Collective marketing group: Improving efficiency and enhance market linkages for smallholder agroforestry farmers

**Background**

Successful integration of Agroforestry and vegetable production on farmers’ fields depends on the economic viability of the system. In order to compete effectively in commercial markets, small scale farmers must have better access to market information, be able to provide reliable quantities of high quality produce (either individually or collectively), good communication network, and appropriate market planning.

**Objective**

- Develop a market value chain at the local, regional and national level that builds upon existing marketing strategies.
- Develop interventions to overcome constraints and make use of opportunities

**Research Framework**

**FARMER LIMITATION**

- High turn over
- Fast cash turn
- Price fluctuation
- Market sustainability
- Low input & labor demand
- Risk

**FARMER PREFERENCE**

- Market power of buyers
- Market power of suppliers
- Easy of entry for competitors

**MARKET STRUCTURE**

- Assure certainty of buyer
- Balanced power of sellers
- Fair market structure
- Adequate quantity of high quality produce

**MARKET CONSTRAINTS**

- Limited number of buyers
- Problem with quality, quantity, timeliness, time-consuming to deal with farmers
- Very good access to market information
- Usually have good commercial skills
- Few have tried to develop partnership with farmers

**EXPECTED OUTCOME**

- Increased VAF system productivity & profitability
- Improved income & family nutrition
- Enhanced linkages between farmers, FG, market agents, & stakeholders
- Improved farmers technical & marketing awareness & capacity

**SMALL SCALE FARMER**

- Low quality and quantity of product
- No access to market information
- Limited marketing skills
- Limited management
- Insecure market for produce
- Limited access to extension

**How to overcome the constraints?**

**COLLECTIVE MARKETING**

**ADVANTAGES OF THE STRATEGY:**

- Increase their economies of scale
- Lowering transportation cost
- Raise and harmonize product quality
- Create incentive to increase production
- Assist farmers to access credit
- Facilitate the organization training & agricultural extension services
- Applying democratic decision making among the farmers

**Next Actions**

- During 2007, we will focus on strengthen farmers’ organizational and marketing skills to develop enterprises model for small scale farmers and entrepreneurs.
- Working with other teams in the projects to assist farmers applying appropriate management of their ‘kebun’.

**Income Scenario: Sold to Local Collector vs Wholesaler**

<table>
<thead>
<tr>
<th>Quality</th>
<th>No of Hand</th>
<th>Weight (kg)</th>
<th>Price (Rp/kg)</th>
<th>Income (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade A</td>
<td>3</td>
<td>6.0</td>
<td>1,700</td>
<td>10,200</td>
</tr>
<tr>
<td>Grade B</td>
<td>3</td>
<td>4.5</td>
<td>1,400</td>
<td>6,300</td>
</tr>
<tr>
<td>Grade C</td>
<td>2</td>
<td>2.5</td>
<td>1,100</td>
<td>2,750</td>
</tr>
</tbody>
</table>

**Total**

- 19,250
- 1,000
- **Net Income 18,250**

**Assumption:**

- Current price Rp10,000/bunch sold to local collector (regardless quality).
- Weight of a bunch of banana is 20 kg, 9 hands.
- Assumed in a bunch, there are 3 hands of grade A, 3 hands of grade B, 2 hands of grade C and 1 hand reject. Sold in 2 fingers based on grade & is packaged.
- Total cost of post harvest handling is Rp50/kg.
- Buyer will cover packaging material & pick up the banana at the village.