

Linking Villages, Communities, Farmers, and Entrepreneurs to Markets



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Opportunities: Diversification in Agricultural Production



Opportunities: Diversification in Agriculture Value Chain



Commercial millers
and food processors



Packagers of produce for
National and international
markets



Wholesalers, aggregating
produce from a number of
small-scale farmers



Transport providers



Farm equipment and fuel suppliers

Rural Non-Farm sector



Tourism



Food & Beverages



Textile & Garment



Footwear

Lessons from Global Experiences:

Five Models for Linking Villages, Communities, Farmers, and Entrepreneurs to Markets

5 models for Linking Villages, Communities, Farmers, and Entrepreneurs to Markets

Model 1: Producer Organization to Producer Company



Model 2: Producer Organization to Productive Alliance



Model 3: Rural Livelihoods Enhancement



Model 4: Rural entrepreneurship



Model 5: Village e-commerce model



Model I: Producer Organization to Producer Companies

- ▶ **Producer Organization:** Producers aggregated into their institutions
- ▶ **Producer Owned and managed Companies:** Producer Organization with Business Orientation.

Case I : Producer Organization to Producer Companies



India- Amul:
World's largest farmers'
own dairy cooperative

Annual turnover **US\$ 4.23
billion (2016-17)**



3.37 million
milk producer members

Case : Farmers Producer Company, India



Agriculture Collective: A women owned USD 2 million enterprise

- **Aaranyak Farmer Producer Company Ltd – Purnea (10,000 farmers)**
- \$ 2 million turnover in 2017
- Trading on online commodity exchanges; first to introduce Digital Weighing Scales and Moisture meters at village level
- Expected to develop into a \$ 10 million producer cluster around Maize
- Working with renowned technical partners like TechnoServe, NCML and many others



Ghana Pineapple Cooperative: Farmapine GH Ltd

Five pineapple cooperatives
comprising **450 farmers**

Members are able to
consistently achieve exportable
yields of **65%** or more from their
fields, which guaranteed profits
of about **\$1,000 per acre.**

80% of the shares of the
company were acquired by
five smallholder
cooperatives



Ghana Pineapple Cooperative: Farmapine GH Ltd



Model 2: Producer Organization to Productive Alliance

Public Sector

Productive Investments

Technical Assistance

Business Development

Production inputs
Small infrastructure

Extension services
Technology transfer

Management
Accounting

Producers

Commercial Agreement

Buyer(s)

Common goods,
Shared capacity-building

Product specifications,
Quantity of products

Model 3: Rural Livelihoods through Financial Inclusion and Livelihoods development



Case: Rural Livelihoods through Financial Inclusion and Livelihoods development, India

250 million poor women mobilized

US\$ **1.5** billion saving

US\$ **25** billion credit flow from commercial bank

US \$ **5** billion Annual Turnover of Enterprise

Model 4: Rural Entrepreneurship Development



Microenterprises and SMEs



Incubation



Technical and Vocational Education and Training (TVET)



Agropreneurs



India: Approach to Enterprise Promotion : 2 stage process

▶ Stage 1 :

- ▶ Access to finances along with enterprise counselling leading to creation of Nano/Micro enterprises
- ▶ Guestimate of nearly 4 to 5 million such Nano enterprises from among the 45 million women organized.

▶ Stage 2 :

- ▶ This cohort of 4 to 5 million enterprises would now graduate to a higher level of small and medium enterprises
- ▶ In order to aid this process, the following set of bundled services are being delivered
 - Large scale Access to Financial Services
 - Skill building including access to New Technologies
 - Specific Business Advisory services
 - Access to Markets
 - Facilitate Partnerships with the Private Sector

- ▶ A number of the above enterprises are in the manufacturing, retail and services sector and are home based and are contributing to enhancing women's labor force participation

ENTERPRISE JOURNEY: 'The two-stage process'

STAGE 2

Small & Medium Enterprises

- 1 out of 4 graduates to a higher level
- Nearly 1 million SME ecosystem
- Complex and more institutional, industrial characteristics
- Specialized skills and division of labour
- **New Jobs** beyond family labour
- Use of technology-processing/manufacturing

STAGE 1

Nano & Micro-Enterprises

- First Generation entrepreneurs
- Nearly 5 million enterprises directly impacted
- Simplest form of enterprises; employing mostly family labour
- Serves local village or nearby market

