revenue going to farmers through competition, bargaining, added-value
- Global: International differences in supply chain marketing practices
- How to minimize environmental impact, particularly insecticides in HVAPs; tradeoffs
- Contribution of HVAPs to nutritional value and health
- Role of institutions broadly defined in linking farmers to markets
-

Discussion

- Criteria for differentiating global, regional and national. We need to look for those that are scale-neutral ones because they go across the board.
- Research outputs could be a filter.
- Issues at national level are also worth looking at in other contexts.
- Global, regional and national level should be looked at in more interconnected ways, clusters; they should not be compartmentalized.
- There is a tendency to get into detail on too specific issues with regard to products, such as packaging technologies when it would be better to do this for a specific product, which should be filtered out.
- Research has to be demand driven from local level and that is where research should be focusing on.

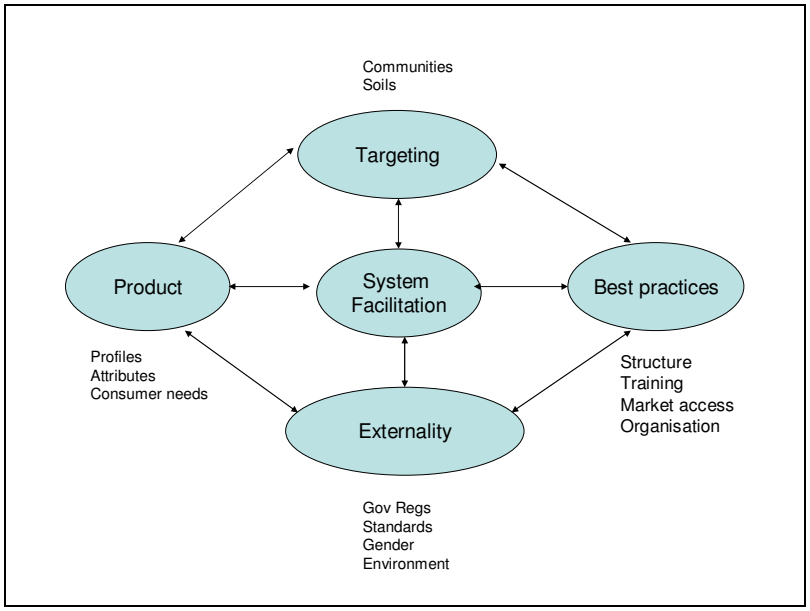
- Most cards could be neutral – not so much research questions, but the target audience. National research more problem solving and action focused, while at the global level, there is more identification of trends. Same issue, different focus.

We would like to take advantage of the group here to sustain the dynamics afterwards. At the national level, we can think about pilot sites and being demand driven; at the regional level, case studies and similarities to build information; at the global level look at differences among regional situations to obtain generic information.

- Different foci at each level
- Many advances come from effective systems able to link to market; i.e. systems integration across categories so global research would come from analysis of many case studies at the regional level.
- This is the first of a 2-phase process: Going from generic to specific; a check list of whether we should do research or whether it has already been done by someone else.
- It is both supply and demand driven.
- New issue: Model design for open market place to get greater benefit of pricing along chain so that small-scale farmers benefit. How can we get donors involved to see there is an opportunity so that urban markets are better linked? The marketplaces are filthy, poorly designed, and there are heavy losses for producers. Local groups such as Kiwanis have done things to improve this. Looking for standardized models and architecture might have appeal to donor. Rwanda has a national standard for design, efficiency, etc.
- Scientists want to do research on interesting questions. We are not sure there is easy access to the information we need, which can be quite expensive and no open access with private companies. Difficulties to link to the informal sector; there are no reliable statistics.
- Who would be interested in paying for it? There are many types: donors, private sector, producer associations.
- We are looking for long-term financial stability.

The information generated by this process was taken by a working sub-group to put together a research agenda (see box).

Plenary presentation by Research Agenda group.



