

Developing Agricultural Markets through Business Services

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Content

- The Vegetable sector
 - Exports
 - Regional (Rangpur)
- Key market constraints and responses
- On-going interventions
- How does market development for business services in rural areas impact the poor?



Vegetables in Bangladesh

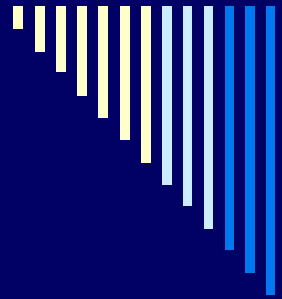
- 3.6% of GDP, 10 million farmers 34% of labour force & 28% of population involved
- Annual production of 1.5m MT vs. demand of 10m MT; Area under cultivation 1.79% & low yield of 1 MT/ha; low rates of productivity increase
- Per capita consumption of 60g/head/day instead of required 200g/head/day

Vegetables in Rangpur (KATALYST)

- 1.6 m farmers - 45% in commercial production with an additional 50,000 in the value chain
- Major crops; tomato, pointed gourd, bitter gourd, cauliflower and cabbage
- Production of 67,000 MT

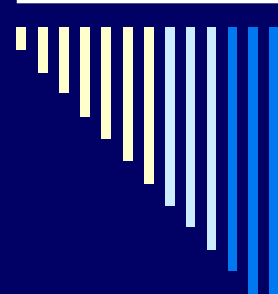
Vegetable Exports (SEDF)

- US\$13 million in Middle East, Europe
- Main exports: French bean, bitter gourd, yard long bean, stolon of taro and okra



Questions for KATALYST and SEDF

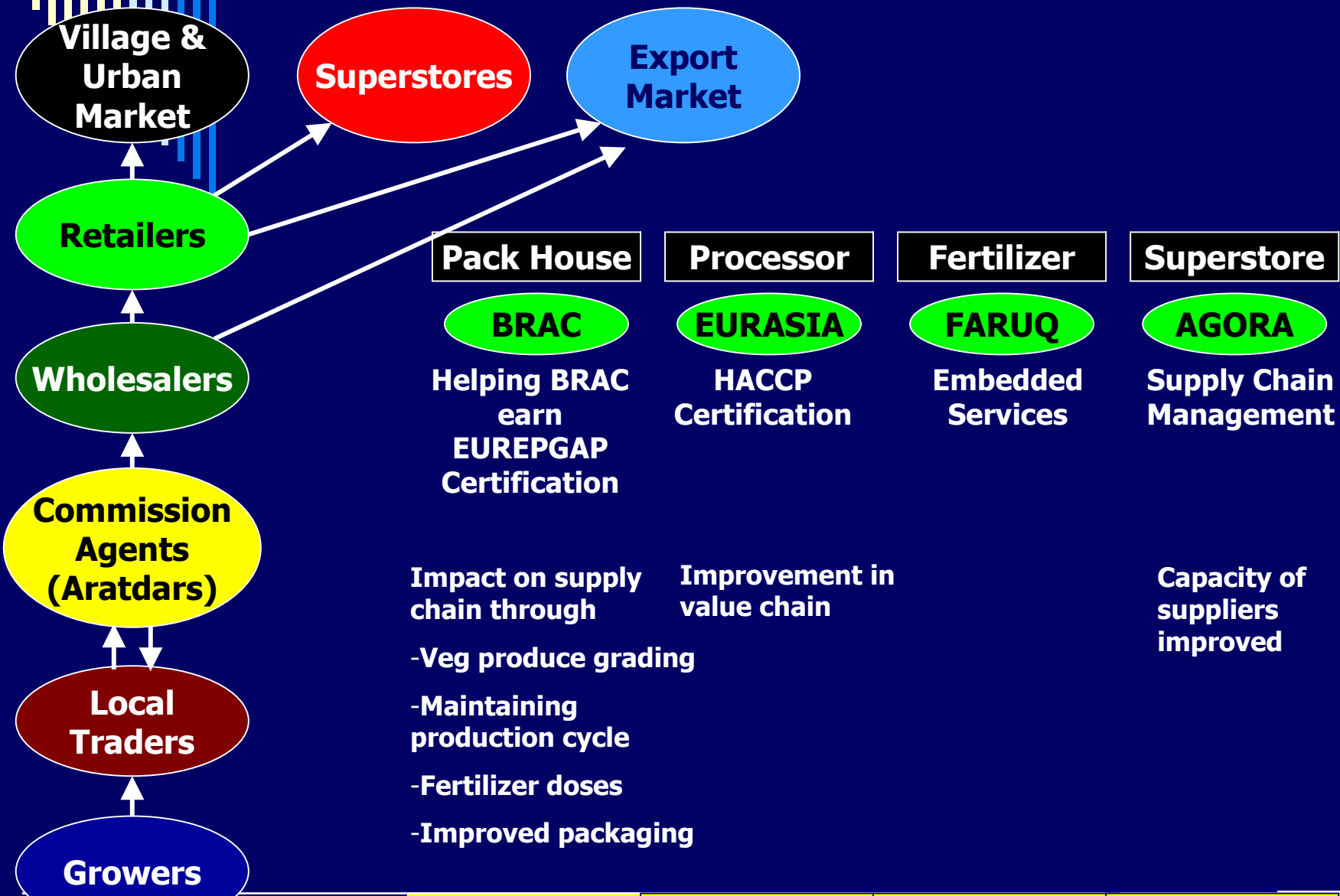
- How is this sector, and parts of it, changing?
- What are the critical constraints and opportunities?
- How can business services address these?
- Who could be potential partners and what are the incentive mechanisms?
- How can interventions be designed to have pro-poor outcomes?