Building Strong Institutions

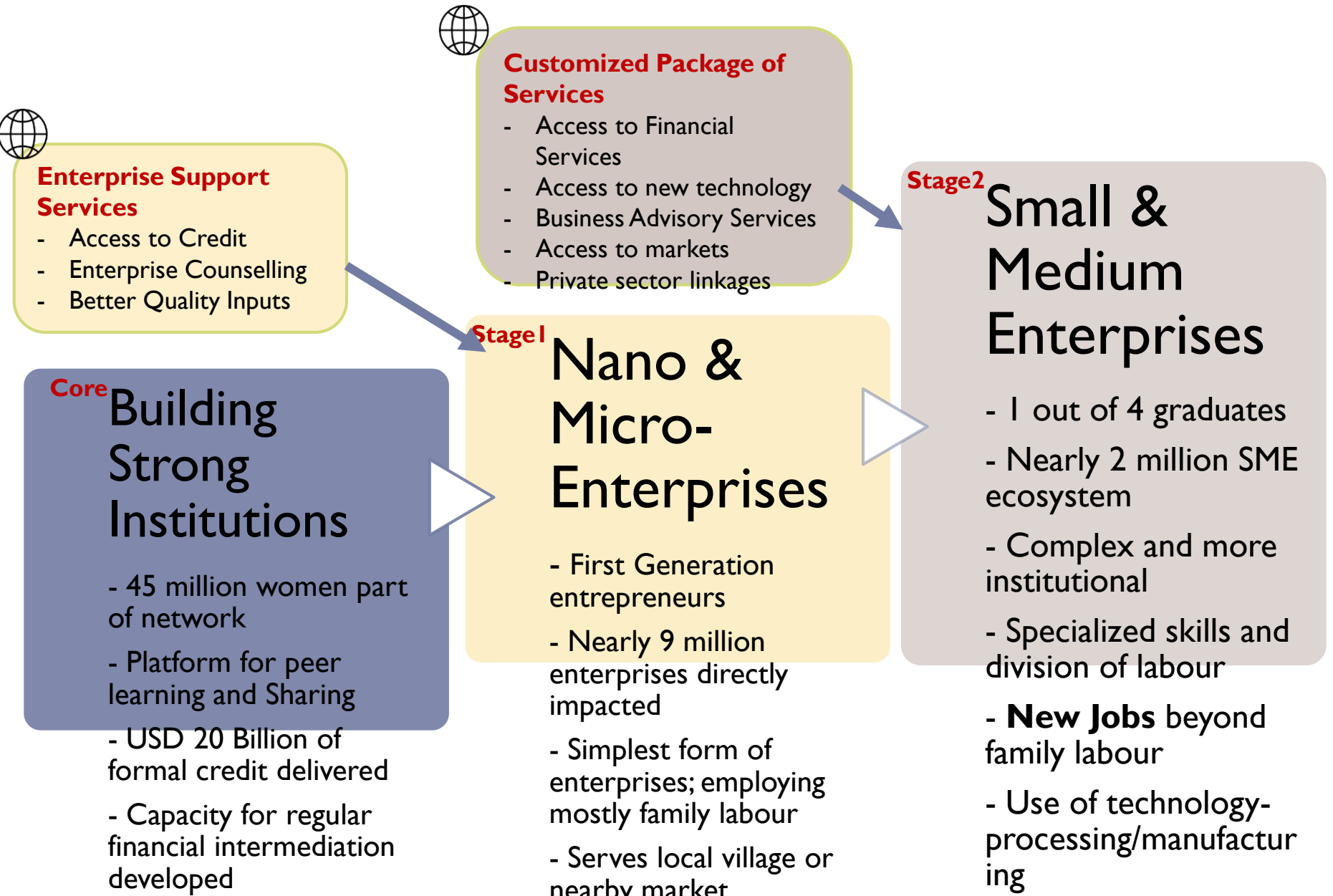
45 million women part of network

Platform for peer learning and Sharing

USD 20 Billion of formal credit delivered

Capacity for regular financial intermediation developed

ENTERPRISE JOURNEY: 'The two-stage process'



Processed Food Collective: \$ 1 million enterprise creating 500 jobs

- **Total HHs involved: 550**
- **Number of Jobs created: 480 + 70 (self)**
- **Business Size: USD 1 million; \$ 30,000 per household**
- **Preparing pickles of several varieties; linking with institutional markets like nearby residential school campuses; branding efforts underway**



Retail: Product Aggregation & Branding: Aajeevika Fresh- A USD 4 million brand

- More than 200 stores across the state of Madhya Pradesh
- Procuring primarily from Women Farmer Producer Companies promoted under NRLM and MPDPIP
- **Annual Business Turnover: USD 4 million**
- **Multicommodity Trading:** Fresh Products, Spices as well as specialized items like Sanitary Pads, all sourced from small manufacturing units run by rural women



Individual Garment Units: An emerging cluster supplying to big brands

- **20 new garment manufacturing units;** employing 200 women
- Supplying clothes to several leading brands
- Focus on improving work performance through better technology and initial working capital support



Results: The Non-farm Pathway

1.8 million women entrepreneurs engaged in NTFP, food, manufacturing and service sectors

- Café Kudumbshree in Kerala, Rural Retail Mart chain in AP, Bee Keeping Cluster and Cluster of Art and Craft enterprises in Bihar, Lac enterprises in Jharkhand; with an overall estimated turnover of Rs. 85 crores.

