

The vegetable value chain in Honduras: How small farmers are included



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Gerzensee, 12.01.07

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Content

Honduras
Context

Analysis

Intervention

Impact Assessment




Lessons Learnt

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Honduras context...

Variable	2003	2004	2005	2006	Trend
Competitiveness	94/102		97/117	94/125	
GDP	3.5%	4.5%	5.1%		
Poor households	63.5%	64.2%	65.3%		

Index	Value
Resources efficiency	38%
Government management	50%
Bureaucratic functional capacity	10%
Corruption perception	107/159
Corruption Control	25/100

Sources: INE, www.gsdehonduras.org, world economic forum






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Honduras context...

- **Relevant policies**

- **Poverty Reduction Strategy**

- **Agrifood and rural sector development policy**

- **SME promotion policy**

- **Fresh fruits and vegetables safety regulations**

- **USA DR-CAFTA**

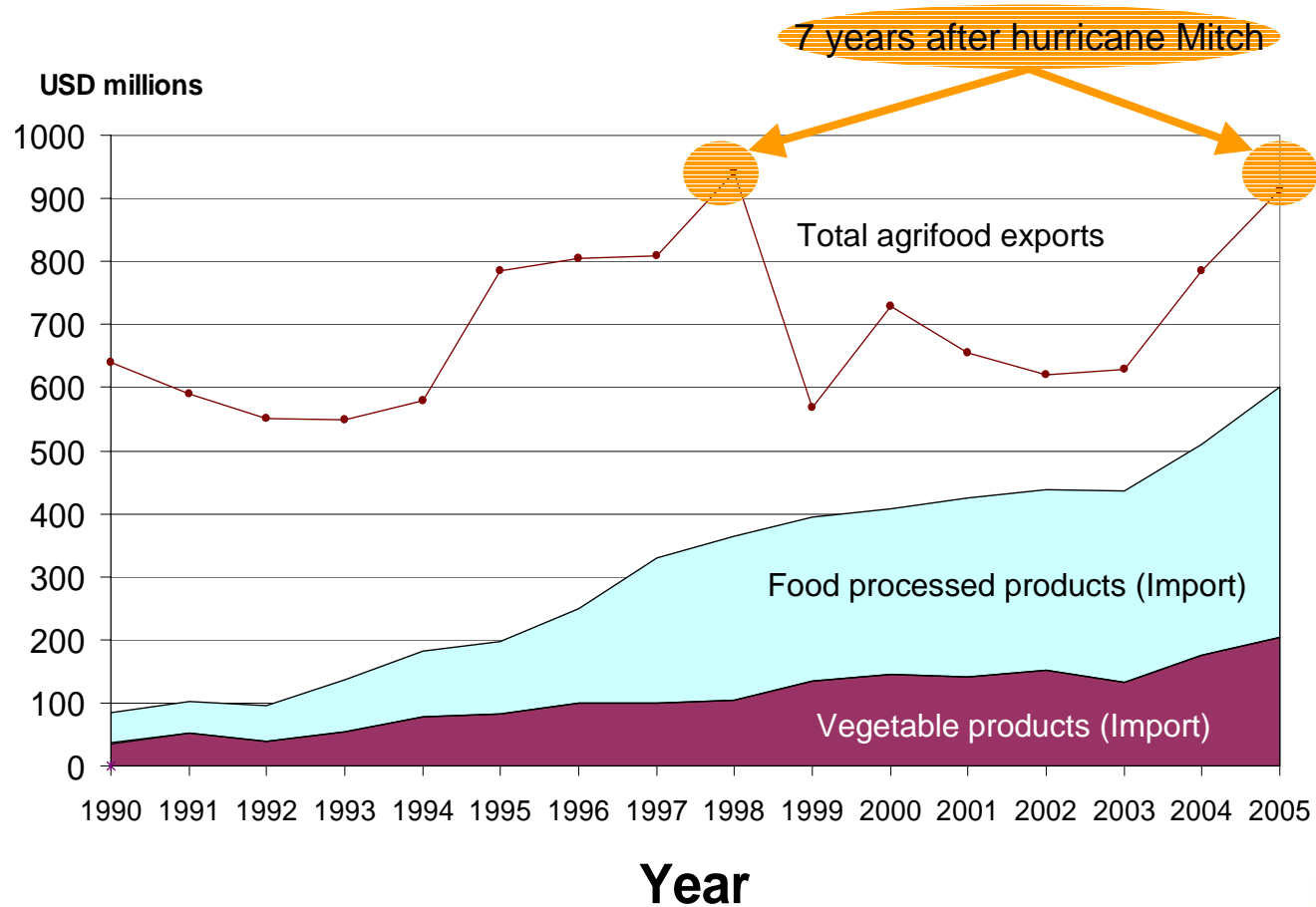
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Analysis...

