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cooperation



Marketing Extension A Powerful process in 6 steps

"Empowering the poor to exploit market opportunities"



Bruno POITEVIN
Shamim HOSSAIN

October 2006

Livelihoods, Empowerment and Agroforestry Project (LEAF)
Bangladesh

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Marketing Extension

A Powerful process in 6 steps

Bruno POITEVIN
Shamim HOSSAIN

With the contribution of:

Md Zahid Hassan

Ms Ismot Ara Laboni

Ms Nilufar Sultana

photos

Leaf project

Christian Poffet

Lionel Giron

Grahame Dixie

October 2006

Glossary of Terms

APO	Annual Plan of Operation
CARE	International organisation in development
CBO(s)	Community Based Organization(s)
CTW	Come To Work, non government organisation
DAE	Department of Agriculture Extension
DFID	Department For International Development
DLS	Department of LiveStock
FAO	Food and Agriculture Organisation
HID	Human and Institutional Capacity
IC	Intercooperation
IGA	Income Generating Activities
Katalyst	Growth through Business services programme
LEAF	Livelihoods, Empowerment and Agroforestry project
LSP(s)	Local Service Provider
ME	Marketing Extension approach
Milk Vita	Bangladesh Milk producers' cooperative union Ltd
MoU	Memorandum of Understanding
NGO(s)	Non-governmental Organisation(s)
PADMA	Partnership for Agro-Product Development and Marketing Access
PNGO	Partner Non Governmental Organisation
PRAN	Programme for Rural Advancement Nationally
SAAKTI	Sustainable Access to Agroforestry Knowledge, Technology and Information
SDC	Swiss agency for Development and Cooperation
SME(s)	Small Micro Enterprise(s)
SLU	Sustainable Land Use programme
Tk	Taka currency money Bangladesh
TF	Task Force members
UK	United Kingdom
UZ	Upazilla administrative entity
VFFP	Village and Farm Forestry Project
YP	Young Promotion (community based organisation)

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Summary

The PRSP (Poverty Reduction Strategy Paper) prioritises the fight against poverty for Bangladesh's 150 millions inhabitants. Estimates state that half of the rural population live below the poverty line of \$1/day. One in five rural households are considered "extreme poor" owning little or no land and assets. Accordingly, the pro poor economic growth issue has been widely studied by development groups. Intercooperation (Swiss international NGO) was financed by the Swiss agency for Development and Cooperation (SDC) to implement the Sustainable Land Use program (SLU) which aimed to reduce rural poverty by using an economic development tool. The first tests of the Marketing Extension approach were done through the Village and Farm Forestry Project (VFFP) in 2002. Following the very positive results of these experiences, the Livelihoods Agro Forestry Project (LEAF) more widely implemented the project in 2004.

LEAF operates in the extremely poor north-western region of Bangladesh where most people are virtually landless. 65 % of their clients are women whose restricted mobility makes access to markets difficult. It was assumed that their lack of marketing knowledge prevented them from diversifying their income generative activities, so the following hypothesis was developed:

"A greater understanding of functioning markets and the actors, while identifying the economic opportunities at field level by community based organisations (CBOs) themselves, could reinforce their self-confidence to negotiate with market actors. Becoming more proactive in undertaking new income generative activities and businesses would ultimately increase their incomes in a sustainable way".

LEAF developed the Marketing Extension approach to empower CBOs to exploit market opportunities by improving marketing intelligence and skills. This innovative approach consists of 6 steps delivered to CBOs in a participative manner by field facilitators from LEAF's partner NGOs.

The outcomes of this program have been very encouraging. A real sense of empowerment quickly led them to form groups and engage in marketing activities (see box). The strength of this approach is that it is a simple demand-driven process. Since the task force members are very active in acquiring skills and marketing knowledge, they learn to responsibly formulate ideas for new initiatives from their "market survey". Crucially, introducing the process at the micro level has created the best conditions for including women and the extreme poor.

The CBOs are now strongly motivated to scale up their marketing activities in order to reach larger markets. To address this new challenge, LEAF referred to the concept of value chain. This approach intends to foster a real entrepreneurial spirit in the CBOs, helping them to identify constraints/potentials of a particular commodity chain and to manage working capital, improving skills through service providers as well as establishing good networks with market actors.



During the monitoring period (2004 - June, 2006), 11000 producers from 455 CBOs were very active in 15 sectors. These endeavours included vegetables, milk, handicrafts, mini garments, poultry, fish, sand, etc. At least 60% of the CBOs formed marketing group, selling their products in bulk and demanding a higher price. They also sought ways to improve or diversify their output. As a result, the estimated average monthly profit increased to \$55 (\$ 2/day/producer).

Concept value chain

5 categories of intervention:

- 1) marketing knowledge and skills
- 2) Small micro enterprise development
- 3) links with large volume traders, processors and financial institutions
- 4) promoting local service provision
- and 5) innovation and technology.



Background

The Village and Farm Forestry Project (VFFP) was implemented by Intercooperation (IC-international Swiss NGO) with financing from the Swiss Agency for Development and Cooperation (SDC). The project was a branch of their sustainable land use (SLU) program. The main objective of the VFFP was to support agro forestry activities in greater Rajshahi, northwest Bangladesh. The aim was to promote quality planting, introduce new varieties and improve techniques notably in fruits, timber trees and vegetables, mainly for homestead gardening. However, during the sixth phase of VFFP, the economic and market dimensions were introduced to the project. This focused more on the needs of farmers and less on the technical supports in agro forestry. This change addressed the importance of farmers' roles in the agro-product supply-demand chain which had not been sufficiently recognised in the project prior to 2002.



It was obvious that the lack of marketing knowledge of poor farmers was a major constraint. So in 2003, the Marketing Extension course was trialled. The original approach was developed by FAO, called "the market education". Following various backstopping missions from the UK (Accord Associates, Grahame Dixie) and Switzerland (Intercooperation), the operational concept and methodology were adapted to fit the local context. Eventually, the tailored process became known as, "The 6-Step Marketing Extension (ME) Tool".

There were many positive outcomes of the Marketing Extension experiences. So, even after the VFFP finished, it was decided to continue this course and to reinforce the market approach in the framework of a new project called the Livelihood Empowerment and Agroforestry project (LEAF). Again, the Swiss Agency for Development and Cooperation (SDC) financed LEAF which started in 2004 under the guidance of Intercooperation.

Considering previous experiences and the endemic poverty in rural Bangladesh, particularly in Rajshahi division, LEAF has adopted the following strategic approaches:

A Livelihoods Approach, aimed at increasing and valuing the human, social, financial, physical and natural capital of the clients. This approach not only considers the needs of the client but the assets from which this capital is derived.



Human and Institutional Development (HID) and its underlying values such as empowerment, sustainability, equity (including gender), and self-reliance. HID plays a major role in establishing new relations and a balance of power between the stakeholders. LEAF reinforces capacity building of its clients and partners so that they may make development choices for themselves.

Local Service Provision means to develop and strengthen a pool of locally identified resource farmers who can provide quality services to the community. Their agro forestry expertise would be available on a voluntary or fee-paying basis. LEAF provides support for them to improve their facilitation and technical skills.

The Market Approach promotes several flexible strategies for helping the poor gain more from market interaction. Firstly, Marketing Extension tool (ME) is used as an entry point for teaching basic skills which will enable them to choose and develop the most appropriate economic activities. Secondly, LEAF has used the concept of value chain approach for scaling up support to CBOs who are ready to engage in larger markets.

So, this document presents in detail one element of LEAF's market approach, called the Marketing Extension tool.