Partnerships

- Start up Village Enterprise Fund (SVEP) - MoRD
- Private Sector: ITC; Dabur
- Technical Agency: Enterprise Development Institute, ORMAS, Jaipur Rugs, AHF;
- Public Sector: IRCTC NGOs: Udyogini

Skills Training and Linkages to Self-Employment & Entrepreneurship

- Strengthening implementation of Rural Self Employment Training Institutes (RSETIs)

Impact

Impact analysis shows that in the areas with the SHG platforms of NRLM, there are 80% more enterprises compared to the control areas, 75% increase in number of workers employed by non-farm and agri-business enterprises

Case : Agribusiness incubator in Africa, 2SCALE

**Works with over
353,000 farmers**

in eight countries (Sub-Saharan Countries)
Nearly 30 percent of these farmers are
women

**Partners include more
than 1,200 firms**

from multinationals to small community-
based enterprises.

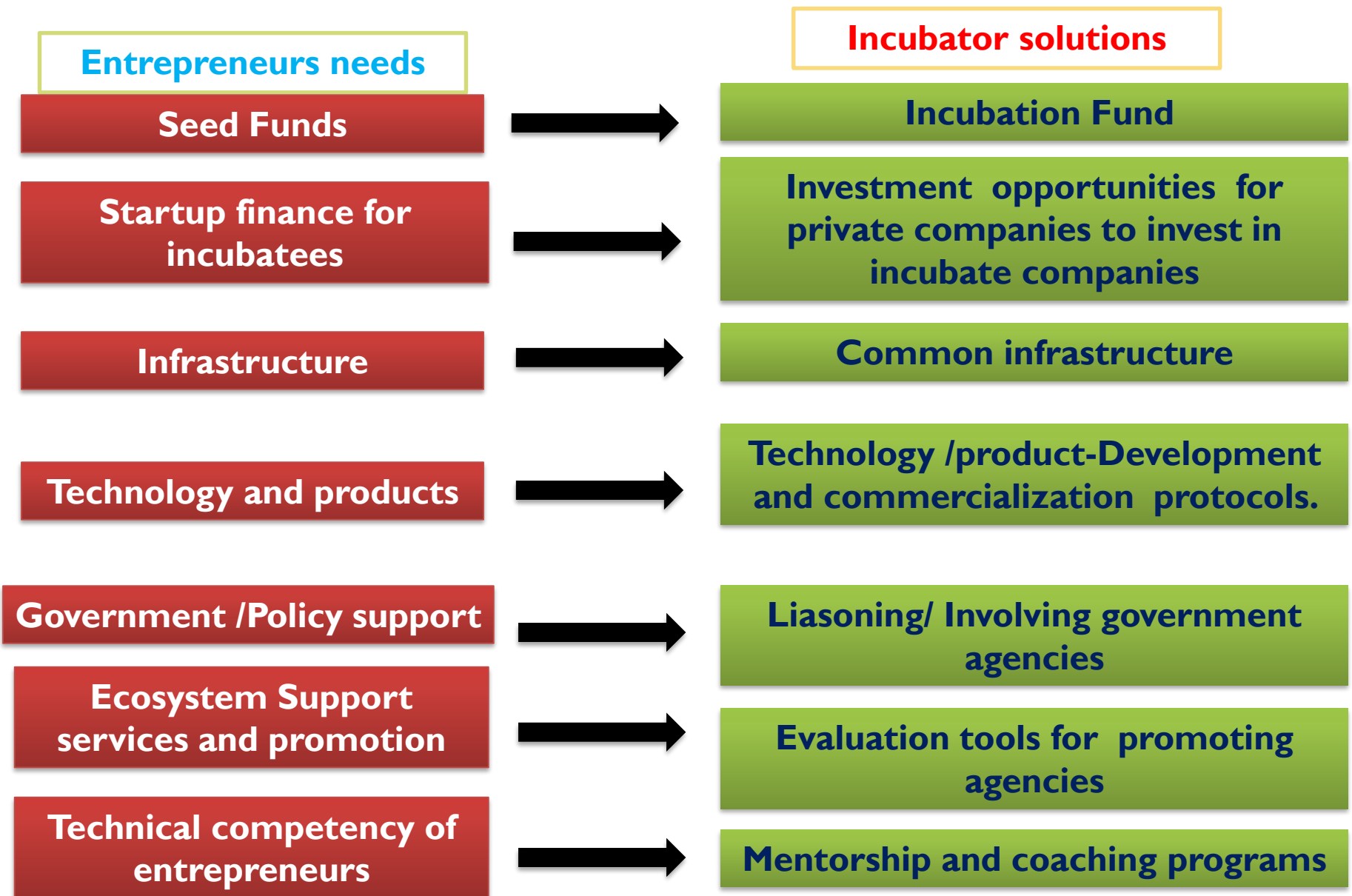
Build Networks

that connect farmers, buyers and
intermediaries, enabling them to create and
grow new businesses.

**Private Co-investment
24 million USD (2015)**

representing cash investments, staff time.

Agri-Incubator Functions



NRETP: Non-farm Enterprise Development

Incubator and Accelerator approach for investment support and skills training to learn how to manage an asset and run a business

Across viable and promising sectors (high value agriculture, manufacturing and services)

Deliver all requisite products and services (finance, technology, mentoring) through a single source

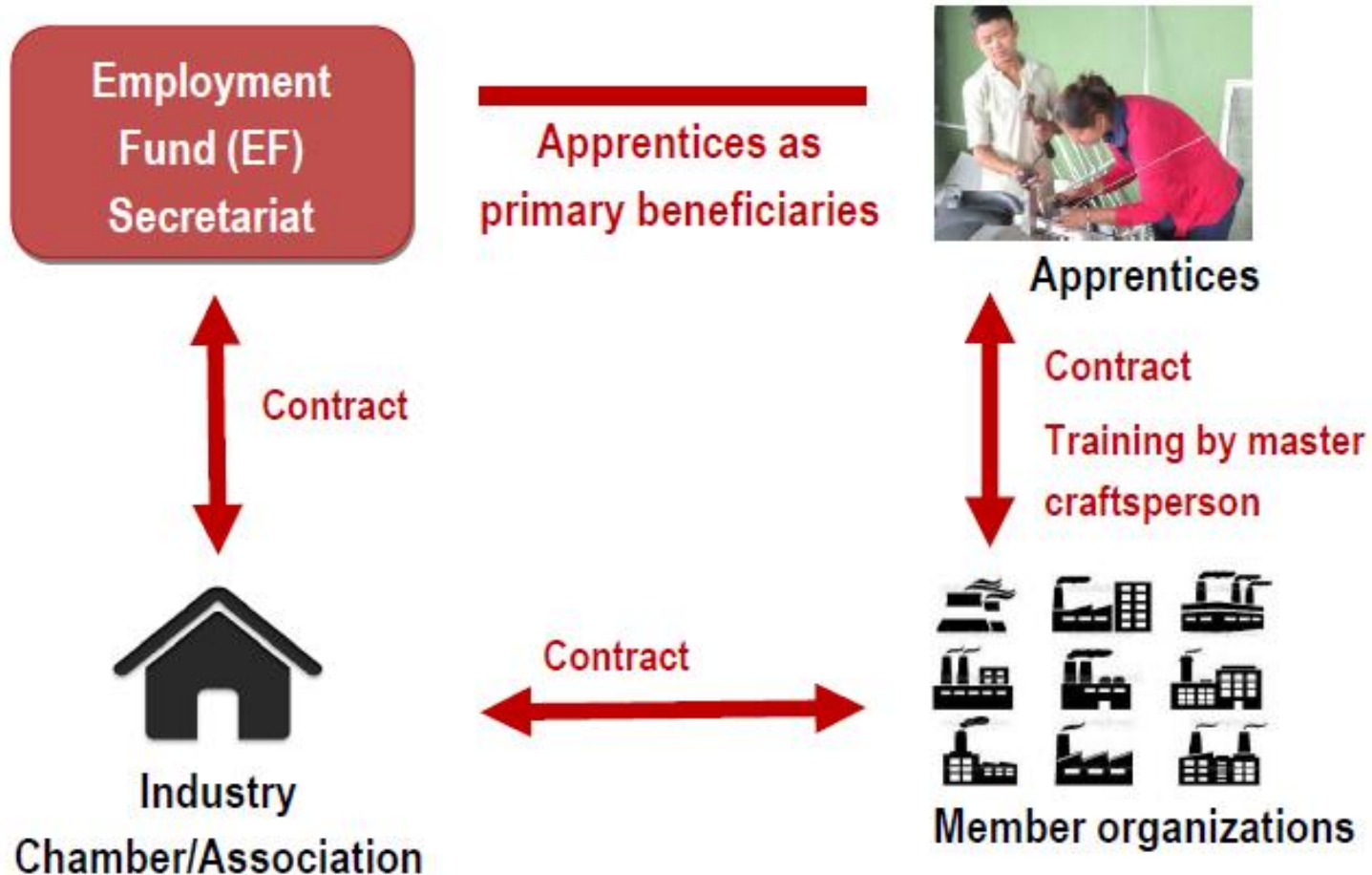
Differentiated support strategy based on the age, size and potential of enterprise

