



James C. Borel Group Vice President, DuPont Special Meeting of the Economic and Social Council on Improving Market Access for Small-Scale Farmers 3 July, 2008

Market Accessibility Through Improved Inputs, Information and Infrastucture:

As the 2008 World Bank Development Report identified, agriculture is the primary driver to abate hunger and reduce poverty. Throughout history, agricultural prosperity has been the prerequisite for every successful economy.

In the 2007 study, "Down to Earth," World Bank economists, Luc Christiaensen and Lionel Demery said, and I quote, "Sound economic growth of the agricultural sector is at least twice a03prereq7.C te for ever-0.Asian manue

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The good news is that every single one of the limitations can be overcome.

Lack of access to credit and risk management products, such as insurance, is a major obstacle for small-scale farmers in developing countries. They need lines of credit to invest in quality inputs and to purchase or lease land. And access to insurance programs can help reduce their vulnerability and increase incentives to invest. Many innovative pilot programs have had great success in spurring development.

In Malawi, an innovative program launched in 2005 for groundnut farmers, helps them obtain certified seed, which resist disease, thereby increasing yields and profits. In addition, the National Smallholders Farmers Association of Malawi designed the index-based weather insurance contract. This program was collaboration between several entities and ensures that if a drought leads to insufficient groundnut production, the bank pays the loans of insured farmers directly.

Debebe's example reaffirms that the next "green revolution" requires quality inputs and aggressive farmer education. We must empower small-scale farmers with modern technologies and knowledge.

In many countries, inadequate access to secure land tenure continues to be a disincentive for production. This is a particular issue for women, unfortunately. Farmers' capacity to increase productivity is contingent on their access to secure land tenure. For instance, it provides collateral for capital to acquire inputs, mechanization and grain storage. It is also another source of stability.

So, if small-scale farmers have secure land tenure, access to credit to acquire improved inputs and knowledge of how to maximize those inputs, they increase the likelihood that they can feed their families and have excess to sell. Because this issue is not just about food production, it's also about income generation.

Unfortunately, small-scale farmers still face the highest barriers in accessing markets. Their relative isolation puts them at a disadvantage. Information technologies, such as cellular telephones and laptops computers can help reduce this isolation, by limiting their reliance on middlemen to gain access to markets and information—especially prices. Technology can also provide weather forecasts to better plan planting, as well as access agronomy information to diagnose and treat plant diseases and prevent crop losses.

To provide markets with predictable and consistent product, farmers need to minimize pre and post harvest losses, which currently can reduce agricultural output by up to 40 percent. These losses dramatically affect farmer incomes and their capacity to invest, which, in turn, diminishes the food supply and farmer profitability. Many technologies and management practices already exist that could greatly alleviate this situation.

Even changes to farming practices can provide solutions. For example, in India, mustard seeds have historically been planted in September and harvested in late December/early January. But often, up to 30% of the harvest was lost to frost. In response, plant breeders worked on a seed with a shorter maturation, which enabled farmers to harvest in early December, avoiding the frost.

These farmers not only avoided crops losses, they also benefited from better prices, as they were able to bring their seeds to the market before the usual glut occurred in January. The shorter cycle also allowed farmers to plant wheat in December, following the mustard harvest, and benefit from two crops instead of just one.

And at the national level, investing in infrastructure improvements to remove physical constraints to market access is an essential first step. Currently, the infrastructure necessary to access markets, such as roads and storage facilities, are either not available or inadequate. There is a need to urgently invest in basic infrastructure to link farmers to markets.

The private sector can also be harnessed to circumvent infrastructure challenges.