The initial methodology was constructed in 2003 by the project staff as a result of a training course supported by Accord Associates. The six core staff from the "Market Education" project developed the pilot ME process which they tested with 12 CBOs.

Based on their field experiences and feedback from the CBOs, the methodology and tools were adjusted then implemented in 80 CBOs in 2004. Twelve staff from partner NGOs, known as Field Facilitators Marketing (FF-M), led the process.

Up to June 2006, 455 CBOs have been active participants in the ME process. The economic successes have sparked a great demand to expand the project. On average, an additional \$ 2 a day is made by each producer after using the results of the ME activities for one year.



Brief overview of LEAF project (2004-2006)

The present LEAF project aims at improving the livelihoods of rural poor and small farmers, particularly of women, through a more sustainable and intensified use of natural resources. This includes the promotion of agro forestry on private land, encouraging and equipping small farmers to take responsibility for their own development, negotiating for instance with market actors, service providers and local government.

It searches for ways to ensure that the extreme poor (women-headed households, landless and indigenous communities) benefit from development initiatives.

LEAF interventions cover 56 Upazilas in two areas Rajshahi (Bogra, Rajshahi and Dinajpur regions) and Sunamganj. The activities of LEAF are implemented through partnership and collaboration with 26 local NGOs and a network of 2400 local service providers/resource farmers with 3500 professional nurseries.

In 2006, LEAF developed a Memorandum of Understanding (MOU) with 2800 Community Based Organisations (CBOs) for providing diverse supports in response to their particular demands. Areas of support include; agro-forestry, farmers' organisations, building alliances with local government bodies, exploiting market opportunities, human rights and social issues notably for extreme poor.



"My name is Bilkis, there are 20 women in my group, mostly landless. 4 years ago, we started to work with CTW (partner NGO of LEAF). We learned how to control pests and diseases of our fruit trees and how to organize meetings and write registers.

Last year, we started to grow vegetables such as sweet gourd, country bean, and finally bitter gourd. We are eating most of them, but a few of our members have some surplus. They could sell those products at the market ..."

Bilkis, chairman, Sejuti Mohila comity (CBO), Rajshahi region.

1 - Current CBO Marketing Situation

LEAF is largely comprised of marginal farmers and the extreme poor and landless, many of whom are women (65%). They tend to have poor knowledge of marketing or product information like; pricing, quality, and demand. Most (90 %) of their produce is sold to local traders. The remainder is sold locally, no more than 4 km from their settlement. Traders or "pickers" come up to twice a week to fill orders from wholesalers.

This system of dealing with local traders has long been in place because cultural and religious reasons (e.g. "Parda") often prevent freedom of movement for women in Bangladesh. This limits them to producing vegetables and fruits on a small scale, mainly for home consumption. Sometimes efforts are made to diversify their economic activities with projects like; handicrafts, poultry rearing, mini garments, etc... However, they still have no access to markets, depending on husbands or local traders to sell their products. This is a major constraint.

In general, women are unaware of market dynamics, price fluctuation and new opportunities.



The extreme poor are similarly disadvantaged. They lack both time and resources to go to markets. The meagre profits often don't even cover their transport costs, so they are also bound to sell to the local traders. This leaves the women and EP powerless against the pickers and they rarely get a fair price for their goods.

The community based organisations didn't have comprehensive experience in marketing either, so they were unable to help their members.

CBOs have 15 to 30 individuals who reside in the same village. They often have familial or social ties and frequently meet together. These CBOs are often formed by NGOs promoting savings, credit or technical support, others are self- initiated. Not one had formed for the purpose of developing a marketing strategy.

Nevertheless, the members of CBOs are often active in a diverse range of income generating activities. These projects may or may not relate to farming, but they can all provide a basis for marketing concepts. In general, these groups are often eager to scale up production when their first, conservative efforts have proven successful.

An advantage of the CBO partnerships is that the existing social links reinforce the trust and understanding between members. They were seen as a good entry point to test the marketing extension approach.

2 - Empowering the poor to exploit market opportunities

The Hypothesis

LEAF identified the main cause of poverty in Rajshahi division as the lack of economic opportunity, compounded by insufficient skills to capitalize on market opportunities. In this context, the poor were extremely vulnerable to shocks and crises, the majority living below the poverty line (\$1/ day). On this basis, the following hypothesis was made:

"Lack of marketing knowledge of CBOs and its members is the major constraint in rural areas for exploiting market opportunities. A greater understanding of functioning markets and the actors, while participating in identifying the economic opportunities at field level, could reinforce their self-confidence to negotiate with market actors. Ultimately, becoming more proactive in undertaking new income generative activities and businesses, would increase their incomes in a sustainable way".

Based on this hypothesis, LEAF designed a progressive process, allowing to poor and extreme poor to gradually acquire knowledge and skills, allowing them to join in marketing activities independently and with confidence. The ME process follows the APO stage and precedes a detailed value chain approach which can be taken with selected products.

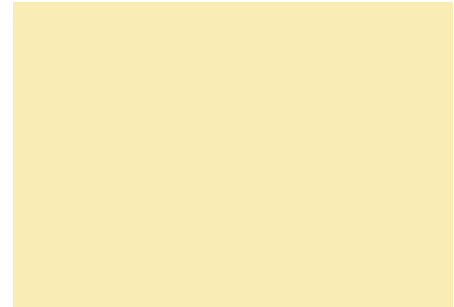


First- Annual Plan of Operation (APO)

This tool is applied at CBO level to analyze their livelihood strategies and identify the barriers and opportunities for improvement. From these results, CBO members suggest different micro projects which could be developed in the first year. These findings are compiled in the annual plan of operation (APO). In this document, the CBO includes a list of marketing skills in which they need guidance. They will get information on these topics in the first marketing extension session.

Second- Implementation of Marketing Strategies

After marketing education has been introduced the members need to assess their own role in the market dynamics. Judging profitability, access to markets, skills and experience, etc. helps the producers and traders to understand their role in the market chain. This consensus enables them to function more cooperatively and therefore more efficiently to everyone's benefit. Assessing demand in the market drives the inevitable decisions regarding product development.