Leverage technology and private sector in program delivery

Match making with social investors

Example EF Nepal: Apprenticeship model

Apprenticeships for employment, higher labor earnings and productivity increases



Case: Agropreneurs- Fresh Direct Nigeria



YOU ORDER

Go to our Produce Menu to order from a list of exotic veggies available.

WE HARVEST

When we get your order, we harvest from one of our Urban Farms nearest to you. This ensures you get the freshest produce possible.

WE DELIVER

Once we harvest and package, within 15-30 minutes, we get our organic produce FRESH.... DIRECT....TO YOU!!!!

Winner of World Economic Forum Africa's female innovators of 2017

Model 5: Village E-commerce

Taobao Villages in China

1,311 Taobao Villages

200,000+ active online sellers

25 Taobao Village Clusters

71 Taobao Towns



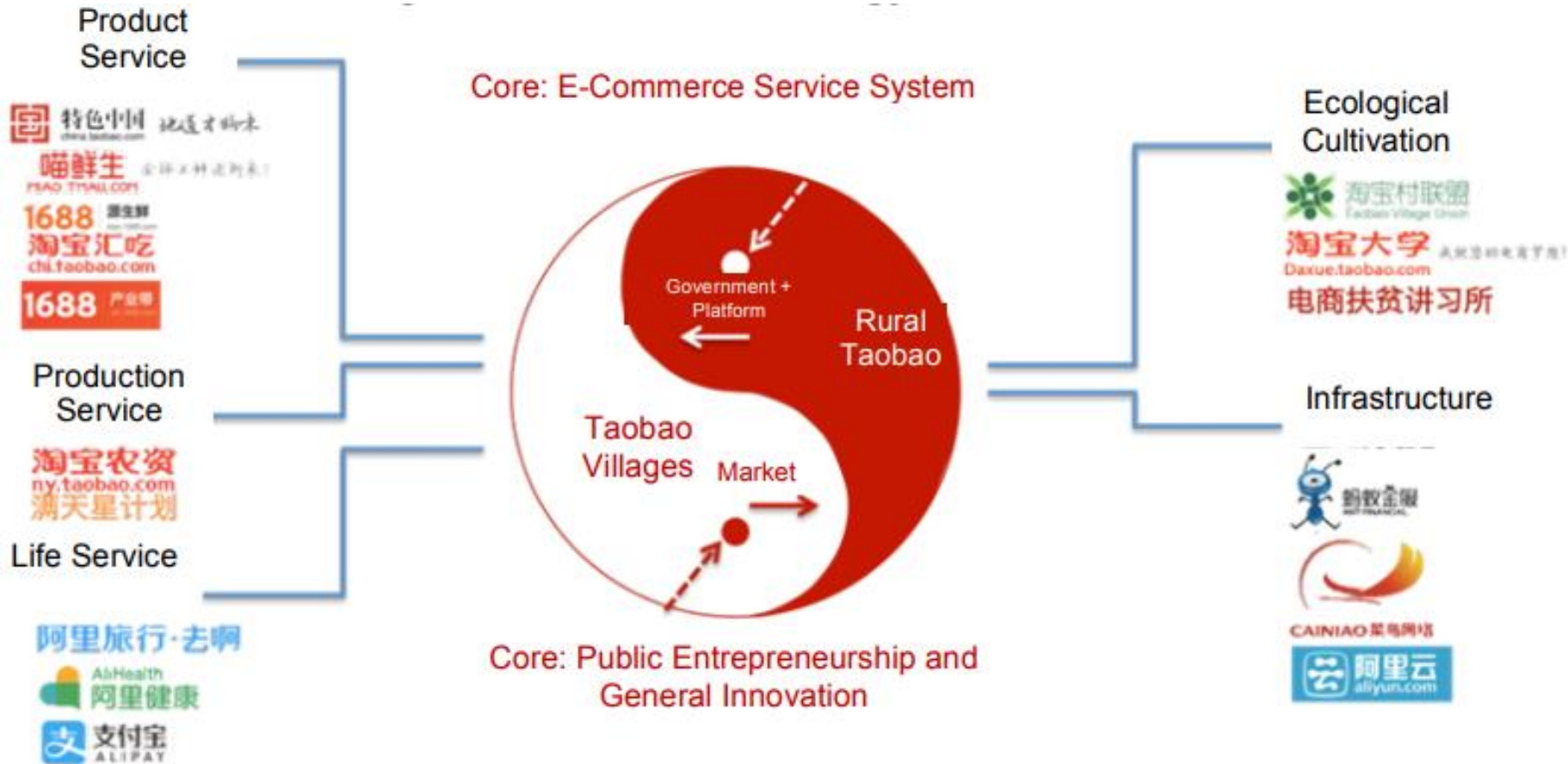
Taobao Village is a cluster of rural e-tailers where:

