FROM SUBSISTENCE TO MARKETS

Guidance for developing sustainable, market-based agriculture approaches for smallholder farmers and communities

tearfund

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Guidance for developing sustainable, market-based agriculture approaches for smallholder farmers and communities

Written by Mari Williams and Bertha Chunda

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Designed by Wingfinger

Cover shows a farmer in north-east Brazil selling her produce.
Photo: Eleanor Bentall/Tearfund

Tearfund is a Christian relief and development agency working with partners and local churches to bring whole-life transformation to the poorest communities.

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SUMMARY

'A "value chain" in agriculture describes the set of actors (private, public, and including service providers) and the sequence of value-adding activities involved in bringing a product from production in the field to the final consumer. In agriculture they can be thought of as a "farm to fork" set of processes and flows.'

Miller and da Silva, 2007[1]

This resource has been written to support Tearfund programme staff in the design, planning and implementation of sustainable, market-based agriculture projects. It focuses on the development of agricultural value chains, and the design of initiatives that enable smallholder farmers to access *new* viable value chains or improve their position in *existing* value chains. Smallholder farmers face many challenges. However, given the right support and opportunities, smallholder agriculture can become a profitable and rewarding livelihood. This approach strengthens livelihoods, incomes, food security and nutrition through enabling smallholder farmers to commercialise and shift from highly subsistence-oriented agricultural production systems, to market-led production systems that are environmentally sustainable.

The resource guides readers through the following stages:

1 Facilitating the mobilisation and organisation of farmers into groups

The community is supported in mapping the groups and organisations that already exist, and deciding whether to build on an existing group structure or to develop new structures for the purposes of the project. All sections of the community – particularly women, youth and disabled people – must be given the opportunity to input. The community is supported to mobilise into groups, to appoint people to certain roles and form sub-committees, and to identify training needs. Credit and savings groups are established if necessary.

2 Understanding the market

Market analysis takes place with the help of local experts. The farmer groups are supported to identify *current* agricultural value chains and map out every function, actor and relationship in the chain. *New* products or varieties of crops or livestock are also identified that could be farmed and from which value chains could be developed. The farmer groups are supported to collect data and analyse the market demand, product costs and sale prices etc. They decide which value chains to focus on within the project, and how they will be developed.

3 Carrying out participatory stakeholder analysis and value chain mapping

The farmer groups are supported to carry out stakeholder analysis and a detailed mapping of the chosen value chain(s).

1 Miller C, da Silva C (2007) 'Value chain financing in agriculture', in *Enterprise Development and Microfinance* 13(2/3), Practical Action Publishing, Rugby

Vegetables for sale in Peru. Photo: Jim Loring/Tearfund

4 Value chain development: production

The farmer groups identify their training and support needs and the support services and business development services that they can link to or access. Climatic and environmental conditions are considered. Strategic partnerships are facilitated.

5 Value chain development: processing

The farmer groups decide on value addition activities. They identify and access the support and training necessary to develop the activities. Business plans are developed.

6 Value chain development: marketing and sale

The farmer groups are supported to 'bulk' and market their products. Business partnerships are developed between farmer groups and buyers.

The report ends with guidance on how to combine a market-based agriculture project with work that challenges unhelpful or harmful cultural norms around the management and expenditure of money, and a final chapter on monitoring, evaluation and learning (MEL).

1 INTRODUCTION

1.1 Who is this resource for?

This resource has been written to support the design, planning and implementation of sustainable, market-based agriculture projects in developing countries. It focuses on the development of agricultural value chains, and the design of initiatives that enable smallholder farmers to access *new* viable value chains or improve their position in *existing* value chains. It is written primarily for Tearfund programme staff (such as Project Officers and Project Managers) and the staff of our partners. It suggests the key components that a project should include, and the questions project staff should be asking before and during project implementation.

The aim of such projects is to empower the poorest and most marginalised farmers to engage in commercialised farming through value chain analysis and market development activities. This approach enables farmers to shift from highly subsistence-oriented agricultural production systems, to market-led production systems that are environmentally sustainable. Smallholder farmers are helped to view farming activities from a social, environmental and commercial perspective. They are equipped with the information, knowledge, skills and resources to become both resilient and commercialised. As a result, it is hoped that incomes and food security will improve as communities are able to increase production, add value to products, increase competitiveness, understand how to access markets, and overcome market entry barriers.

Nelida Aguilar in her kitchen garden, in Yanamango village in Peru. Photo: Geoff Crawford/Tearfund

This introductory chapter outlines the challenges that many smallholder farmers face, and describes the benefits of a sustainable, market-based approach to smallholder agriculture. It explains agricultural value chains and outlines the value of using this particular approach in smallholder commercialisation. The introductory section ends with an example of a sustainable, market-based agriculture project plan. The resource then describes the different stages in helping smallholder farmers to commercialise in a sustainable way. A chapter is devoted to each stage/element in the process.

It is important to note at the start that supporting farmers through the process of commercialisation – including the potential production of new crops; increasing quality and quantity; innovation; and accessing markets – may require a significant amount of staff time and input. Participatory approaches that promote community empowerment and ownership should be promoted throughout the process of commercialisation. Therefore, when planning a project, it is important to be realistic about the staffing levels needed and what outcomes can be achieved in the project lifespan.

1.2 The challenges faced by smallholder farmers

Agriculture is central to the lives and livelihoods of millions of poor people around the world. Close to 800 million people – or 78 per cent of the world's poor people – live in rural areas and rely on farming, livestock, aquaculture and other agricultural work to eat and earn a living.[2] Traditional smallholder agriculture is typically subsistence-oriented (ie food grown is largely eaten by those who grow it, rather than sold). As farmers are not selling their products, they lack income to buy other food, or to invest in agriculture or other potential livelihoods.

What is produced by a single farm for consumption is often not sufficiently diverse to fulfil nutritional needs. As the farmers are unable to buy food to supplement the diet, smallholder producers and their families often face food insecurity and hunger.

The challenges of food insecurity faced by smallholder farmers are made worse by climate change. Agriculture as a sector is extremely vulnerable to climate change, and this is particularly the case for rain-fed agriculture. Increasing variability (and decreasing reliability) of rainfall, changing seasons, more frequent and severe droughts and floods, and temperature increases all contribute towards reduced, failed or ruined harvests and the death of livestock.

In the context of low and declining agricultural productivity, many smallholder farmers often lack access to information on the types of seeds and crops, and appropriate farming methods, that are sustainable and will help them to adapt to climate change. They often face many other challenges, some of which are shown in Box 1 on page 5.

The challenges that smallholder farmers face are numerous. However, given the right support and opportunities, smallholder agriculture can become a profitable and rewarding livelihood. In many countries, population growth and urbanisation has given rise to an increasing demand for agricultural produce and the sector is receiving significant attention at regional and international levels. This resource outlines how smallholder farmers can be supported to take advantage of these developments.

2 World Bank news article (2014) 'For up to 800 million rural poor, a strong World Bank commitment to agriculture', www.worldbank.org/en/news/feature/2014/11/12/for-up-to-800-million-rural-poor-a-strong-world-bank-commitment-to-agriculture Accessed February 2019

BOX 1

Constraints to smallholder commercialisation

Climatic and environmental constraints

- High incidence of pests and diseases
- Changing weather patterns (climate change)
- Declining soil quality
- Lack of access to year-round water supply

Financial constraints

- Limited access to finance (credit and savings)
- Limited access to insurance
- Unstable prices
- High cost of inputs
- High transport costs

Structural constraints

- Poor seed-distribution systems
- Limited access to inputs
- Poor and inconsistent quality of inputs
- Limited marketing systems that support smallholder farmers
- Inadequate storage facilities
- Poor transport networks
- Lack of research/extension services

Legal constraints

- Lack of land ownership
- Unfair land ownership issues (eg insecure tenure and women disadvantaged)
- Lack of legal frameworks that support smallholder farmers' rights

Social constraints

- Small/declining farm sizes limiting yield quantities
- No spare land to try out new, higher risk innovations (eg new crops or varieties)
- Unjust gender relations – women lacking power and control over land and assets
- Exploitation by buyers due to poor standardisation, eg weight and quality
- Poverty mindset

Constraints relating to access to information and skills

- Lack of up-to-date price information on crops
- Limited understanding of market demand for products – quality, timing, pricing
- Limited knowledge of how to add value to products post-harvest
- Lack of business skills
- High post-harvest losses

Note: The context for each smallholder farmer will be unique. Farmers face different types of constraints and opportunities, and will react differently to new market opportunities.

1.3 The benefits of a sustainable, market-based approach

'Agriculture is not a way of life, it is not a social sector or a development activity, despite what people may claim. Agriculture is a business. And the more we treat it as a business, as a way to create wealth, the more it will promote development and improve people's lives to boot.'

Akinwumi Adesina, President, African Development Bank[3]

A sustainable, market-based approach to agriculture can bring about transformation to the lives of smallholder farmers. Equipped with relevant market information, environmental awareness and sustainable agriculture techniques such as conservation agriculture, farmers can engage in agricultural production that is resilient to climate change and is profitable. And by working together as a group or association, farmers can negotiate fairer prices and better terms of trade for their produce.

With a good understanding of the whole value chain in which they are operating, farmers can add value to products through processing and preserving. In doing so, they can move up the value chain and significantly improve their income.

This market-based approach to agriculture results in communities with strong, sustainable livelihoods and more stable, predictable incomes. When increased incomes are accompanied with values and principles to inform the way that the money is spent, the impacts are significant. Nutrition is improved as people have access to a wider variety of foods through their increased income. And through working *with* the community, using the resources they already have available locally, wider community transformation is often experienced. For example, young people become attracted to farming thereby reducing rural-urban migration; both women and men are economically empowered; dependency on external resources is reduced; and resilience to climate change is increased.

Bunches of bananas being transported by bicycle in Rwanda. Transporting food in rural areas is a challenge, and adds to the cost of production, lowering profits for smallholder farmers and increasing the cost for buyers. Photo: Will Boase/Tearfund

3 Akinwumi Adesina (2016) *Agriculture as a Business: Approaching agriculture as an investment opportunity,* https://www.afdb.org/en/news-and-events/agriculture-as-a-business-approaching-agriculture-as-an-investment-opportunity-15398/ Accessed February 2019

CASE STUDY 1

Understanding the market and producing what sells[4]

In Marsabit sub-county, northern Kenya, frequent droughts and poor infrastructure have contributed to high levels of poverty. Tearfund, in partnership with Farm Concern International (FCI), have been working with communities in Marsabit to help them find ways to increase their income. First, FCI analysed the local market to see which products were in demand and which were likely to bring farmers the most profit. Once they had identified these products, they analysed the value chains to see where they could best make a change to add value.

Hakule Dida's income increased when she started growing green grams instead of maize and beans. Photo: Farm Concern International (FCI)

FCI found that many farmers were growing and selling beans and maize – crops that do not grow well in areas with low rainfall. Furthermore, maize fetched only US$0.40 (40 KSH) per kilogram in the markets. However, there was a large demand for green grams, a drought-tolerant crop well suited to the Marsabit's climate. The market price for green grams in peak season was US$0.70 (70 KSH) per kilogram. The farmers soon understood that it would be more profitable to grow green grams.

Another potential product FCI identified was camel milk. Families in Marsabit were producing more than enough camel milk for their own needs, but were throwing away the excess. FCI knew that camel milk was in high demand and that it would be a good source of income. Traders previously could not access camel milk from the area, because the milk would spoil while they collected it from individual farmers. But FCI helped the farmers arrange a central collection point. They taught the farmers to store the milk in clean stainless steel containers, since plastic containers made the milk spoil before reaching the market.