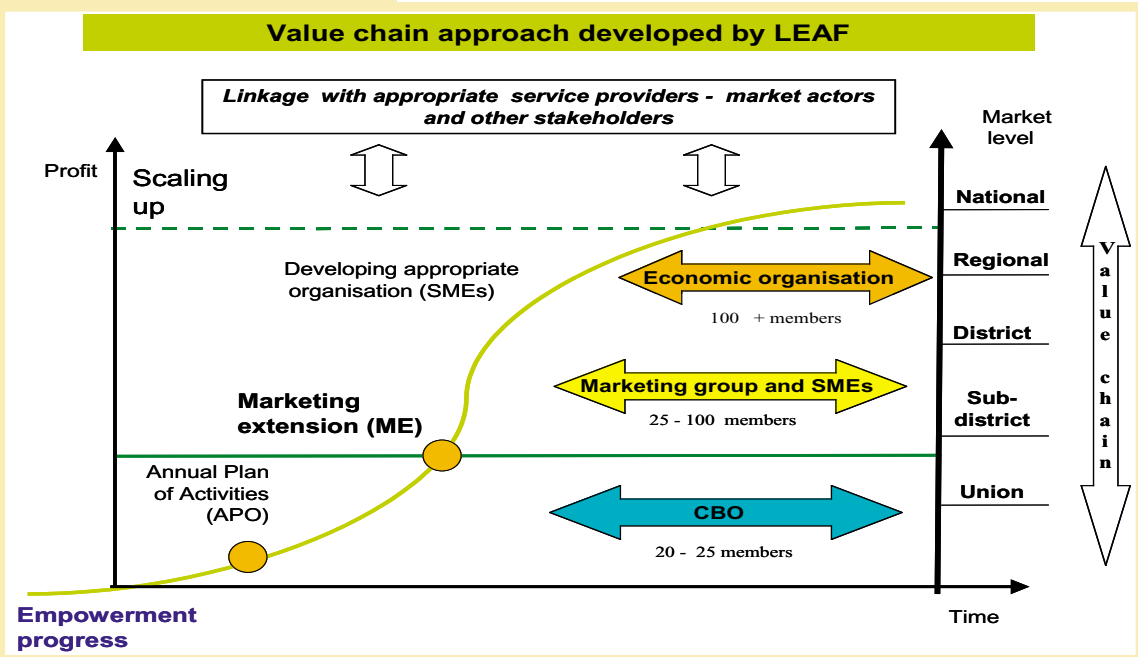


Third- Enhancing Market Activities into the value chain

LEAF facilitates the process of implementation by responding to CBOs needs. They may require help in building relationships with the market actors/service providers or understanding market dynamics. Exchanges, visits, skill development, organisational aid to small and micro enterprises (SMEs), Business Plan, market assessment, opportunities to network and stakeholder workshops are ways that LEAF can offer support. All these tools are organised in a participatory way with CBO playing an active role. CBOs are encouraged to take the lead role and make decisions about production and marketing themselves.

Many participants have only experienced trading in local markets. With greater information about how they can sell to regional or national sectors the CBOs might gradually scale up their production and marketing activities making them more profitable.

Supporting Human and Institutional Development is a priority throughout all stages of this process, Sustainable linkages with market actors and service providers empowers the CBOs to maintain their marketing activities.



3 - The 6-Step Marketing Extension Tool (ME)

Marketing Extension is an innovative process, composed of the 6 steps. Its main objective is to empower Community Based Organisations to identify and exploit market opportunities in addition to increasing the capacity of CBOs to make independent investigations. They should learn how to select and enhance income-generating activities relevant to their livelihood strategy and current assets.

This section describes the five main operational principles which guide LEAF's ME process:

Groups make their own decisions.

All members are encouraged to share their experiences. Contributions by individuals with a variety of knowledge help to build understanding and consensus in decision-making. The field facilitator enables but does not direct this process.

Special attention for the extreme poor.

In general, marginalised people (landless, extreme poor, women headed households, labourers) have not had the opportunity to experience and therefore gain confidence by participating in meetings. Specific events are organised to include these people and value their contributions. The CBO should choose at least one income generating activity, which directly benefits this category.

Form a task force for market analysis.

The CBO selects a small committee whose task is to identify the potential profitability of products. They regularly report to the whole organisation, which is far more efficient than trying to involve everyone in the details of each activity.

All product suggestions are considered.

Collectively, the CBO weighs the pros and cons for each suggested IGA. A democratic process guides the final selection of the most suitable products based on the interest of all members.

The process is owned by the whole community.

Everyone's proposals are welcome in the open discussion groups.

A partner NGO of LEAF employs the Field Facilitator (Marketing).

His/her job is to enhance the marketing activities undertaken by CBOs using the ME tool.

Roles

The field facilitator marketing's main task is to guide the CBO in the marketing extension process.

Using one's own experiences or lessons learned by other CBOs, helps illustrate various points.

His/her support is crucial in building confidence for members to select markets, engage in discussions with traders and access service providers.

The objective is to gradually build the skills needed for the CBO to take full responsibility and become self-sufficient.



"In June 2004, I learned about the marketing extension approach from LEAF Rajshahi. This was followed by 6 days of field-based training with two CBOs in Sayedpur and Khanshama.

My facilitation skills are improving. I can adapt the process according to the social and cultural norms of the business environment of any new location. Now, I am providing support to 15 CBOs covering five Upazilas of Dinajpur district."

Md Sirajul Islam Field Facilitator (Marketing) working with LEAF's partner NGO, CTW.

THE SIX STEP MARKETING EXTENSION PROCESS:



- 1) **Assessment of Existing Products**
- 2) **Analysis of Selected Products**
- 3) **Conducting the Market Survey**
- 4) **Analysis of Market Survey**
- 5) **Selection of Marketing Strategies**
- 6) **Development and Implementation of Action Plan**

Marketing Extension methodology takes 6 sessions to implement. Activities must take place on separate days, lasting not more than 2 hours. The CBOs requested that meetings stay within this timeframe.

Experience has shown that CBOs can run the whole process in an average of 1.5 months.

Marketing Extension: A powerful process in 6 steps

Assessment of group's products
Select- 2 to 4 potential existing products
Outline- constraints and opportunities
(production to market level)

*Whole farmers'
group involved*

*Carried
out by a
farmers'
task force*

Analysis of selected products
Compare- Cost and profit
Analysis- value chains

Conducting the market survey
Fact-finding mission to market-price, quality,
Demand for selected products
Identify- new market opportunities

Analysis of market survey
Development of strategies according
to information collected

Select marketing strategies
Manufacture and delivery proposal for
existing and new products

*Whole
group
involved*

**Development and implementation
of action plan**

STEP 1: Assessment of Existing Products

All CBO members are encouraged to participate in assessing the current market for their products. The production calendar tool (below) helps construct a picture of the different constraints and opportunities for each product.

CBO' s product assessments																
Products/ Resources	Production volume, sales price (maximum-minimum), Planting time, Selling time												Production (Kg)	% Sales	Opportunities	Constraints
	Winter				Summer-1				Summer-2							
	J	F	M	A	M	J	J	A	S	O	N	D				
Examples Vegetable Fruits Goat Fish Poultry Handicraft																
Skills																
Spare time																
Interest for new activities																
Major expenses																

Various factors influence which potential products are best suited to the CBO:

- o IGA for extreme poor,
- o experiences of production or marketing,
- o current volume of production,
- o potential growth margin,
- o human resources,
- o available work hours,
- o available assets.

The major aim of this step is to get a general overview of the marketable goods and secondly to select the most promising commodities.

At the end of meeting, the CBO selects their task force (TF, at least 4 members) to take charge of the remaining steps.



Tripti Mohila Somity's Experience of Step 1:

The first assessment of products included: jute, jute mat, rice, potato and brinjal. They chose to focus their investigation on jute mats, identifying;

Major constraints: very low profit margin, inconsistent supply and quality of raw material, seasonal difficulties (dying in rainy season and cannot produce thread in the summer season), unaware of other market.

Opportunities: 5 months of spare time, existing skills, and village located in a jute growing area.

TASK FORCE

4-8 members are chosen to lead steps 2-6 of the process. There may be one or two leaders (male or female); ideally people with experience in trading or the educated.

On average, women make up 40% of a mixed TF or 90% of a women's group. There is at least one male to assist women during the market survey because of their limited mobility and access to markets.



Tripti Mohila Somity's Experience of Step2:

It requires 8 days to make one mat (preparing thread, dying & weaving) .

Output is 336 mats employing 12 workers over 7 months.

Production cost of one jute mat with a local design (9 feet x 7.5. feet) = 395 Tk. (valuing labor at 120Tk). The selling price on the local market is 350 Tk.

Resulting in a LOSS of 45Tk.

The market survey will aim to identify a better price for a higher profit margin.

