

inter
cooperation



Intercooperation's contribution to
Market Development

1 Concept and definition

The livelihoods of rural people are linked to markets in many ways. Their income and employment depend directly on their participation in markets – as producers selling their products and/or as workers offering their labour. In addition they are consumers, buying products and services according to need. IC's aim in market development is to support and enable rural people, especially the most socially and economically disadvantaged (henceforward, the "rural poor"), to act independently in commercial market processes and to gain control over them as far as possible.

IC focuses on how to promote fair and equal opportunities for the rural poor in accessing markets, and in obtaining employment. Past approaches focused on production without analysing the market. By contrast, market development focuses on existing and potential demand for goods and services that can be supplied by the rural poor. A fundamental issue is the building of new partnerships and linking stakeholders with the private sector, in a manner that benefits the rural poor.

Economic development in rural areas is closely interlinked and interdependent with nearby urban, national and international markets, all of which are dynamic. Identifying the right target market is very important. Analysing market opportunities and constraints, carefully checking the feasibility and profitability of different market options and then targeting the most promising one enhances the chances of success.

LEAF – Livelihoods, Empowerment and Agroforestry, Bangladesh: Marketing extension

LEAF works towards reducing poverty amongst small and marginal farmers in NW Bangladesh through the development of human and institutional capacities and the better management of their resources – especially through agroforestry. Supported through the project, groups of poor men and women farmers work together to improve their capacity to understand market mechanisms, and profile their product(s) accordingly. This has been achieved through the development and implementation of marketing extension.

A powerful 6-step tool empowers farmers to identify market opportunities and plan how to exploit them, as follows:

1. Assessment of group's products: Analysis of constraints and opportunities from production to market level. Selection of 2 to 3 potential products
2. Analysis of selected products: Cost/profit and value chain analysis
3. Market survey: Interaction with traders about price, quality, volume of selected products. Identification of new market opportunities
4. Analysis of market survey findings: Development of strategies according to information collected
5. Selection of strategies (production and marketing) for existing products and new products
6. Development and implementation of action plan

Results: After 3 years of implementation, 11'000 producers have seen their monthly income increasing by 11 to 100 Euro for a range of nearly 80 different products such as vegetables, chillies, milk, handicraft, mini garments, poultry, fish, eggs, etc.

A project funded by SDC, Swiss Government

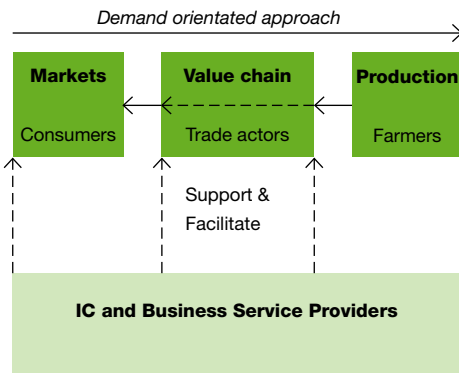
2 Market development: Objective and role of Intercooperation

IC's objective in market development is to contribute to enhanced livelihoods of the rural poor through improving their marketing know-how and fostering an entrepreneurial attitude; establishing viable and sustainable trade relationships; and sustainable income generation. IC evaluates opportunities and constraints in the value chain, focusing mainly on the post-production (processing, marketing) level, and always aiming at long-term sustainability and economic viability.

IC's role in market development is to facilitate and support. Project activities include

- capacity building
- networking and creating marketing linkages through facilitation and mediation of trade relations, stakeholder meetings and forums
- coordination of market activities through the provision of market information, market events (fairs, market days), and visits by producers and buyers

The market development approach



SPHP-K – The Swiss Project for Horticulture Promotion, Kosovo: A value chain approach

The SPHP-K commenced in spring 2001, with the principal goal to contribute to labour and income generation in the rural areas of Kosovo. Physical reconstruction and social reorganisation, as well as the establishment of modern service delivery systems in agriculture and agribusiness are supported and strengthened. The main challenge of SPHP-K is in enhancing the value chain: assisting local farmers in the production of competitive, high quality vegetables and fruits for local markets, fostering their marketing skills, supporting the substitution of imports, and exploring opportunities to work with all other actors involved in processing and marketing. A specific focus is placed on input supply (nursery promotion). Support is provided to small enterprises engaged in post harvest activities and marketing initiatives. The project works with a wide range of local partners and promotes an enabling environment for a strong horticultural industry.

Result: In the case of strawberries, locally produced fruit captured 33% (approx. 130 tonnes) of the Kosovo market in 2006 – up from zero in 2001 – the majority being produced by the Project's clients and indirect clients.

A project financed by the Federal Office of Migration and SDC, Swiss Government

3

Intercooperation's competences and networks in market development

In rural economy, the competence of the FEM (Finance-Enterprise-Market) team is complemented by the expertise of Intercooperation's other teams, especially Agriculture and Forest and Environment, as well as the contextual knowledge of our field units. Current competences are built out of long field experience enhanced by state-of-the-art knowledge.

