Independent Desk Review
of Ekorural’s “Community Basket” Project in Ecuador

by
World Agroforestry Centre (ICRAF)

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Background
In February 2012, the McKnight Foundation contracted ICRAF to provide an independent desk review of the project Community Basket: A Rural-Urban Platform for Healthier Food Systems. Jason Donovan, a marketing specialist with ICRAF based in Lima, Peru, carried out the review. Phase 1 of the project had been implemented by Ekorural and partners in Ecuador between 2009 and 2011. The aim of Community Basket is to build an alternative system for the production and consumption of fresh fruits and vegetables—a system where consumers recognize producers' need for improved prices and overall better marketing conditions and producers recognize consumers' need for improved access to safer and healthier food. These needs are reconciled through creating links between farmers, farmers' associations, and “community baskets,” which are volunteer organizations that purchase and dispense food to urban consumers.

In carrying out the review, the McKnight Foundation asked ICRAF to consider the following:

- **General impressions**: How innovative is the project? What is its potential for stimulating rural development and generating healthier food systems? What do experiences in the field suggest about project design? How could the project benefit from experiences related to pro-poor value chain development?
- **Criteria to determine success**: Which parameters could be used to monitor and ultimately evaluate success of the Community Basket project in the future?
- **Feedback on annexes 4 and 4.1**: What do results indicate about the outcomes and sustainability of the Community Basket project? What options exist for deepening the analysis?
• **Recommendations for phase 2**: Based on insights from this review, what adjustments to the phase 2 proposal might allow for increased sustainability and impact? In other words, what are the implications of phase 1 (just completed) for phase 2 (which is starting)?

**Methods**
The review is based on a thorough review of secondary information provided by the McKnight Foundation. The documents consulted included:

- **Ekorural report**: “Community Baskets: An Urban-Rural Platform for Healthier Food System” (Ekorural, Feb 5, 2012)
- **Annex 1 (Ekorural report)**: “Actividades y eventos de capacitación”
- **Annex 3 (Ekorural report)**: “Comunidades participantes”
- **Ekorural phase 2 proposal**: “Agricultura a pequeña escala y acceso a mercados locales: Impactos en biodiversidad, nutrición y bienestar de las familias campesinas”
- **Bekkering report**: “Las prácticas de la comida: Resumen de las experiencias compartidas con los grupos Canastas Comunitarias en el Ecuador”

In addition, recommendations and conclusions draw on the experience of the marketing specialist in charge of the review in the design and assessment of value chain development interventions in Latin America, as well as insights from the literature of community-supported agriculture, value chain development, sustainable rural livelihoods, and other related literature.

**General impressions**

- **An innovative and relevant project**: While the idea of linking farmers directly with consumers is not new (e.g., community-supported agriculture in Europe and the United States), the formation of linkages between farmers and consumers in developing countries has received limited attention in development research and programming. Most discussions in the value chain literature are related to international markets—thus the focus on local markets is both interesting and relevant to rural development debates. In theory, farmer-consumer linkages offer an opportunity to increase incomes in the rural sector and promote improved diets in the urban sector. Among the unique challenges to establish direct farmer-consumer linkages in a developing country context are the limited ability/willingness of consumers to pay for higher quality food products and limited ability of resource-poor farmers to provide a steady supply of higher quality food products.

- **Services provided by Ekorural**: Project documents suggest that work by Ekorural focused on upgrading the capacities of farmers to diversity their agricultural production systems and facilitating linkages between the associations and the Community Baskets. Reports suggest that the number of farmers that received Ekorural’s services was relatively small (<100). Information in annex 1 suggests that Ekorural played a key role in organizing the production and selection of fruits and vegetables for sale to the Community Baskets. It is impressive that Ekorural was able to coordinate production among dozens of smallholders on a routine basis during an extended
period. The reports provided limited insights into the workings of the farm associations or the role of Ekorural in promoting these associations. This suggests that the development of farmers associations was not a priority in phase 1. Given the critical role of these associations in organizing production and linking with the Community Baskets, a deeper look into the associations will be important for ascertaining the sustainability of the project. In general, we know that the development of viable cooperatives and associations is a long-term process that often requires considerable external support (see, for example, Donovan, Poole, and Stoian 2008).

- **A look at reciprocity:** A key concept that underpins the design of the project is “reciprocity,” which, in this case, refers to the belief that farmers recognize consumers’ need for access to healthier food and consumers recognize farmers’ need for better (fairer) marketing relations. However, the lessons learned from the Ekorural and Bekkering report cast doubt on the existence of reciprocity in the current set of relations between the farmers and consumers (represented through their Community Baskets). Consumers tended to base their purchase decisions principally on price, despite efforts to increase awareness of the benefits of consuming safer foods. This finding was supported by comments in annex 1 of the Ekorural report: “Consumers do not value the products of the farmers and farmers do not comply with their deliveries. Work on trust building is lacking, especially as related to prices.” That said, reciprocity remains a key concept for thinking about alternative food systems. In the Ekorural case, reciprocity among the existing set of actors may evolve over time through more intensive interactions between farmers and consumers. However, reciprocity may be easier to establish between the existing producers and a new, more affluent, group of urban consumers or between the existing Community Baskets and a new, more efficient group of producers. The need for short-term positive outcomes for farmers underscores the importance of linking to clients who have a greater willingness to pay for quality foods.