STEP 2: Analysis of Selected Products

The field facilitator helps the task force to take a detailed look at the cost of production and net profit of selected products. (See table; 2. Profit analysis). This study provided the critical insight for developing future marketing strategies of the CBO.

Profit analysis (One of the selected product)				
Production cost:				
	Input	Qty	Price (tk.)	Cost (Tk.)
1	Raw materials			
2	Equipment			
3	Labour			
4	Raw materials carrying cost			
5	Others			
	Total cost			
Sales price:				
Profit:				

By mapping every product's value chain, it was easy to identify the main players and potential markets. (See table; 3. Value Chain Analysis).

These exercises help the TF to choose the products and markets that appear to be most promising for the implementation of the third step (market survey). They can structure the questions and develop scenarios on this basis.

Value chain analysis			
Location of CBO and market	Price of Products at CBOs & markets (Tk.)	Distance of Market from village (Km)	Constraints/ potentials
CBO			
Village market-1			
Village market-2			
Union market			

STEP 3: Conducting the Market Survey

Before to conduct the market survey, the facilitator shares a checklist of issues used in collecting information from traders.

Checklist for the market survey	
<u>Name and Address of trader</u>	
Introduction	
•	Type of trading: Wholesaler / Retailer / Aratdar/ Farmer;
•	Date of Establishment;
•	Why he is interested to this business;
•	Way of communication.
Existing products	
•	Where the products come from ?
•	Whom to collect product have enough benefit from?
•	What is the price?
•	Do you sell products on credit?
•	What is the quantity required for you for collecting at a time?
•	What is the good way of selling/supplying product for the farmers?
•	How CBO can improve their product?
•	What strategy you follow during collecting products (From farm gate or sending to your shop) ?
•	Do you have any opportunity for collecting products directly from the farmers?
Potential products	
•	Which products could be the best for the farmer's organizations?
•	How the CBO can start?
•	Who will be the best person for training?
•	What could be the production time?
•	Have any opportunity of processing of new products?
•	Do you sell processed products? Which products?
•	What are the advantages of processed products?
•	Who are the buyers? How you communicate?
Major problems and ways of solutions	
•	Do you have any suggestion for buying and selling products?

The task force plays an active role in exploring market opportunities. They must select at least one new location where they have never sold their products which is not less than 5 km from their settlement. This could be at Upazila or district level, 5-10 km away. The field facilitator accompanies them to assist in communicating their purpose with traders, wholesalers, processors, retailers and clients. They gather information regarding demand, pricing, etc. while building links with market actors.

Having actually experienced a trip to a different market has been extremely rewarding for groups to discover products they had never seen and realise the potential of others. Often, new IGAs for the extreme poor were identified in this way.

Understanding consumer demands (quality and quantity) and market functioning is the crucial outcome of the market survey step.

Tripti Mohila Somity's Experience of Step3:

The task force visited the carpet shop in the district town. They made a valuable link in that the shop agreed to purchase the jute floor mat from the CBO on the condition that they would have exclusive access to their products. They would buy a locally designed

9 feet x 7.5 feet mat for up to 445Tk per piece.

The demand for other types of products was identified.

- 3 x 3 feet, single color mat = 80 Tk

- 3 x 3 feet, mat with design = 120 Tk

- 2 x 1.5 feet, doormat = 30 Tk

- 2 x 1.5 feet, thin jute bag = 15 Tk





Tripti Mohila Somity's Experience of Step 4:

The new strategies considered for selling their jute products included:

- Selling their mats at the district market instead of the local market. They needed to check that the quality would be acceptable using their old machine.
- Investing in a new machine to produce door mats for the district market.
- Making jute bags with a reduced production cost to sell at district markets.
- Responding to the huge demand for 3 feet square mats, also requiring new machines.
- Using spare time more productively.

STEP 4: Analysis of Market Survey

The taskforce arranged the information by classifying the distribution area for each commodity (from farm gate to district market). New IGAs identified during the survey undergo the same analysis.

For each product, a comparison is made of specific constraints and opportunities using the market survey results. At least three different marketing strategies per product are then chosen for trial.

Analysis of market information (Qualitative & Quantitative)						
Location Of market	Market Actors	Strength	Weakness	Opportunity	Risk	Strategy
Village	Producers					
	Mobil traders					
	Retailers					
Union	Wholesalers					
	Mobil traders					
	"Aratdars" traders					
	Retailers					
Upazilla	Wholesalers					
	"Aratdars" - Traders					
	Retailers					
District	Wholesalers					
	Aratdars					
	Retailers					



STEP 5: Selection of Marketing Strategies

The TF presents a summary of the results from the first four steps to the whole CBO. An outline of marketing options is followed by a debate. The TF chairs the discussion in which one or two strategies are accepted by common consensus.

Selection of strategies				
Strategy	Strength	Weakness	Opportunity	Risk

STEP 6: Development and Implementation of Action Plan

The whole CBO designs an action plan in the final step. The field facilitator is there to assist the TF in describing the necessary options, activities, scheduling and supports (service providers) needed to reach their objectives. The following table helps to structure this activity.

Action plan				
Different Strategies/ options	Specific activities	Responsibility	Time	Required Supports



Tripti Mohila Somity's Experience of Step 5:

CBO members agreed on two strategies;

- Selling existing jute floor mats and door mats in the district market. This required coordinated planning to prepare samples, communicate with carpet vendors, initiate production and organize distribution.

- Improve the design of existing products with the help of a local service provider.

The ME process from a participants point of view:

"For a long time, I had been producing only one size and style of jute mat. I had very little income as I made only 10 - 20 Tk per mat in the short 3-4 month period of production.

Our market survey led us to many shops where I discovered that different sizes and designs were far more profitable. We organised training to learn how to make designs such as borfi, chock and moipati. I also learned how to use thin jute rope instead of just jute, which extends my work period to 9 months.

On another visit, I saw doormats and wall mats. Now I can create my own designs.

I can produce 7 doormats and 2 floor mats per week. My profit has doubled to about 50 Tk/day."

Saya rani, member of the Tripti mohila CBO under the district of Nilphamari.



The Local Service Providers are community mainly based resource farmers, who have good marketing knowledge and were often very active (members of task force) in the first ME course.

Now, they can sell their services to CBOs using the ME tool.

Md Golam Rabbani is a member of the Vender para male group (Dinajpur region)

"We never thought about the price of products before selling to traders. Now, we analyse cost/benefit before planting crops and go to distant markets to discover real market prices."

4 - Positive Outcomes of the ME Tool

The observations presented in this document have been extracted from the monitoring system used by LEAF and its partner NGOs in 2006.

4.1 Success and Empowerment

455 ME courses have been delivered in the 3 years up to June 2006.

11 000 producers are engaged in marketing activities after involvement in the ME course. More than 60 products in 15 sub-sectors are being sold, for example vegetable, chilli, milk, handicraft, mini garments, poultry, fish, egg, etc.

360 people are working in new small and micro enterprises as labour force or management.

CBOs have developed several IGAs in their groups helping to diversify livelihood prospects and limit income insecurity.

Field facilitator from LEAF's partners have transferred competencies to the newly recruited "local service providers" to ensure the sustainability of the intervention (see box).

The process has successfully integrated the vulnerable members in the community. Women remain highly represented (up to 65%) with some even leading their CBO. Also, 25% of the extreme poor (landless, Adivashi-tribal communities and female-headed households) are running small businesses within groups in LEAF areas.

4.2 CBOs Develop New Capabilities

Conventionally, CBO members select IGAs based on three criteria: known skills, proven success and the existing local market for these products. Rarely, would they explore market investigations beyond the calculation of income (price x volume).

