

## Market Oriented Agricultural Advisory Services (MOAAS) Marketing Extension in Bangladesh

**Country:** Bangladesh  
**Name of intervention:** LEAF<sup>1</sup>: Livelihoods, Empowerment and Agroforestry  
**Time period under analysis:** From 2004, ongoing (until 2007 for the current phase)  
**Institutions/agencies involved:** Intercooperation, SDC

### Brief summary of intervention objectives:

LEAF works towards poverty reduction of small and marginal farmers in the NW of Bangladesh through the development of human and institutional capacities and a better management of their resources – especially through agroforestry.

The central theme is to encourage farmers' organisations to take charge of their own development. It involves equipping them to identify their development priorities and implement joint plans; subsequently linking them with service providers and local government agencies; encouraging and equipping them to exploit the market; and developing a critical mass of farmer joint-action through interaction between geographically close groups. One of those "equipment" is "marketing extension" a tool that allows communities to identify and understand markets and to better sale competitive products.

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### Question 1: What are the settings and arrangements for MOAAS?

#### 1.1 What does your agency hope to achieve by contributing to MOAAS and how does this relate to your agency's overall goals?

The previous project had a technical orientation mainly in Agroforestry (VVFP project), but that was not enough in regard of pro poor growth, notably for marginal farmers and extreme poor (landless and women, disadvantage people). So, during the last phase of this project, the team tested different innovative approaches in incorporating certain principles as people oriented and demand driven. Through these innovations, they learnt that access to market opportunities was a major demand from the marginal farmers and very poor people as mentioned above.

Generally, due to their lack of marketing knowledge, the poor are not able to identify promising market opportunities. They are not very active in regard of marketing, notably for bargaining with local traders. Indeed, they feel a strong powerlessness inflicted to them of getting no fair price. That is particular right in case of women. Due to their limited mobility to access to market, they do not have any clue about market and market actors, collaborating only with local traders or pickers.

So, this aspect was integrated in the new project named LEAF, oriented with strong focus in poverty, targeting marginal farmers and extreme poor.

3 main approaches have constituted the core of LEAF project, Marketing, Livelihoods approach as well as human and institutional development (HID/capacity development). The latter ensures the links between the 2 first as a cross cutting issue.

It is in this context that the Marketing extension is born under marketing approach.

The Leaf hypothesis was defined as the following:

"Lack of marketing knowledge of community based organisations (CBOs) and their members is the major constraint in rural areas for exploiting market opportunities. So a greater under-

<sup>1</sup> A few acronyms used in the text: ME = Marketing Extension, EP = Extreme Poor, HID = Human and Institutional Development, CBO = community based organisation,

standing of functioning market and its actors while identifying the economic opportunities at field level in participative way with CBOs themselves, could reinforce their self confidence to bargain with market actors and to become more proactive for undertaking new income generative activities and businesses, increasing therefore their incomes and additional valued added in sustainable way”.

The goal of marketing extension is:

“Encouraging and equipping small farmers to take responsibility for their own development: that is Empowering villagers to identify market opportunities and plan how to exploit those for increasing their income while to act/integrate progressively particular value chain.

### 1.2 What is the context of the MOAAS intervention?

Bangladesh is well known by its high density of population roughly 1000 habitants / km<sup>2</sup>. More or less 50% of population living under the poverty line (\$1/day).

The marginal farmers and extreme poor constitute the majority of population. Actually, over 20 % of the population are now absolutely landless and 58 % are functionally landless (DAE. 2002: 3) with small plots of land as homestead.

In the Leaf Area, the distribution follows the table below:

Category of poverty	Characteristic	%
Large and medium farmers	Over 250 acres of land	7
Small farmers	From 51 decimals to 2.50 acres	19
Marginal farmers	From 5 to 50 decimals	37
Extreme poor	Landless or less than 5 decimals	37

Leaf project has targeted mainly marginal farmers and extreme poor. 70 % of Leaf client are women with limited mobility to access to market. It is restricted to them due to cultural and religious aspects (“parda”). In fact, man go to market for purchasing all family requirements (food, clothes, etc...) that explains why women have no clue about market.

So, in this context, their livelihoods remain poorly diversified, limited to their household area and their homestead such as vegetable, poultry, goat rearing, milk cow and handicraft.

In case of landless, their main livelihoods are focused on labour and small business activities or rickshaw puller for instance. Actually, those categories do not have time to go to market for selling their products and searching new opportunities. They are in a daily income strategy for surviving.