The third value chain FCI identified for improvement was goats and sheep. The market for livestock was two days' travel away, and the animals would lose weight on the journey. Farmers had little bargaining

4 Source: Tearfund (2017) *Footsteps 103 – Entrepreneurship,* https://learn.tearfund.org/en/resources/publications/footsteps/footsteps_101-110/footsteps_103

power and would accept low prices for their livestock. At the market they had to sell through brokers, who would take a cut of the money. FCI mobilised the communities in Marsabit to form 'Commercial Villages', where they could market their products together and improve their bargaining power. Through the Commercial Villages, FCI arranged meetings between the farmers and local traders. The farmers agreed to bring their livestock to a central location in their community, which the traders could visit to make their purchases. This saved time and effort for both the farmers and the traders, and meant the farmers got a fair price.

Through the Commercial Villages, FCI also linked the community members with other organisations. For example, they invited banks to the villages to train people in opening bank accounts and the importance of saving. The Ministry of Agriculture provided training on farming techniques.

The project led to economic and social transformation in the area. Women have increased in confidence and experienced empowerment through earning an income and owning livestock for the first time in their lives. In one village, women's incomes grew from less than US$1 a day to at least US$10 a day from the sale of camel milk – and sometimes up to US$30. Increased incomes have been used to buy assets and pay for children's education. Relationships between husbands and wives have improved. More women are now involved in decision-making – both within the household and at community level – because they are also making money and supporting their households.

The area had always been known for its tribal conflicts. But working together on the project improved relationships between tribes and religions, and between men and women. Crime rates have fallen in the area. Young people are now actively involved in earning money and are less likely to turn to negative behaviours such as drug abuse.

A farmer working his field of vegetables in Burkina Faso. Photo taken in 2005. Photo: Caroline Irby/Tearfund

1.4 Understanding agricultural value chains

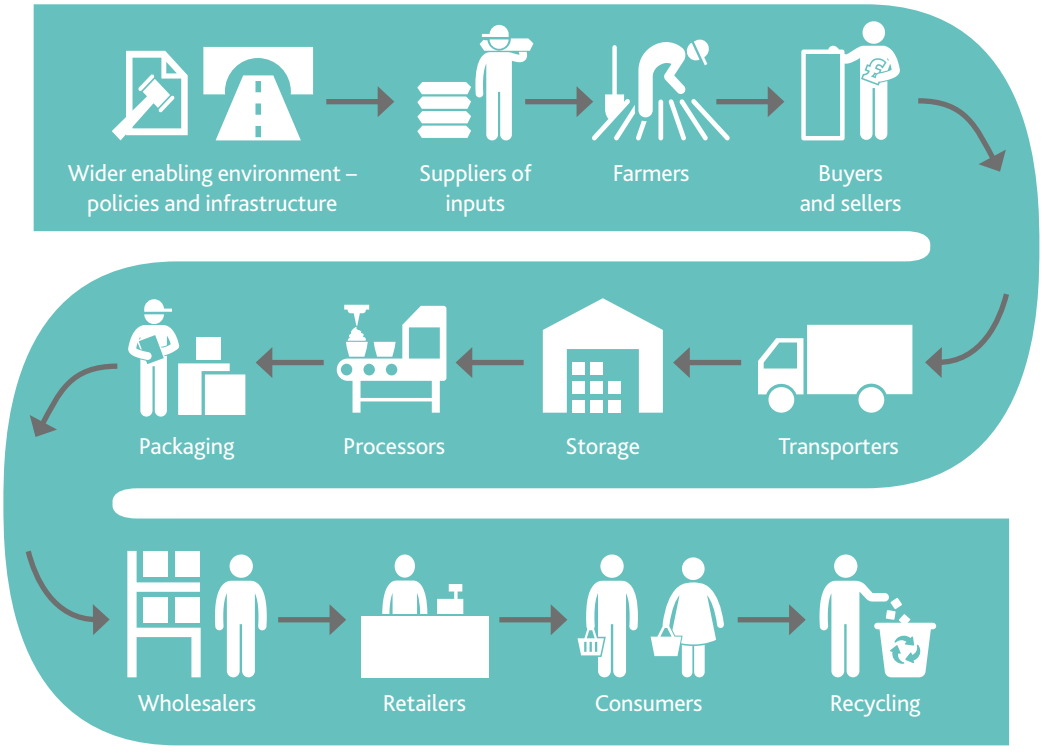
'A "value chain" in agriculture describes the set of actors (private, public, and including service providers) and the sequence of value-adding activities involved in bringing a product from production in the field to the final consumer. In agriculture they can be thought of as a "farm to fork" set of processes and flows.'

Miller and da Silva, 2007[5]

At one end of the agricultural value chain are a set of activities ('pre-production') that provide the wider enabling environment for agricultural production. These include the policies and infrastructure that impact agriculture. Then come the suppliers of inputs such as seeds, fertiliser and water. The farmers use these inputs to grow crops and raise animals. At the other end of the value chain are the consumers who eat, drink, wear and use the final products, and the recycling activities that follow. In the middle – between the farmers and the consumers – are individuals and businesses who are buying, selling, processing, adding value, transporting, storing, packaging, ensuring the quality of, wholesaling and retailing the products. Each stage of the value chain produces a saleable product or service that acts as an input to the next stage in the chain. At every stage in the value chain until consumption, outputs gain value.

BOX 2

Agricultural value chain



5 Miller C, da Silva C (2007) 'Value chain financing in agriculture', in *Enterprise Development and Microfinance* 13(2/3), Practical Action Publishing, Rugby

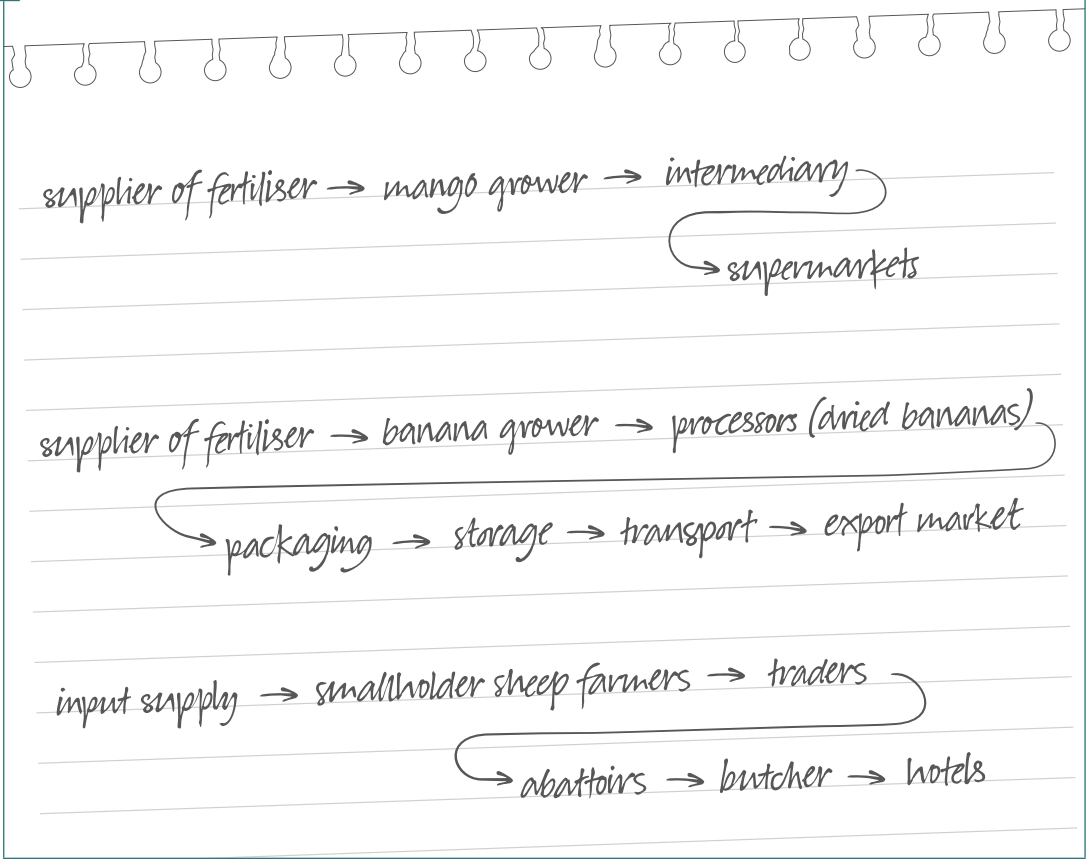
BOX 3

Value chain activities and actors

	Examples of activities	Examples of actors
Pre-production	The set of activities that contribute to effective production of agricultural commodities, such as research, extension services, natural resource management, rural infrastructure (eg roads, energy, storage facilities), market infrastructure, climate change policy, land policies, agricultural policies, budget allocation etc.	• Extension workers • Local and national governments • Research institutions • NGOs
Input supply	The provision of seeds, tools and other resources that are needed for the agricultural activities. Also credit from financial institutions and insurance.	• Suppliers of seeds, tools, fertiliser and water • Financial institutions
Production	The activities that lead to the effective cultivation of crops, and husbandry of livestock: planting, agronomic/husbandry practices, harvesting etc. This stage may include the storage of products.	• Farmers • Pastoralists • Fisherfolk • Experts such as extension workers
Processing or value addition	The activities that transform the raw agricultural commodities into semi-finished or finished products.	• Millers • Shellers • Processors
Marketing	The activities that help the products to match the consumer requirements and expectations. These include aggregation (collecting together into larger quantities), sorting, grading, packing, transport, storage, further processing, distribution, advertising and sale.	• Traders • Middlemen • Packers • Sorters • Graders • Marketing can also be done by the producers and processors
Retailing	The purchase and sale of the final product to local, national or international retailers.	• Markets • Shops • Supermarkets
Consumption	Purchase and use of the final product.	• Consumers (who are also producers, processors etc)
Recycling	Waste collection, waste sorting, composting, biogas, recycling.	• Waste collectors • Waste sorters • Recyclers of food waste and packaging • Producers

BOX 4

Examples of simple agricultural value chains



1.5 Why is a value chain approach important?

Every agricultural value chain is unique and contains a particular combination of links. The value chain *approach* to agricultural projects breaks the value chain into its smaller parts in order to better understand its structure and the way it functions. It identifies the actors at each stage, their roles and the relationships between them. It also analyses the policy environment.

The value chain approach seeks to understand the current challenges facing actors in the chain, as well as the opportunities for improved efficiency. Identifying and understanding the challenges, weakness and strengths of an agricultural value chain helps to identify new value-adding and income-generating opportunities. The costs and benefits of these activities are considered.

The *whole* value chain is included in analysis – pre-production, input supply, production, processing and marketing. This approach then identifies the opportunities for improving the efficiency of the smallholder farmers and adopting improved practices. Farmers are supported in accessing income-generating opportunities; adding value to their products; and ultimately gaining more stable and predictable incomes.