So, introducing the idea of product development considering production cost and profit was new and challenging. Selecting potential IGAs then undertaking market surveys had reinforced their confidence and abilities to analyse the market conditions. Their experience taught them even more market variables to consider:

- variable market pricing
- characteristics of demand (quality, volume)
- production deadlines
- delivery

They increased their capacity to select relevant economic opportunities.

These skills have encouraged the CBOs to expand beyond traditional practices and identify diverse products and niche markets. To their benefit, they have adopted the practice of calculating production cost/profit margin to assess financial risks.

Most CBOs had very limited and unreliable information about current markets, often their only source was local traders. These buyers could take advantage of the situation knowing that the villagers were unlikely to go more than 5 km beyond their homes.

Traditionally, those local traders have developed relationships with CBOs and villagers, sometimes even in providing private loans. This can create "a climate of dependency" which prevents CBOs from seeking other buyers. In defence of the traders, they too have limited market awareness.

By doing the market survey, the CBO discovered how diverse and dynamic the larger market is. They became aware of the different players (middlemen, wholesalers, retailers, etc.) and learned how to collaborate with them. Importantly, they discovered:

- demand is much greater, especially at Upazila level
- price is negotiable based on competition
- the role of their local trader
- certain traders can provide embedded services to improving the quality of products or in providing loans.
- whole sellers would consider bulk orders at higher profit for the producers

They gained knowledge, understanding and confidence through these interactions to better communicate directly with the market actors.

Being able to compare their products to what is available in the market was a valuable experience. Seeing the quality, quantity and diversity of products allowed them to make realistic assessments regarding their own production potential. After considering the limitations of their own CBO, they could design a suitable marketing strategy without being too ambitious.

The positive results of these market surveying trips has persuaded many CBOs (27%) to make this a regular tactic in planning their marketing strategies. These visits also reinforce links between CBO and traders.

Md Golam Rabbani is a member of the Vender para male group, (Dinajur region)

"I joined the market survey team on the visit to the Upazilla market. I was astonished to see that people were selling chilli by the van load and the price was so much higher compared to our local market (Fakirahat and Dundungi). We decided to combine our chilli production to sell to UZ traders. This deal guaranteed that we would get the best price for whatever we could supply.

The next time our group (6 people) sold about 18 kg of chilli at the UZ market for 7Tk/kg more than before. The two people in charge of the sale received small additional compensation."





4.3 Inspiring New Initiatives

In general, the lack of financial and physical assets has prevented the poor from expanding their production. They are only able to sell small amounts of surplus to local traders and CBOs have not been able to help them.

As a result of the ME process, the CBOs quickly moved to overcome this problem. They organised groups to negotiate with and sell to distant traders. By June 2006, 58% of 455 CBOs had done this for their existing products. Another 21 % had established community level collection centres to attract new traders from further a field. The results are encouraging with 35 large traders collaborating with various CBOs.

41 % of CBOs sell their products at farm gate. This is mutually beneficial since traders can efficiently collect a large volume of goods and villagers don't make the costly trip to markets.

Having a direct contact with distant market actors emboldens CBOs in bargaining with local traders. The local pickers have been forced to respond by offering more reasonable prices and pursuing their purchasing at local market or farm gate as well.

Badsha Mia is the leader of Sandhani Samadbai somity, (Bogra region)

"I am the only money earner in my family. I do day labour and rear a cow to increase my income. I used to take my milk to the market called Jaigirghat, which is quite far (3 km) from my village. I faced many problems with local traders cheating me on the volume and the fat content. None of our CBO members got a fair price when selling their milk. In the rainy season it was even more difficult.

After the marketing extension process, our CBO decided to form a committee and contact Milk Vita, a national dairy processing company. Discussions took place with them about milk collection, pricing, etc. Later, Milk Vita created a new milk collection point.

Now, they collect 100 litres from 50 members every morning in front of our office. We get between 4-7 Tk/kg extra for the milk. This is a boost to our family income. We can count on this fair and regular trade. We plan to increase the production of milk by improving the quality of our cows."

Mrs Fency Begum is the Chairperson of Dimla Kahanabari Farmers Association, (Dinajpur region)

"My husband and I produced bamboo mats. We never obtained a fair price. Our production season lasted 4 months per year earning us about 30 Taka per day. During the rest of the year, we were forced to sell our workforce to others.

After Marketing Extension, CBO and some of community members decided to form a group to sell mats. They approached traders and negotiated a better price.

Now, we are producing and selling mats for ten months a year. We receive 3-5 Tk more per foot and production has tripled. Our joint daily profit is up to 72 Taka per day. We do not have to work as labourers so we are better respected in our community which improved our self-esteem. This additional income means that I can afford three meals a day and even save 20 Taka per week"



Often, the idea of improving or developing new products emerged after the market survey process. LEAF was particularly supportive in helping groups find the local service providers who could assist in implementing their development plans. A large majority of CBOs have customized their existing products to suit the market by improving the quality or design. Others have developed completely new products, like: thin towel, tooth-pick, homeopathy medicine bottles, cloth painting, female dress & sari designing with puti and pipe, foot mat, poultry farm, bamboo products, paper bags, etc.

The following case studies highlight the progress of selected CBOs.



Product Development

"I was a member of a task force involved in market survey activities with LEAF. We discovered that several restaurants needed tooth pick supplies, so we selected this as an income generating activity in our action plan.

First, we held a training program for 3 members. After collecting bamboo roots ,we started production and took our toothpicks to the market. We were disappointed that the quality was not visit the workshop Hasan Ali who produces tooth picks in Rajshahi. I adopted some techniques to improve the quality of the packaging and sales have increased. Now 4 members are involved with this business, each earning 200Tk per week. I regularly trade with at least 8 different restaurants and shops and receive new order for 2000 toothpicks. I employ two people (capacity of production 50 packets/ day, margin 1.5 Tk/packet).

In the last 8-month period, I earned 630Tk /month. The seven members of my family are comparatively better off. My brand is called rokeya toothpicks, which is the name of my wife. Now, I can afford education for my children and invest in poultry."

Pabna.Panjab ali is a member of a CBO in Rasjhahi. Most of the members are extreme poor and landless.



Product Improvement

"For 10 years, I have been involved in bamboo flute making with 15 members of my club. During the ME training, traders in the market suggested that we would get a better price if we wrapped the flute in colourful paper. We tried this and added 50 Tk to the cost of each piece. The demand has shot up to 10,000 pieces per month (300 pieces daily production). Due to this improvement, I hired 3 more women to help fill the orders. Another feature of our recent success is in the raw material production. I

used to collect the bamboo from far away (60 km-Gaibandha district) from my residence. After doing a cost analysis and considering the new demand, I decided to produce Nalkhagra bamboo plants in neighboring bare land. Sales have already increased by 1.5 times and demand is still rising Traders are coming from all over Bangladesh and we communicate by mobile telephone to fill their orders. Each month the sales are 37,500 Tk (16, 000 profit) for 4 people."

Ferdaus is a member of Nagarkusumbi club, located under the district of Naogaon.





4.4 Benefits for the Extreme Poor

As previously mentioned, the extreme poor represent 25% of CBO members involved in marketing. At least 2775 people (landless, Adivashi- tribal communities and women heading households) have benefited by way of increased income and access to markets.

Experience also suggests that the extreme poor have been able to raise their status in relation to traders.

Half of the CBOs' action plans incorporated at least 1 income generating activity (IGA) specifically designed to help the extreme poor. Another innovative action taken by some CBOs was to use part of the working capital earned from savings to assist the extreme poor in starting up their own business.

