

Market-led development *Thinking especially of fruit and vegetable enterprises*

“Our farmers are great at producing potatoes (or whatever), but there’s no market for them any more.”

Maybe you too have been in agricultural development situations where you hear that. Production “surpluses” are especially common where there have been artificial price subsidies or state-imposed quotas. Or where there has been a land/water development scheme pitched to certain kinds or crops and livestock. Or where farmers have traditionally produced the same thing for decades, and where nearby research stations and extension services have become geared to those commodities.

Local farm production know-how is certainly a valuable asset, and not to be tossed away lightly. But times change: Consumers’ food wants shift, especially in these days of urbanization, new life styles, and health and environmental concerns. New outlets farther away can be considered as transportation improves and, conversely, new competition from other farming areas may show up. Price safeguards may no longer be provided by the government.

So no longer can the *supply* “tail” wag the *demand* “dog.” It isn’t just a matter of what production experts think local land and water resources are “best” for. Wise planning of agricultural systems starts at the other end. One has to look ahead to envision possible future markets, and new kinds of products and services that people might want.

Note that I say products *and services*. Farmers can provide more than things. For example, these days in the U.S. and Europe, *agri-tourism* has become a big thing. Many urban families are enjoying weekends and vacations on farms, both to relax and to learn. Some farmers can provide specialized services for other farmers—for instance, fruit tree grafting or pollination services of bees.

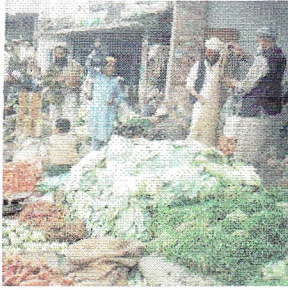
It can work in reverse too, where *householders* provide more services, to help farmers keep prices down—for example, pick-your-own fruit and community-share farming, where buyers do some of the work.



damage.

And, regarding *products*, it no longer is just a matter of quantity. As their earnings increase, people are sending “market signals” back to farmers that they are willing to pay premiums for higher quality, more flavorful fresh produce, and more year-round availability. An increasing number want organic produce, or at least assurance that fruits and vegetables have been produced without excessive chemical use or environmental

A couple of examples of market-led development opportunities from my experiences in other countries come particularly to mind:



In North West Pakistan there is a productive Swat River Valley where small growers produce apples, peaches, tomatoes and many other commodities. The produce traditionally was jammed into baskets (with the best on top), piled high on trucks, hauled maybe 150-200 miles (240-300 km.) over bumpy mountain roads to cities like Peshawar, Islamabad and Rawalpindi, and sold in absentia through brokers there, often with very low returns getting back to the farmers. In the early 1990s, an innovative Swiss project worked through farmers' local cooperatives to try to improve things. "Market-led development" became the centerpiece. A

delegation of the farmers actually went to the central market cities to see what was happening and what was in demand. They found that their produce was arriving in terrible condition. (So was a lot of the produce from elsewhere.) People were unwilling to pay much for it, not to mention the high commissions taken by the middlemen. Also, most of the produce was arriving at the peak production season and driving down prices. This first-hand observation at the sales end led to several important improvements—among others, better packing in boxes that were not overstuffed, quality all the way to the bottom, and a label that would gradually become known as assurance of better-than-usual quality. Another step was planting/harvesting of some vegetables earlier and later in the season than usual, so advantage could be taken of strong demand and higher prices in the off-seasons. For the longer run, steps were taken to introduce fruit varieties that could be marketed earlier and later than the traditional varieties.



The other example is from southern Hungary in the mid 1990s. I was on a volunteer assignment at the regional horticultural school to help strengthen student teaching and farmer outreach services. Hungary was still in transition from Soviet-type state enterprises and interventions toward a market economy. No longer were there assured outlets for farm produce. (Hungary never did go as far in that direction as some others.) No longer could the students be assured of

government jobs in extension or whatever, when they graduated. This led me to emphasize the need for a market-led approach in the thinking of farmers as well as faculty and students. And along with this, a great deal of fresh creativity and readiness to take some risks. For example, the larger cities and suburbs were growing rapidly, and there is much love in Hungary for nice flowers and other plantings. Students were involved in beautifying the horticultural school itself. Yet there seemed to be little thought about emerging opportunities for careers, small businesses and horticultural research related to nursery plants, turf, urban trees, landscape design and care.

For my Hungarian friends, I sketched out the following outline of **key steps** for initiating a market-led approach related to horticultural enterprises. I think it could apply to lots of other situations too.

1. Learn all you can about market trends and opportunities

- Not only local markets ... urban and export markets too.
- Future changes in kinds of horticultural products that people want?
- Buyers seeking big volumes? low cost? high quality, even if higher priced?
- Seasonal patterns ... much higher prices in the non-harvest seasons?
- Special "niche" markets for certain high-priced specialty products?
- Possible to have less shipping and storage losses than most growers?

2. Identify specific enterprises that might fit your situation and aims

- Could you introduce new kinds of horticultural crops? improved varieties? lower-cost production methods? a new marketing method or outlet? sales during the off-season, when prices are high?

- Could you offer other growers specialized services that make use of your unique capabilities -- seed or tree seedling production ... grafting ... pest monitoring and control ... irrigation system design and management ... packaging and storage facilities ... contacts with buyers in other cities and nations ... financial planning and management?

3. Find out more about the technical, logistical and financial needs

- Seek out information from:
 - Other growers
 - Extension and research workers
 - Reputable representatives of commercial agri-businesses
 - Specialized publications from your own and other countries (and now the Internet, of course).
- Identify the steps and people required for finance, obtaining production inputs and services, and marketing the produce (actually contact these people, if possible).
- Blend with your previous knowledge and judgment.

4. Analyze likely costs and returns, and other important effects

- See how the proposed enterprise would mesh with your available land, facilities, equipment, labor, and funds.
- Use budgeting to estimate investment needs and net earnings for your own situation.
- Take the risks into account ... analyze the consequences if yields or prices are lower than normal.
- Take "opportunity costs" into account: are there alternative ways to use your time, funds and other resources that would be more productive?
- Take environmental and health considerations into account. As their economic insecurities diminish, people become more concerned about these.

5. Try it out in a limited way

- Gain actual experience by growing the new crop, or testing the new facility, on a small scale.
- This will also enable you to have some actual product in hand when you seek to obtain finance or make marketing arrangements.
- Cooperation with other farmers in the preliminary testing could reduce expense and risk, and enable you to benefit from their skills as well as your own.
- If you lack initial facilities of your own, you could gain experience with the new enterprise by working temporarily for another person who is successful at it.

6. Refine and expand if it seems viable

- Be careful not to proceed faster than your management and risk capacities allow.
- Watch for changes in the market situation that affect the viability of your new enterprise.

