



Short Article

Linking Farmers with Markets: Ways to Reduce Poverty Through Supply Chain Management

Supply Chain Management (SCM) implies managing the relationship between businesses responsible for the efficient production and supply of agribusiness products from farm level to consumers, to reliably meet consumers' requirements in terms of quantity, quality and price. In practice, this often includes the management of both horizontal and vertical alliances (Woods, 2003). The analysis of supply chains consists of (1) mapping and describing the supply chain, and (2) identifying areas for improvement.

There are six principles underlying the SCM method, namely, (1) knowing customers and consumers, (2) creating and sharing value, (3) getting the product right, (4) logistics and distribution, (5) information and communication, and (6) effective relationships. Assessing the whole SCM is based on these principles. From that point one can identify areas for improvement of the whole system.

In developed countries, SCM has been applied in the business environment. It is a guarantee that the supply chain can deliver top-quality products. The approach has been practiced more in developed countries than in developing economies. In developing countries, the supply chain of agricultural products typically involves many players or agents with many farmers at one end and consumers at the other. Generally these traditional supply chains are tightly linked with social structures. Therefore SCM means very little to most of the growers or farmers in developing countries. They are concerned only with producing their crops without having sufficient knowledge of what consumers really want. Usually, farmers in developing countries are not concerned to meet consumers' needs. They often are price-takers. Their contact with "markets" is often limited to dealing with a produce collector or to sales at the local/village market and district market. Johnson (2003) stressed in his case with cocoa and banana farmers in Indonesia and Papua New Guinea that,

given that farmers' contact with "market" is so restricted, it is not surprising that farmers have little awareness of the suitability of their product, or indeed if they are producing the right crops.

Consumers' wants and preferences are not transmitted directly to the farmers who produce or plant the crops, so sometimes there are "missing links" connecting consumers at one end, and producers/farmers at the other. As communities continue to develop, greater focus on "linking farmers with markets" may be the key to **sustainable income generation**. This income, in most cases of agricultural farmers, can be increased and sustained to reduce poverty. In many cases, there should have been a shift from just supplying products to consumer-driven production. Be it production of cash crops or food crops.

Meeting consumers' needs involves integrated management of the transactions and relationships between farmers, traders, and firms as well as processes within them. Managing these relationships provides an opportunity for negotiating the shares between chain members of the value produced and added within the chain. Asian experience of using SCM to analyze fresh produce indicated that the most significant constraint was getting the product right. Getting the product right means right in terms of what customers want. In Papua New Guinea, the constraint is an inadequate marketing system. In both cases, the sale of the product is a very important source of cash income for the largely rural population ■

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(References available upon request)

Flash **BREAKING**

More Than One Billion Children in Poverty

A new UNICEF-sponsored report measures the extent of child poverty, not only in terms of income, but also of deprivation of basic human rights such as shelter, food, water, sanitation, health, education and information. Drawing from the largest, most accurate survey sample of children ever assembled, the report has found that over one billion children (more than half of those living in developing countries) suffer from severe effects of poverty and 674 million (over a third) are living in conditions of absolute poverty. Nearly 450 million aged between 3 and 18 (25 per cent) have no access to a radio, television, telephone, or newspapers at home.

Anonym, 2004. New Study Shows One Billion Children in Poverty, Newslife, <http://www.peopleandplanet.net/section.php?section=16&topic=2>, (14 Nov 2003).

Decreasing Aid to Poor Countries

Most developed countries have been steadily cutting their aid contributions over the last 20 years. The effectiveness of aid is also undermined by the fact that it is often allocated according to political priorities. Aid often does not even offset the debt repayments poor countries are repaying to richer states.

Anonymous, 2004. One Step Forward, Two Steps Back: Ownership, PRSPs and IFI Conditionality, Partnership Report, <http://www.global-poverty.org/PolicyAdvocacy/>, (23 Apr 2004).

Soybean Ink: A Prospective Breakthrough

The use of soybean as a raw material for ink has been considered as a prospective breakthrough. With hardware innovation, the Xerox Phaser 8400 printer uses extract of soybean as a high quality ink at a cheaper price. The quality of the picture using this ink has a resolution of 600x600 dpi. Moreover, this innovation is considered environmentally friendly. Currently, this ink is being produced in the USA and soon will be followed by China, Japan, and Korea. If this can be realized, the demand for soybean is predicted to increase and soybean farmers are expected to take advantage of this increasing demand.

Kompas, 2004. Xerox Phaser 8400, Printer Ganggih Tinta Kedele, (26 July 2004).