To complement in-house competences, IC has developed strong links with other institutions and networks that are active in market development.

These include:

- FIBL; Research Institute of Organic Agriculture, Switzerland
- CIMS; Centro de Investigaciones sobre Mercados Sostenibles, Costa Rica
- CABI Switzerland
- Fair trade networks such as Max Havelaar Switzerland and FLO (Fairtrade Labelling Organisations International); Bonn, Germany

ECOMERCADOS: A market approach

This project aims at improving the commercialisation of organic and fair-trade products from Central America with the overall objective of fostering market access for small and medium producers. Central America's organic product producers are heavily dependant on a limited number of export products. The project focuses on product and market diversification, including the development of national markets. The main challenge is in connecting emerging market demand with the existing product supply. During the first phase, the project is mainly focused on Nicaragua and Costa Rica, with four lines of project activities being implemented.

1. Market intelligence providing basic and improved specific market information linked to concrete support in marketing (pilot cases)
2. Marketing support: Selected market actors are supported in their efforts to capture new markets
3. Promotion and guarantee: public campaigns and the launching of a guarantee mark aim to increase consumer awareness
4. Trainings and capacity building focus on marketing and business planning to enhance the competence of market actors and facilitate trade relations

The project has started to initiate a process of enhancing organic markets in Central America and of catalysing new initiatives in this market.

A project financed by SECO, the Swiss State Secretariat for Economic Affairs

4 Approaches and principles

In supporting the development of markets, IC adopts the following approaches and methods:

- *Demand and supply orientation:* Focusing on customer needs (demand) and producer capacity (supply) and establishing a good match
- *Market orientation:* Focusing on the “four Ps” as principles of market development: Product and Product development, Price (profitability, economic viability of business), Place (marketing channels; distribution), and Promotion
- *Participatory approach:* Supporting ownership and empowerment of the partners and stakeholders (eg. Rapid Market Appraisals)
- *Best use of resources:* Promoting cooperation and alliances with other donors
- *Clear focus on commercialisation:* For all marketing activities the focus is on the value chain, its actors and functions.
- *Financial services:* are provided by separate entities
- *Indirect facilitation:* IC works through partner organisations and service providers

IC is committed to the following principles in its project interventions:

- *Economic rules:* Application of a business approach and open cooperation with private sector.
- *Renunciation of direct involvement:* No direct responsibility in the market activities, and no direct financial participation in trade activities.
- *Subsidies:* No continuous subsidizing of prices and services, but from case to case possible help in start-up investments under condition of clear business plan.
- *Equity:* specific attention to the disadvantaged and to gender aspects (see IC Topic Paper for more information) and inclusion of women in commercialisation activities
- *Situational approach:* Considering the prevailing context when designing the project set up
- *Institutional framework:* Together with other organizations or institutions foster improvement of framework conditions on meso/macro level where necessary

Intercooperation's Finance – Enterprise – Market team:

Private public partnerships and entrepreneurial initiatives link market development very closely to the approaches in enterprise development and financial services.

Enterprise

- Entrepreneurship promotion
- Management skills
- BDS market development
- Organizational development
- Cluster & value chain approach

Finance

- Development of savings & credit schemes
- Development of services & products
- Access to credits for MSEs
- Human and institutional development
- Regulatory environment

5 Intercooperation's services in market development

IC provides the following services, illustrated by a few concrete examples:

- **Market analysis:** Exploration missions of organic and fair trade sector in Central America; feasibility studies and project design for the SECO
- **Market studies:** Rapid appraisal of market opportunities in Europe for organic vanilla from Manarara Biosphere reserve, Madagascar
- **Public-private partnerships:** Backstopping of Allanblackia market development initiative of IUCN/Unilever project of SECO in Ghana
- **Development of pro-poor market approaches:** Support of pro-poor enterprises marketing hand made paper articles produced by community forest user groups in Nepal
- **Analysis of supply chains:** Evaluating market potential of selected organic products (cotton, honey, fruit juice) in Tanzania
- **Development of marketing strategies:** Support in project design and approaches for a pilot marketing strategy in a local economic development project in Madagascar, in cooperation with local service providers
- **Facilitation of market access:** Accompanying the introduction of improved packaging and brand names for strawberries and home made jam in Kosovo
- **Marketing training:** Workshops in Nepal, Madagascar and Bangladesh

Intercooperation (IC) is a Swiss foundation specialized in international and development cooperation. IC's principal working domains are: *natural resource management* (forestry, agriculture, environment), *rural economy* (savings and credit, small enterprise promotion, marketing of agricultural and forest products) and *local governance and civil society* (promotion of self-help groups and professional associations, municipal development, decentralization). IC is a knowledge organisation and an executing agency, supporting partners in more than twenty countries of the South and the East. IC's principal mandate is the Swiss Agency for Development and Cooperation (SDC). Additionally, IC works with and for many other government and private, Swiss and international institutions.

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Natural Resource Management
Rural Economy
Local Governance and Civil Society

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