BOX 5

Principles of successful agricultural value chains projects

- **Sustainability:** improvements to the value chain must be economically, socially and environmentally sustainable.
- **Productivity:** farmers need to be obtaining optimal production per unit area, using sustainable methods and good-quality inputs.
- **Market demand:** farmers need to produce what will sell. Decisions about which products to farm must be informed by information on what is profitable and in high demand – and when and where this is.
- **Climate-smart agriculture:** the choice of value chain, the inputs and the farming methods must be ones that will suit the changing climate. Sustainable agriculture approaches, such as conservation agriculture, that protect and conserve soils, and promote climate change adaptation and mitigation, should be prioritised. And farmers need access to climate information and early warning systems to be able to plan appropriately and take action when needed.
- **Access to market information:** farmers need to be equipped to negotiate prices with traders.
- **Aggregation:** farmers working in groups for collective marketing, and 'bulking' of products, often have increased confidence and bargaining power when selling goods.
- **Profitability:** the value of sales of the product should be more than the total cost of production. The value added to the chain must be positive at all stages in order to ensure economic sustainability.
- **Inclusion:** projects must intentionally consider how women, disabled people, older people, and other marginalised groups are included and impacted, at all stages.
- **Values-based approach:** projects should focus on supporting businesses and income-generation approaches that ensure all stakeholders are treated fairly and the benefits are spread throughout the community. Projects should also prepare and equip people with values and skills to make decisions about earning and spending money for the benefit of the whole family.
- **Training:** farmers must be equipped with skills in production, innovation, marketing, governance and financial literacy.
- **Access to finance:** farmers need access to savings and credit facilities that are tailored to the needs of smallholder farmers. Often these will be community-based mechanisms such as self-help groups (SHGs) and village savings and loans associations (VSLAs). As the groups grow and acquire assets, they may be able to access larger sources of credit. However, these sources must be tailored to the needs of smallholder farmers (charging low interest rates, for example). Farmers may also access insurance, where appropriate, and where the terms are favourable to smallholder farmers.
- **Value addition:** this moves farmers up the value chain and increases profit margins.
- **The policy environment:** government policies, such as agricultural subsidies (eg for inputs) and other financial incentives, policies that influence the agricultural infrastructure including investment in roads and market structures, and investment in extension services and in wider rural public services, will all impact the success of a project.
- **Ongoing facilitation:** farmers should be supported to develop business plans, and to access ongoing skills-development linked to innovation and experimentation. There should also be accompaniment and facilitation in developing trade linkages with buyers and strategic partners/stakeholders such as input suppliers, the local government or research institutions.

BOX 6

Example: summary of a sustainable, market-based agriculture project plan

Note: the activities below are all discussed in more detail throughout the following chapters of this resource

Example project goal

To enable 5,000 smallholder farmers in Central Tanzania to shift from subsistence agriculture to market-led agriculture thereby developing sustainable livelihoods, increased incomes, and improved nutrition, and achieving wider societal transformation.

Example project objectives

- To facilitate the mobilisation and organisation of farmers in 25 villages into active and functioning farmer groups.
- To facilitate the farmer groups to carry out participatory market research, helping farmers link to information sources and market experts, identify current and potential value chains, and better understand potential markets.
- To facilitate the farmer groups to carry out participatory stakeholder analysis and detailed value chain mapping, to identify the areas for value chain development.
- To support the farmer groups in increasing sustainable production through adoption of conservation agriculture or other sustainable agriculture techniques, and access to relevant training and support.
- To support the farmer groups in identifying the potential for value addition of their produce and to engage in processing and preserving activities.
- To support the farmer groups to develop sustainable access to markets at profitable and fair prices.

Example project outcomes

- Increased uptake of sustainable agriculture methods, leading to increased production and greater climate resilience.
- Improved incomes through increased production, value addition and successful marketing.
- Improved incomes leading to economic empowerment, increased assets, and better nutrition, health and education.
- Wider societal transformation particularly in gender relations.

Project activities

1. **Facilitating the mobilisation and organisation of farmers into groups**
   - Carry out community mapping of groups that currently exist. Help the community to decide whether to build on an existing group structure or to develop new structures for the purposes of the project. Ensure all sections of the community – particularly women, youth and disabled people – are able to input.
   - Support the community to mobilise into groups – either building on existing groups, or forming new groups. Support the groups in appointing people to certain roles and forming sub-committees. Help the groups to identify training needs.
   - Support the development of credit and savings groups if necessary.

2. **Understanding the market**
   - Identify local expert(s) with market analysis skills to help with the facilitation of this step.
   - Work with the farmer groups to identify *current* agricultural value chains and map out every function, actor and relationship in the chain.
   - Work with the farmer groups to identify *new* products or varieties of crops or livestock that could be farmed and from which value chains could be developed.
   - Facilitate the farmer groups to collect data and analyse the market demand, product costs and sale prices etc.
   - With the farmer groups, decide which value chains to focus on within the project, and how they will be developed.
3. **Carrying out participatory stakeholder analysis and value chain mapping**
   - Work with the farmer groups to carry out a participatory stakeholder analysis.
   - Work with the farmer groups to carry out a detailed mapping of the chosen value chain(s).
   - Plan how to ensure inclusion of marginalised and vulnerable groups.
4. **Value chain development: production**
   - Help the farmer groups to identify their training and support needs, and the local expertise, support services and business development services that they can link to or access.
   - With the farmer groups, consider the climatic and environmental conditions and decide whether rainwater harvesting and/or irrigation should be pursued if there is limited rainfall. Together decide the appropriate farming approach, such as conservation agriculture.
   - Help to facilitate strategic partnerships.
5. **Value chain development: processing**
   - Facilitate the farmer groups to decide on value addition activities.
   - Enable the farmer groups to identify and access the support and training necessary to develop the activities.
   - Support the development of business plans.
6. **Value chain development: marketing and sale**
   - Support farmer groups to 'bulk' and market their products.
   - Enable business partnerships to be developed between farmer groups and buyers.

2 FACILITATING THE MOBILISATION AND ORGANISATION OF FARMERS INTO GROUPS

2.1 The value of working in groups

The first step in pursuing a sustainable, market-based approach is to mobilise farmers to join together to form groups, or to adapt and strengthen existing groups. Often farmers work as individuals, occasionally selling small amounts of surplus produce to the market. However, by organising into groups, farmers become much more effective in producing, marketing and selling their produce.

By working together, farmers can often negotiate inputs in bulk at lower prices, and gain access to credit and business development services. Transaction and transport costs are reduced and economies of scale can be achieved. Collective marketing in bulk volumes increases farmers' bargaining power, giving them a stronger voice, and often leading to more predictable sales and income. It can also attract buyers who are able to purchase large quantities because this is more financially viable for them than purchasing small quantities from many different farmers. Furthermore, a group can share experiences and lessons learnt, pool ideas and experiment together, for example in farmer field schools. Some producer groups have become lobby groups for the members, and give logistical support and technical advice to farmers. As groups grow in experience and strength, they may also choose to access export markets and certification schemes (such as Fairtrade) and the benefits these can bring, as costs and challenges are shared.

A self-help group in Dowa, Malawi. Photo: Rhiannon Horton/Tearfund

Women from the 'Panchakanya Women's Agricultural Group' in Bhaltar, Nepal practise group farming. Photo: Tom Price/Tearfund

2.2 Group formation: building on what is already working

Where possible, it is best that groups are formed out of structures or processes that already exist, rather than creating completely new groups. Some groups such as self-help groups or VSLAs may already exist, and if members have means of agricultural production, the groups could take on additional functions and become commercialised. If people are already working well together, it is good to build on this rather than introduce a new structure. However, it is important that these groups are inclusive. If they are not, then they should be modified or new structures developed.

Where a church and community mobilisation (CCM) process is already taking place in the community, it is important to involve the church in the project from the beginning, and to work through the existing church and community structures as much as possible. Even if CCM is not taking place, it may still be important to involve the church.

BOX 7

CCM and agriculture

Church and community mobilisation – or CCM – describes a process whereby local churches are mobilised, envisioned and empowered to work with their communities. Together the church and community identify key issues facing the community and mobilise their own resources and skills to address them.

There are many examples where CCM has led to agriculture projects that have enabled communities to link to markets:

- **In Kenya**, a CCM project in Gichure community in Tharaka-Nithi County led to an irrigation project targeting 400 households, and the introduction of dairy production. The project resulted in almost every household having at least one dairy animal. The church supported the community to form dairy cooperatives in order to sell milk collectively. The community has experienced transformation through improved incomes and living conditions.

- **In Tanzania**, a CCM project in Magozi community in the Iringa region led to the mobilised community forming a cooperative and starting to grow rice. There was higher market demand for rice than for millet, their traditional crop, and they had been struggling in their production of millet. The community also asked the government to support them in digging irrigation canals. The government agreed because they were already organised as a group. The government also provided agricultural extension workers to support the farmers in the production of rice, and helped link the farmers to rice markets. The sale of rice took place in the village meaning the farmers did not have to travel a long distance to the market. The community was motivated by their income from rice sales, and many farmers went on to add value to the rice by removing the bran before selling it, through the development of rice mills. Other businesses were also established. Through working in cooperatives, building their resilience to climate change through irrigation, and producing a crop for which there was market demand, this community moved away from being dependent on food relief and casual labour to having increased and stable incomes, working on their own land.
- **In Cambodia**, a CCM project in the Svay Rieng Province in the south-east of the country has enabled migrant communities to develop home gardens and access markets to sell their produce. Prior to the project, the communities lacked access to nutritious food and income. Through the project, a group of farmers was trained with technical skills in planting vegetables, raising animals, planting rice and composting. This initial group of farmers went on to train others. At the same time, staff from Tearfund partner, the Holistic Development Organisation, helped the communities to analyse the local vegetable and animal markets to identify which crops and animal products would sell to produce a profit. As a result, farmers are now selling vegetables such as cucumbers, long beans and watermelons, and are improving their standard of living. A group of farmers has opened a small shop selling seeds to other farmers. They have also been invited by NGOs in the area to use their knowledge and experiences to train other communities.

CASE STUDY 2
The role of the church

A conservation agriculture project by Tearfund partner River of Life in Zimbabwe has transitioned from having a primary focus on food security, to a broader focus on both food security and increasing productivity and profit. The aim of the programme is to help farmers move from subsistence farming to producing a surplus and diversifying into agri-business. A mid-term review of the programme identified that **relationships with pastors are key to entering the community**. Programme success in building trust, credibility and sustainability is strongly influenced and informed through these relationships. Where pastors felt informed and part of the process, the transition to the new market phase of the programme had been markedly smoother. Where the pastor had not bought in to the process, it was much harder to work with a community.

The review also found that the church can play a **key role in envisioning** so that when farmers engage in agribusiness they do it with a changed rather than traditional mindset. The church has been key in **helping people understand that approaching agriculture as a business is not a bad thing** to want to do and the shift from food security to an additional focus on income is a good thing. However, the review also confirmed that **technical input alongside church engagement is critical**. It found that aligning the technical skills of staff with newer programme elements will be key to success. Efforts to successfully commercialise smallholders' production, find buyers, broker sales, and understand market demand and

prices require specific technical and network resources which may not be the role or skill set of the church. Programme staff with the right skills and capacity must do this work and be supported to achieve scale.

The review also revealed the **challenges** of ensuring that **the most vulnerable and marginalised farmers are included** in the benefits of pursuing market-based agriculture. Addressing this problem may involve using different approaches with different types of farmers. Those who are most vulnerable may need more support and accompaniment than those in a stronger position. This is something that needs to be monitored and addressed in projects.

2.3 Deciding on the group structure

Start by asking the community to list the local structures and groups that already exist in their locality, such as farmer field schools, church groups, self-help groups, women's groups, youth groups, savings and credit groups, farmer cooperatives, farmer groups, dairy groups etc. Could any of these be adapted or built on to also function as a producer group?

If there are no groups in the community (or if the existing groups are not suitable, for example because they exclude certain people or are not functioning well), then farmers will need to be mobilised to create new groups. If new structures are created, it is important to ensure that there is no conflict with existing structures, and that any government regulations in the forming and mobilising of groups are respected.

There are different ways in which farmer groups can be organised. Farmers could adopt a simple cooperative model, where they are organised into groups of between 10 and 20 individuals. A group leadership structure will need to be agreed, and people appointed to leadership roles. Initially the group structure may be informal, but as groups become established they could seek to become more formalised, in time becoming registered as a formal group, association or cooperative. This formalisation can be an important step, for example through enabling groups to have access to financial services, to be recognised and listened to by government officials, and to access certification schemes such as Fairtrade.