Areas	Description
Partnerships	
Information	
Methods	
Equity	
Markets	
Chain governance	
Technology	
Market locations	
Products	
Policy	
Agro-ecology	

The group reformulated the concept of global-regional-local because crossovers are so great that they are awkward to work with. The research agenda that should come out of that with a maximum leverage for the poor to organize HVAPs (Figure 1 above). They developed different schemes: customer, geography (changed to targeting), communities, market from standpoint of location; best practices (structure, training, market access, organization; externalities). The information flow is what ties everything together, another justified area of research. This field is somewhat skewed: There are some areas with lots of information; others nothing. They prioritized the areas for better leverage: Surprisingly, under best practices was the area of partnerships (different types but emphasis on greatest leverage for poor), public/private partnerships, farmer organizations, structure chain coordination to engage the poor, institutional arrangements in market chains to enable greater market access), followed by information (internet, etc.), methodologies (best practices), equity (how do we make sure best practices such as gender orientation are dealt with), markets (for HVAP for the poor), chain governance (how to manage value chains and ensure equity), technology (not much need), market locations /areas of distribution, access), products (profiles,), policy (reduction of barriers, trade), agroecology (concern about pesticides, not huge priority among poor).

Partnerships

- It was felt that the greatest leverage for the poor to be able to access HVAP markets would be through a better understanding of advantageous partnerships and institutional innovations, including the role of champions and facilitators.
- How to construct public:private partnerships to benefit the poor
- How to organise the “poor” (farmers, traders, processors) to supply HV markets (collective action)
- How to structure chain co-ordination to engage the poor
- How to improve institutional arrangements in market chains to enable greater market access for the poor in HVAP’s
- How to identify and mobilise key actors, champions and mentors for specific HVAP markets
- What are the best practices for linking SM with large companies

Information

- How to integrate knowledge management systems and information about products and technologies to improve the ability of poor communities to benefit from High value product market opportunities
- What is the best ways to make an interactive knowledge system for pro poor HVAP accessible.
- What technical knowledge needs to be compiled on high value products to be useful to the poor
- How to make relevant and timely market information and market intelligence available to poor producers

Methodologies

- Methods to enable poor producers to engage in High value markets more effectively and in a sustainable manner
- How to develop simple "appellation" systems that enable poor farmers to lock in market opportunities
- What are the best tools and methods for risk analysis and mitigation that are relevant to HVAP
- What are the best methods for studying demand in emerging markets for HVAP
- What are the best tools for integration of market and climate through GIS linked processes (homologue)
- What are the best tools for market facilitation to link poor farmers with HVAP markets

Equity

- What are the critical strategies elements for developing HVAP's so that vulnerable groups are included in the benefits (women, youth, ethnic minorities and the very poor)
- How to best manage the trade offs between equity, efficiency and environment
- What is the contribution of HVAP to farm income and poverty reduction

Market

- There is always a requirement of market research and demand, but key aspects were
- What market potential for new HVAP's
- What are the patterns and trends and market opportunities for the poor
- What are the trends in consumer behaviour analysis
- What are the patterns of food demand including demand for specific attributes

Chain Management and Governance

- How to increase the share of HVAP revenue going to farmers
- What is the impact of concentration in supply chain in small farmers
- Can we develop an inventory of best practices What are international differences in supply chain management and quality control
- How can we compare and contrast different approaches to HVAP adoption through market facilitation by local groups
- Can supply management systems be developed to enable long term supply of higher value markets for the poor

Technology

- This area includes both genetic resources and post-harvest technologies
- What genetic traits can be identified for integration into HVAP, particularly those that overcome post-harvest constraints.

- What nutritional traits and values of indigenous products
- How can fish / livestock or other integrated systems be made available to poor communities to increase their income efficiencies
- How can low cost production / post-harvest / packaging technologies be made available to poor farmers to support the supply of HVAP markets

Adaptation

- Market location
- Peri-urban small-scale systems?
- How can HVAP market opportunities be made available to communities in marginal environment
- How can HV production systems be developed for urban producers

Government

- How to minimise 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 HV markets
- How to alleviate barriers to market entry for smallholder producers in HV markets at the local, national, regional and international levels
- How can market facilitators advocate for better enabling regulatory frameworks for standards and policy.

