

Making Market Linkages Work for Producers

Sustainable supply chain development in coastal Bangladesh

Rural Enterprise Development (RED) (2009-2013)

Sub-sector Development is Critical for Small-scale Producers

Identifying and linking poor primary producers to productive opportunities in the agriculture and fish sub-sectors can significantly increase incomes as they access high-value markets and sell value-added produce. Specifically, commercial production of **vegetables, pulse and oils, fish, poultry and rice** all represent expanding, profitable sub-sectors within which smallholder producers can engage and generate the productivity and income increases necessary to elevate themselves out of poverty.

Achieving increased agricultural productivity and income is integral to improving the lives of char dwellers in Bangladesh;

- 80% of people employed in agriculture
- 40% regional GDP from agriculture
- 50% live below the poverty line
- Landlessness is increasing

Producers and local traders living on the coastal chars in Bangladesh face some of the most challenging conditions in the country. Agriculture and fisheries remain the primary source of employment for those living here and yet, in these remote areas, **markets are weak, physical infrastructure is poor and financing mechanisms are lacking**. This means producers are poorly connected to the quality inputs and technical knowledge needed to increase productivity and diversify into higher value production. This is seriously hindering their ability to move beyond a basic level of subsistence.

Sub Sector Development Can Enhance Competitiveness and Incomes

Numerous sub sectors in the chars have considerable potential for involving large numbers of small-scale producers in production and marketing to increase incomes;

- **Horticulture:** Dry chillies can command a price twice as high as un-dried and can be sold all year round.
- **Pulses and Oils:** Considerable demand in Bangladesh as highly nutritious crops and much production potential; yet 80% of are imported;



- **Fisheries:** Production currently at 2 metric tons per hectare/ year and could reach 3-4mt without significant increases in inputs
- **Poultry:** Demand for eggs and meat remains high yet service markets for hatchlings, feed and vaccines are extremely weak, currently constraining expansion.

Yet, in order to realise these opportunities, improving production practices in various sub sectors alone is not enough. Smallholders need to gain access to functioning output markets to sell their value added products. Improved linkages between producers and buyers therefore need to be established and strengthened.

RED, one of the three components of **Market Infrastructure Development in Charland Regions (MIDPCR)**, is an international effort funded by **IFAD, Government of Bangladesh** and the **Government of Netherlands**. RED aims to develop national market linkages; add value to produce and build local capacity of smallholders. The RED project is managed by **International Development Enterprise (iDE)** an international non-profit committed to enable poor rural households to participate effectively in high-value agricultural market systems and to progress from subsistence to small-scale commercial farming.

To these ends, 'Rural Enterprise Development' (RED) (2009-2013) was developed in order to build on the work of the Market Infrastructure Development in Charland Regions (MIDPCR) project by identifying and linking small-scale char producers to lucrative market opportunities in five coastal districts of Barisal, Patuakhali, Bhola, Noakhali and Lakhsmipur.

Making Markets Work for Smallholders

iDE Bangladesh has significant experience harnessing the power of the private sector to achieve high scalability for low-cost agricultural technologies. From the treadle pump in the 1980's to soybean bio-fertilizer today, iDE-B's employs a market systems approach to economic and social development focused on engaging the private sector to maximize the sustainability of its results.

To make RED a reality in Bangladesh, iDE is leading the implementation and management with support from IFAD, Government of Bangladesh and Government of Netherlands.