A women's self-help group holds a meeting in their village in India. They save money and can access loans through the group, which they use for bullocks, house construction and agricultural inputs. Photo: Peter Canton/Tearfund

In some projects, where the farmer groups are small in size, it may be worth considering clustering the groups to take on additional functions such as processing or marketing, so that these functions can happen at a higher level.

Alternatively, a more complex structure could be introduced, such as that used by Farm Concern International (FCI) – see Box 8.

BOX 8

The FCI model[6]

Farm Concern International (FCI) in Kenya works with villages of between 100–250 households, and mobilises the whole village into a 'Commercial Village'. Everyone in the village – including people with disabilities, older people and people living with HIV – is welcome to be part of the Commercial Village, unless they wish to opt out.

In the FCI model, each member of the Commercial Village joins a 'commercial production group' (CPG). These usually include around 20–30 people. The government and other stakeholders are invited to be part of these groups throughout the process. As well as being in a CPG, everyone also joins another group with a specific responsibility. For example:

- **Production and natural resources management group:** responsible for ensuring farmers have access to the necessary resources, inputs, skills and knowledge for sustainable production. The group is also responsible for ensuring the sustainable management of local forest and water supplies. This group will need to coordinate with government bodies where possible, such as environment agencies, the water authority, the forestry commission etc.
- **Savings group:** responsible for ensuring savings facilities are available for all.
- **Marketing and quality group:** responsible for identifying markets and looking for ways of increasing the value of any product.
- **Village social-capital group:** responsible for supporting community needs such as health, food and nutrition.
- **Social technology group:** responsible for youth projects and ensuring access to the necessary technology to improve production or value.
- An **Executive Committee** oversees and manages the whole project. The Executive Team is made up of representatives from each of the groups.

6

2.4 Overcoming barriers to group formation

In some contexts, there may be resistance to group formation among farmers. Perhaps in the past there have been failed attempts to form groups, with severe impacts on incomes and lives. Or there may be negativity simply about the process of trying something new, or mistrust in any marketing initiatives due to bad experiences with buyers in the past.

In this situation, sensitisation and awareness-building will be needed to persuade the farmers of the benefits of group formation. It may be worth sharing stories and case studies of successful projects where groups have been formed, and considering exposure visits to other communities that have formed groups successfully.

6 Source: adapted from an FCI resource

2.5 Ensuring inclusion

Whichever model of group formation a community decides to adopt, the groups or structures need to be truly inclusive – everyone in the community should be able to join a group if they wish. Women almost always have much less access to, and control over, land, money, credit and assets than men. They may also lack access to groups or forums to share and learn new ideas and support each other. Because of this, their involvement should normally be prioritised throughout the project. Projects should also seek to challenge unjust gender norms and practices at work in the community, and invest in building restored relationships between men and women.

It is important to share information about participation in the project through communication channels used by women, and to hold meetings at times and in venues that support women's participation. Projects also need to intentionally include the poorest people and other marginalised groups such as older people, young people, people with disabilities and ethnic minorities.

2.6 Access to finance

Most smallholder farmers in developing countries have limited access to finance (savings and credit facilities), and, consequently, inputs. Most financial institutions fail to have flexible financial products, including loans, that meet the needs of smallholder farmers. This is a key issue for any agricultural project to address. Access to finance – savings and credit, and in some places insurance – is essential to unlocking long-term, sustainable gains in the productivity and incomes of smallholders, and an important strategy in increasing resilience. It enables farmers to access quality inputs, which otherwise may be prohibitively expensive, and prevents them relying on poor-quality seed. It means they can purchase or rent tools that increase efficiency and reduce labour costs. It also enables access to training services. Credit also impacts the timing of when farmers may sell produce – meaning they are not compelled to sell immediately after harvest, when prices are typically at a seasonal low.

Record keeping is an important part of a farmers' group. Photo: Nikki Harrison/Tearfund

A farmer in Bolivia. Photo: Andrew Philip/Tearfund

If the community is not yet saving, for example through savings and credit groups, it is important to encourage saving at the beginning of the process. Accessing finance is easier for farmers when they are organised into a group. Ideally, the farmer groups can build on existing self-help groups or savings and credit groups in the area. However, if there is no mechanism for savings and credit operational in the project area, it is important to consider including this as part of the project. The project may also want to consider including advocacy to encourage financial institutions to develop products suitable for (rural) smallholder farmers, especially women. This includes terms of collateral and loan repayment rates that are suitable for poor people.

The provision of insurance for poor, smallholder farmers is still unavailable in many contexts. However, there are examples of schemes in various countries where the challenges of insuring smallholder farmers are being addressed. In India, national index insurance programmes have reached more than 30 million farmers through a mandatory link with agricultural credit and strong government support. In Kenya, Rwanda and Tanzania, the Agriculture and Climate Risk Enterprise (ACRE) has reached nearly 200,000 farmers, combining index insurance with agricultural credit and farm inputs. In Ethiopia and Senegal, the R4 Rural Resilience Initiative has provided unsubsidised index insurance to more than 20,000 poor smallholder farmers who were previously considered uninsurable.[7] It is important to check whether any insurance options are available in your context and whether these are appropriate for smallholder farmers.

7 Greatrex H, Hansen JW, Garvin S, Diro R, Blakeley S, Le Guen M, Rao KN, Osgood DE (2015) *Scaling up index insurance for smallholder farmers: Recent evidence and insights.* CCAFS Report No. 14 Copenhagen: CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS). Available online at: www.ccafs.cgiar.org

2.7 Group management

Most farmer groups elect a number of people to carry out specific roles within the group. These usually include a chairperson, secretary, book-keeper and treasurer, and people who can fulfil these responsibilities in their absence (often called a 'vice-chair', 'vice-secretary' etc). These roles can be rotated between different group members. It is important to ensure that both men and women are equally represented in positions of leadership.

Good financial management in a farmer group is essential. This includes an accounting system and a good record-keeping system. Clear and accurate accounts of all financial and important dealings within the group need to be kept. It is important that trustworthy and skilled people are appointed to be book-keepers, secretaries, and treasurers. This may require training. There are helpful articles in Tearfund's *Footsteps 103* such as 'Book-keeping for beginners', and 'How to complete a cash flow forecast'.[8]

It is good practice for a farmers group to develop a **constitution** (or '**bylaws**') to clarify the group structure and the aims and objectives of the group, and to guide the ways of working. It might include criteria for membership, the geographical area of operation, the frequency of meetings, and the minimum number of members required in attendance to make group decisions (the 'quorum'). There may also be group rules relating to attendance at meetings, showing respect for one another, arrangements for buying inputs in bulk and arrangements for group marketing and sale.

The constitution will also include the leadership and management structure and roles, and the process for electing people to the roles. It can describe how finances will be managed, including details of banking (if applicable), how accounts will be recorded, how often they will be audited, how members can view the accounts etc.

Finally, a constitution will describe mechanisms for resolving conflicts; guidelines for how to end membership of the group; and appropriate penalties, for example for not attending meetings, or not supplying the right quality of goods.

It is important for the group themselves to agree the constitution. The process of agreeing objectives and rules can be very effective in helping a group learn to work together. It enables democratic decision-making, empowering group members who may not normally have a voice in decision-making, and helps create ownership. Deciding group rules helps to prevent problems arising in the future. Groups can evaluate the rules over time and change them as needed.

ACTIVITIES

Facilitating the mobilisation and organisation of farmers into groups

- Carry out community mapping of groups that currently exist. Help the community to decide whether to build on an existing group structure or to develop new structures. Ensure all sections of the community – particularly women, youth and disabled people – are able to input.
- Support the community to mobilise into groups, either building on existing groups or forming new groups. Support the groups in appointing people to certain roles and forming sub-committees and help the groups to identify training needs.
- Support the development of credit and savings groups if necessary.

8 Tearfund (2017) *Footsteps 103 – Entrepreneurship*, https://learn.tearfund.org/en/resources/publications/footsteps/footsteps_101-110/footsteps_103

CASE STUDY 3

The banana value chain in Kenya[9]

In Thika District, Kenya, there are many smallholder producers growing bananas for household use and for sale in local markets. Prices are low and demand is relatively small. A value chain analysis was done by a number of local banana growers with the help of an extension agent. It identified the role of banana brokers who buy from individual producers and market their bananas to supermarkets in Nairobi. The banana growers realised that they would benefit by combining together to form a cooperative. They would get better prices when buying fertilisers and pesticides in bulk. And they could also hire a truck every week to take their bananas to Nairobi and sell them there – both in the market and to supermarkets. If the production of their banana cooperative grew significantly, there would also be possibilities of connecting directly with exporters in Nairobi or with Fairtrade banana exporters to reach an international market.

Photo: Edward Woods/Tearfund

9 Source: Tearfund and Samaritan's Purse UK (2011) *Think livelihoods! A facilitator's manual for applying a livelihoods lens when working with people, households and communities affected by HIV*

CASE STUDY 4

Supporting farmers through a producers' association[10]

The project PAG (Proyecto Aldeo Global – Project Global Village) is working with 150 farmers in the mountainous region of Belén Gualcho in Honduras. PAG has supported the creation of a producers' organisation called APROCEL (Asociación de Productores de Celaque – the Celaque Producers' Association). Farmers pay 500 lempiras (US$23) to join APROCEL and an annual subscription of 350 lempiras (US$16). Their membership includes access to technical support from PAG, the opportunity to take part in irrigation schemes (which they pay for per vegetable cycle), and access to markets and transportation. Farmers can also apply for credit from PAG directly.

APROCEL has a board of nine members and has three committees: irrigation, marketing and vigilance. Farmers are provided with vegetable seeds, together with a schedule for planting and a quota of vegetables to produce. APROCEL then holds discussions with various supermarkets regarding what produce will be available to sell in three months' time. The farmers are provided with technical assistance during the planting process, including information on the management of pests and diseases and advice on fertiliser usage (farmers are encouraged to use fertiliser dissolved in the water system, which is then dripped onto the land, to reduce fertiliser run-off and overuse).

Because of the project, farmers who previously grew only rice and beans are now producing a variety of vegetables, including tomatoes, peppers, lettuce, cabbages, broccoli, carrots and onions. After harvesting, PAG/APROCEL collect the produce from the farms in large boxes; these are packed into refrigerated lorries or stored in chilled warehouses at the PAG base. PAG/APROCEL check the produce for quality, and items that do not meet the required standards are sold locally or used for value-added products (for example, jam). PAG records the volume of vegetables produced per farmer.

The total paid to the farmers is calculated in terms of the value of their produce sold minus the cost of transporting and marketing, which is retained by PAG for their services. Women are also being trained to produce fruits such as strawberries and blackberries, which can be processed into jams, juices, sweets and pickles to reach other markets and increase value through processing.

Community members reported that through the project 'everything has changed': farmers have moved from subsistence farming to producing surplus, and have more resources and income.

10 Source: adapted from Tearfund Learn website https://learn.tearfund.org/en/themes/food_security/livelihoods_case_studies

3 UNDERSTANDING THE MARKET

3.1 Data collection and analysis

The next stage in developing sustainable, market-based agriculture involves data collection and analysis, and is of fundamental importance to project success. An external organisation could be commissioned to undertake some or all of this stage. Alternatively, programme staff could be trained with market analysis skills so as to facilitate analysis with the participation of the farmer groups.

It is important for any research to involve the farmers themselves as much as possible, and for the whole process to be as participatory as possible. But it is also important to recognise that sometimes, expert advice will need to be sought, for example from a government employee or an external organisation. It may be necessary to help link the community to the information sources available, and help to engage all players in the market analysis.

The research is seeking to identify the potential value chains that could be the focus for the project, and also for the farmers beyond the duration of the project. It is looking at *existing* value chains that could be developed, as well as trying to identify potential *new* value chains that could be introduced. The analysis involves mapping and comparing these value chains and making an informed decision about which to focus on. Value chain mapping is the process of developing a visual depiction of the basic structure of the value chain, and is helpful in understanding the stages and actors involved.