• Evolution of Honduras Agri-food trade



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Analysis...

Value Chain Framework (Factors and Relationships)

Factors include:

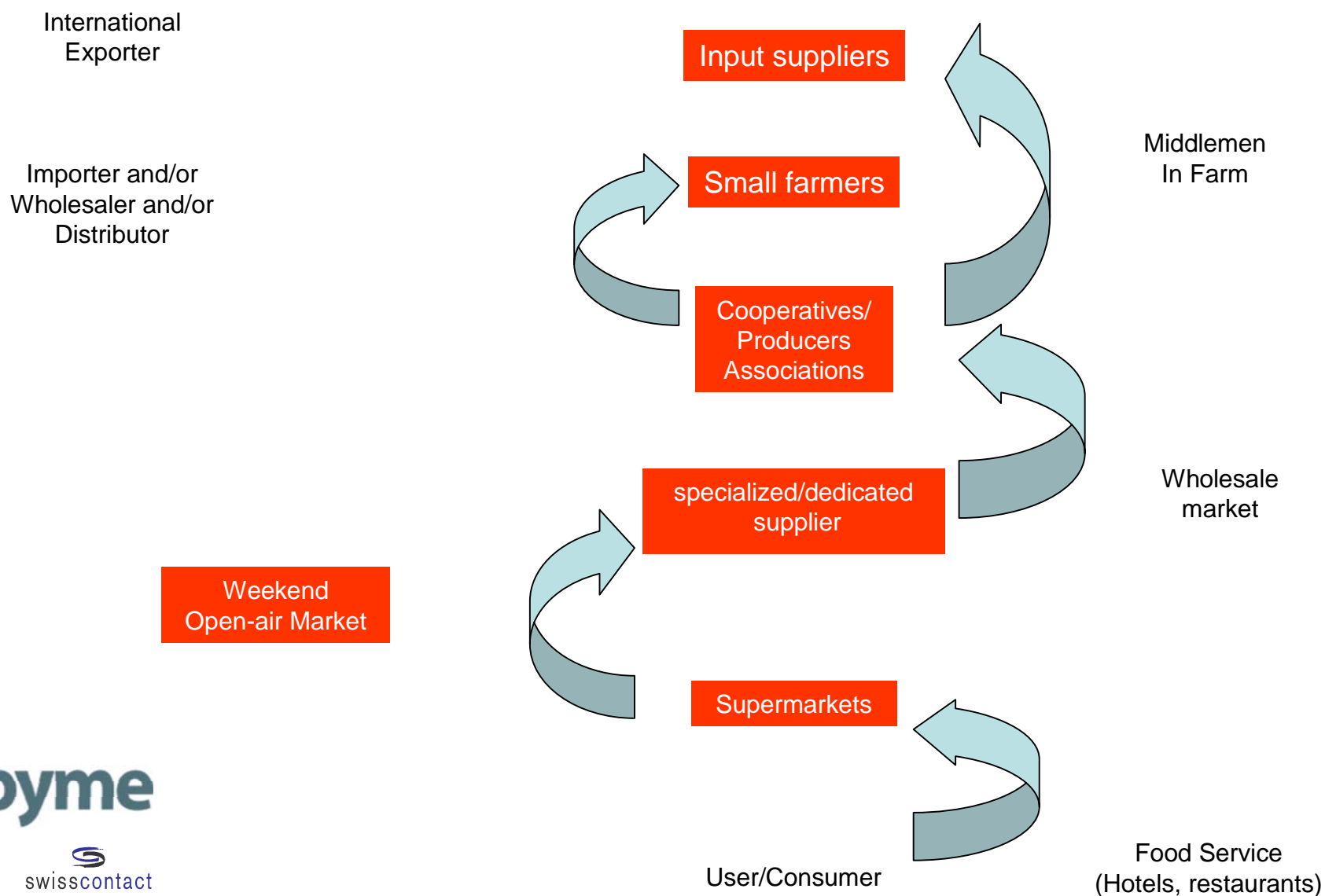
- End markets
- Horizontal and vertical linkages
- Supporting markets
- Firm-level upgrading

