

# Concept Note

## Market Orientation for Networks Project

**I. Lead institution :** The possible lead institutions will depend on which network is selected. In case of the Dates Commodity, UAE University / Date Palm Research and Development Unit, is proposed for this leadership role.

**II. Proposed title:** Market orientation in the sub-sectors of date palms, olives, cotton and medicinal plants in the AARINENA region.

**III. Project estimated budget (US\$) :** To be determined per commodity / per Network (over a period of 3 years).

### **IV. Background and Justification**

The rapid growth of the world population presents special challenges for the agricultural sector. Farmers in developing countries are under increasing pressure to fulfill the new market requirements of powerful supermarket chains and agro industries, which demand product quality, volume and continuity of supply. Most small scale farmers are facing low prices and a non stable market. Furthermore, there is a misunderstanding of supply and market chains along with a lack of know-how in targeting products and markets, coupled with a non-efficient production and marketing systems due to lack of information.

Market and supply chains in developing countries are characterized by low-scales of response to market needs, the presence of too many intermediates between the farmers and the consumer, and a lack of early warning systems against market failures. It is then obvious that small scale farmers key concern is not only agricultural productivity but also better market access with a minimum situation of missed opportunities. Given existing or potential business opportunities marketing chains must be modified so that all actors of the marketing chain and supply benefit, particular small-scale farmers.

The desired situation is a gain in the efficiency of the marketing chain by lowering costs of production and transaction, and an addition of the value in the marketing chain by increasing consumer prices. There is also an urgent need to establish a new beneficial marketing setting that involve different but collaborative marketing chain actors with a complete trust in their daily business. An important added value will result from the scales' enhancement of the management of marketing and supply chains with better informed decisions and better marketing and export opportunities. The exact know-how of the market needs, coupled with the transparency in the supply and market chains, will certainly contribute to the adoption of fair prices for the small scale farmers.

Once implemented, the present project will have a positive impact on the approach of farmers, growers associations and communities to both market and supply chains and will be well equipped to make the appropriate decisions on products and markets. Another important change resulting from this project is that policy makers will be able to take appropriate actions for the development of the sub sectors.

Furthermore, traders, brokers, agents and distributors will have a clear knowledge about the sub-sectors, yielding a better competitiveness and the role of each sub-sector within the respective national economy will consequently be strengthened.

As a conclusion, the present proposal aims to bring together key stakeholders, in the development of profitable, equitable, and operational market and supply chains that fulfill the consumers demand for fairly traded commodity (dates, olives, cotton and medicinal plants). If this can be achieved on dates products for instance, then many hundreds of thousands of small-scale date growers, processors and traders in each country of the AARINENA region, stand to ultimately benefit from this project.

## **V. Project Description**

### **Development goal**

To establish a comprehensive data collection, analysis and reporting systems for all stakeholders of the targeted commodities (dates, olives, cotton and medicinal plants), with an aim of building national capacity in the field of market orientation.

A letter preparation and an action mode for all stakeholders in the market and supply chains of the four sub-sectors is another important goal of the project. This will consequently enhance the livelihood options for the small scale farmers.

### **Purpose**

The main purpose is to assist the sub-sectors (dates, olives, cotton and medicinal plants) to correctly respond to market needs and enhance their competitiveness. There is an urgent need to identify and evaluate all organizational options that provide effective and equitable linkages between the small-scale sector of developing countries (farmers, processors and traders) and alternative domestic and export oriented markets.

### **Expected outputs**

- Real and exact data and knowledge about market and supply chains, as well as other aspects of the sub-sectors, is available for use by research and development institutions.
- Major constraints and opportunities for the sub-sectors are identified along with the corresponding solutions and recommendations yielding to the preparation of respective programme proposals for the decision-makers.
- A methodology of mapping and characterizing market and supply chains as the basis for identifying key points of interventions, is to be developed for each of the four sub-sectors (dates, olives, cotton, and medicinal plants).
- The profitability and competitiveness of selected market chains for each commodity (dates, olives, cotton, and medicinal plants).
- A management of these supply and market chains and their respective support services, will be available and periodically updated.
- Lessons learned, good practice and regulatory recommendations have been drawn up based on the analysis of selected crops (dates, olives, cotton, and medicinal plants) and the respective field experiences.

