

Underutilized Plant Products and Market Access: Challenges and Opportunities

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Structure of the presentation

- 1. Introduction: market access**
- 2. Transaction costs and service delivery**
- 3. Case studies of market access for underutilized products**
- 4. Specific challenges and opportunities in accessing markets**
- 5. Concluding remarks**

1. Introduction

- ◆ Growing interest in “*Making markets work for the poor*”
- ◆ Changes in global agricultural economy
- ◆ Underutilized crops: poverty reduction & *in-situ* conservation
- ◆ Poorly-defined markets & weak demand

2. Transaction costs & service delivery

What is a value chain?

“the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final customers and final disposal after use ”

(Kaplinsky & Morris, 2000)

Challenges for smallholder farmers

- ◆ **Smallholder farmers face high transaction costs**
- ◆ **Require financial and non-financial services**
- ◆ **Service need depends on type of market (commodity, high value agricultural products, underutilized products)**

3. Case studies: Papa Andina & Quinoa in the Andes



Case studies: capers in Syria & minor millets in India

- ◆ Capers harvested from the wild – lack of uniformity, dispersal, timing of harvest
- ◆ Caper value chain actors identified need for quality controls for export markets
- ◆ Minor millet competition from subsidized rice: use in school meals program?
- ◆ Minor millet branding strategy by an NGO – locally grown & organic

4. Challenges & opportunities

i) Quality (standards, grades & branding)

- ◆ **Quality standards & grades**
- ◆ **Facilitate long-distance and impersonal transactions**
- ◆ **Challenge & opportunity for producers**
- ◆ **Case studies: quality control procedures & branding**
- ◆ **Cost of certification**

ii) Collective action & farmer organization

- ◆ **Interest in collective action & farmer organization to reduce transaction costs**
- ◆ **Case studies all include element of collective action**
- ◆ **Management & entrepreneurial skills that smallholder producers may not have**

iii) Coordination among chain actors

- ◆ **Bring together primary actors in the value chain, identify their roles, and interrelationships**
- ◆ **Identify constraints and opportunities that are holding back growth and competitiveness**
- ◆ **Identify commercially viable solutions that can address value chain constraints**

iv) Danger of over-exploitation

- ◆ Little poverty reduction!
- ◆ Utilization becoming “*unsustainable over-utilization*”

e.g. NTFPs

v) Role of public & private sectors

- ◆ External input required but who pays?
- ◆ Public service provision & the Washington Consensus
- ◆ Private sector & 'neglect' of rural areas
- ◆ Middle way: public and private

vi) Which markets to focus on?

- ◆ Unmet market demand & growth potential
- ◆ Potential increase in income and wealth
- ◆ Opportunities for linkages
- ◆ Potential for income generation
Value added potential
- ◆ Potential for increases in productivity
- ◆ Government or donor interest
- ◆ Competitiveness
- ◆ CONTRIBUTION TO AGROBIODIVERSITY

5. Conclusions

- ◆ **Underutilized plant products & higher transaction costs**
- ◆ **Successful examples of efficient & equitable value chains**
- ◆ **Collective action, suitable grades & standards, coordination amongst chain actors & enabling policy environment**
- ◆ **External support & hard decisions vis-à-vis role of public and private sectors**
- ◆ **Which underutilized products to focus on: art as much as science**
- ◆ **Ignore lure of export markets & focus on domestic and regional markets?**