The list of existing and potential value chains should be developed through consultation with communities, and also other stakeholders such as local government agricultural officers, research institutions and NGOs. A variety of research methods can be used: focus groups, interviews (using a simple questionnaire), observation, internet searches and literature reviews. Producers, processors, sellers and consumers should be consulted to find the information needed. The farmer groups should be involved as much as possible in the consultation and in discussions with the other stakeholders. This will help ensure the longer term ownership by the groups and equip them with skills for further analysis in the future, if the climate or economic situation changes and they need to adapt.

Local market scene in Ivory Coast. Photo: Stephen German/Tearfund

3.2 Identifying existing value chains

These are some of the research questions you could seek to answer to identify *existing* value chains:

- Which crops are grown and which livestock are reared in this area?
- What inputs are required by farmers to farm these crops and animals? From whom do they purchase the inputs? How much do they cost?
- To whom do the farmers sell their goods?
- What happens to the goods after they have passed from the farmers to the buyer? Are they processed? What happens next? What else happens to the products before they reach the final consumer? Try to identify all the links in the chain up until the products are finally consumed.
- Who are the actors along the value chains? What are their roles? What processes take place?
- What is needed in the wider enabling environment to support the value chain?

3.3 Identifying potential new value chains

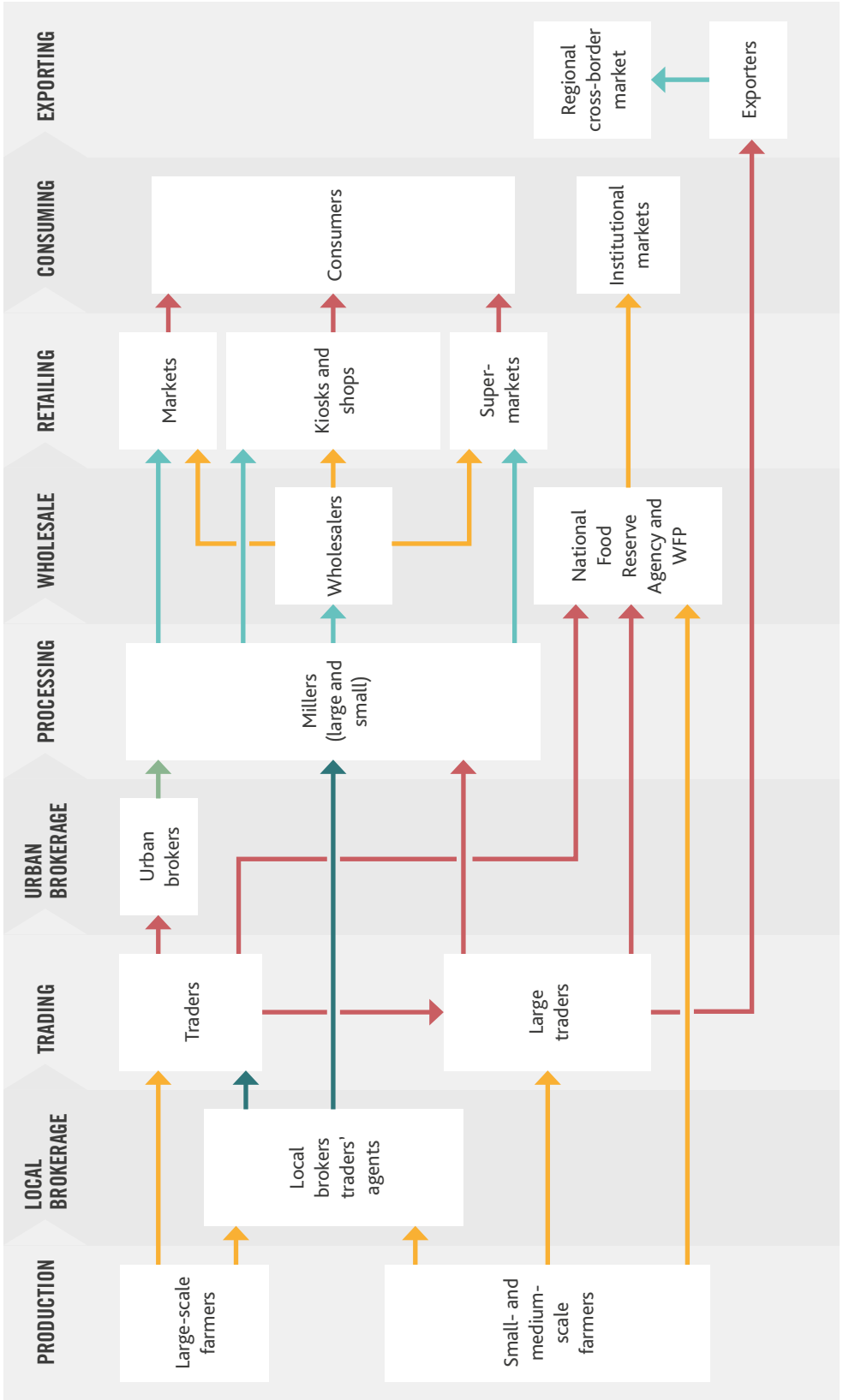
These are some of the research questions you could seek to answer to identify potential *new* value chains:

- Which crops or other agricultural products are in demand (in markets and shops – locally, but also further afield), and how much is the selling price?
- Which crop and livestock varieties suit the agro-ecological conditions of the area (rainfall quantities and distribution, altitude, temperature, humidity, wind speed)?
- Which varieties are resilient to climate change?
- Which crop and livestock varieties suit the amount of land available to the producer group, and the soil type?
- What inputs would be required? How much would they cost?
- Where could the new products be sold?
- What opportunities exist for adding value to the produce before sale?
- Who are the actors along these potential value chains? What are their roles? What processes take place?
- What is needed in the wider enabling environment to support the value chain?

Market in Tabira, north-east Brazil. Photo: Eleanor Bentall/Tearfund

BOX 9

Example: a maize value chain[11]



11 Adapted from Wilson R, Lewis J (2015) *The maize value chain in Tanzania: A report from the Southern Highlands Food Systems Project*, FAO

3.4 Deciding the project focus – prioritising value chains

Once existing and potential value chains have been mapped, decisions need to be taken by the farmer groups as to which one(s) the project should focus on. Some suggested criteria are outlined below. Box 10, on page 29, includes a matrix that could be used to score different value chains, and help decisions to be made.

Market demand

- Does the product have (or have the potential to have) a high market demand? Is there already demand for the product, or does demand need to be created? Does demand stay the same all year round, or change during the year?
- Are there any power structures that control and monopolise the prices of products in this potential value chain and therefore result in a lower price for the farmers?
- Can the farmer groups offer competitive volume and quality, at competitive prices, at the time when products are in demand?
- Do prices for these products stay the same all year round, or do they change? What causes prices to change?
- Do the market prices vary with market location?
- Will the farmer groups be able to access the markets directly or will they need to go through brokers/ middlemen?
- Will the farmers need to transport products somewhere, or would traders travel to their location to buy the goods?

Climate resilience and environmental sustainability

- Are the seeds and crops resilient to climate change? For example, are they drought- or flood-resistant? How susceptible are they to pests and diseases?
- Are the farming methods employed for this value chain appropriate for the changing climate? If not, could they be changed/adapted so as to be sustainable and resilient?
- Will farming and processing this product harm or protect the environment – in both the short and long term?

Profitability

- What is the cost of production (tools, seeds, inputs etc), and how does this compare with the likely price of sale?
- How perishable is the product after harvesting? How easy is it to store and transport the product? What costs would be involved?

Opportunities for value addition

- What opportunities exist for value addition (see chapter 5 for more information) and thus moving up the value chain? What is the cost of value addition, and any necessary machinery, technology or storage facilities? What are the opportunities for innovation in value addition?
- Are there secondary value chains that could also be promoted so that the project has a multi-value chain approach? For example, are there additional value chains that use products of a lower quality that cannot be used in the primary value chain? These might be consumed at home, sold locally or also processed. Could the 'waste' from one product be used in a different value chain?

Gender impacts

- How does the value chain include and impact women and men?
- What potential does the value chain have for (greater) inclusion of women, women's economic empowerment and better gender equality?

Ethical considerations

- What opportunities exist for the value chain to benefit the community as a whole?
- Where labourers or other staff may be employed, what are the conditions of employment? Are staff treated well and given fair wages etc? Are children employed as labourers? (See Box 11 – 'Should children work?')

Availability of business development services

This is addressed in more detail in chapter 5, but it is worth considering as part of the decision on which value chains to develop.

- What business development services are needed for the value chain? Which are available?
- What extension services are needed? Which are available?
- What financial services are required? Which are available?
- What other expertise and information is needed? What is available?

BOX 10

An example of a comparison matrix for selecting value chains

Value chains are scored from 1 to 5 – a score of 5 meaning that the value chain is strong on this criteria, a score of 1 indicating that the value chain is weak on this criteria

	Value chain 1	Value chain 2	Value chain 3
Current or potential market demand			
Ability to offer the volume and quality that the market demands			
Resilience to climate change			
Potential profitability			
Opportunity for value addition			
Opportunity for women's economic empowerment and better gender equality			
Ethical considerations			
Likelihood of accessing necessary business development services			
Total score			

BOX 11

Should children work?[12]

In some cultures, children are expected to work, some as young as four years old. Work that is not suitable for children can affect them negatively. For example working on building sites, riding donkey carts, herding animals or carrying heavy jerry cans of water. It is not right for children to work for long hours without rest, for little or no pay, in hazardous conditions and at risk of being injured or harmed. These are all examples of child labour. Children should be protected from this so that they can be educated and have better choices in life.

ACTIVITIES

Understanding the market

- Identify local expert(s) with market analysis skills to help with the facilitation of this step.
- Work with the farmer groups to identify current agricultural value chains and map out every function, actor and relationship in the chain.
- Work with the farmer groups to identify new products or varieties of crops or livestock that could be produced and from which value chains could be developed.
- Facilitate the farmer groups to collect data and analyse the market demand, product costs and sale prices etc.
- With the farmer groups, decide which value chains to focus on within the project and how they will be developed.

12 Source: Tearfund's *Reveal* resource: A1 – Revealing the need to protect children, https://learn.tearfund.org/~/media/files/tilz/reveal_toolkit_-_new/01_a1_hidden_issues_-_background_info/a1_-_revealing_the_need_to_protect_children.pdf

4 IN-DEPTH VALUE CHAIN MAPPING AND STAKEHOLDER ANALYSIS

4.1 Carrying out a stakeholder analysis

Once it has been decided which value chain(s) will be the focus of the project, it is important to map the selected value chain(s) in as much detail as possible, and decide on the project scope to develop the value chain.

Mapping the value chain involves identifying all of the actors and their roles and functions. The best way to do this is through conducting a stakeholder analysis (see Box 12). In thinking about the stakeholders, it is important to try to identify those at risk of being excluded. Specifically consider women, young people, people with disabilities and other marginalised groups. What factors may negatively impact their involvement in the value chain, or the way they benefit from the value chain development? Which groups have access to, and control over, assets that will be used in the value chain? Are there laws, policies or cultural norms that prevent men or women from taking part in a particular activity or business within the value chain?

A stakeholder analysis will help to identify the buyers, suppliers and key strategic partners in a value chain. It will enable consideration of who might be helpful to the project and who could be asked to provide support, for example local government agricultural extension workers, local NGOs or commercial providers.

A street vendor selling fruit in Nepal. Photo: Andrew Philip/Tearfund

BOX 12

Stakeholder analysis

Stakeholder analysis is the process of identifying and analysing the needs and concerns of different stakeholders connected to the value chain.