## **VI. Principal activities and research methodology**

1. conduct a study for the selected commodity (i.e: dates) to evaluate and synthesise suitable cases / experiences, methodologies, approaches and tools.
2. identify potential actors / stakeholders / institutions of the different market and supply chains with their activities, interests, ideas and problems.
3. organizing several fora , using a combination of virtual and actual meetings, for bringing together the identified stakeholders with the objective of:
  - Documenting and exchanging experiences;
  - Developing the conceptional frameworks;
  - Prioritizing mechanisms for equitable / sustainable mainstream of products and markets;
  - Identifying situations where these mechanisms can be implemented; and
  - Methods for monitoring and evaluation of these experiences.
4. Implementing of the mechanisms agreed in 3, with adopted outcomes, through the launching of feasibility studies, business plans for new supply and market chains arrangements and the establishment of innovative support systems.
5. Analysis of obtained results and development of appropriate extension materials (manuals, guides, CDs, web sites,...) for dissemination.
6. Development of an action plan (follow-up project) for each commodity for scaling out of successful experiences and diffusion of recommendations of all stakeholders including policy makers.

The project will focus on market and supply chains of the selected commodity (dates, olives, cotton, and medicinal plants) in the respective growing countries of the AARINENA region.

Successful cases / projects per commodity will be selected during the characterization study and initial partner / stakeholder meetings based on agreed criteria, including their potential for mainstreaming in market and supply chains.

## **VII. Innovative nature of the project**

The present project will directly build on already existing networks (dates, olives, cotton, and medicinal plants) as well as on the ongoing national and regional projects. There are also several case studies already implemented per trade divisions of various organizations and agencies.

The innovative approach of the present project will be based on combining both horizontal and vertical analyses for each commodity with the possibility of having a model per network that can be generalized immediately after its successful trial. Another innovative characteristic of the project is the participatory approach of growers, processors and traders that are all aware of demand and requirements of the respective markets.

## **VIII. Target beneficiaries**

The present project will be of benefit to all stakeholders involved in the production, processing and marketing levels, namely farmers, processors, traders, packers, manufacturers and also consumers.

Higher incomes will be ensured to the small-scale farmers, who are usually cheated of their effort / real value of their products. Furthermore, there are presently too many traders and only the appropriate ones will remain but with a better off situation. The project will aim at more constant and sustainable supply of merchandise with an improved quality which will consequently affect positively the processors, packers and manufacturers. Affordable prices and greater availability of products will directly benefit to the consumers.

## **IX. Project partners (collaborating institutions)**

Depending on which network(s) will be first selected for the implementation of the present project, it is only then that collaborating institutions (per country from and outside the region) will be identified. Herebelow, the liberty was taken to adapt this part to the date palm sub-sector.

- Date Palm Global Network.
- Ministries of Agriculture and specialized date palm institutions in the AARINENA member countries (UAE University / United Arab Emirates; National Date Palm Center in Al Hassa / Kingdom of Saudi Arabia; Agricultural Authorities in other GCC countries).
- National Agricultural Research Centers (NARCS and GFAR).
- Date Palm Friends Society (UAE).
- Private sector / date palm factories and associations in North Africa and Middle East (AARINENA region).
- Consumer organizations in date growing countries.
- National and regional institutions in date growing countries.
- Local community organizations, associations, producers' organizations and enterprises and their support institutions (public sector and NGOs).

### **Institutions from outside the region that could participate:**

- Food and Agriculture Organization of the United Nations (FAO);
- Arab Organization for Agricultural Investment and Development (AAAID);
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).

## **X. Project Team & Convener**

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## **XI. Potential Donors**

There is a need to contact (lobby for the present project) all international donor agencies and bodies that have interest in poverty alleviation, agriculture development and national capacity building. (The following list is not an exhaustive one and additions are welcomed).

- United Nations Development Program (UNDP);
- World Bank;
- United States Agency for International Development (USAID);
- European Community;
- Arab Fund for Social and Economic Development (AFSED);
- International Fund for Agricultural Development (IFAD);
- Islamic Development Bank (IDB);
- Arab Authority for Agricultural Investment and Development (AAAID); and
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).

## **References**

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- M.V. Goltret, and J. Tola (2004) : Promoting Public-Private partnerships for Innovation in Latin America. World Bank organized workshop : Development of Research Systems to support the changing Agricultural Sector, June 8 – 9, 2004.