Product

- This aspect relates to the products that will be developed to supply HV markets
- 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

Challenge	Areas		Who	Strategic
Best practise	Partnerships			
Best practise	Information			
Best practise	Methods			
Externality	Equity			
Markets	Markets			
Best practise	Chain governance			
	Technology			
	Market locations			
	Products			
	Policy			
	agro-ecology			

Areas		Who	Strategic
Partnerships			
Information			
Methods			
Equity			
Markets			
Chain governance			
Technology			
Market locations			
Products			
Policy			
agro-ecology			

Topic we did not address: who should do the research?

- We are not ready to do this. We need to follow up on what we are doing now.
- We need to think about the global focus research that is more strategic.
- Summary headings are not much help; we need to get down to detail.
- We should finish the exercise and then print it out for everyone to see.
- The CIAT DG expressed interest in research priorities for the CG system with partners that are here, that are most relevant, where there is an overwhelming consensus.
- We could look at 8-10 areas to see whether there are areas that overlap or that are not applicable.
- What is best use of the 2 hours we have left?
- Let's see what champions and coalitions there are and in light of comparative advantage, who would be engaged; not good to push it.
- There will be general areas of interest and where people would like to participate but that would be at a later stage.

7. Regional differences in the Promotion and Research agenda for HVAPs

Group on Regional Differences

Please synthesize regional differences in terms of:

a) Potential for HVAP for the poor

b) Approaches to promotion

c) Approaches and issues for research

d) Technologies

e) Institutional issues at different levels

Please come up with 2-3 pages report and a presentation

Presentation in plenary on Regional Differences

There were three areas of focus: Critical juncture moments where something very significant is occurring, where the economy is transforming; e.g., after civil conflict. Vested interests are so deeply entrenched that you can do nothing. 2. Regional differences could be a matrix to see where we could see areas for the future. 3. The action perspective: synthesize into a framework for managing knowledge, monitoring, etc.

An overriding statement that is true for all situations: Farmers' willingness and capacity to organize in collective action are critical.

The group focused on regional differences in research endowment, structure, market opportunity that highlight potential for HVAPs for smallholders. There is a huge variation among regions with some countries linking across regions.

- SSA – NARS and NGOs, small private sector; move from subsistence into commercial product; how to enable small-scale farmers
- WANA - linkages between large and smallholder in vertical coordination; business environment to domestic markets; advocate nutritional benefits of HVAP. Access to EU important. Asia Issue to tap in on growing economy, targeted to more remote areas, monitor wage rates which are on the rise and implications. Intra-regional export opportunity.
- LAC – lots of diversity, more accentuated differences in markets; expansion of supermarkets, high levels of obesity related to nutritional aspects.
- Asia – high density, rapid economic growth, intermediate level of urbanization, small-scale irrigation widespread

<u>Differences</u>.

- Pinpoint HVAPs with comparative agronomic advantage/disadvantage, institutions

Approaches to research

- WANA: NARS, ICARDA, universities. What does it take to access EU market, water and salinity, water use efficiency, growers association
- LAC: Working with NARS and NGOS, emphasis on indigenous products, private sector plays larger role than in other regions, public-private relations, market attributes – niches, importance of supermarkets, but need to promote greater concentration on small-scale farmers, urban issues; focus is on access to US and other markets.
- Asia: cooperatives
- SSA: Nutrition aspects, political awareness is needed; could benefit from lessons from LA.

Discussion:

- Did you find any gaps in which research should be done? We did not compare what there is. We discussed more in terms of what needs to be done. That would be the obvious next step.

Summary report on Regional Differences

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. We begin 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. We then describe 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.

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 have 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.

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 (how to meet the standards?) and partly an institutional and political issue (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 commercialization 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, the 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 neighboring plots.