Relationships include:

- Power dynamics among firms
- Access to learning and innovation
- Distribution of benefits

Analysis...

... The local fresh vegetables value chain...



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Analysis...

Small farmer typologies...

According to resources availability and organization

Resources	Type I: Unassociated small farmers	Type II: Associated small farmers	Type III: Dedicated suppliers
Land	Red	Red	Green
Irrigation tech	Red	Green	Green
Selection and packaging facilities	Red	Green	Yellow
Market information	Red	Green	Green
BDS	Red	Green	Yellow
Financial services	Yellow	Green	Yellow
Transportation	Red	Green	Green
Buyers	Yellow	Green	Green
Input suppliers	Red	Green	Green

Intervention...

Instruments according to producer typologies



Type I: Unassociated small farmers

1. Promote association

Type II: Associated small farmers

2. **Market linkages:** field visits with supermarkets /weekend open-air market managers and vice versa
3. **Business plan formulation:** Interchange of experiences with more developed farmers; Identification of BDS, financial services & networking needs.
4. **Business plan implementation:**
Embedded services, New BDS providers development, "Key investments"
funds
5. Involvement in national and local multi-stakeholder dialogue platforms

Type III: Dedicated suppliers

Equal to Type II: 3,4,5 + Promote development of "associated providers"

Impact Assessment...

- I&E promoted by Agropyme in the vegetables sector

		Women	Men	n
Employment	Agro entrepreneurs actively associated	31%	69%	542
	Producers Associations	69%	31%	177
	In farms			4,878

(Income 2006=USD 1.5 mio)	2004-2005	2005-2006
Income change	34%	35%
Employment change	55%	35%