- **Who is demanding higher quality foods?** An assumption underpinning the design of the project was that urban consumers valued, and were willing to pay more for, local food produced using ecologically friendly production techniques. As previously mentioned, this turned out not to be the case, as least during phase 1 of the project. More information is needed to understand the demand by existing Community Basket members for fresh fruits and vegetables. The development impact for both farmers and Community Baskets (and urban consumers) may be increased by rethinking linkages. For example, farmers may face higher demand from higher income households, high-end restaurants and hotels, which would perhaps be willing to co-invest

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1 The grey literature on value chain analysis and development may be useful for obtaining a better understanding of the demand for smallholder agricultural production and the related implications for more intensive engagement between smallholders and other actors in the chain. Various methodologies exist for value chain assessment, including Da Silva and Souza 2007, Vermeulen et al. 2008, GTZ. 2008, and Lundy et al. 2007. Work between ICRAF and the Technical Centre for Agricultural and Rural Cooperation ACP-EUCTA (CTA) is currently underway to assess the strengths and weaknesses of these and other methodologies for facilitating the design of pro-poor value chain development interventions.
in production (thus reducing risks for farmers—in line with community-supported agriculture in Europe and the United States). Community Baskets might receive cheaper food and a voice in the food production process by focusing on relations with larger-scale producers or wholesale markets. Ekorural suggested similar possibilities in its annual report. Phase 2 should address these options in a direct manner.

- **The Bekkering report**: The Bekkering report highlighted various issues that suggest a weak link between the Community Baskets and the farmers. Among these are limited growth (declining membership) of the Baskets, reliance on wholesale markets for meeting demand for fruits and vegetables, and a potential mismatch between consumers’ demand for fruits and vegetables and the farmers’ supply. Community Basket members’ preference for cheap food implies limited options for farmers to receive improved marketing conditions through sales to the Basket. Existing institutional arrangements mean that Basket members did not co-invest (or share risks) in the farmers’ production, either in the form of advances for meeting production expenses or guaranteed price premiums over wholesale markets. From a rural development perspective, the risk is that the Basket could evolve into another type of intermediary for the farmers, focused on low prices and with “arms length” business relations.

- **Can a “fair price” be established and maintained with existing relations?** The authors argue that reciprocity will be achieved when urban consumers know farmers’ production costs and agree to pay them a fair price for the production (that includes a full costing of their time). However, given the focus on low prices by Community Basket members, it is difficult to imagine that Community Baskets would pay prices that surpass those offered in wholesale markets when wholesale prices fall below production costs. This highlights the need to better identify consumers who demand locally produced fruits that are of higher quality than those offered in the wholesale markets. That said, a thorough understanding of production costs is important for establishing alternative food systems.—Such information would allow for the establishing of a floor price for certain fruits and vegetables that would enter into effect which wholesale prices fell below production costs.

- **Missing information**: While reviewing the documents, questions arose for which there was limited or no information provided. Among the information gaps are 1) changes in the output of fruits and vegetables by household (or household type) and product type, 2) changes in consumption patterns of urban consumers, 3) overall relevance of fruit and vegetable production for livelihood strategies, 4) changes in consumption patterns by rural households, 5) increased income earned by farming households (and members) through participation in Community Basket project, 6) advances in the consolidation of producer associations, and 7) changes are required for smallholders to implement “ecologically friendly production” (and the related benefits and costs).

**Criteria to determine success**

Meeting the goals of the project will require several years of external support. To ensure that support is provided in the most effective and efficient manner possible, it is critical to establish a learning program that involves farmers, producer associations, and service providers (Community Baskets). Such a learning
program should be based on an impact pathway model, which links project inputs to outcomes to potential impacts. In fig. 1, a generic impact pathway is provided for producer associations. Given that producer associations form a vital link between farmers and Community Baskets and other types of buyers, thus representing a critical element in the sustainability of the project, a specific focus on them for monitoring and evaluation is recommended. In fig. 2, a generic impact pathway is offered for farming households. In both pathways, general outcome indicators are suggested for each capital. These indicators are process related and consider changes in both tangible and intangible aspects of each capital. Specific indicators would be required based on the local context. The following basic assumption underpins the impact pathways: the more assets households and associations are able to build through development interventions and other factors, the greater the ability of the households to improve their resilience and overall well-being and of the associations to improve their long-term viability, and vice versa. A tool that facilitates learning about development processes related to the private sector is “5Capitals: A Tool for Assessing the Poverty Impact of Value Chain Development” (Donovan and Stoian 2012).