It helps us to understand the different actors within the value chain, their activities and roles. It also includes people *affected* by the impact of an activity within the value chain, and people who can *influence* the impact of such an activity. Stakeholder analysis helps us to think through their stake, roles and interests. Stakeholders can be individuals, groups or an institution. Ideally, stakeholder analysis should be carried out with representatives of as many stakeholder groups as possible.

Carrying out a stakeholder analysis[13]

For your chosen value chain, list all of the potential stakeholders that have a role or a 'stake' at some point in the value chain. Consider the community, the public sector, private sector and civil society. When thinking about the community, consider different groups such as women, men, children, people with disabilities and different ethnic groups. It is important to involve the government as well as the private sector (input suppliers, buyers etc). When thinking about the government, try to break the list down into local, regional and national levels, and different ministries or departments.

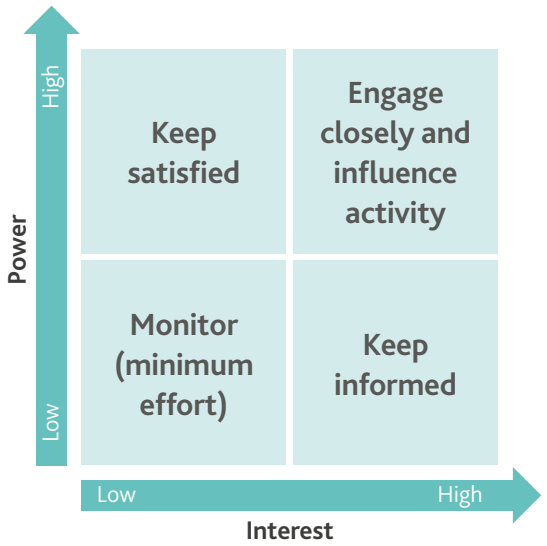
Analyse the long list of stakeholders to determine 'clusters' of stakeholders with different levels of interest and influence. For each cluster, consider their power and interest in relation to the value chain development.

- Power measures their degree of ability to help or have an impact on your project.
- Interest measures their degree of support or opposition to your project's goals and objectives.

Some stakeholders will have more influence within the value chain, or in respect of its development, than others. While some are in a position to influence the value chain development so that it is successful, there might be others who feel threatened by it. Consider how to approach those whose interests will be negatively affected, in order to avoid conflict and possible failure of the project.

Use this grid to organise stakeholders according to their interest and power levels.

Stakeholders with high power and interests are important to the value chain development. Their support will be important in what you are trying to achieve. Stakeholders with high interest but low power, or high power but low interest, should be kept informed and satisfied.



13 Source: adapted from FAO's food security information for action practical guides, www.fao.org/elearning/course/FK/en/pdf/trainerresources/PG_StakeHolder.pdf Accessed February 2019

BOX 13

An example of a climate-smart agriculture and value chains project in Chad

Stakeholders	Role
Targeted smallholder farmers – men, women, young people, people with disabilities	• Direct beneficiaries of the project • Responsible for planning, implementation, monitoring and evaluation
Input suppliers	• Supply inputs to the smallholder farmers
Agriculture information officer, value chain expert	• Provide market information and advice • Identify new markets
Traders	• Potential buyers of farmer produce
Local markets	• Potential buyers of farmer produce
Cantonal Development Committee/Cantonal Development Association (CCD/ACD) ANADER (Agence Nationale d'Appui au Développement Rural – National Agency for Rural Development Support) ITRAD (Institut Tchadien de Recherche Agronomique pour le Développement – Chadian Institute of Agricultural Research for Development)	• Organise meetings, workshops and training sessions for the project • Responsible for planning, monitoring and implementation • Provide technical advice on climate-smart agriculture
The local church	• Provides spiritual guidance and prayer for the project • Mobilises the church and community to respond to address community and household needs using local resources • Monitors the actions and gives advice to the beneficiaries
Government technical services	• Provide advice and training
Administrative and traditional authorities	• Maintain order and give advice to beneficiaries
CECADEC (Tearfund partner)	• Mobilises the community • Implements the project • Links with local expertise and provides marketing information to the farmers • Project monitoring and evaluation
Tearfund	• Provides funds • Provides technical support and advice on climate-smart agriculture and market linkages • Helps to identify market linkage experts • Monitoring and evaluation

Fruit and vegetables on sale in a market in southern Laos. Photo: Edwards Woods/Tearfund

Once the value chain mapping has taken place, the value chain development can be planned. The following chapters explore the different elements of value chain development.

ACTIVITIES

In-depth value chain mapping and stakeholder analysis – potential project activities:

- Work with the farmer groups to carry out a participatory stakeholder analysis.
- Work with the farmer groups to carry out a detailed mapping of the chosen value chain(s).
- Plan how to ensure inclusion of marginalised and vulnerable groups.

5 VALUE CHAIN DEVELOPMENT: PRODUCTION

5.1 Increasing production in a way that is economically and environmentally sustainable

An important part of developing sustainable, market-based agriculture involves a focus on production, seeking to increase the productivity of smallholder farmers in a sustainable way. This chapter explores this aspect. In production, the major challenge for smallholders is how to increase returns per hectare while protecting the environment, coping with climate change and the increased cost of inputs, and dealing with demands from different markets. A further challenge is how to enable farmers to develop the skills to be able to understand and adapt to a changing environment through innovation and experimentation.

A good starting point is to help farmers to identify the support, inputs, services and/or training they need in order to increase their productivity in a way that is economically and environmentally sustainable.

- What inputs are needed? Should the farmers buy seeds, or harvest, store and plant their own seeds? Which varieties are the most resilient to climate change? How much will the inputs cost? Where can they be purchased from? Will the farmers be able to access them at the time when they are needed?
- What financial services are available to support effective financial transactions for the payments of goods and services? For example, mobile phone-based money transfer services, banks, micro-finance institutions, cooperatives, savings and credit groups and micro-insurance services.

Savings and credit groups can provide an important financial service. Photo: Cally Spittle/Tearfund

- How can farmers gain access to climate information systems predicting expected rainfall and temperature etc?
- How can pests be controlled and the crops protected from diseases? What will be the cost of this?
- When is the best time to plant and to harvest (considering the weather, the market and nutritional value)?
- What farming methods are used? Does the community need to be introduced to more environmentally sustainable techniques such as conservation agriculture?
- Will there be sufficient water for the crops/livestock? Should rainwater harvesting or irrigation be considered?
- How is agricultural waste disposed of? What sustainable methods of managing agricultural waste could the community be introduced to? Consider composting and biogas digesters.
- What storage facilities will be necessary so that post-harvest losses can be minimised, and products can be kept fresh and protected from pests, disease and water damage?
- How and when will transportation happen? When transporting crops, how can careful loading and stacking to reduce damage, bruising and spoilage be ensured?

Once the specific needs of the farmer groups have been identified, the question of how to access the most appropriate support and training can be explored. To ensure profitability, farmers need to be obtaining optimal production per unit area, using sustainable methods and good-quality inputs. The inputs and farming methods must be resilient to climate and environmental changes. Sustainable agriculture approaches that protect and conserve soils and increase resilience to climate change, such as conservation agriculture, should be prioritised.

5.2 Conservation agriculture

Conservation agriculture is a proven climate-smart agriculture method that minimises soil disturbance through maintaining year-round soil cover and reducing tillage. This leads to improved soil fertility, conservation of water and increased yields.[14]

Conservation farming in Ethiopia. Photo: Louise Thomas/Tearfund

14 Tearfund's *Reveal* resource has a guidance note on conservation agriculture, https://learn.tearfund.org/~/media/files/tilz/reveal_toolkit_-_new/05_c2_revealing_good_practice/c2_-_conservation_agriculture.pdf

In Mozambique 13 pastors have formed a cooperative, farming vegetables and fish together. Photo: Kylie Scott/Tearfund

5.3 Rainwater harvesting

Rainwater conservation or harvesting may be an important intervention. For agricultural purposes, **groundwater runoff harvesting** is a good option. Rainwater flowing along the ground is collected in a tank below the ground surface. The tank is often constructed using bricks coated with cement. The water is unsafe to drink without proper treatment (filtration and disinfection), but is fine to use for small-scale irrigation and livestock purposes.[15] See also resources from Practical Action related to irrigation options for smallholder agriculture.[16]

5.4 Innovation

Innovation – to develop new ideas, farm new products, try new methods etc – is an important part of commercialisation. It involves encouraging farmers to experiment with new crops and methods to see what will work for them. One approach is to encourage farmers to have a staged plan towards commercialisation where they initially experiment with a new crop while continuing with their existing crops, and then over time invest more in their commercial crops as they gain experience. However, it is important that farmers do not take on too many value chains at once, as this may overburden them. The value chains invested in by the farmer groups should be limited to one or two, especially at first. But at the individual farmer level, innovation and diversification can be encouraged. Indeed, a variety of crops acts as a contingency or insurance measure: if one fails there are others to provide food and income.

15 Practical Action (2004) *Technical brief: Run off Rainwater Harvesting*, https://answers.practicalaction.org/our-resources/item/run-off-rainwater-harvesting Accessed February 2019

16 https://answers.practicalaction.org/our-resources/collection/irrigation-6 Accessed February 2019

5.5 Accessing support

There are different ways that farmer groups can be supported in production. Are there other communities who have been through this process? Could a learning visit be arranged? Can the project seek to develop **strategic partnerships** with the provincial administration; the Ministry of Agriculture; research organisations; the private sector such as input companies; financial institutions; buyers etc who can deliver business support services to the farmer groups? For example, could banks provide training to the beneficiaries on the importance of savings, opening bank accounts and related financial literacy? What other training is available? Are there services that the local government provides, or should be providing, that smallholder farmers can benefit from?

Accessing support was an important aspect of many of the case studies highlighted in this resource. For example, in Kenya (see case study on page 7), through the Commercial Villages, FCI linked the community members with other stakeholders such as banks and the Ministry of Agriculture for training purposes.

ACTIVITIES

Production – potential project activities:

- Help the farmer groups to identify their training and support needs and to identify the support services and business development services that they can link to or access.
- With the farmer groups, consider the climatic and environmental conditions and decide on whether rainwater harvesting and/or irrigation should be pursued if there is limited rainfall. Together decide the appropriate farming approach, such as conservation agriculture.
- Help to facilitate strategic partnerships.

A farmer feeding his chickens in Zambia. Photo: Mark Lang/Tearfund

6 VALUE CHAIN DEVELOPMENT: PROCESSING

A woman processing grain into flour, adding value to her produce. Photo taken in 2010. Photo: Kleran Dodds/Tearfund

6.1 Adding value to products

After the production stage, there may be ways that the farmer groups can increase the value of goods by moving them further along the value chain. After harvesting, fruit and vegetables may quickly pass beyond their peak quality condition. Adding value may serve to preserve the product, making it last for longer, and reducing losses. Preserving can also serve to enhance food security by taking care of a glut in peak seasons and scarcity in off-peak seasons. It is also possible to process second-grade products, that cannot be sold directly, into a different product, or to sell them locally after sorting and grading.

Listed below are some of the techniques that farmer groups could engage in to add value to their products:

- **Sorting and grading:** fruit and vegetables need to be sorted to remove rotten or diseased products, and to grade based on variety, size, properties such as taste and smell, and the stage of maturity.
- **Cleaning:** dirt and contaminants can be removed from the produce.
- **Removal of inedible parts:** fruit can be de-stoned, vegetables peeled, meat and poultry de-boned, nuts de-hulled etc.
- **Drying:** crops, fish, fruit and vegetables can be dried, either directly in the sun, or in a well-ventilated place that is protected from damp and flooding, or in a purpose-built drier.
- **Milling:** grains can be ground into finer materials. For example, wheat can be ground into flour, which may bring a higher return than selling unprocessed wheat.