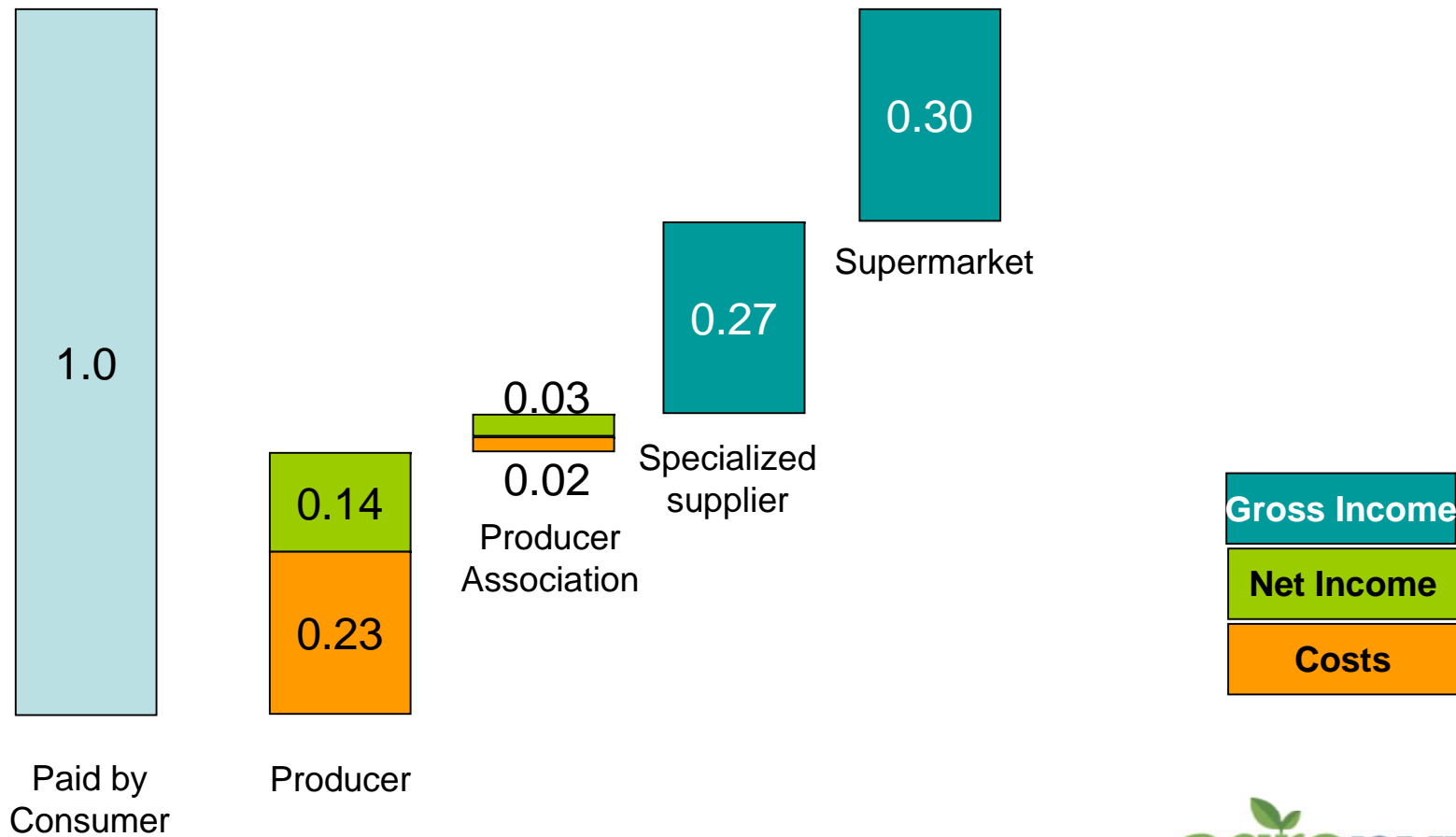
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Impact Assessment...