8. Mobilising Energy: Champions and coalitions for the promotion of the HVAP for the poor

At the end of the workshop, we looked at the follow up actions. As there is no pre-conceived programme yet, it was important to see where the participants' energy to follow up was. Everyone was asked to think of a possible action they would like to take and to present it with a poster. In a second step, participants were asked to form coalitions around similar topics. In the end there were 3 consolidated groups who wanted to take HVAPs further, by writing a proposal etc.

Identification of ideas

Where is your energy, what are the emerging initiatives that you are interested in? Participants identified 11 potential ideas for collaboration.

- Peri-urban agriculture in Latin America. No need to create new baby; use ongoing platform to be able to input HVAP products; opportunity for triggering mechanisms. CG centers in region and NARS very active, Ministries of Agriculture and Development, Environment, etc. Municipal level an important area of action.
- Maize HVAP possibly CIMMYT-CIAT-Learning Alliance. Market demands for different maize types; premium prices for indigenous varieties; high protein for animal feed; human health, poultry. Differentiate markets and feedback into breeding and traceability for non-visible factors. Commodity chain activities; more income for farmers through BDS. Across CG, NGOs, government, private sector. Compare with other commodities that have gone in other directions, niche markets; may just be fashion and only a few farmers. How can we de-commodify for the small-scale farmers benefit?
- Biodiversity – Strong relation with HVAPs and researchable issues to be addressed; need better understanding of HVAPs in terms of underutilized species with hidden attributes. Biodiversity and management practices, site selection contribution to differentiation. Trade-off between on-farm biodiversity and product quality.
- Development strategies to mitigate potential impact on biodiversity. Identify priorities for gene bank conservation to have more relevant characteristics and ... IPRs.
- Environmental aspects for agriculture. Many ways of fostering good land stewardship. HVAPs can generate income to do this; in some sites like increasing carbon storage or managing water research, people will pay farmers to do this. How can we best facilitate this process?
- Too much global level. Problems to address in modest activity of awareness raising to cater to show research at NARS level of how these HVAPs can alleviate poverty. Put together concept notes and materials to show policymakers and government as well.
- Organization of association or coop actors to be involved with HVAP for local or export markets in N and SAF, respectively. Organizing small grower association and linking with successful entrepreneurs to do capacity building. Also raise awareness of these issues. FAO and ICARDA.
- Facilitate information exchange to research involved in HVAPs: website with research resources, courses, etc; database of research to share experiences across countries; newsletter that would give information about training opportunity, research being done. Depends on what is really being done. Cannot be on agriculture in development. Countries – define commodities, regions and disciplines.
- AVRDC willing to take on facilitating initiative of networking them. Efforts are too disjointed. Funding only covers part of the need to deliver contact. Could be Challenge Program. Funding base for personnel brought on board to link us together. NARS, private sector, etc. on focused targeted efforts on whitefly problems, Gemini virus, and mango virus. GFAR, CIAT, CIRAD to launch effort in Montpelier in March, CIP, IPGRI, Horticultural Association, FAO/WHO initiative
- Umbrella – tropical fruits. We are forgetting what is happening inside the gate. Fruit growers are faced with heavy 50% losses due to anthracnose, fruit-fly problems (30-40% losses) and are serious issues

for export. IPM. *Solanaceae* have to be cut after 2 years because of nematodes. Big issue for small growers. Inter-specific crosses for anthracnose resistance. Under-utilised species.

- IFAP – 90 countries. Have capacity to backstop to local levels in those countries. We can work with others to look at farmer empowerment through organizational models, coops, associations, etc. Research process just started – priority to take look at socio-economic side of research and how they can get economic return out of it. Need for communicating link back to local organizations in countries. We can facilitate this with GFAR, etc.

Following this, the facilitator questioned: Are you interested in participating and in joining certain efforts? Look for allies. Form groups around them.

Three solid groups plus an umbrella coalition – what would you like to do together, how, way forward, write ½ p including who will carry it forward. There is energy here. Each group needs to give their project a title and short summary.