Mixed Impacts of Trade Liberalization on Poverty

The evidence on the impacts of trade liberalization on poverty reduction is mixed at best. Open markets are neither inherently good nor inherently bad for poverty reduction. The impacts of trade liberalization on poverty levels depend on many factors, such as, the initial distribution of income and assets, what people in poverty produce, buy and sell, and how internationally competitive the national producers are. Some of the countries (Haiti, Peru, Mali, Nepal) that opened their markets most rapidly and deeply have poor records in poverty reduction. Meanwhile, some countries that are clearly among the most successful globalizers (China, Viet Nam, Uganda) have aggressively promoted exports while carefully managing imports, and have achieved impressive results in poverty reduction.

Twyford, P., 2003. Does Trade Liberalization Exacerbate or Reduce Poverty? Trade and Globalization in the Lead up to the Cancun Ministerial, Oxfam International, Address to the Council for International Development Trade Forum, (21 February 2003).

Less Food More War

A study found that one main factor determining civil wars or regional conflicts is nutritional or agricultural crises. The robustness of this finding (model) is tested through a prediction of likely outbreaks in hostilities in Sub-Saharan Africa over the period 2000-2004, with several accurate predictions. From a statistical analysis of the relationship between nutritional and agricultural variables and the outbreak of civil war, it was found that protein and calorie supply are statistically significant determinants of civil wars in Africa. Moreover, as measures of poverty, protein and calorie supply are more reliable predictors of conflict outbreaks than GDP per capita. Based on rebel groups' choice of location within a country, there is a higher probability of outbreaks in regions with cash crop processing industries and in the most deprived parts of a country. Finally, dependence on primary commodities or mineral deposits is found to be insignificant or not robust as a factor contributing to the outbreak of conflict. The study concludes that, while much attention has been given to the impact of greed for resources as a motivation for civil wars, a more important cause of conflicts has been a failure of governments to implement effective policies in favor of a secure and sufficient food supply for their people ■

Based on Moradi, A., 2004. Have Gun Give Food: Agriculture, Nutrition, and Civil Wars in Sub-Saharan Africa, WIDER Conference on Making Peace Work, <http://www.eldis.org/cf/search/disp/docdisplay.Cfm?doc=DOC15216&resource=f1food>.

“Fair Trade” for the Poor

In today's world economy, where profits rule and small-scale producers are left out of the bargaining process, producers, mainly poor farmers, are often left without resources or hope for their future. Fair Trade helps exploited producers escape from this cycle and gives them a way to maintain their traditional lifestyles with dignity. Fair Trade encompasses a range of goods, including agricultural products. Some important principles of fair trade are that (i) producers receive a fair price - a living wage or for commodities, a stable minimum price; (ii) buyers and producers trade under direct long-term relationships; (iii) producers have access to financial and technical assistance; and (iv) sustainable production techniques are encouraged.

Fair Trade products can be identified by the Fair Trade Certified label or the Fair Trade Federation logo on a product. The Fair Trade Certified system involves non-profit organizations in 17 different countries, all affiliated with Fairtrade Labeling Organizations International. The Fair Trade system benefits over 800,000 farmers organized into cooperatives and unions in 48 countries. Fair Trade has helped farmers provide for their families' basic needs and invest in community development. However, these farmers are still selling most of their crop outside of the Fair Trade system because not enough companies are buying at Fair Trade prices ■

Based on Anonymous, 2004. About Fair Trade, Release,

Land Rights to Support the Poor

Strengthening poor people's land rights and easing barriers to land transactions can set in motion a wide range of social and economic benefits including improved governance, empowerment of women and other marginalized people, increased private investment, and more rapid economic growth and poverty reduction. Secure land tenure, especially for poor people and for women whose land rights are very often ignored, is a key precondition for this. Effective land policy fosters investment and enhances productivity, and helps to empower poor people to participate in economic opportunities and in society more generally. Moreover, increased tenure security increases the value of land and can greatly increase poor people's wealth, in some cases almost doubling it. Poor people with secure land tenure are more likely to invest in the land. Where credit markets function, formal land rights can make it easier for poor people to borrow money, for example to start a new business. Governments have an important role to play in providing the legal and regulatory support needed to strengthen poor people's land rights and reduce the cost of land transactions, for example, boundary demarcation, conflict resolution mechanisms, and land registries. Countries as diverse as China, Mexico, Thailand, Uganda, and some transition countries in Eastern Europe, have begun to address land policy issues in ways that benefit everybody ■

Based on Deininger, K., 2004, World Bank Policy Research Report, Oxford University Press and the World Bank 2003.