Income and costs distribution



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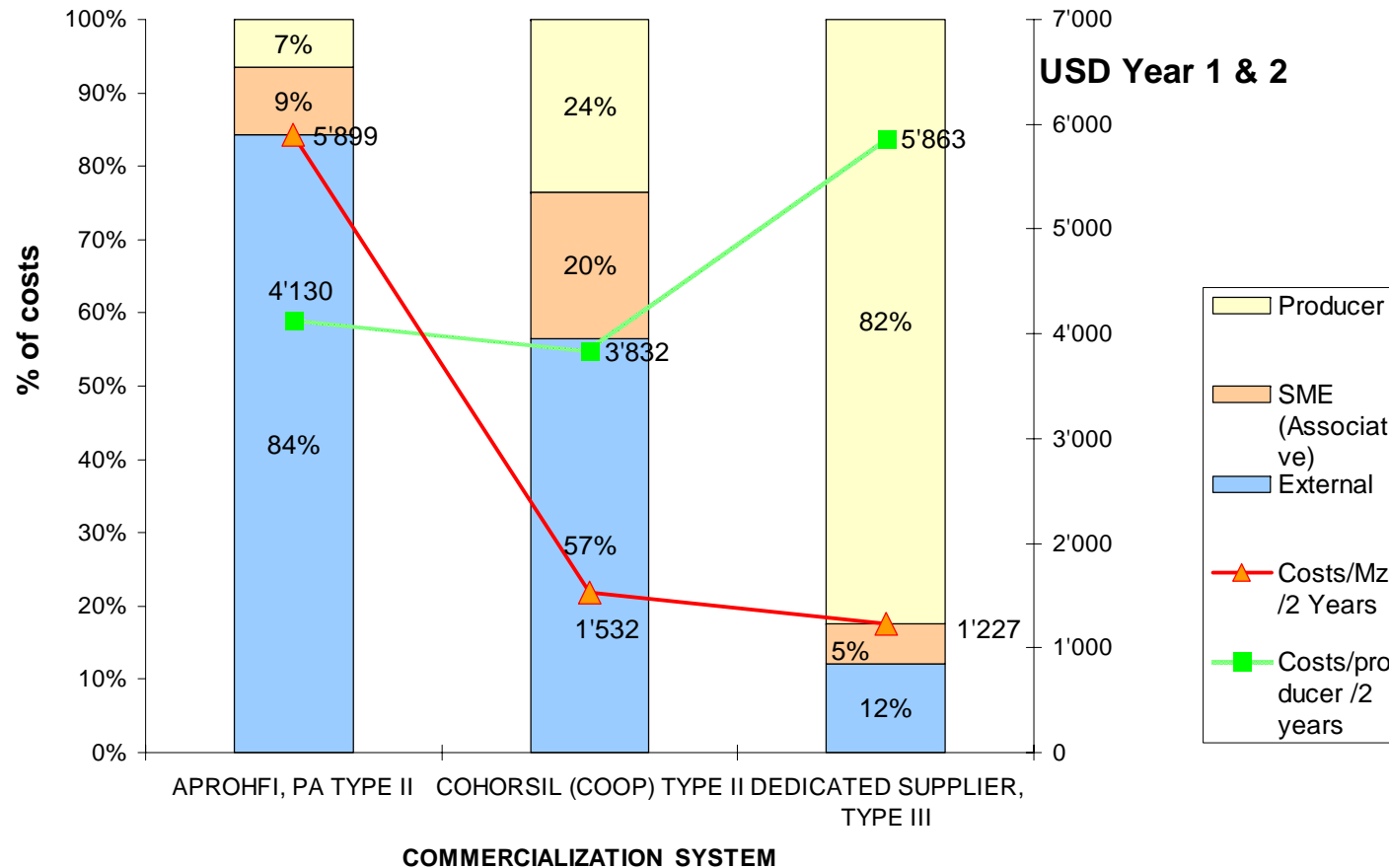


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Impact Assessment...

Costs of connecting small producers with the value chain according to their typology

Cost and financing sources in three commercialization systems that connect small vegetable producers with dynamic markets



- Organizational
- Personnel
- Technical Assistance
- Packaging facilities
- Logistic
- Research
- Irrigation technology



Impact Assessment...

CUALITATIVES

- **New (reliable) relationships between stakeholders started during and after VC analysis**
- **Corporate Social Responsibility promote Small Farmers linkages with Supermarkets chains**
- **Up scaling: Good Agricultural Practices (GAP) manuals for training as well as Business Plans used as models by other institutions (USAID, IDB, EU), inducing leverage effects.**
- **Human capital development:**
 - **BDS Providers**
 - **National dialogue platforms on vegetables sub sector competitiveness**

