



Making markets work for the poor

PRACTICAL ACTION
Technology challenging poverty



Working their way out of Poverty

Three-quarters of people in developing countries live in rural areas and rely on farming activities to produce food and income for their families. The poverty in which millions of these small farmers live is made worse by:

- **Droughts, erosion and other environmental issues that threaten the land and water on which their farming depends.**
- **The high costs of doing business in isolated areas where roads and communications are poor.**
- **Unjust trade rules that prevent people receiving a fair price for their goods.**
- **Competition from cheap imports.**
- **Falling crop and livestock prices.**
- **A declining labour force due to HIV/AIDS, particularly in Africa.**

Some farmers can overcome these difficulties with knowledge, skills, new technology and capital. It is these farmers who are able to respond to the opportunities that result from the increasing demand for food from people living in cities, and the openings that do exist in international trade. The poorest farmers however, often get left behind. Practical Action is working to ensure that they too can take advantage of such opportunities, make use of appropriate technology and improve their skills to improve theirs and their families lives.

The *Markets and Livelihoods Programme* helps people to help themselves; it encourages them in their own ideas, builds their confidence and supports their initiative and enterprise by helping small producers with the production, processing and marketing of goods.



Sri Lankan women showing the dried fruits and vegetables packaged and ready to sell

Building a future for themselves

Many poor people grow food for their own consumption and sell any surplus for income, although some grow food or other crops such as cotton or coffee entirely for sale. To avoid over-reliance on a single crop or product, it is becoming increasingly more common for people, many of them women, to start non-farming businesses. To supplement their incomes they make snacks and locally sought after products like candles, chalk and soap. Additionally, many farmers also add value to locally produced crops and livestock products through processing, for example by using milk to make cheese and yoghurt. The mix of activities people undertake helps them to build secure livelihoods for their families. At some stage all these people interact with the market in order to sell their produce and earn an income from it.

Practical Action's *Markets and Livelihoods Programme* supports small producers to overcome poverty and sustain their livelihoods by improving their ability to access, and get more from, the market. By helping them identify new market opportunities, produce better quality goods and obtain relevant technology, tools and business advice, Practical Action enables families to improve their incomes and secure the food, water, housing and education they need.

Understanding the market

Small producers often lack the knowledge they need to identify new products or buyers in order to compete. Building on local skills and knowledge, Practical Action supports and trains small producers to access market information, understand the way markets work and take advantage of market opportunities. Practical Action helps producers make more informed decisions about what to produce, when to produce it, at what price, for whom and in what quantities.

In Sri Lanka, Practical Action established the Rural Enterprise Network to help small farmers respond to a demand for dehydrated vegetables. The Network provides farmers with advice on processing, quality control, packaging and marketing. The Network also helps producers to make links with wholesalers and supermarkets, reduce their production costs and guarantee consistent quality of their produce.

Making a livelihood

Small producers often need help to ensure the quality of their goods, source tools and materials, obtain loans, manage their finances and ensure their activities are efficient and profitable. Practical Action supports local organisations to provide these services in a cost effective way, and also builds relationships between producers and specialist organisations that provide affordable loans and banking.

Simple, low-cost technology that adds value to raw goods can dramatically improve the long-term incomes of small producers. Practical Action continues to develop and promote appropriate technology that is designed, made and maintained by local people.

In remote parts of Western Nepal, many poor people earn a living by collecting herbal products and taking them to a cooperative that extracts the oil and sells it to traders for medicinal use. Practical Action worked together with the cooperative to install a new stove that uses less fuel, and equipment that reduces the wastage of oil. The new stove and oil extraction technology proved safer and also allowed crop residues to be used for fuel. The cooperative now uses 100kg of firewood per day instead of 500kg, and they can pay their suppliers better prices because the operation is making a good profit. Herb collectors like Maya have doubled their incomes:



'I used to earn up to 800 Rupees per month but now I earn about 1,600. I can feed my family and save something extra for clothes and medicine. My six year old nephew can now go to school with the money we save', she says.

