

Smallholder farmers putting on the business lens

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Those of us working with smallholder farmers in Colombia have experienced their proud and passionate narratives about planting, growing and harvesting their crops. Only when we ask about selling them do their faces become grim, most of them answering something like: “Ay si la comercialización, esto si es complicado” (“Commercialisation is complicated”). They confirm what a widely known problem is in Colombia and other parts of the world: Getting to market is difficult for smallholder farmers.

There exist several entry points to tackle this problem. External forces such as political conflicts, poor infrastructure and poor land rights play an important role but are unlikely to be changed by farmers in the short term. Therefore it is important to strengthen the farmers’ business capacities so they are able to tackle the problems and limitations that are under their direct control and become stronger to face external forces.

Inclusiveness is a two way responsibility

CSR projects have enabled some smallholders to access new markets, but they can be over-reliant on subsidies, which may not be sustainable in the longer term. To make market linkages work, beyond CSR, smallholders have to become attractive business partners in their own right, with the capability to offer the required quality, volumes, and transparency in their processes. Buyers in turn are required to adjust their buying policies and practices to the conditions of smallholder farmers.

The [LINK Methodology](#) aims to help farmers become better businessmen and to help businessmen to better understand the farmer’s circumstances. It offers a series of tools designed to kick off, implement and conclude a process to improve or grow market linkages with small-scale farmers through hands-on workshops with the participation of all stakeholders, from farmers themselves to middlemen to retailers.

The Value Chain helps to identify the actors involved from farm to fork, their respective roles and how they are interconnected by product and information flows. Constructing this “big picture” in a participatory way enables farmers and other key actors to discover the term “chain” in a new light -one of an interdependent network. This is the first step for transforming a productive market chain to a value chain driven by market demand, in which actors share a long term vision and recognise their interdependence.



The Business Model Canvas helps to zoom-in to one link of the chain with a 360 degree view analysing key elements of the business. Its simple handling and the use of graphic illustration, helps farmers to engage rapidly with the business model canvas and to start recognising their farms as small businesses. They are empowered to identify and understand problems in the functioning of their business model. This collective understanding of the problem developed by the farmers instead of the problem being identified and presented to the community by outsiders creates the active participation of the community that is needed to initiate a change process and sustain it beyond the lifespan of a project.

In the case of a group of female farmers producing medicinal plants in Guapi on Colombia's Pacific coast, the use of the value chain map and the business model canvas resulted in the restructuring of their entire business model due to the fact that they were highly dependent on external funding from international NGOs. They designed a strategy to function partly as an intermediary between the associated farmers and markets in Cali, charging a small commission that was high enough to cover the organisation's expenses.

The Business Model Principles for Inclusive Businesses are a set of signposts with a dual purpose. First, they help evaluate current business practices in terms of their inclusiveness, and second they deliver practical ideas on how to upgrade trading relationships with small-scale farmers. The tool is valuable for buyers who want to improve business linkages with smallholder farmers, but it also helps them build durable business relationships with smallholders from scratch.

In the case of asparagus importing companies from the Netherlands, the business model principles were used to reflect about how inclusive the business between them and the small-scale suppliers in Peru were, and allowed them to design strategies for an equitable and efficient business model that fits both sides.

Beyond the productive and organisational capabilities of smallholder farmers and the willingness of the private sector to not only focus on the needs of the final consumers but also those of smallholder suppliers, the success of market approaches in the long term is determined by public and donor policies that help these new trading relationships to grow and prosper.

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