Increasing Income

"Our 14 member group used to sew women's clothing on a wage basis agreed with the traders. We collected the material, completed the work according to their demand, then returned the finished goods. We were too scared to ask for more pay, fearing we would lose our jobs.

In 2004 we learned about price differentials through the marketing extension process. We explored the possibilities of working with others traders and decided to discuss a wage increase with our trader. He said, "I agreed but you have to improve the quality of products".

Quickly, LEAF organised training to help us improve our skills. The samples were accepted for 80Tk/ piece.

Members' skills have improved after just 4months. Before, it took 6 days to make a single dress, now only 3 days. So, we can produce double and earn double at 640Tk per month. Our goal is to be in charge of the whole process so that we will get all the profits."

Parul is a member of Namaparasanchay mohila comity (extreme poor group).

Options for Extreme Poor

"After learning about markets, our group decided to start a new activity, coconut fibre husking. We took the first step of the market action plan by visiting the Dulti, iswardi famous for husking and selling coconut fibre. There we collected lot of information.

We contacted a coconut fibre trader Md Asadul and made a verbal agreement for husking coconut for a price of 1.50 Tkl kg. However, we realized that it was very hard work and not very profitable. Again, we negotiated with the trader to increase our pay up to 2 Tkl kg.

Now, I can husk 10 kg fibre a day earning me 20Tk. During an 8-month period of time I husked 1000 kg of fibre and earned 2000Tk. I saved 800Tk and invested 1200Tk for repairs to my house.

15 people are involved with this business and I am happy because I am able to work year round and earn money."

Joytoon is an extreme poor member of Rakhalgachi (Rajshahi region).



4.5- Using Professional Service Providers

In order to fulfil the targets agreed after the market survey, CBOs needed the help of various "experts". Notably in the handicraft sector skilled traders could help teach design techniques, helping to provide training services while linking CBOs products to markets.

LEAF helped 42 % of CBOs find service providers to assist with quality improvement and marketing. This assistance includes identifying SPs, providing linkages and even financial support when necessary.

Embedded Services

"I learned the Sataranjee craft from my father. A long time ago, I worked for a youth academy as a trainer in design and marketing. Then, the NGO Concern employed me for this purpose from 1990-95. Finally, I have developed my own Sataranjee business and give instruction when necessary.

Now, I supply products to the various handicraft shops. I help the Tripti female CBO to access markets, while providing some technical support to assist in upgrading the quality of their work."

Md Lutfer Rahman (Upazilla Kotwali, District Rangpur) Trader and Service Provider.

4.6 Profit Generation

A survey has been compiled of 367 CBOs who had used the marketing extension tool, to assess the main factors which may have led to increased profits. At least 3 months of experience provided the basis for their perceptions.

Results for the three regions of LEAF (Dinajpur, Bogra and Rajshahi) are the following:

Criteria	Average
Improving quality and productivity Reducing cost	44%
Selling in bulk, to larger traders for a better price	35%
New products and processing	11%
Increasing labour wages	7%
No difference	3%

A large proportion (90%) of CBOs recognized their increased profits as a direct result of Marketing Extension activities. Very few experienced no effects at all.

Several interactive factors may be at play, so it is difficult to precisely identify a single cause.

CBOs who initiated group marketing strategies definitely benefited more by being able to sell large quantities to bigger markets allowing them to negotiate much better prices.

Secondly, the market survey, exchange visits and training organised by LEAF, enabled CBOs to improve quality and productivity, further reducing costs.





Product development remains a minor influence in improved profits. Attention remains somewhat focused on improving or making minor changes to traditional products, rather than investing in something completely new. This strategy minimises risks.

The number of CBOs citing increased wages for labour as key indicators of increased profit is low because there were only 10 % involved in outsourced labour.

LEAF analysed the range in profits depending on the marketing strategies used for various IGAs. This comparison highlights the most profitable tactics.

Elaborating on the CBOs four main strategies outlined in the table:

The first category, focusing attention on 1 or 2 activities has proven most profitable. However, technical and marketing specialisation along with tighter management of small micro enterprises can be risky since it requires greater working capital. Few CBOs have the infrastructure, resources or market ties to attempt this strategy.

Category of SME				
	1-Specialised production	2- Diverse Activities	3- Agricultural products	4- Micro-business (main wage system)
Approximate profit/producer/month	\$ 115 - 140	\$ 30 - 65	\$ 20 - 30	\$ 15 - 20
Market places	District Regional	Upazilla District	District Union Local	Local Union
Examples of products	broiler, mini-garment, milk, potatoes	vegetables, handicraft, paper bag, milk, chili, jute		coconut fiber, tooth picks



The majority of CBOs are able to diversify their on and off-farm IGAs using the second strategy. The members can choose whatever activity best suits their own circumstances. Often the groups are mixed (man and women) and include many social strata. The extreme poor are well represented in this category because of the freedom of choice.

Limited market opportunities restrict some CBOs to agricultural production, for instance in Dinajpur region. They are cut off from distant markets so efforts rest in consumable products. Off farm activities would be more risky. Vegetable and spice production is low as are profits.

The fourth category relates mainly to extreme poor CBOs. The aim is to support micro businesses or develop a reasonable wage system. It is a challenge to ensure at least a daily income, let alone create an enterprise which generates a sustainable cash flow to fight poverty and resist the effects of economic shocks.

Another investigation compared the variable profitability of different products.

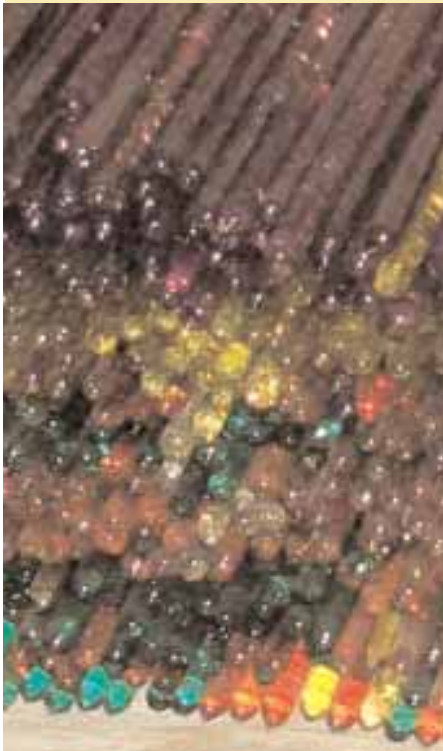
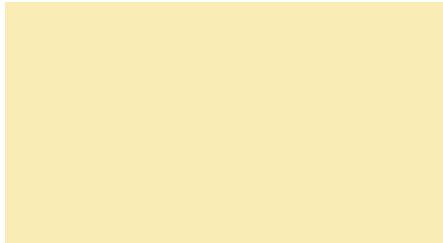
The data shows a large variation of profit according to the products and even within the same category. A key factor to explain this is the capacity of producer to increase their productivity. A lack of working capital hinders business growth. Another reason for the tiny profits lies in the fact that the majority of these enterprises are only a part time endeavour. They considered this income as secondary to the rest of their IGAs. The liquid milk is the perfect example, ensuring a minimum of daily income for the poor family.

A detailed analysis of the best performers shows that those producers have developed a marketing strategy based on quality products, improving productivity, and accessing larger markets. In creating a stable organisation, they could start by managing their working capital from the start of operations.