8.1. Group 1: Farmer Empowerment

The "Farmer Empowerment" group will write down main concept notes and key issues to be dealt with and identifying pilot area to test at local level.

Scope:

This approach aims to work with farmer organisations to identify ways to build social capital for their organisations and market linkage. Key areas of development will include

- Organisations
- Marketing structures and chain governance
- Facilitation of skills
    - Motivational change (farmer organisation, youth, vulnerable)
    - Business mentoring
    - Sharing of information
    - 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

Short term planning

- S. Ferris to summarise concept note
- S. Ferris to establish a D-Group
- Group to Areas of common interest
- IFAP to Advocate concept CG AGM

- IFAP linkages to be
- SUA to develop a plan for advocacy
- R. Street – to integrate ideas of (PS / Civil Society / Gov) in youth rural poor employment
- Prolinnova – Pilot testing with their farmer groups
- ALARU Pilot testing with farmer groups
- Dry land Alliance

Way Forward

1. Write concept note
2. Communicate with initial partners and gain inputs
3. IFAP to discuss and initiate first planning steps
4. Initiate process

Interested partners

- IFAP, CIAT, SUA, ALARU, GFAR,

Champion: Ron Bonnett

8.2. Group 2: De-commodification of commodities

The "De-commodification of commodities" group has not come to conclusion; but by the end of the month each will write a one-page concept note and then decide who will be champion. IPGRI, AGROPOLIS, CIAT, are together.

Scope

A multi-institutional and global research project on the de-commodification of commodities.

Objectives

Raising the incomes of the rural poor by facilitating their access to HVAP markets.

Initial project ideas

Project ideas put forward by several organizations, overlap noted and a group came together to discuss ways forward.

1. Maize – differentiation (land races, existing germplasm, animal feed) and market chains. Followed by making markets work for the poor via CIAT's learning alliances. Central and South America, East and Southern Africa (CIMMYT).
2. Comparative study in Brazil on coffee, potatoes and maize on how you decommodify these crops (CIRAD).
3. HVAPs and biodiversity. Assessing biodiversity as a source of promising HVAPs and a component for HVAP differentiation. Develop strategies to mitigate potential adverse impact on bio-diversity etc. (IPGRI).

4. The above can link to and build on CIAT's on-going research into legumes and animal feed, and cassava (differentiated markets).
5. There is also the option of broadening the focus to encompass other 'commodities'.

Immediate next steps:

The following have agreed to send 2-3 page concept notes to each other by the end of October. Once these are sent, further steps can be identified:

Potential participants: IPGRI, Agropolis/CIRAD, CIMMYT, CIAT

8.3. Group 3: Information centre and knowledge management

The "Information center" group – Alonso Gonzalez will prepare and share a concept note.

The Problem: The main issue is that information on topical fruits and other high value products exists in several countries but it is highly dispersed and not readily available for users to take advantage of it. This scenario results in research being duplicated across Institutions and over time, proposals poorly presented assuming that information is not available, and efficiency of economic resources invested in research is reduced.
Objective: Create a centralized Information Centre on tropical fruits and other high value products.
Output: A centralized place for seeking information on tropical fruits and other high value products of the New World (shall we extend it to be "global wide?…seems too big). Users will find a one stop place for seeking and downloading (when it is allowed) information.
Benefits to Clients: Avoid duplication of research efforts by making information available.
Long Term Goal: The scope of the project is that this initiative becomes the pillar of a "regional information center" on tropical fruits, which would benefit extension officers and research scientist across boundaries.

9. Framework for action

9.1. Follow-up process

How will this be taken forward?