**at least 10% of village households
engage in e-commerce**

**at least 100 online shops have been
opened by villagers**

**at least \$1.6 million total annual
turnover**

Alibaba's Strategy on Rural Areas



Impact study: Suichang and Jinyun Villages

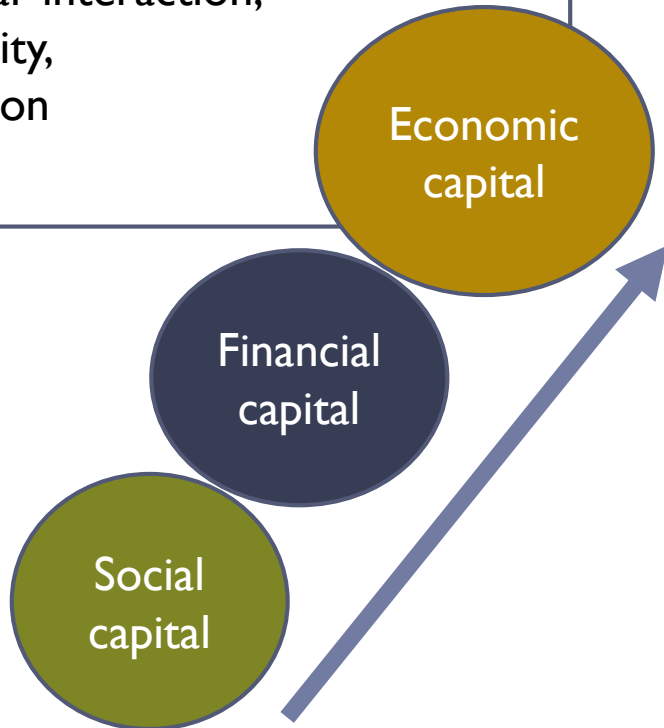
Villages	Suichang	Jinyun
Initial Economic Conditions (as of 2009)	<ul style="list-style-type: none"> • One of the 26 less developed counties in Zhejiang Province • More than 70% of the 50,000 population are farmers and have not attended high school • 18,564 rural residents were living with annual per capita net income of less than 2,500 yuan (USD 400) 	<ul style="list-style-type: none"> • A county with the highest number of poor villages in the province • More than 92 percent of the population work in the agricultural industry • Half of the population lives with an annual per capita per income of less than 2,500 yuan (USD 400)
Product Offerings on Taobao and Increased Income	<ul style="list-style-type: none"> • Villagers sell agricultural products such as bamboo shoots, tea, sweet potatoes, and wild herbs online • More than 1,500 online stores in Suichang, generating annual sales of 110 million yuan (USD 17.7 million) in 2013 	<ul style="list-style-type: none"> • Villagers sell outdoor equipment such as tents, backpacks, sleeping bags, and barbeque pits online • About 1,300 online stores, generating annual sales of 450 million yuan (USD 72.4 million) in 2013

Leong, C. M. L., Pan, S.-L., Newell, S., & Cui, L. (2016).

The Emergence of Self-Organizing E-Commerce Ecosystems in Remote Villages of China: A Tale of Digital Empowerment for Rural Development. MIS Quarterly, 40(2), 475-484.