Promoting Renewable Energy to Reduce Poverty

The New Economics Foundation (NEF) says that the spiraling costs of climate change and dwindling supplies of oil will undermine UN targets to reduce global poverty, unless there is a major shift towards renewable energy. The business-as-usual development strategies based on fossil fuel are self-defeating. The costs of "natural" disasters mostly linked to global warming hit \$ 60 billion in 2003. Currently renewable sources account for around 13 per cent of global energy supplies. To realize this idea of shifting towards renewable energy, governments have to adopt key measures to increase the uptake of renewable energies. These include (i) implementing the target set by the G8 group to provide at least one billion people with renewable energy by 2010, and increasing the target of access to clean energy to two billion over the next ten years; (ii) reforming international financial institutions and export credit agencies to enable a dramatic increase in funding for renewable energies in developing countries; (iii) phasing out World Bank Group subsidies to fossil fuel projects by 2008 and government subsidies for fossil fuels and nuclear energy. To create a shift towards renewable energy, distorting subsidies on fossil fuels must be stopped or reduced and proper investment in clean energy promoted. Subsidies to coal, oil and gas, measured conservatively at around \$ 235 billion per year, directly distort the global economy and hold back the development of renewable energies. The idea to shift to renewable energy has been successful in some regions, such as in India and Bangladesh ■

Based on Peopleandplanet, 2004. Renewable Energy Can Help Reduce Global Poverty, Newslife, <http://www.peopleandplanet.net/doc.php?id=2268>, (23 June 2004).

Flash EVENTS



Biosafety Capacity Development: An International Review of Policies, Research, Practice, and Environmental Risk Assessment

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2004 CIGR International Conference Olympic of Agricultural Engineering

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Beijing, P. R. China

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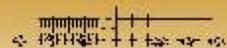
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Book Review

My Neighbour, Your Neighbour: Government, Poverty, and Civic Engagement in Five Jakarta Communities

Lea Jellinek, et al., Department for International Development, Jakarta, 2002

Using participatory approach, this book aims to explore the understanding and aspirations of poor people regarding actual and preferred organizational forms for poverty reduction. Through participant observation, interviews, and community meetings, the dynamics of community organization in five poor urban areas in Jakarta was discussed.

The first community organization discussed was Lembaga Ketahanan Masyarakat Desa/Kelurahan or Community Welfare Organization at village level (LKMD/K), a government-imposed structure functioning as a kind of community welfare organization intended to mobilize and coordinate development efforts at the village level. It was found that this organization is not effective to reduce poverty because it is dominated by the head of the village, lacking independence, a clear role and credibility. The second organization type observed are the groups imposed by donor agencies and NGOs as structures for delivering funds and other assistance. These groups are usually formed only for the purpose of receiving funds but these funds often do not reach the poorest people because they lack entrepreneurship, are reluctant to assume debt, and are not invited into groups for fear they will default.

The third group of organizations studied are the formal religious or secular associations created by members to meet specific needs. These organizations have no links with government or non-government agencies concerned with poverty reduction, a fact that induces the under-utilization of their capacity in poverty reduction efforts. Finally, an amorphous and informal sector, comprising the myriad of modes of everyday associations and mutual support between neighbours, kin, and ethnic origins is also discussed. For poor people, these represent the most significant and valuable resources.

The general conclusion that can be derived is that the poor are still far from the reach of the formal and informal organizations, even of the organizations working in their name and for their sake. The poor prefer organizations that are transparent, democratic, accountable and inclusive, respecting and seeking links with all sectors of society, individuals and groups, rich and poor.

With its participatory approach and a clear research design, this book provides a good picture of the types and roles of various formal and informal organizations in poor areas, in Indonesia, especially in Jakarta. The analysis of the constraints faced and achievements of these organizations in poverty reduction constitute valuable information and knowledge for the development of poverty reduction programmes, especially from an institutional perspective. However, this book does not provide clear and concrete solutions to make these organizations more effective to reduce poverty. The contribution of the book, as admitted by the authors, is offering modest beginnings to the long re-orientation process that must be followed to reduce poverty.

The contents of the book, to some extent, make contributions to the efforts of reducing poverty by developing secondary crops. As often stated, besides technical and market problems, a lack of appropriate farmer organization of secondary crops' farmers is also a major constraint. With some modifications and enrichment, these types of organizations could be developed as an alternative for farmer organizations. For example, the use of informal religious organizations in Indonesia is often found to be an effective way to transfer technology, such as found in estate crop communities in West Java and South Sumatra (Fadjar, 2000) ■

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