- Workshop documentation should be out by the 15th.
- Synthesis report – outline and labour distribution – 10-12 pages.
- Useful to find people who have the time but they will be dispersed. Steering group should look at that. Concept notes or proposals. Pilots? Rupert has to take the report back to present to the GFAR Steering Committee on 1 Dec. Ongoing input into their program. On-going process.
- Feasible that synthesis report formally given to Science Council for input and feedback. Discuss scope of research beyond but needs more work. Great initiative for HVAP vegetables. The SC can give comments and circulate the synthesis report. Could organize to talk about fish and aquaculture, livestock and NTFPs. What will be the next steps? GFAR has done a great job at global level to get this going and so we can continue interacting with them.
- Need follow-up to see how 3 champion groups will be coming along.
- Could write a policy-type paper together for a publication if we can get 3 people interested in working on that. Get information to Rupert. Joint publication to be published in ISHS or others. 4 people expressed their interest: Doug White, Shaun Ferris, Jon Hellin and Nick Minot.
- There is an opportunity for a collective presentation on the Global Horticultural Initiative in December; Tom will be facilitating.
- The Science Research Forum at AGM in early Dec. This is a great opportunity to put synthesis on the table.
- In March the Montpellier meeting would be relevant to invite some people who have attended here to interact there.
- One of the participants felt that the focus of this workshop was on fruits and vegetables. It was pointed out that we were really dealing with generic cross-cutting issues so you would not really need to look at the other 3 areas separately.
- System priorities for the CG. We would like to go deeper on the scope of the research in these areas. There are 20 priorities. Cross-cutting issues you should not spread across for sub-priorities.

9.2. The 10 key take-home messages

At the end, the facilitator asked to reflect on the 5 key messages participants would like to communicate from this workshop. Table groups came up with the following:

We need to come up with 5 principal messages from meeting

The participants came up with the following list of 'take home messages':

- Partnerships including the private sector
- Farmer organizations at local level
- Local champion to drive the process
- Political support
- One size does not fit all – has to be community or product specific

- Identification of marketable traits
- Motivation critical for success
- Need to plan
- Market
- Access to resources
- Match needs of market with assets of poor
- HVAP can be pro-poor but cannot be left to market
- Getting from a buzzword to a concept
- Enabling policy environment
- Effective value chains
- Linking pin for linking farmers to markets
- Technology and infrastructure

9.3. Next Steps

WHAT	WHEN	WHO
Workshop documentation	15/ 10	JH & RB
Synthesis report		Rupert Best and write group
Report to Steering Committee of GFAR	Dec 15	RB
Further development of concept note proposals		Champions
Development of a publication		RB and Douglas White
Presentation to AGM of CGIAR and at science forum		Dec 5 Tom

10. WORKSHOP EVALUATION and CLOSING

Participants were asked: What did you like? What did you not like? How do you feel about HVAP for the poor?

10.1 What we liked in the workshop, was… :

- Interaction during workshop
- Intensity of work
- Diversity of participants (3)
- Diversity of expertise
- Learning
- Methodology
- Dialogue
- Personal agendas did not influence discussion
- Not incestuous
- Food, drink and company, exciting
- Good organization and facilitation
- Motivation
- Good opportunity to participate
- Written reports were good (see negative aspect below)
- Diversity and enriching environment

10.1. What we did not like

- Pre-workshop preparation – they would have liked more input at the onset
- Regional (Asia) and NARS
- Duplication in process of group reports and syntheses
- Lack of poster session for other participants to showcase/share
- Open space not well placed so lack of sharing
- No time for siestas
- Too much time pressure (2)
- Unrealistic expectations
- Lot of repetition on points that came out – how could that have been addressed
- Strain to write reports
- Thanks were extended to the Steering Group that gave so much of their time to this effort.

10.2. I feel…..

- High potential – optimistic growth
- Unsure about role of poor in HVAPs

- We didn't …
- Optimistic, big challenge, provided that we are intelligent, well organized, opportunistic
- Tool, but one tool only; not panacea
- Many ifs when you go into it; need research on local situation to see if it really works for you

After the evaluation, Jürgen thanked the group and in particular the steering group for their great contributions. He really enjoyed to facilitate this interesting group of motivated people and wished all the best for the follow up.

Joachim Voss closed the meeting officially and wished all participants a safe trip home.

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