The traditional products like livestock, spices, and vegetables haven't fully developed new management and marketing strategies. Implementing better technical skills and marketing practices will undoubtedly improve profits. The least rewarding activities (jute bag, country bean, etc..) will be re-evaluated with LEAF and the CBOs to assess their economic viability. Unfortunately, the extreme poor are the main producers of those low yield items.



Products	Monthly profit/producer	
	maximum	minimum
Micro Business (ice and tooth pick, toy flute, etc..)	\$ 32	\$ 8
Handicrafts (paper ba g, jute bag, and medicine bottle)	\$ 14	\$ 2
Agricultural products (rice, spices, potatoes, vegetable)	\$ 113	\$ 7
Milk	\$ 23	\$ 13
Small garments	\$ 28	\$ 8
Livestock (broiler and traditional rearing chicken)	\$ 140	\$ 40



To summarise the results, of the 14 case studies of CBOs, the average earnings for a single producer was estimated at about \$55/month. It can be said that LEAF has contributed to an increased income of a \$1/ day for producers who had previously been selling their products without marketing skills. For people who had only grown produce for their own consumption (mainly women), they raised their daily income by the whole \$2. According to a survey of 1000 households in Rajshahi division (LEAF , 2004), an average family earned 110Tk/day (\$1,6) and saved 5 of these. On this basis, LEAF's support with marketing extension has improved the daily earning of the average producer by up to 62 %.

Product Diversification

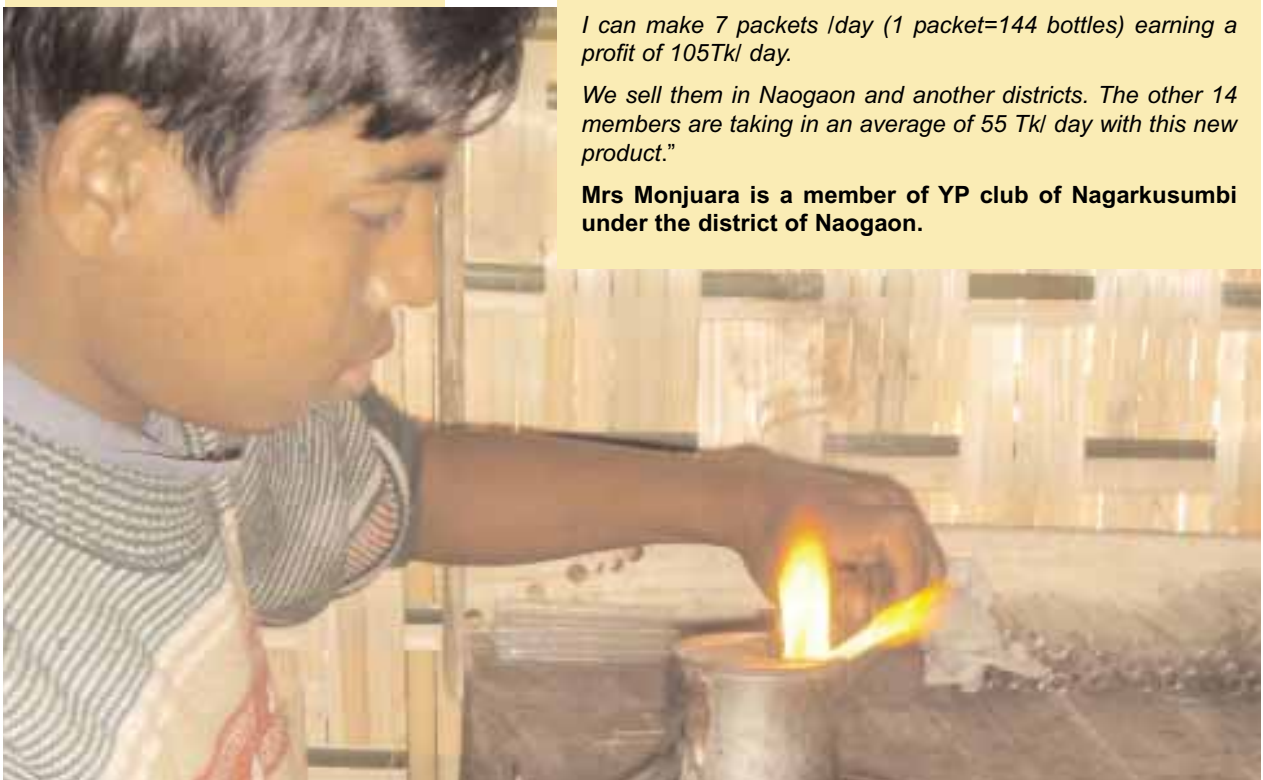
“Our 15 member CBO produces up to 10,000 toy rockets per day. Two thirds of the selling price is spent on production costs, but it is still quite profitable with each person earning about 120 Tk/day. However, the demand only last for 8 months then we struggle for 4 months. Even then, there is a risk of oversupply in the market.

After the market survey, we discovered that we could use our existing skills and equipment during the off-season to make a new product. Various traders told us about a glass tube bottle (used for homeo medicine) that we could make. LEAF helped us find a service provider to teach us how to make them. We started producing the bottles during the off-season.

I can make 7 packets /day (1 packet=144 bottles) earning a profit of 105Tk/ day.

We sell them in Naogaon and another districts. The other 14 members are taking in an average of 55 Tk/ day with this new product.”

Mrs Monjuara is a member of YP club of Nagarkusumbi under the district of Naogaon.





These encouraging figures illustrate that marketing extension has enabled marginal farmers and the extreme poor to engage in profitable market activities. They gained confidence and a gradual understanding of profit, quality, market actors and structure. They quickly attempted activities without external investment, proving business maturity in avoiding too much risk. To prevent stagnation, more specialisation in improving productivity and management is required.

Access to markets played a key role in the profitability of products, notably for the off farm activities. Remote areas and agricultural products were simply too isolated from opportunities to flourish alone. So, the LEAF strategy to encourage a value chain approach along with exchange visits, business plans, workshops with market actors, training with service providers are ways to improve on this in the future.

Diversifying IGAs helped CBO members to experiment in different markets and settle on a range of activities best suited to resist the economic shock of a single product. Variation also allows the extreme poor to participate in activities suited to their available assets and time. The economic results have improved their livelihoods but the outcomes remain fragile. More interventions are needed to give them ladders to climb out of poverty. Previous experiences suggest that LEAF's "smart subsidies" have been successful in this regard.



5 - Critical Observations of Marketing Extension

This approach is driven by the participants who respond to local demands, through a simple tool, enabling to develop a self reliance process.

The real harbingers of success lie in the ability of the task force to undertake the market survey, the active involvement of all members in deciding marketing strategies and the integration of the extreme poor in the process.



Facilitation anchors the process and is therefore crucial in obtaining a successful result. The person who takes on this role is known as the service provider ME, requiring both capacity development (HID) and marketing competencies. To ensure that these skills are transferred to the CBO members, both formal and field training are delivered throughout the program. LEAF assists the coaching of participants.

The simple, expedient process is easily implemented in the rural Bangladesh context. The six steps can be covered in 6 half day sessions over a one month period. The analysis are not costly and only the task force needs to commit a more significant amount of time. Their results are later shared with the whole group. However, despite all members being able to follow the steps, adequate training material for illiterate people has not yet been created.

The APO (Annual Plan of Operation) outlines the CBO's livelihoods strategies on which the marketing extension is built. The future success of the ME approach is directly linked with the APO. When this step has fostered solidarity and active commitment the group can make progress in designing realistic micro-projects based on their skills, experience and assets. This act builds confidence and clearly marks a first step of the empowerment process.