Key elements of mobilization:

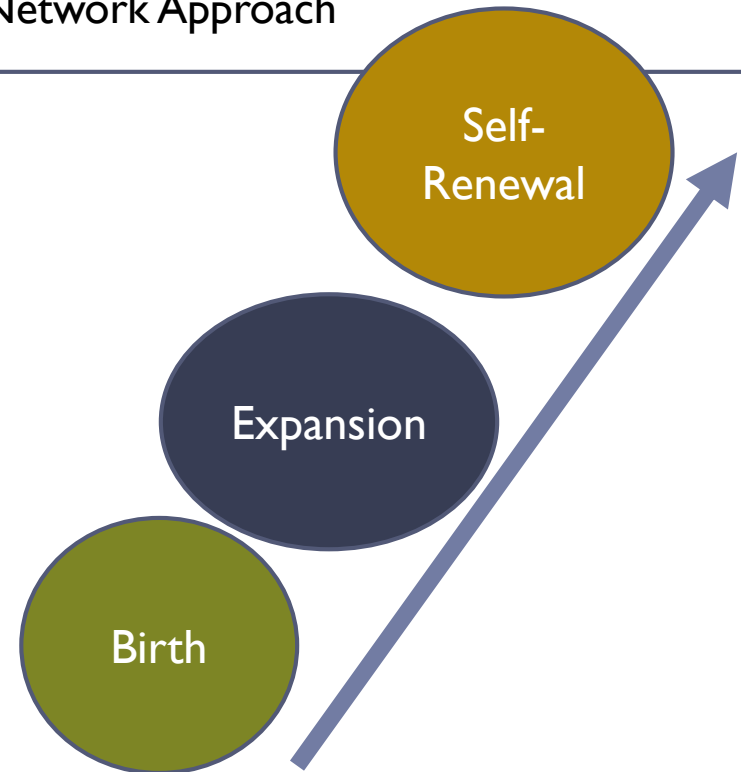
Regular interaction,
Intensity,
Iteration



**Community
mobilization using face-
to-face interaction**

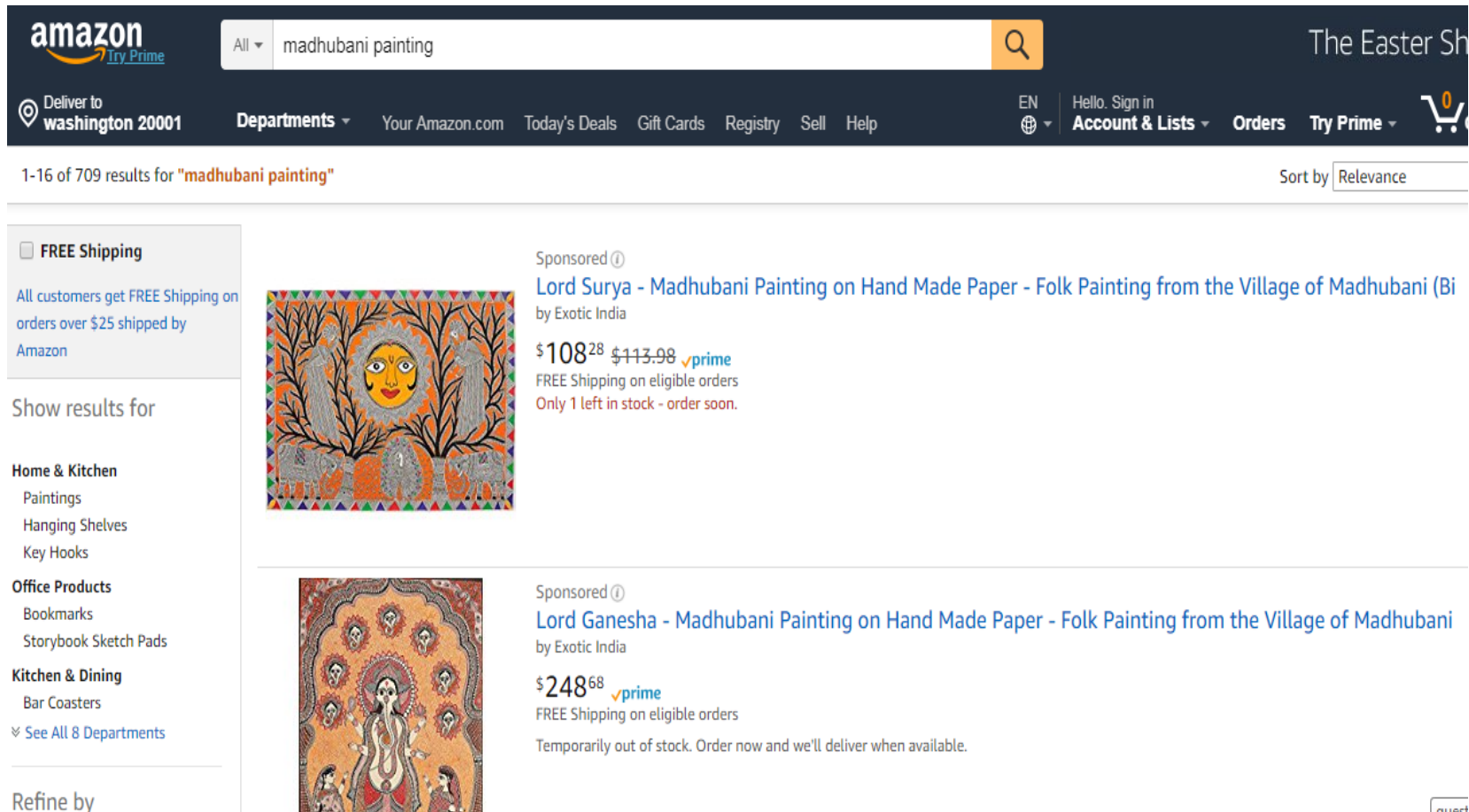
Key elements of mobilization:

