

APPLE MARKETING THROUGH THE AGRIBUSINESS SUPPORT FUND FACILITY IN PAKISTAN

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Summary

This study reports results from the participatory system analysis of apple farmers who are involved in the USAID-funded and FAO-implemented project Food Security/Poverty Alleviation in Arid Agriculture Balochistan in Pakistan. Farmers involved in this project can choose to ask for funding from the Agribusiness Support Fund to cofund their marketing costs. The result of the study shows that the lower marketing costs and the opportunity to reach new markets achieved by obtaining ASF cofunding are the main drivers of farmers who take action to apply for funding. On the other hand, results from focus groups with farmers who have not applied for marketing cofunding are more striking: these farmers have chosen not to apply to ASF because they were not informed of this initiative although they were already involved in the FAO project. Furthermore, the procedure to apply for funding needed time which was impossible to allocate during the busy harvesting period. Finally, many farmers who did not apply for marketing cofunding reported that they had already sold their harvest to buyers in advance, in order to secure loans. This study shows that projects that propose funding to farmers for cropping and marketing should be aware of the production calendar of their beneficiaries in order to offer services that are useful and available at the correct time to producers.

Background

The Food Security/Poverty Alleviation in Arid Agriculture Balochistan, is a USAID-funded project being implemented by FAO since 2005. The project, headquartered in the provincial capital of Quetta, has been operational in three districts of Balochistan: Qilla Saifullah, Loralai, and Mastung. Major project components involve community development, water and irrigation, rangeland and livestock, crops, and agricultural marketing.

The Agribusiness Support Fund (ASF) is an Asian Development Bank-funded project. ASF provides farmers, farmers' groups, and entrepreneurs with demand-driven technical and managerial services on a matching grant basis to improve their productivity and competitiveness.

Under its agricultural marketing component, the FAO project has facilitated linkage development of farming communities with the ASF. Willing groups of farmers from the project formed community organizations to develop an application based on ASF-specified criteria. Upon approval of application the farmers are eligible to receive training in post-harvest handling, 50 percent matching grants for using improved packaging¹ and 50 percent matching grants for farm-to-market transportation. Additionally, the FAO project also offers training in orchard management to these farmers. Training sessions include components such as pesticide and fertilizer applications, and timely pruning.

For the purpose of this study, the case of apple farmers was selected. Apples are a major agricultural produce of Qilla Saifullah and Loralai districts. A map of the two districts is presented in Figure 1.

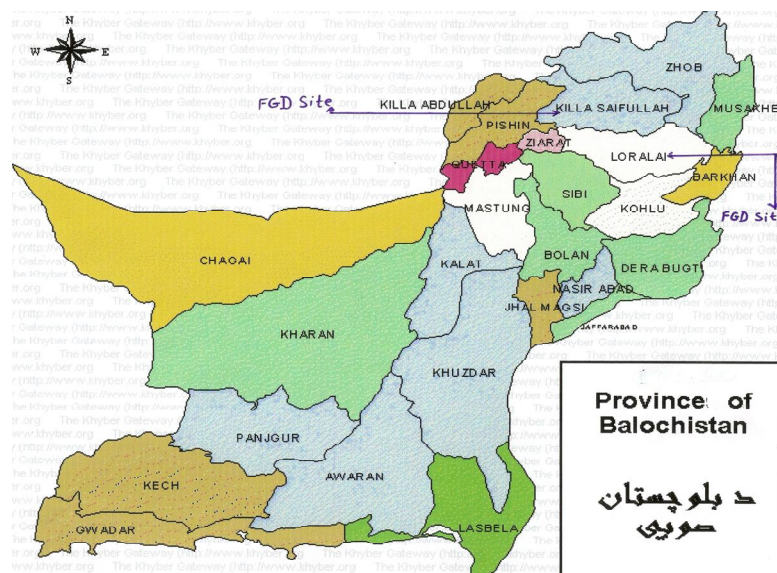


Figure 1: Map of study areas in Balochistan Province of Pakistan

¹ Farmers are used to packing in traditional wooden boxes, whereas high paying markets favour packing produce in cardboard boxes.

Methodology for Focus Group Discussions

Three farmers' groups, two from district Qilla Saifullah, and one from District Loralai, were selected with the help of the project's Community Development and Marketing Facilitators. These were further divided into groups of farmers who benefited from project marketing linkages and farmers not linked to markets by the project.