In addition to a lack of marketing knowledge, those producers are not so well organised in regard of marketing. Generally, they sell their products individually at a very small production scale, explaining that they do not have the capacity to bargain with local traders.

The selling system is operated at farm gate for 90 % of producers. Local traders or pickers come every week for purchasing products.

Regarding opportunities, it is essential to point that there is a huge demand at local or regional level for every kind of products. The market and market actors are very dynamic with high demand. It is easier to explore new opportunities in this positive context.

### 1.3 What are the particular constraints for farmers to connect to markets?

- Being EP, they are “simply” kept in a position of ignorance of what happens on the market (see above). Once they are given the chance to discover (as a group) what happens there and that as a group they can become a significant player, their situation rapidly improves.
- In the initial stage improvements were rapidly achieved. Now there are risks of market saturation at the local level. This calls for some scaling up: reaching regional and even some national markets.
- Constraints for trading: mainly barriers to entry as individuals, lack of information, low bargaining power, no economies of scale and difficulties in mobilising a sufficient working capital. All this can be overcome by a CBO.

- For the majority of producers, the quality of production was not so suitable to consumer demand, limiting their selling area and price. In this regard, it was difficult for them to access quality services providers for improving the quality of their products, notably for handicrafts and off farm activities. To a lesser extent, this problem appears also with agricultural products. Actually, the large agro processing companies do not have interest in purchasing products to those categories of farmers due to quality and small scale of production.

#### **1.4 Who provides the MOAAS services, how do they operate, what services are provided?**

- Since two and a half years, the process is enhanced by field facilitators coming from the partner NGO of Leaf (paid 100 % by Leaf). Nevertheless, since 7 months, 100 local service providers trained by LEAF (resource farmers) began to disseminate this approach on their own as fee-based service providers. Local service providers are resource farmers, selected by the community having specific skills in marketing.
- Initially, the base of this approach has been developed by FAO: "market education". After different backstopping missions from UK (Accord Associates mainly Grahame Dixie) and Bern (Intercooperation) the operational concept and methodology were adapted to the local context of Rajshahi division and needs of farmers, it became the "Marketing extension (ME) approach".
- Services provided: Field facilitators or local service providers facilitate the different session with CBO (6 sessions) in participative way. Sometimes according to the competences of the local service provider, he/she can support the CBO in linkage with traders.

#### **1.5 How does the MOAAS support service providers?**

- In 2003, Leaf staff started the development of the methodology by organising a training course for 6 core staff of the project on "Market Education" with the support of Accord associates. Then, this core staff facilitated the process at the beginning with 12 CBOs as a pilot action. Based on those field experiences and feed back from CBOs, the methodology and its tools were adjusted and extended to 80 CBOs in 2004, facilitated by 12 Field Facilitators Marketing (FF-M), staff from partner NGOs.
- In case of local service providers, Leaf organised simply a general orientation about the approach. The second step was to organise field training by the field facilitators.
- At field level, Leaf staff ensure a follow up of activities in giving supports and advises to field facilitators and service providers for improving their facilitation and inputs. Sometimes, Leaf organises refreshing training in this aspect.

#### **1.6 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

The role of field facilitators or service providers is a key role in this process of facilitation. It could be dangerous if these facilitators take part in the decision making of CBOs.

### **Question 2: Who are the clients of MOAAS?**

#### **2.1 How many and what types of farmers use the services?**

Since three years (up to June 06), 455 ME course have been delivered by the field facilitators and even by the newly trained "local service providers" (72 ME session have been provided to CBOs), allowing progressively to transfer the competencies to field facilitator to local services providers for ensuring a sustainability of intervention.

Currently, 11 000 producers are engaged in marketing activities after ME course, active in 30 sub sectors ( at least 60 to 80 products) such as Vegetable, chilli, milk, handicraft, mini garments, poultry, fish, egg, etc.

Those CBOs have undertaken at least 2 to 4 IGAs (income generating activities) in their group in order to diversify their livelihoods and to reduce their risks.

## **2.2 Do the actual clients correspond with the types of farmers the service intends to work with?**

No problem at this stage. The women remain highly represented (up to 65 %) in the process despite their limited mobility to access to market. Even, they have the leadership of their CBO. The extreme poor (landless, Adivashi - tribal communities and women headed households) are as well integrated in this process. In average in LEAF areas, 25 % of extreme poor are running small businesses within their respective CBO.

The new members from community join also progressively the groups formed at the initial stage. There is in average 21 % of new members from community. Due to this positive result, the marketing groups have increased their members from 20 to 32 members. In the case of advanced group in scaling up marketing activities, they have got 51 members in average (based on 45 groups) with a maximum of 200 members.

