“Marketing of Agricultural Products for Small Scale Farmers in ASEAN”

Private Sector Partnership towards Food Value Chain Development

April 2017
Japan International Cooperation Agency (JICA)
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1. JICA’s Partnership with Japanese Private Sector

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3. Examples of Partnership Program towards Food Value Chain Development
1-1. Overview of JICA

✓ JICA assists and supports partner countries as the implementing agency of Japanese Official Development Assistance (ODA)

✓ JICA is in charge of administering ODA such as technical cooperation, ODA loans and grant aid in an integrated manner, except for contributions to international organizations

✓ JICA is the world’s largest bilateral aid agency in financial resources, working in over 150 countries and regions
1-2. Partnership with Japanese Private Sector

JICA collaborates with the Japanese private sector to conduct ODA more efficiently and effectively.

Japanese ODA Loan

Grant Aid

Technical Cooperation (Dispatch of experts, trainings)

Proposal Based Program

Proposal Based Program

Japanese private sector possess technological and human resources in various fields that assist in fulfilling societal needs and have a positive impact on the social welfare of the partner countries. JICA invites proposals from Japanese Private Sector and collaborates with the proponents who have submitted successful proposals.
1-2. Partnership with Japanese Private Sector

**Expected Benefits**

**Useful technologies, knowledge, and ideas**
- Water purification equipment
- Slope protection sheet
- Rice mill

**Solution**
- Improves access to clean water
- Prevents soil erosion
- Produces quality polished rice

**Application Investment**

**JICA**
- Matching and facilitation

**Development challenges specific to each country**

**Other Possible Benefits**
- Technological transfer
- Human resource development
- Increase in local employment opportunities
### 1-2. Partnership with Japanese Private Sector

#### Information Gathering, Feasibility Study

1) Information gathering and analysis
2) Basic plan for application of private sector’s knowledge and technologies
3) Feasibility study of application and instalment

#### Dissemination Activities

1) Instalment and pilot operation to solve development issues
2) Verification of results and impacts
3) Human resource development and dissemination

#### Institutionalization

- Utilizing private sector knowledge in ODA
- Contribution to resolving development challenges through business activities

#### Key Statistics

- Number of projects (2012 -2016): 535
- Sectors (top 5): Agriculture (21%), Env./Energy (20%), Water treatment (16%), Waste management (9%), Disaster management (8%)
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2. JICA’s Cooperation with Small Scale Farmers

- **Productivity**
  - Qualified seed
  - Farming techniques, knowledge
  - Fertilizer, pesticide

- **Infrastructure**
  - Construction/Rehabilitation of public infrastructure
  - Stable Electricity
  - Irrigation, water supply

- **Food Safety, Admin. Procedure**
  - Law, standard, certification
  - Technical skills for officials
  - National Single Window

- **Productivity**
  - Law/regulation, Standard, Infrastructure,
    Extension services & Agricultural Business, Market Access

- **Finance**
  - Micro finance
  - Machinery lease

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**Public sector**

Producers → Local Traders → Processors → Retailers → Market/Consumers

**Private sector**

Producers → Local Traders → Processors → Retailers → Market/Consumers
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3. Examples of Partnership Program towards Food Value Chain Development
Background

Increasing demand for safe and high quality vegetables and fruits in Indonesia with growth of the middle class.

The domestic agriculture sector has potentials to produce such products, but many farmers are not aware of market needs (quality and stable production volume) and cannot benefit from the demands.

Farmers are facing the problems:
- Involvement of many middlemen;
- Underdeveloped supply chain networks and transport infrastructure;
- Insufficient cash flow; and
- Difficulty in access to new varieties and high-quality seeds.

There is a need for establishing supply chains of safe and high-quality horticultural products between farmers’ groups and modern markets.
Purpose: Strengthening linkage between farmers and markets & high-quality agricultural products at the model sites.

Project Sites:
Bogor City, Sukabumi City, Cianjur District, Garut District, Bandung District, West Bandung District, and Jakarta

Cover the major vegetables and fruits production areas in West Java.