- **Fermentation:** a harmless microorganism can be added to food causing it to ferment, which helps the products last longer.
- **Crystallising:** fresh fruit or peel is placed in heated sugar syrup, which absorbs the moisture from within the fruit and preserves it.
- **Smoking:** fish can be preserved using heat and smoke to cook and dry it at the same time. Smokers have different designs but all require a source of smoke and somewhere for the fish to be hung or placed in trays.
- **Juicing:** juices from fruit and vegetables can be squeezed and filtered. Unless the juice will be used immediately, a preservative needs to be added.
- **Making jams, chutneys and pickles:** chopped fruit and vegetables can be cooked and stored in sterilised glass jars.
- **Roasting and cooking:** many food products can be roasted or cooked in a variety of ways. For example, peanuts can be shelled and roasted, added to dishes or sauces, or made into peanut butter.
- **Pressing:** content can be extracted from products through pressing, for example extracting oil from seeds.
- **Canning:** fruit and vegetables can be preserved through canning. They may be canned whole, diced, puréed or as juice.

For more information on particular methods of processing and preserving fruit and vegetables, see Tearfund's *Reveal* resource guidance note on processing and preserving fresh produce.[17]

Daniel grows the Mercedes variety of cacao in Ivory Coast. He processes the cacao into chocolate in a community-owned factory. Daniel explains, 'I'm a cacao farmer. I enjoy farming cacao, but it seems right to me that those who farm cacao should also be able to transform it into chocolate.' Photos: Tom Price/Tearfund

17 https://learn.tearfund.org/~/media/files/tilz/reveal_toolkit_-_new/05_c2_revealing_good_practice/c2_-_processing_and_preserving_fresh_produce.pdf

Innovation is also important when it comes to processing. Farmers should be encouraged to experiment with new methods of processing to see what works well and what is profitable.

Once the farmer groups have decided on which methods of value addition they would like to engage in, it is good practice to produce a **business plan** for the goods they hope to sell, including a market analysis for these products (see Box 14).

BOX 14

Writing a business plan[18]

A business plan is a written document that describes what any business, however small, is about. It states what the business will do and how this will be achieved and explains how the business will be managed. It includes planning for growth. It is usually 4–20 pages long, depending on how complex the business is.

It includes the following:

1. **Summary**
   Summarise the whole plan in just two or three sentences.
2. **Description**
   Describe what the business produces, where and by whom.
3. **Legal issues**
   Describe (if relevant) how the business is registered or monitored.
4. **Finance**
   Describe how the business is funded and if there are plans for future funding to develop further.
5. **Staff**
   Describe who runs and manages the business: their skills, background and experience and other people involved.
6. **Impact on local economy**
   Does the business help the local economy (for example through using local resources, offering training, providing work opportunities or encouraging visitors)?
7. **Production**
   Describe the process and costs of production: the initial sources of materials, equipment and their costs; ongoing costs and repairs; rent and labour costs; and the final output and its value.
8. **Marketing**
   Describe how the product or service is promoted and marketed, mentioning competition, who the customers are and the level of demand.
9. **Financial plan**
   Include details of set-up costs, ongoing production, staff, marketing, interest and repayment of loans, all income from sale of goods and finally the profit or loss made (over several years if possible).

18 Source: adapted from Tearfund Ethiopia (2013) *Releasing potential: A facilitator's learning resource for self-help groups.* See also Tearfund (2017) *Footsteps 103 – Entrepreneurship,* article entitled 'How to write a business plan', https://learn.tearfund.org/en/resources/publications/footsteps/footsteps_101-110/footsteps_103

6.2 Potential barriers smallholder farmers face in value addition

It is helpful to consider the potential barriers that smallholder farmers may face in moving into value addition for the first time, and to think about how these barriers could be overcome.

BOX 15

Barriers faced by smallholder farmers

Potential problem	Potential solution
Lack of clear identification of market opportunities for additional products – not correctly identifying potential buyers, price, location to sell etc	• Thorough market analysis (see chapter 3)
Lack of technical skills on food processing and value addition technologies	• Learning visits to other food processors • Training • Support from agricultural extension officers
The large capital outlay often required to set up a food micro-processing plant	• Access to credit
Low quality products as compared to established processors	• Developing good quality-control methods (see section 6.3)
Inconsistent supply of raw materials to sustain rural micro-processors	• Develop storage facilities • Diversify to process different products at different times, depending on supply of raw materials
Poor rural infrastructure leading to lack of investment from potential investors	• Carry out advocacy, calling on the local government for better infrastructure

BOX 16

A note on packaging

Will the produce be packaged before being sold by the farmer groups? Packaging can be an important part of the value addition process, and can be essential in preserving and protecting goods, particularly during transport. However, food packaging has become a huge source of waste and pollution globally in both rural and urban areas. Therefore, farmer groups should aim for the least amount of packaging possible, and consider materials that can be composted or are easily recycled, rather than single-use plastics.

6.3 Product quality control

The farmer groups need to engage in methods of product quality control to ensure product standards are maintained. For example, farmers growing grain need to ensure their products are thoroughly dried to prevent rotting. The aim of quality control is to achieve a good and consistent standard of quality in the product that is compatible with the market or customer requirements. It involves sampling, analysis and then acceptance or rejection of the product. There may also be food standards set by national, regional and international statutory regulations that must be adhered to. They protect consumer health, help reduce variation in the quality of products, and help to build high consumer confidence in products. Targeting export markets will bring higher quality and standardisation requirements.

Where higher quality products are produced, groups may be able to increase their income through certification schemes such as organic or Fairtrade. While the standards and monitoring requirements for such schemes are high, the benefits are often large, and it is a way of increasing the value of goods without necessarily needing to process them.

How will farmers meet the necessary quality standards? Is any assistance or support needed for this to happen?

A woman shelling tamarind in Laos to sell for income. Photo: Amy Church/Tearfund

6.4 Contingency planning

Try to plan for things that could go wrong. What if stock gets damaged or stolen? Is insurance an option? Could a store of surplus stock be built? What if the crops or the business premises get damaged? Could an agreement be made for alternative shared premises? What other events or circumstances could happen? What will farmers do if rains come late, or not at all, or the area floods, or an insect or fungus pest attacks many crops? How can these potential challenges be planned for? What insurance options are available?

How can the skills of farmers be increased so that they are able to adapt, learn and innovate when conditions and circumstances change? The more farmers' skills are increased, the more prepared they will be for different eventualities.

ACTIVITIES

Processing

- Facilitate the farmer groups to decide on value addition activities.
- Enable the farmer groups to identify and access the support and training necessary to develop the activities.
- Support the development of business plans.

CASE STUDY 5

Moving up the value chain[19]

The indigenous communities of La Mosquitia, north-east Honduras, traditionally relied on income from fishing and the sale of coconuts and other foods. Tearfund's partner MOPAWI has been working with local communities to help them to produce Ojon oil. This oil (also known locally as batana oil) is extracted from the nut of the American palm (*Elaeis oleifera*) and can be used as a skin and hair treatment. Over the last ten years MOPAWI has developed a relationship with the Ojon Corporation, an international organisation, which has allowed the community members to export their Ojon oil to international markets. Communities harvest the Ojon fruits from the forests and then process them to produce the oil. Ojon oil production is now a very important economic activity for approximately two thousand producers in La Mosquitia.

Sustainable management of the forest and mangrove ecosystems and their resources is a very important principle in the project. MOPAWI has helped the Ojon producers to achieve Forest Stewardship Council (FSC) certification. The Ojon project has brought substantial economic development and empowerment to the communities.

The nut of the American palm in Honduras from which Ojon oil is made. Photo: Geoff Crawford/Tearfund

19 Source: adapted from Tearfund Learn website https://learn.tearfund.org/en/themes/food_security/livelihoods_case_studies

7 VALUE CHAIN DEVELOPMENT: MARKETING AND SALE

7.1 Accessing markets

Following production and processing, the next step for the farmers is marketing and sale of their produce. The community structures or groups that have been mobilised or created often play an important part in the successful sale of the products.

Higher prices for goods can often be achieved when farmers bring crops or products together to sell in larger quantities. This is sometimes called 'bulking' or aggregation. When farmers approach a buyer individually, the buyer will usually set the price. However, when farmers are organised into groups or committees, and bulk their products, they have collective bargaining power and a stronger voice. This often means they are able to get better prices. A further benefit for the farmers is that they do not have to spend money on transporting the products to the market. This arrangement is also often better for traders, as all of the products are in one place and they no longer have to spend time and money travelling from village to village. Arrangements between farmers and traders may mean that the farmers work together to ensure they have a constant supply of products, by having the product ready to harvest at different times. Or they might meet a large demand together at the same time.

Harvesting onions in Bolivia. Photo: Andrew Philip/Tearfund

It is important that farmers have access to market prices before they negotiate and agree on their sale prices, so they know whether they are being offered a fair price. Mobile phones are very useful for gathering this information, and there will be specific places, portals or 'apps' where up-to-date market information can be accessed in different countries.

This way of working depends on farmers remaining loyal to the group, and not selling their produce individually (sometimes called 'side-selling'). If a farmer is approached by a potential buyer, he or she should bring that price to the group for a joint decision to be made. Such discipline will depend on mutual trust and responsibility within the farmer group. However, farmers may be tempted to sell individually if they feel that selling individually is more profitable than as a group. It may also mean sooner access to cash, rather than waiting to receive payment through the group system. This is another reason why access to finance (see chapter 2) is such a vital component of this approach.

The group constitution (see chapter 2) should include the details of rules around selling, as well as the consequences for anyone who does not follow them, such as being temporarily excluded from joint sales. If side-selling becomes a problem for a farmer group, it may be necessary to do more sensitisation around the wider benefits of collective marketing and bulk selling, to build trust and confidence.

It is important to note that sometimes, bulking will not work. It may result in too much of the same product being on the market at one time, causing prices to fall. If this happens, staggering when crops are grown, harvested and sold will be more effective. This will help maintain both the demand and the prices. Bulking and negotiating prices may also prove difficult or impossible where the prices of certain crops are regulated by the government. For example, in certain countries, the price of maize is determined by the government and farmers are unable to set their own price. If farmers determine that they will make a financial loss in this case, then they could look at options to sell alternative crops to make a higher income.

Fish for sale at a market in Salima, Malawi. Photo: Ralph Hodgson/Tearfund

BOX 17

A note on pricing

Pricing as a strategy is important to all value chain actors. To the smallholder farmer or trader, the price they attach to their products will enable them either to make a profit or a loss. To the buyer, the price will determine whether or not they can afford the product. The buyer's interest in the price is related to their expectations about the satisfaction or benefits they hope to get from the volumes traded. Price can also have a psychological impact on buyers. For example, some buyers equate high prices with high quality.

It is important that farmers are equipped with skills in determining whether the price they are being offered will result in a profit or loss for them – calculating costs such as inputs, transport, time etc to offset against the price to determine profit. For example, prices often vary according to location, but transport may be a big cost factor. Farmers therefore need to factor this in when deciding where to sell their produce.

7.2 Developing a business partnership between smallholder farmers and buyers

The people buying from the farmer groups may be informal traders, or more formalised businesses. The formation of formal partnerships with buyers can be an important step to help maximise the returns to the smallholders. It results in long-term business relationships rather than one-off arrangements. It means that efficiency is increased for both producers and buyers, as supply is consistent and transaction costs (transport, logistics, communications) are reduced. Where partnerships are established, buyers may be willing to pay producers earlier than usual to support their cash flow. For example, they might pay some of the cost when the order is placed rather than when the products are delivered, allowing producers to have more money to buy better quality supplies. Buyers may also be able to help with the provision of inputs, either as credit or in kind; or provide support and training to smallholder farmers on how to use appropriate equipment, improve production processes, or be able to take on new post-production activities.

