

Experiences in Linking Micro- and Smallholder Farmers to Markets

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Extreme poverty remains largely a rural phenomenon. Poverty, along with lack of access to social services and good jobs, remains entrenched in remote and rural areas. Finding ways to link poor smallholder farmers to markets can be key to reducing poverty.

In Zambia, poverty remains high and largely concentrated in remote places, with an estimated poverty incidence of 76.5 percent in rural areas in 2015, and likely worsening since then. The bulk of the rural poor are engaged in low-productivity, small-scale farming without access to finance and links to markets outside their immediate community.

Research on of 21 projects that seek to link extreme poor and poor farmers with markets was completed to inform a new pilot that seeks to link poor female farmers with producer organizations and agribusinesses. That research reveals that most of these projects were designed to overcome the geographic isolation of farmers from market actors, used a two-stage process of geographic and household targeting, and prioritized working with the beneficiaries' existing production base.

KEY RECOMMENDATIONS

Key recommendations to enhance linkages between smallholder farmers and buyers whether through buyer-seller agreements or upgrading smallholder farmers to become producer organizations over time include:

1. Assess the production capacity and quality of smallholder farmers. To engage with upstream firms in any value chain, farmers need to provide a certain quality of produce. (The relative importance of scale and quality may differ for different value chains.)
2. Consider using well-functioning savings and loan groups as a basis for greater agglomeration and quality control but segregate the savings and production functions, to the extent possible, to avoid cross-failure.
3. Remember that physical and commodity proximity, and identification of value-addition opportunities, drive market linkages. It could also help build trust based on a common understanding of regional realities and even local language.
4. Facilitate the embedding of additional services within market linkage opportunities. These services can include skills upgrading, access to credit, higher-quality inputs, and other goods or services that increase farmers' ability to have a productive and reliable commercial relationship with a supplier or buyer, or both. Embedding these services will promote smallholder farmer access to continued skills upgrading and repeat commercial relationships beyond the life of a project.
5. Diversify forward and backward linkages to reduce monopoly or monopsony tendencies. The village agent model, which has demonstrated success in creating market linkages for poor women farmers, is ideal for increasing local (and possibly regional) market access.
6. Build and operationalize private sector partnerships to create sustainable market linkages. Projects should combine market assessments and regular networking with any open-tender mechanism. They may need to help private sector players identify the business case and evolve their business models to be both profitable and inclusive of smallholder farmers. A monitoring approach could be implemented to ensure that project-facilitated partnerships between producer organizations and the private sector are mutually beneficial.
7. Consider ways to increase the number and diversity of market actors more broadly. Initially, local traders are likely to be the closest offtaker linkages SWL beneficiaries can access. Fostering market density may require exploring linkages with other stakeholders working in the area, through the government or otherwise.

In Practice

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