![Generic impact pathway for producer associations](image-url)

**Fig. 1. Generic impact pathway for producer associations**
Fig. 2. Generic impact pathway for farming households

Feedback on annexes 4 and 4.1

Annex 4

- Table 2.2: External inputs represented, on average, only 22% of the total estimated cost of production. Is this low or high? How intensive is the overall production system? Could major gains in productivity be achieved with an increase in the application of external inputs (such as bio-friendly fertilizers and fungicides)? What external production inputs are needed but lacking?
- Table 7A: Some products are considerably more profitable than others (e.g., nabo, lettuce). Which producers were best able to respond to these relatively high-return opportunities? Perhaps only those farmers with the greatest assets were able to grow lettuce and other high-input/high-return products. If so, what is needed to facilitate the participation on those with fewer resources in the higher-profit production lines? In general, farming households are somewhat better off selling to the Community Baskets (compared to selling to wholesale markets). However, consumers are much better off by buying from the Community Baskets (compared to buying from retailers). How do farmers perceive their benefits from participation in the Community Baskets? What additional services/incentives would be needed to intensify their participation?
Table 5: Only a handful of producers (n=12) made over 4+ deliveries of produce in 2012. These deliveries comprised roughly 57% of the total value of sales during 2011. The vast majority of producers delivered produce only 1-3 times during 2011. Why the low participation by the majority of participating farming households? In general, the annual report provides few insights into the ability (and potential struggles) of farming households to participate in the Community Baskets project. Such insights would be useful for designing a more efficient and potentially impactful second phase.

Annex 4.1

Table 2.1: The use of external inputs is much higher for farmers in Unalagua (as compared to farmers in Riobamba—annex 4). What does this difference mean for participation in the Community Baskets, as well for efforts to stimulate rural development?

Table 4: In general, sales to wholesale markets would provide for larger revenues than sales to the Community Baskets. However, the authors note that sales to wholesale markets are not possible because the farmers are not organized. What is the counterfactual in this case? Would it be that farmers sell to an intermediary (rather than to the Community Basket)? If so, a comparison of these revenue streams would shed greater light on the positive outcomes of the intervention.

Table 4: What does it mean for rural development if wholesale markets offer, on average, higher revenue returns than the Community Baskets? Would the farmers be better off organized into a producer association for selling to the wholesale markets?

Table 5: The authors highlight evidence that shows how, for a given delivery, some farmers can lose through participation in the Community Baskets (relative to participation in wholesale markets). The authors suggest the need for improved planning and the potential for redistribution of benefits among the farmers. The idea of redistribution of benefits among farmers will likely meet resistance among the most organized and well-endowed farmers in the group. Interestingly, the option of innovation in contractual arrangements (risk sharing through contracts with floor and ceiling prices) between farmers and consumers has not been featured in discussions.

Recommendations for phase 2

The following recommendations are provided based on the proposal “Small Scale Agriculture and Access to Local markets: Impacts of Biodiversity, Nutrition, and the Well-Being of Rural Households.”

- **Objectives**: The objectives are well-formulated. Regarding the final specific objective (“influence on policies in favor of healthy local food systems”), we still have much to learn before being able to recommended sound policies to policy makers in Ecuador and elsewhere. I would focus this objective on mutual learning among stakeholders, which could include policy makers.

- **General hypotheses**: Where is the learning from phase 1 in the formulation of the hypotheses? Perhaps these could be refined to incorporate such lessons (e.g., related to the need for alternative institutional arrangements and the need to better match demand with supply; identification of viable options for more intensive participation by smallholders).
• **Objective 1**: The focus is squarely on the mechanisms that allow for direct access to local markets. Clearly this is important; however, experience in value chain development suggests that pre-existing asset endowments can play a critical role in determining the ability of smallholders to effectively participate in and benefit from value chains. To the extent that participation in local food chains requires significant investments by smallholders in money, labor, and other resources (and considering the potential trade-offs among the use of these resources in any one activity), an asset-based approach to project design and assessment may be useful. Such an approach would also shed light on the issues of “peasant rationality” that is mentioned in the proposal. See Donovan and Stoian (2012) for details on an asset-based approach for learning related to the participation of the poor in value chains.

• **Objective 2**: The Ekorural annual report mentions various options for increasing the impacts of the interventions, including the establishment of short food chains with other types of clients. However, these options are not considered in objective 2. Again, the proposal does not seem to take full advantage of the lessons learned in phase 1.

• **Objective 3**: What lessons were learned from phase 1 in terms of farmers being able to intensify their production systems? What are the information gaps? What services might be missing? Which farmers were the most likely to intensify their production? Which were the least likely? What are the best options for deeper learning and innovation?

• **Project design (phase 1)**: The focus appears to be on finding new communities of farmers for participation in the project. However, lessons from phase 1 point to the need for further learning on a number of important issues: What about the continued and expanded participation of existing farmer groups? What about new clients (e.g., restaurants, hotels, higher income consumers, schools)? What about the options for new contractual relations with existing clients? A study of demand for ecofriendly, locally produced foods, combined with a more detailed study of household asset endowments and livelihood strategies (among farmers) may be useful here.

• **Project design (phase 2)**: How important are producer associations to the functioning of short food chains? It is apparent that the sustainability of these interventions will depend, in part, on the successful organization of such associations. If so, then their organization and development should be included in the proposal.

**References**