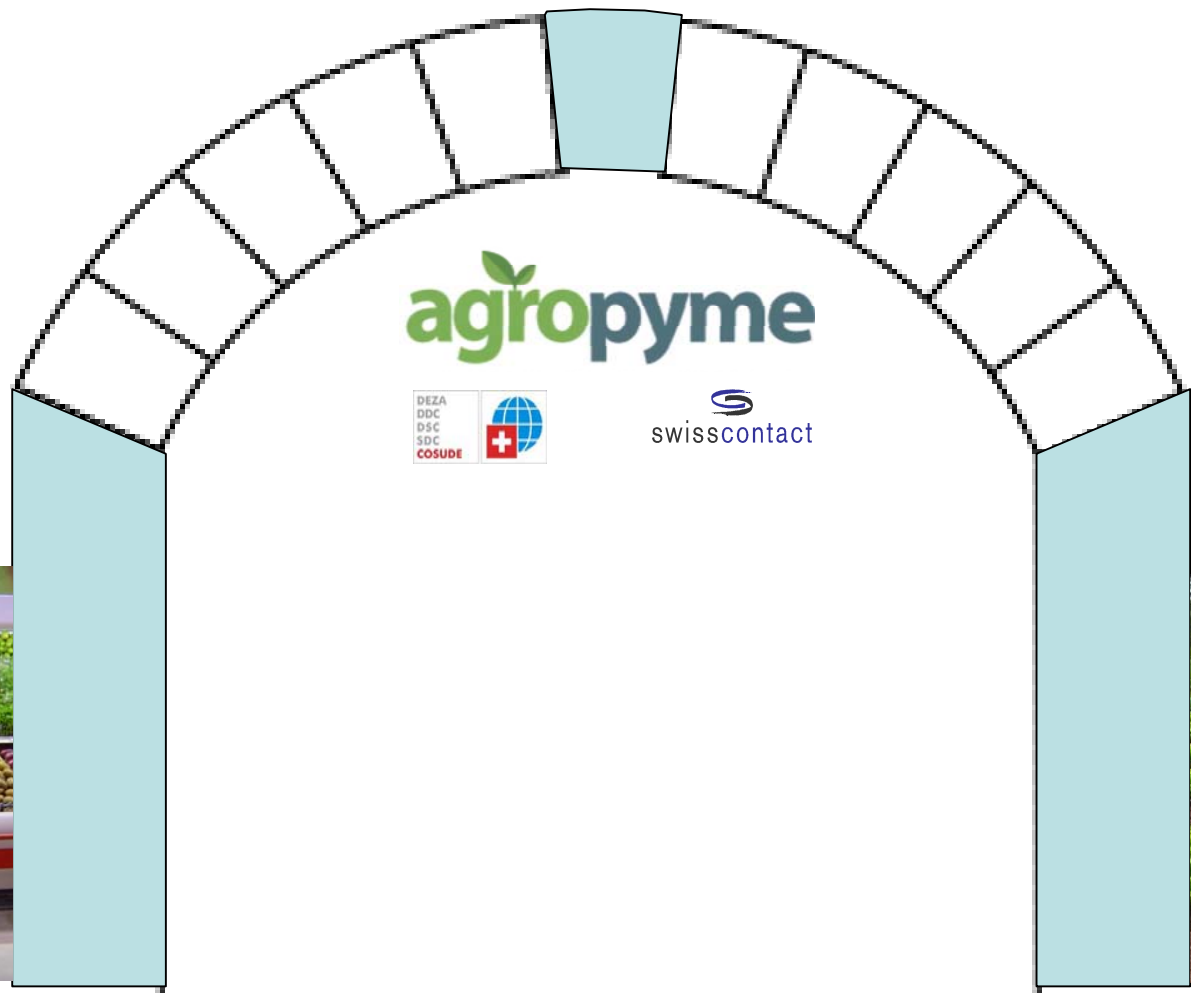
Lessons learnt

- **Flexibility is key to adapt interventions according to different typologies of stakeholders and context**
- **Participatory value chain analysis and consequent actions are good mechanisms of collective learning where public and private sector simultaneously define and continuously update strategies and market information for competitive agri-food chains development.**
- **Promoting associations will continue being a key issue to connecting small farmers with dynamic markets.**
- **Traditional markets (weekend open-air) are still key players in the chain, and are more inclusive than supermarkets. constitute a channel to focus on.**

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Thank you for your attention!



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