Who takes the lead on developing these partnerships will depend on the context. It may require the partner or programme staff to lead on this part of the process, but the more that things can be done in a way that involves, and builds the capacity of, the farmer groups, the more effective the project is likely to be in the longer term. It is important to note that brokering sales between farmers and buyers can be a time-consuming process, and staff with the right skills are needed to do this effectively.

Sometimes, trust will need to be built between smallholder farmers and buyers. There may be lack of trust if one party has broken agreements in the past, for example if producers have engaged in side-selling to get a higher price when market prices have risen, or if buyers have not honoured agreements to buy from producers at a set price when market prices have fallen. Or mistrust may be present if either side has experienced delays in payment/delivery of goods, or dishonesty in processes, such as weighing or sorting. Or sometimes, there may be lack of trust simply because the producers and buyers have never worked together before, and so need to develop a relationship of trust through beginning to trade and work together.

Good communication between the producers and buyers is key in building trust. Good communication is needed in areas such as pricing, means of payment, expected quantity and quality of goods, timelines, responsibility for transportation and what happens if there is failure by any party to comply with agreements. This can happen through forums, consultations, and stakeholder workshops where discussions

can take place between producers and other market actors about the issues that they are facing. Buyers can also understand more of producers' needs by visiting farms to see the realities and challenges of production, and producers can develop understanding of buyers' needs and challenges through visiting milling and processing plants.

It may also be helpful to start with low-risk and early-return activities to show that each side will follow through on commitments. These activities can be expanded as stakeholders become more open to working collaboratively and with increasing levels of trust.

Formal, written contracts can also help to reduce misunderstanding and build trust and security. Contracts could include the provision of loans and training to farmers. It can also be helpful if there are government or NGO officials that smallholder farmers can go to if they feel they have been taken advantage of by suppliers or buyers. Knowing that they have this option may help farmers feel more trust in buying from or selling to others.

7.3 Ongoing facilitation

It is important that the farmer groups continue to be supported, even after business plans are being implemented and business partnerships have been established. There should be continued accompaniment and facilitation in developing trade linkages with buyers and strategic partners/stakeholders such as input suppliers and government officials. Facilitation is also needed to ensure continued access to appropriate information on issues such as quality standards and specifications, and knowledge on how to use inputs most effectively or how to use specific equipment. This is ongoing and requires a development or market facilitator to continue to accompany the farmers throughout the process.

BOX 18

Suggested steps for identifying buyers

It is important to engage representatives of the farmer groups as much as possible in this process.

- **Gather information about the product:** identify the areas from which the products will be sold, and the potential volumes of products per season from the farmer groups.
- **Gather information about potential markets:** identify the various markets available that sell the products. Identify the type of market, location, and the days and time of opening. Identify potential buyers for the target value chains and find out their market needs.
- **Engage with the market authority:** establish the wholesale buyer's details and the number of traders/wholesalers per value chain. Research the government policies in the markets, and the distribution channels for the products.
- **Build relationships with individual buyers:** meet with individual buyers, introducing the project and its vision, and building their confidence in working with the farmer groups. Identify any traders association and its leaders.
- **Organise a meeting with buyers:** discuss with traders the need to hold a meeting and obtain their buy-in. Introduce the project to the buyers and discuss the various needs of the buyers that the project will seek to address in terms of sourcing the produce and capacity-building needs.
- **Make plans with individual buyers:** agree action plans with individual buyers on volumes needed, pricing, sourcing frequency, quality requirements etc.
- **Hold a farmer–buyer forum to build links between farmer groups and buyers:** organise a forum for the farmers and buyers to meet, to share their perspectives.

ACTIVITIES

Marketing and sale

- Support farmer groups to 'bulk' their products (being aware of the risks outlined earlier) and market them well.
- Enable business partnerships to be developed between farmer groups and buyers.

CASE STUDY 6

The coffee value chain in Ethiopia[20]

Village growers in Ethiopia produce coffee beans. They sell these in the local market and to village brokers who take the beans to a coffee processing site for processing and roasting. From the site the roasted beans are packaged and delivered to the national coffee market in Addis Ababa. There are laws controlling all the different stages to ensure good-quality outputs. Following a value chain analysis, members of SHGs [self-help groups] realised there were opportunities to move along the value chain. Instead of each farmer selling to the brokers or in the market, members of the SHGs would buy all the local beans and take all the beans directly to the coffee processing site. This required funds and good organisation, but quickly yielded much higher profits. The SHG members had moved a stage along in the coffee value chain.

Roasted Ethiopian coffee beans. Photo: Will Boase/Tearfund

20 Source: Tearfund and Samaritan's Purse UK (2011) *Think livelihoods! A facilitator's manual for applying a livelihoods lens when working with people, households and communities affected by HIV*

8 THEOLOGY, VALUES AND ETHICS

In some contexts, it may be appropriate to combine a market-based agriculture project with work that challenges unhelpful or harmful cultural norms around the management and expenditure of money. It may be an opportunity to help communities to understand biblical values on both income generation and expenditure. This chapter includes some resources that could be used with communities.

BIBLE STUDY 1
Godly attitudes to business[21]

Being prepared

Read Proverbs 31:10–31

In this passage, we learn about a busy and godly wife. She is always hard at work – she grows food, manages land and makes cloth, bedding and clothing. Instead of one enterprise, she is involved in several. She does not fear what the future may bring because she has prepared herself for it. She is also caring, loving and widely respected. What an example!

- What can we learn from this picture?
- How can we help our families and our communities be better prepared for an uncertain future?

The right attitude to money

The Bible contains a lot of teaching about money. It certainly does not forbid making money. Paul taught that we should work hard to provide for our needs and those of our families. In the New Testament we read about godly people who were successful in their businesses, such as Lydia, who was a dyer of purple cloth (see Acts 16:14).

In **1 Timothy 6:6–12**, there is some very wise teaching about the need to be content with what we have and to have an appropriate attitude towards material things. The passage does not say that making money and using it well is wrong. It is good to make full use of our resources and abilities. However, the love of money rather than of God is wrong. It is our attitude that is so important as we seek to build up our enterprises.

- How can we make sure we have the right attitude to money?

21 Source: Tearfund (2017) *Footsteps 103 – Entrepreneurship*, adapted from *Think Livelihoods!* https://learn.tearfund.org/en/resources/publications/footsteps/footsteps_101-110/footsteps_103

BIBLE STUDY 2

Caring for God's world[22]

Read Genesis 1

The Earth and all that God has made is 'very good' (Genesis 1:31).

- How does this help us to see that spoiling the beauty of the Earth is wrong?

Read Psalm 24

- If we start to see the world as God's and not ours, how might we treat it differently?

Read Genesis 1:26–28 and 2:15

- What do these verses say about our relationship with the rest of creation?
- How might we reflect God's character by being creative in our care for the world?

Read Exodus 23:10–11 and Deuteronomy 20:19–20 and 22:6

God has set limits to our use of the natural world. We should no longer see it as something to pollute or waste. It can be easy to fall into despair with all the problems of pollution and the lack of care for God's creation.

Read Psalm 8, Psalm 104 and Psalm 145

Think about God's goodness in creation, God's faithfulness to his people and God's provision for all needs.

- How do these things bring hope rather than despair?

Bible study group, Assemblies of God Church, Motherpur, Dinajpur, Bangladesh. Photo: Ralph Hodgson/Tearfund

22 Source: This Bible study was written by Bob Carling and first published in Tearfund (2004) *Footsteps 59 – Pollution,* https://learn.tearfund.org/resources/publications/footsteps/footsteps_51-60/footsteps_59

BOX 19

Principles for spending money[23]

Below is a short list of questions that can be shared with individuals and families who find themselves with more money than they are used to having. The questions may help people think about the principles they would want to guide the spending of their money.

Which principles do we want to guide our spending?

- What are our short- and long-term priorities? Which things are important to us now, and what will be important to us in future years? *This is an important question when it comes to making decisions about money. Spend time thinking and talking about this.*
- Do our current spending decisions reflect these priorities? If so, how? If not, why not?
- What do we consider 'wise spending' of money?
- How do we currently manage our money? How do we make decisions on what to prioritise each day? Do we make decisions based on the necessity of today, or are we able to think about the future? Are we in a position to think about saving or investing any money?
- Are there things that we would like to change in the way our money is spent? What factors are stopping these changes taking place?
- Who makes the decisions about spending in our family? Are we happy with this, or do we want others to be involved? Have we considered the needs of the young, the elderly, our spouse?

For particular purchases/expenditures you could ask:

- Does this purchase reflect our priorities?
- Will we still feel happy that we spent the money on this item, in one year's time? In five years' time?

Bible study. Photo: Ralph Hodgson/Tearfund

23 Source: Tearfund's *Reveal* resource: A2 – Managing increases in household income, https://learn.tearfund.org/~/media/files/tilz/reveal_toolkit_-_new/02_a2_activities_to_reveal_hidden_issues/a2_-_managing_increases_in_household_income.pdf

9 MONITORING, EVALUATION AND LEARNING (MEL)

MEL is an important part of project planning and implementation. It is necessary for accountability in the use of resources and to demonstrate effectiveness. However, the primary purpose is to help us learn and improve, share good ideas, avoid mistakes that others have made, and to become more effective in making a difference in the lives of those we work with.

Before starting, think about what you want to measure in order to monitor, evaluate and learn, and therefore what data you need to collect.

Data is needed for two purposes: for the project itself to track impact and effectiveness, and more importantly, for the farmers – to be able to understand and measure their own progress. Ideally, the same data should serve both purposes!

The farmers could measure and track the following:

- The quantities and prices of inputs
- The volume of production
- The volume of sales
- Input and transport costs
- Price trends
- Profits made
- Quality of inputs
- Effectiveness of technical assistance etc

Finding the time to gather and collate data and information can be difficult. It is important to plan for this from the start, scheduling adequate time to train and accompany the farmer groups in collecting the data. Thought needs to be put into where the information will be collected and held, and what indicators will help the project, and the farmers, to assess progress.

There may be specific criteria that need to be adhered to depending on the funding source of the project, but below are some general guidelines around MEL that could be followed.

- Carry out a baseline and context review at the start of the project. This involves establishing what the current situation or baseline is; establishing the issue or needs to be addressed. It is important to document the agricultural, economic, social and environmental practices at the start of the project so that changes in these spheres can be monitored over the course of the project.
- Carry out monitoring and reporting, maintaining awareness of the situation as it evolves over the course of the project.
- Carry out a mid-point review, taking stock part way through an intervention to ensure that it is on track and that the assumptions on which it has been based appear valid, making changes as required to build on successes and overcome weaknesses.
- Conduct an end-point review to confirm what has been achieved and the impact made (positive and negative), accounting for the use of resources and identifying, acting on and sharing insights.

It is important to develop a monitoring and evaluation plan at the start of the project. Box 20 is an example of what it might look like.

BOX 20

Example of a monitoring and evaluation plan

Objectives	Indicators	Base line	Year 1 target	Year 1 actual	Year 2 target	Year 2 actual	etc

It is also important to encourage the farmer groups to reflect, monitor and learn as they develop their activities. For example, a group could discuss:

- Is everyone in the group actively involved and benefiting?
- Are the group rules working?
- What have we learnt?
- Is there anything we need to change?

When a group plans ahead, they should build on the lessons learnt from past actions. This means that future actions will be more effective.

Allard, a farmer in Mbaiki, Central African Republic. He's been helped by Tearfund through receiving tools and seeds to help him start farming again. Photo: Hazel Thompson/Tearfund

‘Whatever you do, work at it with all your heart, as working for the Lord, not for human masters, since you know that you will receive an inheritance from the Lord as a reward. It is the Lord Christ you are serving.’

COLOSSIANS 3:23–24

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