Mobilization through Digital Interaction
Combining Entrepreneurial and Organizational Aspect
Connected Network Approach



**Community
mobilization using
digital stimuli**

From subsistence laborer to Amazon seller: A story from Bihar, India



The screenshot shows the Amazon website interface. At the top, the Amazon logo is on the left, and the search bar contains the text "madhubani painting". To the right of the search bar is a magnifying glass icon. Below the search bar, the delivery location is set to "Washington 20001". Navigation links include "Departments", "Your Amazon.com", "Today's Deals", "Gift Cards", "Registry", "Sell", and "Help". On the right side, there are links for "EN", "Hello. Sign in", "Account & Lists", "Orders", and "Try Prime". A shopping cart icon is also visible.

Below the navigation bar, it says "1-16 of 709 results for 'madhubani painting'" and "Sort by Relevance".

On the left side, there is a sidebar with a "FREE Shipping" section stating "All customers get FREE Shipping on orders over \$25 shipped by Amazon". Below this, there are categories: "Home & Kitchen" (Paintings, Hanging Shelves, Key Hooks), "Office Products" (Bookmarks, Storybook Sketch Pads), and "Kitchen & Dining" (Bar Coasters). A link "See All 8 Departments" is also present.

The main content area displays two sponsored products:

- Product 1:** "Lord Surya - Madhubani Painting on Hand Made Paper - Folk Painting from the Village of Madhubani (Bi)" by Exotic India. The price is \$108.28 (discounted from \$113.98) with a Prime logo. It includes "FREE Shipping on eligible orders" and a note "Only 1 left in stock - order soon." The image shows a colorful painting of Lord Surya with a yellow face and orange body, surrounded by black branches and a colorful border.
- Product 2:** "Lord Ganesha - Madhubani Painting on Hand Made Paper - Folk Painting from the Village of Madhubani" by Exotic India. The price is \$248.68 with a Prime logo. It includes "FREE Shipping on eligible orders" and a note "Temporarily out of stock. Order now and we'll deliver when available." The image shows a painting of Lord Ganesha with a white body and a large elephant head, surrounded by smaller figures and a colorful border.

At the bottom left, there is a "Refine by" section. At the bottom right, there is a small "amazon" logo.

Blog Link: <http://blogs.worldbank.org/endpovertyinsouthasia/subsistence-laborer-amazon-seller-story-bihar-india>

Lessons from Global Experiences

- **10 key principles** for Successes in Linking Villages, Communities, Farmers and Entrepreneurs to Markets

10 Key Principles for successful programs

1. Aggregation
2. Strong economic mobilization as basis
3. Social and Economic Differentiation
4. Digital mobilization



10 Key Principles for successful programs

4. Economic clusters as unit of intervention (not necessarily village)

5. Market Driven

6. Investments in Public and Private Goods in Complementary Manner



10 Key Principles for successful programs

7. Public-Private Partnerships

8. Brokerage

9. Producer/Entrepreneur Owned and Managed
Businesses and Enterprises

10. Leverage Financial Sector/Rural Financial Services



Investment in local economic development-Moving forward

- ▶ Invest in aggregation. Build on existing farmer and producer groups
- ▶ Work on economic clusters. These can be across villages
- ▶ Find market opportunities in agriculture and non-farm sector
- ▶ Link buyers and producers and facilitate productive alliances
- ▶ Support business plans

Investment in local economic development-Moving forward

- ▶ Invest in complementary productive infrastructure through village funds
- ▶ Develop a public private partnership platform
- ▶ Measure economic and business performance of the local economic development projects and scale up approaches which have worked.