Key Constraints in Vegetable Exports Value Chain- SEDF

Input-related	Market related	Technology-related	Product-related	Policy-related
Low quality seed supplied	No sector supply and value chain analysis	Lack of cool chain management	Farmers lack awareness on methods of handling, sorting, grading, packaging and transport	Inadequate air freight space for fresh produce export
	Lack of quality standards for domestic and international markets.	Lack of quality processing and packaging facilities Lack of new machineries	Lack of seed grading	Expensive and not competitive Cargo handling at the airport (e.g Thailand and Kenya.
	Lack of product differentiation among retailers		Lack of reliable market information	Lack of Bank financing and poor knowledge of bankers in supply chain

SEDF Supply Chain Analysis and Intervention Strategies



SEDF Market Dev. Intervention



**Business Like
NGO**

**International
Markets**

Farmers

**Urban
Consumers**



SEDF/FARUQ Intervention

Work with a fertilizer company to inform farmers about the benefits of using organic fertilizers

SEDF Inputs (Through Service Providers):

- Package design, Market promotion through trade fairs
- ISO 9000 and 14000 Certification, Access to Finance

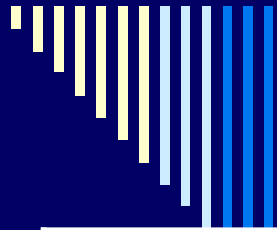
Printing related information in fertilizer packages + training

Client Specific

Pro-poor Specific

Effects

Indicators	Pre-July 2003	July 03 – Dec 04
Retailer Training	None	2 trainings for 200 retailers
Sales	27 tons	110 tons
Income	8,910 USD	27,666 USD
Outreach	1125 farmers	4580 farmers
Yield		↑ 15 – 20%
Market price		↑ 15%
Cost of Cultivation		↓ 30 – 40%



Key Constraints in Rangpur Vegetables - KATALYST

<i>Input related constraints</i>	<i>Low productivity constraints</i>	<i>Policy constraints</i>	<i>Value chain constraints</i>
Limited access to hybrid seeds	Limited soil testing services	unhealthy use of colours in vegetables	Inadequate number of physical market places
	High wastage in transport		
	Inadequate knowledge on use of inputs of farmers		



KATALYST's Pro-Poor Response

**Identifying
Bottom of the Pyramid
markets for large
seed suppliers
and importers**

**Promoting
soil testing as
a mechanism
to deliver other
extension services**

Pro-poor strategy

High outreach interventions

***Increased incomes to the
poor as laborers, farmers or
entrepreneurs***

***Sustainability - focus on
embedded & public benefit
services***

***With a view to making the
sector more competitive***

**Improving
the flow of
knowledge of inputs
from retailers to poor
farmers**

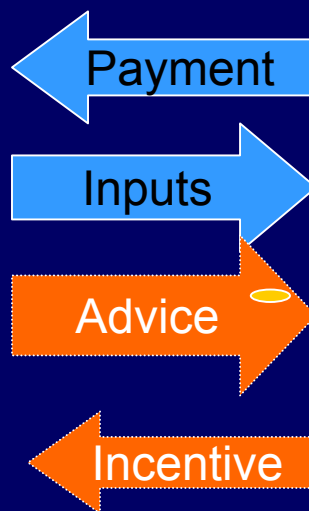
**Assisting
chambers
to promote physical
market places as
a basis
for other services**

KATALYST: Improving knowledge on inputs for vegetable farmers from retailers

Better Knowledge

K's intervention:
Work with a large pesticides company to include info on seeds and other input use in its retailer training programme

400 Retailers of agricultural inputs



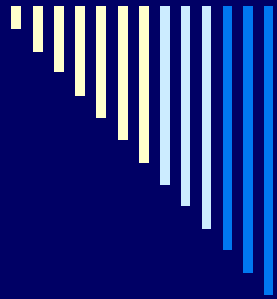
50,000 farmers

Improving this advice leads to increased productivity

Increased Productivity

Gender outreach

Some Indicators	Intervention	Pre/Control group
Sales of quality crop protection	35% increase	15 % increase
Sales of quality seeds	108% increase	28% increase
Quality of advice to farmers	97% good	80%
Impact on farm profitability	97% high	80%



Other Agricultural & Agriculture Related Markets



Rangpur

- Vegetables
- Maize

Faridpur

- Pond fishery
- Poultry

Rajshahi

- Vegetables
- Bamboo

Bogra

- Agro-tools & machinery



National

- Vegetables

National

- Agro-tools & machinery

National

- Poultry

National

- Aquaculture
- Shrimp



How Business Services impact the poor in rural areas