## **2.3 How are the clients involved in markets?**

- The introduction of marketing extension has been greatly successful so far because CBOs interact with their very nearby markets: it is easy to find out what sells and what doesn't as well as it is easy to test new products: the access to markets, at least from a geographical point of view is easy.
- At the first stage, the clients involved directly in group marketing (60 %). This particularly materialises in grouped marketing into "assembly markets". Market contracts remain informal but experience showed that traders' value consolidated offer since they save on procurement costs.
- Then, after, one or two marketing experience, some of them have developed SMEs such as micro business, production cluster, and collaborative enterprise and outsourced labour, etc, managing a working capital. In the meantime, they have promoted by themselves, different new services for their members such as saving/loans, market information, purchasing inputs jointly or developing collection centre.
- Partner CBOs produce and sell a range of 60 to 80 products (vegetables, fish, handicraft, rice, sand, bamboo, milk, home bottle, paper bags, toys, etc.). CBOs have undertaken at least 2 promising products for limiting the risks. Very often, a third product was selected for the extreme poor (low level of investment).
- Value addition is at the core of ME. By doing their own market research, CBOs identified products they could make and/or improve for increasing the value addition
- The next challenge for LEAF is to support these CBOs in scaling up their activities, that is supporting groups in reaching further markets and strengthening their position on those, acting in the channel of product.

## **2.4 What motivates farmers to use MOAAS?**

- To increase income. The different primary results show an increasing profit from taka 40 to 120 /day/producers (a range of net profit taka 1000 to 9000/producer/month depending of activities).
- To learn about market and its actors: through Marketing extension notably the market survey, CBOs (notably women) have established a first linkage with traders or wholesaler located at Upazilla or district market ( at least 50 %).
- Opportunities to expand and transform farm enterprise: it helps most vulnerable members of the communities (women, landless, EP) to develop viable income generating activities.
- Opportunities to meet other actors (matchmaking): clearly they make deals directly with traders.
- Opportunities to increase profitability of production by
  - o Reducing costs (grouped purchasing of inputs and sharing material)
  - o Improving bargaining position: proposing a consolidated offer increase their bargaining position
  - o Value adding: products better corresponding to market demands meant increased added value.

## 2.5 Are there other clients to MOAAS services than farmers?

- No, there are no other clients to MOAAS. ME is targeting the CBOs mainly.

## 2.6 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?

- Starting at micro level has created better conditions to integrate women and EP, who remain in the process today
- Working at the beginning exclusively with women group prevents of gender imbalance. At present, the most of women group have included male in their group, but the leadership remains to women.

## Question 3: What approaches and methods are used for MOAAS?

### 3.1 What kind of services do MOAAS deliver?

- The result of ME is a CBO-based marketing capacity. To reach that, LEAF provided training to partner NGOs, who in turn provided “on the job” training to the CBOs. CBOs are guided by the partner NGO in the implementation of the ME process.
- Kind of services:
  - Facilitation of a process to analyse the potential products, made by CBOs in regards to assets, cost benefit, capacities, etc...
  - Providing input on market and market actors, how all those actors involved in the value chain.
  - Organising market survey in participative way
  - Supporting CBO to analyse their marketing findings and to define marketing strategies as well as to plan according to their resources.
- Later on, resource persons emerged in the CBOs (within task forces) so they can provide training and coaching to train and to be trained CBOs.

### 3.2 How do the MOAAS providers and the clients relate to each other?

- How do the providers and the clients get in contact with each other? Once the market assessment is done, CBOs know the kind of support they need, thus the project and/or the partner NGOs help in identifying the right person /entity to provide the required services (case of field facilitators).  
In case of service providers as resource farmers, he /she often carries on supplying her/his services to CBO in ensuring linkages with traders or other required services (quality products). That depends on his/her competencies.
- How are the demands or needs for services identified? ME is a standard package, with which CBOs identify new potentials in a participative manner. At the end of exercise, an action plan is elaborated in order to set up in concrete way all new demands and needs.
- What are the contractual arrangements (formal and informal) between providers, clients and other actors?  
There are several arrangements between traders and CBOs. Most of them have a verbal informal contract for collecting products from CBOs every one or two weeks according to a specific quality. The price is not fixed previously, it depends on market price. That is managed between CBOs and traders, without intervention of Leaf.  
In case of service providers and CBOs, it is also a verbal and informal contract with the support of Leaf when it has to provide a financial contribution. At the end of a session, a summary (financial, time schedule, etc...) has to be done by CBO, plus evaluation of services quality.
- How is it ensured that the delivered services respond to the demands?  
No comments, it is participatory process; the results depend on the demands and their analysis. All the elements are summarized in their action plan.