A level playing field

Poor women and men, working on their own land or in small workshops depend on their own skills and enterprise to make a living. They have little influence on the market and rarely receive support from government institutions. Harsh business regulations, unfair trade policies and practices, taxes, subsidies and tariffs often limit their ability to compete and earn a satisfactory income. Practical Action recognises the importance of giving people the opportunities to work themselves out of poverty and so lobbies and works with governments and international organisations to promote policies and practices that enable small producers to benefit from improved market access and better prices for their goods.

In Kenya, rules prevented the export of aloe, a plant used in many medicines and cosmetics. In the past, wild aloe has been harvested and exported illegally from Kenya via South Africa, where there are no such restrictions. Practical Action has worked with the Kenyan Government to allow aloe to be grown sustainably as a cash crop and exported. This offers the prospects of a better livelihood for farmers who live in a dry area where few food crops can grow but aloe is able to thrive. Farmers are converting their farms to grow aloe and say: *'Communities around this area can be taught how to grow the plant'*. When the farmers saw how the flowers of the fleshy aloe attracted bees, they started beekeeping to further supplement their income.

Working in partnership with local organisations and communities, Practical Action shares the knowledge and lessons learned from our work with other development organisations so more people benefit. This further increases the impact of our work in overcoming poverty around the world.

Project in Action



Bangladeshi woman with the cakes and biscuits she produces ready to sell.

To market, to market

Small farmers in Bangladesh, as in most poor countries, undertake non-farming work to supplement their incomes when crops are out of season. Practical Action is working with over a hundred small groups in villages across the country that make candles, soap, tools and other products, to ensure that they have the appropriate technology and skills they need. Practical Action's series of local language guides with advice on the equipment, skills, and investment needed to generate income from food processing have proved highly popular. Many people have also been trained in making snack foods such as Chanachur (Bombay mix) and Murali (sweets), jams, pickles and cakes, and how to market them effectively in local schools and workplaces.

Sensheholata a snack food producer, benefited from Practical Action's support. *'Before I attended the training and learnt how to improve the quality of my food, I was selling about 50 Taka worth of products and making about 25 Taka profit per day. Now I sell snacks for 100 Taka and make 50 Taka profit!' she says.*

More than 2,000 people in Bangladesh have received training through Practical Action's small enterprise programme, 90% of them women, who have gone on to successfully establish or expand their own businesses. By adding value to their produce, these small producers have found a secure and sustainable livelihood and are no longer vulnerable to extreme poverty.



Alpaca herders with their animals at a community meeting.

Project in Action

A fair living

Farmers in the Peruvian Andes are increasingly vulnerable to the effects of poverty when crops fail or animals fall sick. Practical Action has worked with farmers, training them as technical advisers in improved methods of crop growing, animal rearing and marketing produce, and in how to share this knowledge with their neighbours. The advisers, called Kamayoq after the experts on weather and agriculture during the Inca times, receive training on identifying and treating pests and diseases, crop irrigation methods, and animal breeding. People pay the Kamayoq for their advice, which has had a particularly significant impact on improving the use of pasture. As a result, some farmers have increased their incomes from selling milk and vegetables by up to 40 per cent.

So far 140 Kamayoq have been trained, one-fifth of them women. Maria is one such Kamayoq. Unlike conventional vets, her advice is affordable for small farmers and the demand for her services is so high that she and her husband, who has also received training, have treated nearly 2,300 cattle in Canchis Province. *'This is all thanks to the help I received from Practical Action,'* she says, *'I have learned so many things.'*

The Kamayoq system provides a low cost, reliable and effective source of advice for farmer's that is helping them to overcome poverty and sustain their livelihoods, despite the harsh mountain environment in which they live.

Future directions

We at Practical Action are proud of what we have achieved, but we know it's only the beginning. We look forward to working alongside poor producers the world over, to engage with markets in ways that will have lasting benefits for them and their communities.

Future plans include:

- **Strengthening the viability of smallholder farmers to achieve better and more stable incomes.**
- **Improving livelihood options of marginalised producers such as pastoralists, fisher folk and forest users.**
- **Strengthening opportunities for rural non-farm enterprises to benefit from markets.**

Further information

If you would like to know more about our work on markets and livelihoods in developing countries, or Practical Action's work in general, please contact:

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Whilst stories in this leaflet are true, names and photos have been changed to protect the identity of individuals.