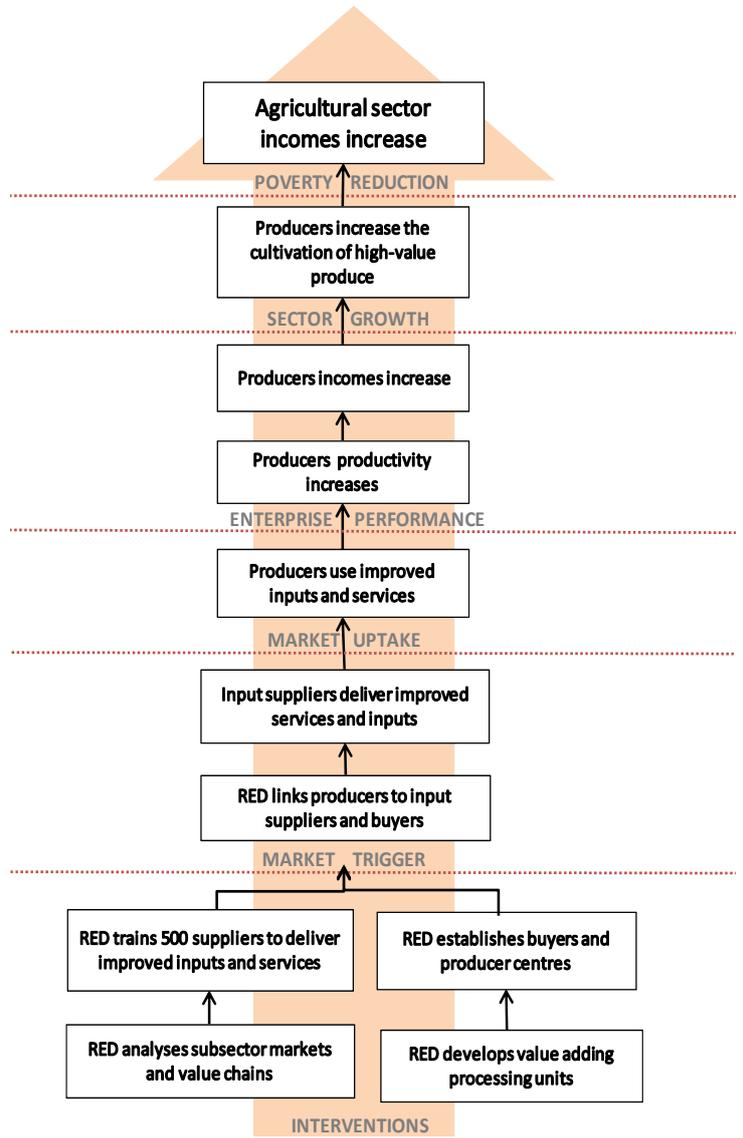
The Challenge: How is RED Moving the Extreme Poor up the Value Chain?

RED aims to introduce new ways for producer groups, local market committees, local buyers and larger processing companies to do business with small producers in various sub sectors. Doing so requires leveraging the existing capabilities and relationships of these actors to develop channels to deliver improved inputs and sell their value added produce. RED is moving smallholders up the value chain by;

- 1. Developing input supply chains:** Establishing new input sellers or diversifying the product range sold by existing input sellers to enhance farmers' access to quality inputs, technical knowledge and market information.
- 2. Promoting productive technologies:** Linking research institutions, local traders, manufacturers, seed and pesticide companies and producers in order to disseminate a range of technologies and services such as; MITs, bio-fertilizer, pheromone traps, shell separators of ground nut and soil testing services.

• What will RED deliver?

- Incomes increased for 20,000 poor farm and non-farm families by \$US200
- 5 sub-sector and private sector value chains of greatest potential analysed
- 480 5 day training sessions on business planning and management
- 400 day long linkage building workshops for markets actors within the various sub sectors
- 130 exposure visits for producer groups on different marketing approaches



- 3. Private sector- led training:** Facilitating the sustainable delivery of essential skills training for producers through local private sector actors that understand the potential of Bottom of Pyramid customers in expanding their sales.
- 4. Adding value:** Developing small processing units where producers can undertake product grading of their vegetables and mung bean husking mills to enable simple value additions to directly benefit producer families;
- 5. Linking producers to markets:** Establishing 4 producer centres for marketing and sale of aggregated produce to local, regional and national buyers.

For more information, please contact Nural Amin, Programme Manager (nurul.amin@ide-bangladesh.org).