- Is there a quality management system for services in place?

At ME level, it is not required. However, during the implementation, Leaf organises different evaluation exercise of the quality of training for instance.

### **3.4. How are innovations in MOAAS being up-scaled?**

- With ME, LEAF managed to link CBOs with local markets. To pursue continuous value addition and increase in income, LEAF now looks at scaling up through integration of the most entrepreneurial groups into promising value chains (milk, chilli, med plants, poultry, etc.)

### **3.5 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- The process is not organised with all group members. A task force of 4 to 6 members is formed after the second step of the process. Actually, this task force plays a significant role in the process and its dynamic (deeply analyse of cost-benefit, updating market information, leader of marketing group, etc...). The competence of field facilitators are somehow transferred to this task force (more sustainable).
- The process in 6 steps is very simple, concentrated on a short period and therefore very appropriate to the Bangladeshi context (one session it is only 1:30 hour maxi).
- The market survey is the key step of the process. They collect market information on the market, allowing them to interact directly with traders and service providers. During this market walk, they can also discover new opportunities.
- The process allows analysing a diversity of products without limitation. In this context, each category may select its products according to their livelihoods strategies (notably for Extreme poor).
- ME is considered as a market assessment tool, organised in a participative manner, exploring one market segment for one or several products: it is indeed the first step to act in particular value chains. That prepares CBOs for scaling up.
- HID (human and institutional development/capacity building) has been integrated in this process as complementary intervention. At the beginning of the process, HID intervention is done with the establishment of Annual plan of operation integrating all elements of Livelihoods. After ME, there are also lots of supports in capacity building, provided by Leaf through Skill capacities, support to their marketing group or SME, etc.... This combination of HID and ME is a powerful approach to empower CBOs by taking the lead of marketing activities with confidence and self-reliance.

## **Question 4: What are the outcomes and impacts of MOAAS?**

### **4.1 How is MOAAS helping farmers to deal with market constraints?**

ME allows CBO members to generate premium quality market information, to analyse it and use it in a manner that significantly modifies their production processes for higher profit. The enhancement of group marketing at CBO level is one of the essential factors allowing scaling up quickly their marketing activities (creating a critical mass attracting new traders from district market, better price, etc...)

- Supporting farmers to do their own market research: The market survey is somehow a market research organised by CBO themselves. After this first exercise, CBO members have continued this activity through the task force. At present, it is a service developed by CBOs.
- Supporting farmers to increase production and productivity: Through cost and market analysis and in improving quality of their products according to consumer demand.
- Supporting farmers to deal with quality requirements: Thanks to direct contacts with traders, CBOs can now better satisfy their demands.
- Improving farmers' bargaining power:
- Previously, CBO members collaborated only with local traders, without market information. After ME, particularly the market survey step, they have learnt that the local traders

are not the key actors for some products. It is better to establish collaboration with regional or district traders. So, in this context, with the updating information from the task force, they can bargain also with local traders. According to an evaluation organised by LEAF in Jun 06, 30 % of CBOs involved in marketing, have increased their profit thanks to sell in buck amount/selling to large traders and bargaining price.

- Matchmaking between farmers and traders and processors?
- No really during the process of ME. That is organised after ME during the implementation, different workshops are organised by CBOs for ensuring linkage with large traders and also with financial institutions.

#### **4.2 What are the outcomes/impacts of MOAAS? ME in this case**

- Changes in household income (gender differentiated if possible): A monthly individual increase of 11€ to 100€ for CBO members.
- Changes of equity – distribution of income and social capital in the area: CBO membership increased on average by 25 %
- Employment creation: 360 new jobs created
- Changes in marketing practices: 60 % of CBOs practicing grouped marketing
- Change in production or management practices: 77% of CBOs have increased their profit as a result of bulk sales to distant market actors
- Introduction of new products: 11 % of CBOs have promoted new products (after ME and during implementation)
- Increasing value addition for products through, e.g., processing, grading, etc.: 21 % have increased the profit through improving quality and grading (after ME and during implementation)

#### **4.3 Are there side-effects or unexpected outcomes of MOAAS?**

The very high demand for ME led to the development of CBO-based trainings. Women and EP were specifically targeted and so far, they are still on board: CBO count 60 to 78% of female members; EP 20 to 30 % of CBOs.

