

# **Desarrollo rural: un factor clave para el logro de la paz y la prosperidad**

## **Lecciones Aprendidas**

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# Objective

- To provide insight on how other countries have approached rural development and learn lessons from their experience

# Current Global Strategies in Agribusiness Development

- **Southeast Asia - Arabica Coffee & Cocoa:**

Focusing on value addition (specialty) & branding, efficient supply chains & yield improvements

- **East & Southern Africa - Grains & Oilseeds:**

Focusing on regional regulatory harmonization, association development & advanced genetics (Gates Foundation)

- **Middle East – Horticulture & Processed Products:**

Focusing on market development for high value products, logistical issues, linking buyers & sellers

# Case #1 - Commitment

- Early 1800's coffee was planted in East Timor by Portuguese & Chinese companies
- Through the 1980's & 1990's, coffee was controlled by the Indonesian army
- Café Timor started exports in 1995 with 65 MT
- The coop survived the weak market price period of 2001 & two civil conflicts
- Today they ship 2,000+ MT of coffee, making them Starbucks' largest organic supplier
- This took over 12 years of donor support, but today the 20K member coop is sustainable

## Case #2 – Transparency & Partnerships

For small farmers, price transparency is a major trust issue:

- In 2009, Olam Indonesia began providing NY ICE cocoa price and local price via SMS
- Olam also added a cocoa price quality incentive & set up regional buying centers
- Olam partnered with donors to deliver new methods / technology to farmers – resulting in market share growth & higher farm incomes

# Focus on What's Important

- Limit the number of project targets
- Keep target simple – sales revenue, jobs, investment, etc.
- Choose targets carefully: link targets to program goals
- Do not measure the process (persons trained), rather measure outcomes (sales)
- M&E design is important – contractors will work hard to make targets, even bad ones

## More Lessons

- **Buyer Leads:** Link buyers & sellers, build trust, close the deal - one at a time
- **Shorten Supply Chains:** Source products more effectively & reduce transaction cost
- **Private Sector Linkages:** Leverage resources (Crop Life, other NGOs & private firms)
- **Grassroots Political Capital:** Build rural political capital to achieve national regulatory reforms (Indonesia model)

# Quality Pays: Reward Quality via Incentives to Farmers

There are many programs that provide incentives to farmers:

- ▣ Organic + Free Trade
- ▣ Supermarket specifications & timing of delivery
- ▣ Industry specific standards & grades linked to price

*Government can encourage these programs but cannot create or manage them*



# Hazards on the Implementation Highway

- Grants: Our love-hate relationship
- Allow non-competitive businesses / organizations to die
- Allow mid-course corrections (flexibility)
- Plan for the long-haul: >1 funding cycle
- Strategy: Allow private sector to identify comparative advantage (gov can help guide but the decision belongs to business)

# Define The Role of Each Partner

## Government

- Create civil operating environment
- Infrastructure – roads & irrigation
- Market information at home & abroad
- Support associations in selected activities
- Research & education

## Pvt. Sector / Associations

- Contacts & intelligence
- Licensing (handlers)
- Export quality standards
- Inventory & shipment reports
- Market promotion
- Research & education

# Government's Role in Creating the Operating Environment

- Provide a safe & secure rural environment
- An efficient legal system – contract law
- Fine-tune legal mechanism for operation & management of irrigation districts or non-profit irrigation companies (Romania model)
- SPS standards, food safety & enforcement
- Regulations allowing rapid introduction of new genetics & other technology (Kenya)
- Transparent government agencies

# Government's Role in Infrastructure Development

Government leads infrastructure project  
planning & implementation (public good)

- Expand the rural road network
- Develop irrigation water delivery system: improving farm productivity & reducing farming risk (Egypt model)
- Create incentives (carrot & stick) for expansion of electricity & mobile phone networks

