Case Study 6. Recovery Context: Working with Producer Groups
Cyclone Livelihoods Recovery Project
World Vision Bangladesh

Programme Overview	
Where	Southwest Bangladesh
Who	Vegetable growers from vulnerable rural households affected by the category 4 Cyclone Sidr
Goal	Achieve viable and sustainable rural livelihoods through recapitalisation of assets, technology transfer, market linkages, and creation of income opportunities.
How	Through a market-driven approach, which included capacity-building for increasing the organisational capacity of poor farmers and their adoption of improved production technologies, ensuring more efficient marketing of their products, and increasing their bargaining power.

a. Activities

i. Formation and development of producer groups

A total of 5,000 commercial vegetable growers were chosen to start economic activities because of their relative advantage over other producers in that they possess resources (land of at least 2,000 sq. meters and tools) that they can use to increase their production, have relative capacity, and have potential to engage with regional markets. Village-based groups were formed informally through the facilitation of staff at the beginning of the project. Meetings were used to discuss the groups' purposes, the advantages of collectively buying inputs and selling products in bulk, and plans for organising themselves for mutual benefits and savings mobilisation. As the groups matured, they adopted a set of bylaws that would govern their actions and relationships. Basic documents are maintained by each group, including profiles of members, record of participation during meetings, minutes of discussions, and savings records. Developing producer groups increased social capital.

Producers were linked to the government agricultural extension office, which provided them with input support in the form of seeds, fertilisers, supplies, and technology training. In order to increase producers' knowledge of and expectations regarding input quality, the project disseminated government technicians' specifications for agricultural inputs. This includes information on the specific varieties or species of trees, seeds, livestock, etc., that best suit geographic and seasonal variation. The producers participated in technical quality checks on the inputs they received, including physical examinations and germination tests.

ii. Collective purchasing and marketing

Before the programme, 93 percent of farmers bought their inputs individually, as not many were aware of the benefits of collective buying. During the project period, awareness of the benefits gradually increased, although opportunities to actually buy inputs collectively were limited to simple tools and additional trellis supplies, since planting materials, fertilisers, and seed packages were provided to the producers by the project during the first cycle.

Collective Marketing Success

Four of the 20 members of the Jobai Surjomukhi Farmers Somity of Gazalia Union group decided to pool part of their harvest of bitter gourd and sell it in the central market in Dhaka. The Dhaka market is more than 200 kilometres from Kachua, so they used the services of a wholesaler agent who helped the group reach the Dhaka market. Farm gate prices during that season were Tk 10/kg, while at the Dhaka market they were Tk 20/kg. Although they had additional expenses in the form of transport, labour and market tax, the profit they realised from the sale was higher because prices for their product were double their usual selling price. They have also agreed to set aside a small amount of their savings as a Group Disaster Fund.

The producer groups were encouraged to sell in bulk. The wholesaler agents in town and district markets only offer farmers a good price if their produce reaches a minimum of 100 kgs per transaction. This bulk price is 50 per cent higher in local markets and 100 per cent higher in the capital city as compared to the prices farmers receive by selling individually at the farm gate. A review of marketing practices among 24 groups of vegetable producers for the April-July 2010 market season showed that only two groups (8 per cent) had actually tried selling their bitter gourd produce in bulk, meaning many members missed the opportunity to earn more. However, this is an improvement over the period before the project, when the producers had almost no experience in group marketing of farm produce.

Finally, farmers were encouraged to grade their products by classifying them according to sizes, colour, texture and other attributes that command better prices during marketing.

The creation of producer groups and the practice of bulk buying and selling resulted in an increase in family income. Farmers are now able to obtain better prices for their products by bulk buying and bulk selling as well as by grading their products according to quality. Producer groups (as opposed to individual producers) attracted more wholesalers and retailers, resulting in higher selling quantities, and thus, higher prices.

iii. Market development

The programme performed a facilitative role in building the relationship between product suppliers and producers. By working with the production input suppliers for crops, livestock, and agricultural tools, farmers were introduced to better quality seeds, suppliers, and machines. Agricultural tools and machinery service providers supplied power tillers, power pumps, and manual spray machines to 700 groups of farmers.

Producers were introduced to extension service providers and technicians of other institutions, from whom they received training on crops, livestock, and fishing technologies. Increased adoption of improved technologies has improved product quality and increased its attractiveness or demand in higher value markets like the district and the central markets in Dhaka.

Finally, the project facilitated market linkage workshops, training on market access methods, and market observation trips among service providers and farmer groups to improve market literacy. Retailers, wholesalers, and agents working within the village, district-level, and central markets have interacted with producers.

iv. Sustaining market price monitoring and price information dissemination

At least two to three members of the group were tasked with collecting price information from their own contacts in the regional markets through mobile phones, radio, or TV, and were responsible for updating a price information board in their villages with prices at least every two weeks during the harvest season of specific crops. Whenever any of them has the opportunity to visit district-level markets, they work with the local market management committee to collect price information. The collected information is used for making decisions for selling products (vegetables, bananas, etc.) and buying inputs (seeds, fertiliser, fuel, supporting materials, etc.) The prices are also used to negotiate for better prices with middlemen. This system had worked particularly well with the green banana groups that initiated selling in groups on their own.

b. Recommendations

While the programme has made a substantial contribution to increasing market literacy and the benefits of working in groups among small producers, it also recognises the challenges it faced during implementation:

- Incorporate a strategy of working with service providers and private input suppliers to effectively work with farmers' groups. Although farmers received training from government extension workers on the recommended technical specifications of quality inputs, maintaining this vigilance and quality remained a challenge. To improve the sustainability of the training to farmers, the project should use more private sector input suppliers to train farmers to ensure awareness on input quality.
- Need more time to increase awareness among producers on improving market access and bargaining power and to work with market players.
- Encourage and support entrepreneurship among market actors to invest in improving storage and handling and product processing.
- Seek sustainable ways of providing technology support by training community members/ leaders in providing technology services such as para-veterinarian/barefoot livestock technicians or lead farmers who can demonstrate specific production technologies.