

COUNTRY LEVEL CAPACITY BUILDING AND TECHNICAL ASSISTANCE IN MARKET ANALYSIS



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3 key messages

Key message 1: to the G20

- Restrictive food & agricultural policy action and market interventions have significant global ripple effects
- G20 must internalise this externality
- Make markets more reliable, transparent and less volatile

Key message 2: information asymmetry - from club good to global public good

- World food security depends on 500 million smallholder farms
- Smallholder farmers need on- and off farm investment
- Price volatility and information asymmetry constrains investment
- Smallholder access to agricultural market information is essential for world food security

Message 3: Strategic partnerships are essential

- No country or institution can tackle it alone
- IFAD joins partners, offering:
 - Know-how in smallholder agriculture systems development
 - Investment support
 - Value-adding partnerships: Rome-Based-Agencies
 - Design of market information systems responsive to the needs smallholders – the first mile

What is being done about information asymmetry?



Market information, what for?

1. Micro

- Transmitting market signals to smallholder farmers
- Inclusive agri-business

2. Macro

- Pro-poor policy development
- Ultimately: global food security

Complex information needs of smallholders

- **Which information?**

- Non-tariff barriers, quality standards, phyto-sanitary regulations, certification norms
- Production costs
- Farm gate, local markets, national markets, regional markets
- Rural competitiveness and investment climate
- Value chain data

- **Improving access?**

- Systems, versus supply of information and analysis
- Processed, analysed
- Use of media
- Visualisation

The special case of middle-income countries

- Specificities:
 - Price makers
 - Strong institutions (strong government market policies)
 - Large domestic markets
 - Strategic reserves
 - Better infrastructure, lower transaction costs
 - Better than average availability of information and better access infrastructure
- But: more complex markets, more complex information
- Above all: food security of MICs, especially BRICS, is essential for world market transparency and stability, and for global food security

Brazil

Rural Communities Development Project in the Poorest Areas of the State of Bahia

establishment of regional market units to:

- provide market intelligence services;
- systematically promote beneficiaries' businesses in local and regional fairs, buyer-producer negotiation tables and visits to markets, using local culture as a differentiating factor; and
- promote business partnerships between beneficiaries' organizations and private firms or institutions involved in non-traditional products

China

Dabieshan Areas Poverty Reduction Project

access to remunerative and quality **premium markets, technology and services**

- support for tech transfer of ag technology
- linking producers to sustainable production technologies, know-how, investment support, information and markets
- support and strengthen farmers' associations and cooperatives capacity to improve poor people's capacity to access services

Viet Nam

Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces

- improvement of key markets and market mechanisms, processes and linkages – either directly or indirectly for the poor
- creating non-farm and off farm employment
 - through accelerating market-oriented reforms
 - by diversifying agricultural and processing industries,
 - **refining market systems and**
 - **providing farmers and the rural poor with better access to these markets through facilitation services** as well as risk management tools

Congo D.R.
Agricultural Rehabilitation Programme in Oriental Province

strengthening :

- the bargaining power of local economic operators at the grass-roots level, and
- their ability to identify and penetrate more remunerative markets by installing a system to collect and **broadcast information on markets** and prices
- Building and rehabilitating infrastructure

Key activities

- Diagnostic studies
- Institutional reform: e.g commodity boards (PNG)
- Market facilities, including market information infrastructure
- Develop market information system – access to credible market information & intelligence
- Strengthening information management capacity of producer groups and marketing intermediaries
- Promoting transparent contract farming and support
- ICT solutions (e.g cell-phones) for pricing and other market information

Way forward

- **Implement the Global Strategy on Agricultural Statistics**
- **Capacity building:**
- **Investment**
- **Impact assessments for scaling-up ...**
... after initial investment ICT can rapidly go to scale
- **South-south cooperation ...**
- **... starting with BRICS and other MICs internalising externalities**

In summary

- **Agricultural markets are global. Level playing field required. Information is key.**
- **Market information has to evolve from a club good to a global public good**
- **Nobody can do it alone. Partnerships are critical to success**



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