Trial projects (examples):

Demand side:
- Market survey (super markets, restaurants, export companies)
- Explanation of market needs to farmers
- Business matching forum for farmers

Supply side:
- Guidance of production with stabilized quality and quantity in chili, broccoli, shallot, and tomatoes production
- Approach to financial institutions
Concerned Development Issues

- The value-added processing technology for local herbs is not well established: Lack of drying, powdering, sterilization and quality control technologies. Export opportunities are limited because the quality of products fails to meet the international standard.

Activities

- To Verify the utility, superiority, and versatility of the whole food processing technology.
- Examine condition for the whole food processing and quality control, and establish the manuals of the cultivation, procurement, and quality control systems for export markets
- Establish a draft of the business model, for the value chain of the whole foods

Technologies

- The value-added processing technology for local herbs
  - Maintain original nutrient composition of local herbs
  - Meet international standards

Survey Overview

Counterpart: Ministry of Health, Ministry of Agriculture
Project site: Pharmaceutical Factory No.3
Survey duration: Jan.2017 - Dec. 2018
Survey Area: Vientiane

Impact

- Products to meet the industrial standard that can be exported to Japan and other countries.
- Value-added processing for several local herbs is enabled
- Organic farming technology is improved
- Whole food value chain developing activities is disseminated.

Outputs and Outcomes

Now

- Product line-up of health foods need to be increased.
- Appropriate price that reflects the market needs is required.

Future

- Product line-up of health foods will be increased.
- Provide health foods with competitive price in Laos and in neighboring countries.
- Develop the whole foods value chain of health food ingredients
Verification Survey for Disseminating SME’s Technologies on Introduction of IT for agricultural products distribution

E-SUPPORTLINK Ltd. (Tokyo)

A Farm Story

Farmer → Farmers Cooperative → Trading Center → Trader Retail Store Super Market

ESL System

Fruits and vegetables cultivation history system (A Farm Story)

“A Farm story” enables to provide information about the safe production and its status as well as to promote competitive sales.

Fruits and Vegetables Market Transaction Management System (ESL System)

Currently, farmers cultivate with little strategy and farmers are selling simply depending on fluctuating market prices. The transaction data is analyzed in the ESL system so that strategic production can be considered by producers.

ESL will aim to standardize the ASEAN agricultural distribution system.

Global Food Value Chain by system

Construction of the ASEAN national standardization of information system of Agricultural Products Distribution (Farmer’s Data Base, product code, etc)

Sales
Verification Survey for Disseminating SME’s Technologies for Introducing Japanese Advanced Sorting/Gathering System and Marketing Method to Improve Postharvest Management of Agriculture Crops in Lam Dong Province

Vietnam

Concerned Development Issues

- Agriculture is the primary industry, but the industrial structure hampers added value
- Both governments are working together to create a model case for Agriculture development. Lam Dong Province is a promising site for such development.

Impact

- Enhanced post-harvest operations will add value to agricultural products
- Higher value added vegetables will boost revenues across the Provincial agricultural sector
- Enhanced competitiveness of products, that lead to expansion of export

Technologies

Product Name

Sorting/Grading machine
Marketing expertise one high-quality vegetables

Survey Overview

Counterpart:
Lam Dong Province
People’s committee
Period: January, 2016-April, 2017
Site: Lam Dong Province

Outputs and Outcomes

Now

- Vietnam exports dragon fruit and mangoes to Japan

Future

- Companies market products from Lam Dong Province to local MT and export to nearby nations, including Japan.

Activities

- Lam Dong is facing vulnerability in post-harvest framework; Lack of proper marketing methods prevents price competitiveness
- The project aims to install, utilize, and expand the use of a sorting/grading machine.

Conclusion

• Access to market information enables farmers to produce value-added agricultural products, which requires linkage with private sector. Importance of facilitating function between private sector and farmers.

• Capacity development of farmers to fulfil market needs is also indispensable. Public support of enhancing production quality and volume by paying attention to market requirements.

• Coordination and cooperation between private sector needs (markets) and public sector facilitation/supports can be one of effective ways for sustainable.
Thank you.