#### **4.4. Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- ME tool is a very good starting point to engage some thinking in marketing activities with marginal farmers and extreme poor. But it is not sufficient when CBOs want to scale up their marketing activities. In fact, After ME, CBOs want to increase their scale of production and volume for selling to upazilla and district market. At present, they are facing some problems of overproduction, notably for the off farm activities. Actually, ME tool has to be integrated in more wide process such as value chain approach.
- The main outcomes are the following:
  - o Ability to negotiate with traders
  - o Capacity to undertake market assessment
  - o Skills in cost analysis
  - o Organising CBO member 's production
  - o Better understanding of quality and grading
- The main obstacle is to keep the EP on board in the process not only as labour but as leader or participant in decision making of CBO group. From this side, the role of the task force could play a negative role in the future in taking too much power, leading all the activities.
- The success of the tool depends also on the maturity of CBOs. They are always very smart in proposing their marketing strategy, not too ambitious, fitting really with their capacities and assets. That is also a clue of success linked to the maturity of CBOs maybe due to previous HID supports.

## **Question 5: What is the role of development cooperation and other key stakeholders?**

### **5.1 What are the roles and functions of development agencies in MOAAS?**

LEAF adapted the marketing education methodology from the FAO into marketing extension. It unfolded a system through which ME became a locally available competence (with Local Service Providers, resource farmers in CBOs, partner NGOs, etc.)

- Initiators
- Funding
- Organisational development
- Promoting inclusion of extreme poor and gender equity
- Methodology of advisory services / Backstopping
- Training staff and local service providers
- Capitalisation of lessons learnt

### **5.2 What are the roles and functions of the government (local and national) in MOAAS?**

So far, they haven't played major role in the provision of ME. A bigger role is foreseen when the support of LEAF will evolve towards more comprehensive value chain development.

### **5.3 What are the roles of other stakeholders?**

- The local service providers have played a key role in provision of BDS such as technical advice and training.
- Partner NGOs were the main vector for the deployment of the ME methodology among CBOs (455 trained so far). They were also the partners of LEAF for all the capacity building work preliminary to ME.
- Different other NGOs have been trained in this process by Leaf. At present, they are delivering a similar approach in their field areas.

### **5.4 What are the implications of these roles and functions?**

- Equity and poverty orientation (including food security): LEAF always set the priority to supporting EP and women. This led to a good representation of the latter in the CBOs and in the share of additional value created. In addition, women have now access to market directly or indirectly through local traders coming to village. This new type of behaviour is well accepted by their husband due to the financial benefit brought.
- Market distortion/evolution. EP and women have a better access to markets and market information. They are able to make more profitable deals.
- Economic viability and sustainability. Linkages with traders helped in ensuring a surer income.
- Farmer learning process and organisation? & Effectiveness of services and of the intervention as a whole? The dispatch of the ME methodology, although it did not cover all the demand yet (more than 2000 CBOs), has been scaled up thanks to the rooting of the ME competence in partner NGOs and resource persons within CBOs (who in turn provide the service to other CBOs)
- Sustainability of the advisory services? The competence and the training modules are now rooted within partner NGOs and even some resource persons within CBOs and soon by the local service provider (resource farmers).

### **5.5 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

Pitfalls: Leaf has to care about the quality of services notably the delivery process. Actually, the process, allows achieving a good success due the high participation of CBOs. If there is some deviation that could push CBOs in wrong way in which the extreme poor may be the loser.

## Question 6: What linkages exist between MOAAS and other types of services?

### 6.1 What other relevant services exist and how are they linked to MOAAS?

During the implementation of marketing activities, there are different services highly requested by CBOs, notably those involved in scaling up:

- Financial services: Credit is a key service for the forthcoming scaling up of some activities. Some attempts to link up CBOs and larger groups to bank and MFIs open good opportunities.
- Service provider in quality products (quality requirements, training and control)
- Input sellers (fertilizer, seeds, etc...)
- Association of traders,

In this case, Leaf has developed different complementary tools, in organising other market assessments, business plan tool, workshops with large traders and bank/MFI, contact with service providers for the skill of CBOs .... This dimension is connected further with a value chain approach.

## Question 7: Which insights and lessons can be learnt from the case?

### 7.1 What are the lessons learnt in terms of:

- What is particularly successful and what do you think has made it a success?
- What is not functioning and what do you think contributed to the dysfunction?

Described in the different parts above

### 7.2 Describe good practices that you recommend for other MOAAS

The principles of task force may be interesting to use in certain cases. The market survey is very fundamental tool.

This tool is more appropriate in the context of dynamic market in which the demand is sparkling.