Meetings and discussion with each farmer's groups started with introductory formalities. The participatory systems analysis question was then raised and explained to extract the explanatory elements. For linked groups: "What are the reasons that have made you decide to get involved in apple marketing through the agribusiness support fund facility?"; while for groups not linked: "What are the reasons that have made you decide not to get involved in apple marketing through the agribusiness support fund facility?" The answers were then collated and the elements identified, written on cards, and resubmitted to the group for scoring by hand-raising.

Findings

The findings reported here are those in community organization Killi Daiba Saida.

Farmers gave the following explanations for the factors that had led to their decision to apply for ASF support:

1. Cardboard box. We prefer cardboard boxes. They are low cost and also fetch a higher price in the market.
2. Good price. By packing in cardboard boxes and reaching better markets, we can get better prices.
3. Grading. We expected cooperation from ASF in grading our produce.
4. Lower transport fares. ASF will provide 50 percent cost sharing for farm-to-market transport fares.
5. Access to markets. We may reach better-paying or new markets by using ASF's help.
6. Support for production. We can learn from the production management training and produce better crops.

Figure 2 shows the elemental scores and the participatory system analysis graph for this group of farmers linked to markets through ASF funding. The different elements fall under three categories, symptom, critical, and motor. Symptom elements include grading, cardboard boxes, good price, and support for production. On the other hand, access to market is a critical element and hence a catalyst in the system. The motor element is lower transport fares.

The elements identified by farmers in this community organization who did not apply to ASF for support were described as follows:

1. Lack of trust. We did not have faith that the application will be approved.
2. No information. We were not aware that this facility existed.
3. Sold orchard in advance. We had already sold our orchard to contractors.
4. Lack of own funds. We did not have the funds to put forward for cost sharing with the project.
5. No time. At the time of the application, our crop was ready and so we had little time to participate.
6. Need loans. The ASF does not provide loans. Our trade cannot function without obtaining loans from our buyers.

The PSA elemental scores and graph are shown in Figure 3. The different explanatory elements fall under three categories: symptom, buffer, and motor. Need loans is a symptom element while lack of own funds and lack of trust are buffer elements. The motor elements are no time, sold orchard in advance, and no information, which led farmers not to apply to ASF.

Figure 2: PSA Graph for Farmers' Group Having Asked For ASF Marketing Assistance

Coordinates of elements			
No.	Elements	Activity ratio	Degree of inter-relationship
1	Cardboard box	0.9	77
2	Good price	0.8	80
3	Grading	0.8	81
4	Lower transport fares	1.6	41
5	Access to markets	1.3	75
6	Support for production	0.9	57