The notion of livelihoods diversification has been maintained in the ME process. Traditionally, the poorest people try to maintain a range of interests as an insurance policy against hardship. Producing for consumption and selling any surplus is a survival strategy which limits risk. Maintaining this approach has enabled all members of CBOs to feel secure in their continued involvement.

A strong Task Force (TF) is needed to develop marketing activities in a sustainable way. The selection of the TF by members of the CBO was risky in the sense that they might adopt an elite identity separate from the interests of the greater community. In fact, this has not been the case. Generally, the selection of trustworthy people has reinforced the social links within CBO. Having this small committee accelerates the process of investigation and analysis, reducing the number of meetings. People make a point of attending decision-making sessions, especially the extreme poor, if they feel they will not be wasting time. Since the task force is made up of local people, information could be informally shared on a daily basis. LEAF has tried to ensure that the Task Force does not create a powerful knowledge gap which would sabotage the community empowerment process.

A joint approach to marketing quickly gained acceptance for the advantages of acting en mass. In the past, suspicion of others stealing valuable contacts or product information led people to be quite secretive and solitary when selling their goods. However, after the first exercise in which people shared their marketing problems, they discovered better solutions when



acting as a group. Those groups with a strong social entity (sharing cultural values, land and location) were quick to select a suitable product to cooperatively produce. Interestingly, women's groups were even more efficient in starting practical economic activities. The precondition of trust was required to enact joint strategies and establish reliable networks with traders.

Participants claimed that the market survey step was the most powerful stage of the process since immediate benefits were often derived from contact with business people and service providers. They valued the skills they learned throughout this process as CBOs gained confidence in making informed decisions when pursuing suitable IGAs. However, the financial incentives were clearly linked to the market survey results so it becomes critical to involve all members at this stage.

ME can be considered a formal introduction to people who need skills to become active rather than passive players in commodity transactions. This method can be stretched to select and explore one segment of the market in detail (market actors, price, designs, etc.). In this way the ME approach becomes a market assessment tool.

Developing an understanding of markets with initial experience at the micro level has smoothly integrated the extreme poor and vulnerable women. Having common interests and backgrounds creates a favourable environment of trust between the different categories of poor. These small groups have gradually raised their voices and assumed responsible roles, notably in group marketing. Interestingly, exclusively female groups built up confidence to perform all the lead roles, retaining ownership of the group even when males were invited to join for practical reasons (i.e. taking products to markets). The additional family income generated by the women has also earned them respect and support in their endeavours from their male counterparts. Conversely, mixed groups quickly allowed men to take charge leaving women on the fringe.

The results of ME are much more promising when markets are close to CBO (not more than 10 km away). Sustainable links with local traders can be established during the market survey and may continue without the specific support of LEAF. Close proximity means that goods can go to market without substantial transport costs or traders can collect large volumes directly from the settlement. Positive competition is generated amongst numerous traders which benefits the producers, as experienced in Bogra region. In remote areas, the limitations of the ME approach are being addressed by focussing on the value chain.





6 - Challenges

The above observations prove that Marketing Extension can be a powerful tool to introduce CBOs to marketing activities. New dynamics and capacities have emerged fulfilling the hypothesis made at the beginning. Most CBOs have profited from increased income, fostering sustainable linkages with diverse market actors and developing self-reliance. The ME course has resulted in vast skill development. Members now know about negotiation, market assessment, cost analysis, product management and innovation. Nevertheless, addressing the limitations and risks of this tool will improve it for future implementation processes.

Following is an elaboration on some of these challenges:

Obviously the quality of instruction given by the field facilitator or service providers is commensurate with the degree of success attained by ME. One cannot expect shoddy implementation to yield great benefits. Since there has been a huge demand to extend the ME services to CBOs, reinforcing the numbers of process "experts" has become a priority. Training resource farmers to become service providers and field facilitators to act as facilitators has had encouraging results. The lack of proficient personnel is exacerbated in isolated communities where the network of professional services from local or district level is not available to meet their business development demands. LEAF must ensure that there are enough people to give quality instruction in order to maintain high standards and not expand programs prematurely.

As mentioned, the Task Force plays a central role in the activities and leadership of the ME process. Sharing all the information so that members can have an accurate basis on which to make decisions about marketing is essential. How best to monitor the performance of the TF remains an issue.

Remote areas are disadvantaged by limited market opportunities. The small scale and unreliable quality of production doesn't encourage distant traders to establish significant business agreements with isolated CBOs. Also, when production levels can be raised, oversupply due to the limited demand from the local market became a serious problem. Clearly more effort to establish links between the private sector and these communities is fundamental.

Certain products (e.g. milk, chilli or chicken) are better suited for delivery to the regional or national markets. ME is a relatively simple tool and not designed for collaboration with large enterprises or elaborate product innovation. Further investigations are required to analyse the value chain and how CBOs can best benefit from joint ventures with big businesses like agro-processing companies.

The extreme poor still risk exclusion from the marketing processes due to a lack of capacity. Being illiterate, with few assets and minimal spare time means that they cannot contribute to the same degree as their counterparts. The program objective is not to simply use this category as labour. The aim is to ensure that the skills they develop, enable them to participate in the processes. Smart subsidies or vocational training have been proposed as actions to support the extreme poor in joining business activities. LEAF needs to explore these approaches while monitoring that CBOs maintain inclusive policies throughout ME.

The current ME is very conservative in its targets for both profit and duration of marketing activities. Not to diminish the importance of the additional incomes (ranging from 20 - 80 Taka/day) that have been generated, but these tiny margins will not break the cycle of poverty in a sustainable way. Weak local markets cannot compare with the substantial, sustainable economic impacts possible from the mass markets. Although diversity has been heralded as a success, managing a great number of SMEs can be a significant drain on resources. So, concentrating efforts on fewer promising products may be a more profitable strategy for advanced CBOs to pursue.

Few groups would have the financial clout to scale up their marketing activities. Collaboration with banks then becomes a key limiting factor. These agreements are not easily made and external support to build the capacities to access help from financial institutions would be essential.

Based on these challenges, LEAF implements a value chain approach based on understanding of the functioning commodity chain, enabling to identify potential leverages and constraints. Ideally, this approach promotes connections and linkages between CBOs, market actors and service providers while improving business environment for the poor.

The principles of this strategy are;

1. Assessing markets in a participative way. This means actively assessing a commodity's production sequence, the significance of each market actor on its saleability and the competitiveness of the product. CBOs can then target the appropriate marketing strategy.
2. Empowering CBOs to engage confidently with market actors in determining suitable business opportunities.
3. Promoting sustainable linkages with relevant stakeholders involved directly or indirectly in the value chain (private sector, micro finance institutions, banks, etc...).
4. Strengthening the services market to act as a resource for the CBO's endeavours.
5. Developing motivation and innovation for CBOs to maintain their share of the market.



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Natural Resource Management
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LEAF
(Livelihoods, Empowerment & Agroforestry Project)
c/o Delegation of Intercooperation
Bangladesh

Delegation of Intercooperation
House 2F NE (D), Road 73G
Gulshan 2
Dhaka-1212
Bangladesh
Tel: (880)-2-881 56 88, 882 76 33, 882 92 08
(880)-1715 181 062
E-mail: intercooperation@intercooperation.ch
Web: www.intercooperation.ch

Swiss Agency for Development and Cooperation (SDC)
House B31, Road 18,
Banani,
Dhaka-1213
Bangladesh
Tel: (880)-2-881 40 99, 881 43 96
E-mail: dhaka@sdc.net
Web: www.sdc.org.bd