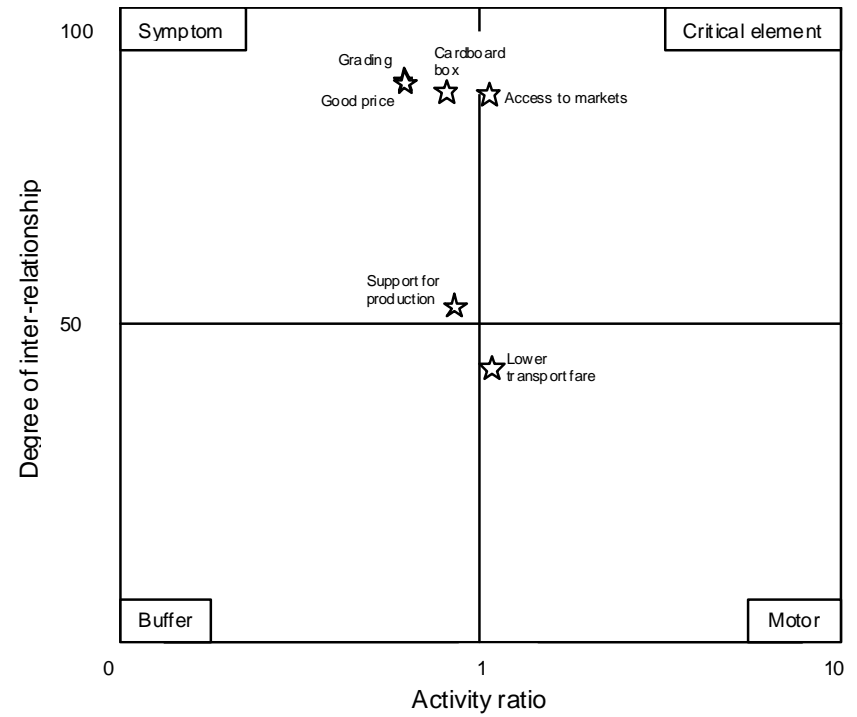
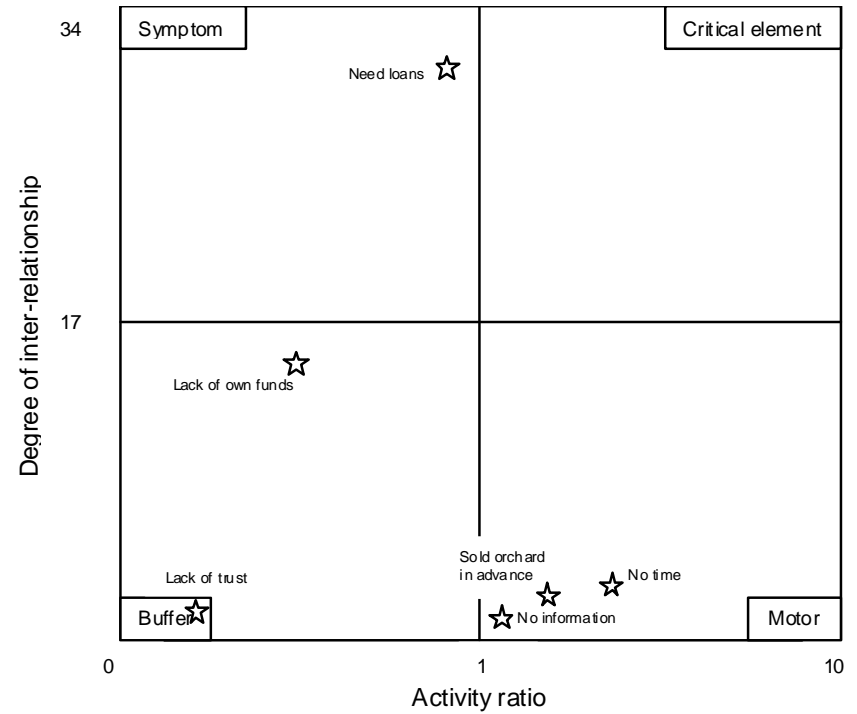


Figure 3: PSA Graph for Farmers' Group Who Did Not Ask For ASF Marketing Assistance

Coordinates of elements			
No.	Elements	Activity ratio	Degree of inter-relationship
1	Lack of trust	0.2	1.6
2	No information	1.9	1.5
3	Sold orchard in advance	3.1	2.5
4	Lack of own funds	0.5	11
5	No time	4.1	3
6	Need loans	0.9	24



Analysis

The three groups of farmers investigated in this study have similarities amongst the sub-groups of 'linked' and 'not linked'. Amongst the farmers linked by the project to markets, the main reason for opting to link was the possibility of accessing new or better markets. Other factors such as cardboard boxes, transportation, and information on management were supporting elements which would enable the farmers to access markets.

Similarly, among the farmers who had opted not to link with ASF, the most common factor was no time. Additional elements stated by farmers were the lack of time to apply to ASF and not being informed about the opportunity. However, farmers from another group expressed their dislike for cardboard boxes (they are more difficult to store during the rainy season and the produce gets damaged in them over long distances) and the absence of loan from the ASF system. These were motor factors for not applying for marketing support.

Lessons Learned, Recommendations, and Implications

Farmers in situations similar to the groups in this case study are motivated by the possibility of access to good markets. They show little hesitancy to experiment new ideas or practices when the financial burden to initiate this access is shared. Also, time is an important element and ample time should be given to farmers to inform themselves of opportunities presented and participate in these. This time is critically linked with the harvest period for the farmers in this study.

The PSA results have far-reaching implications as to the needed interventions to produce the impact desired of greater market linkages by small producers. These interventions may be summarized as follows:

- Training and provision of information on production management;
- Training and guidance in basic post-harvest practices;
- Encouragement to farmers for first-time initiatives through tangible financial or input support;
- Capacity building or strengthening in production and marketing.

The major conclusion from this PSA exercise is that access to market is the leading priority of farmers. Once assured with this access, they are willing to experiment and incorporate new practices in the entire farm-to-market chain, including production, post-harvest, and marketing.