# Government's Contribution

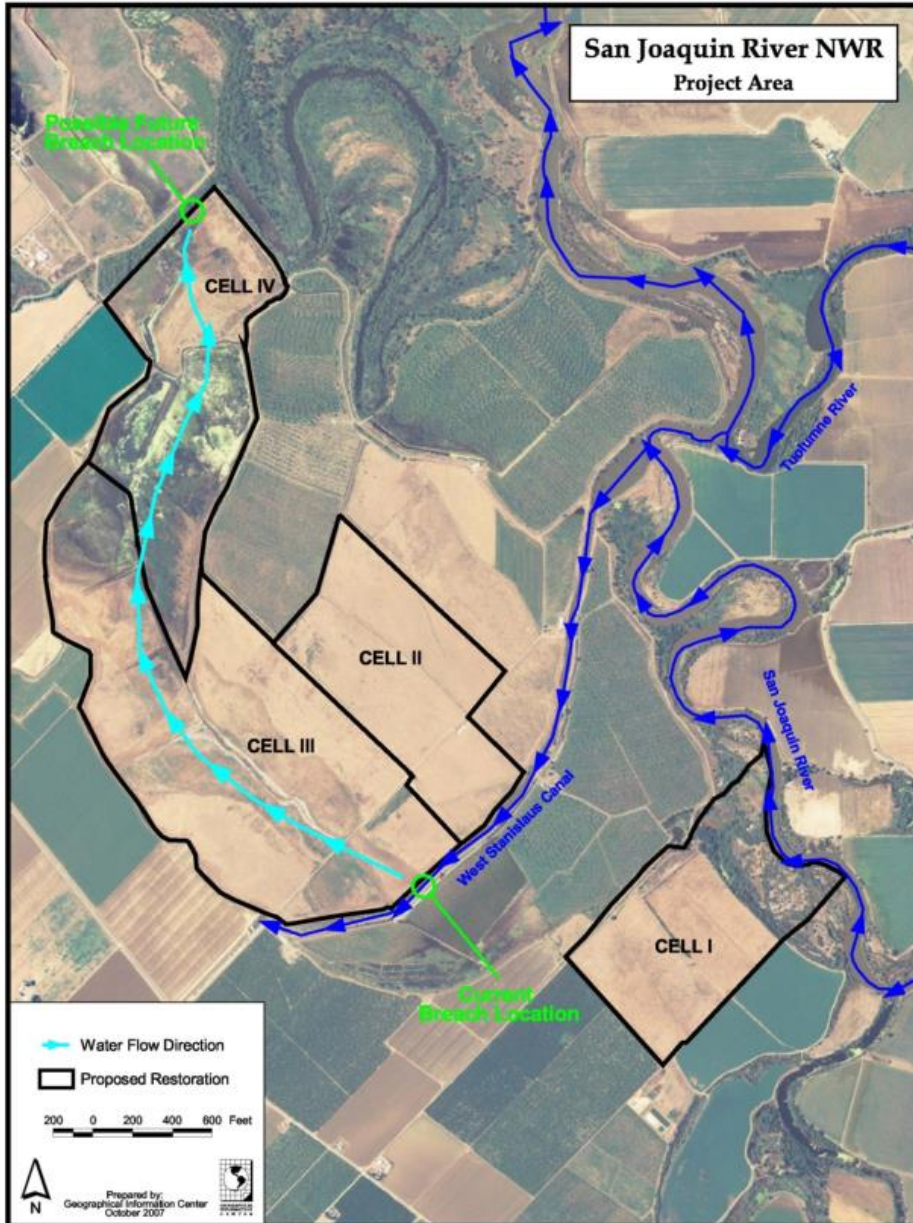
## Market Information & Development

- Market information systems : Via MOA, agricultural officers at embassies, others
- Support market innovation: Grants to firms developing new markets (California model)
- In concert with private sector, roll out research results: Genetics, irrigation technology, IPM, etc.
- Environmental conservation & public safety (flood & conservation easements in agricultural zones)

# Government's Role in Environmental Conservation & Public Safety

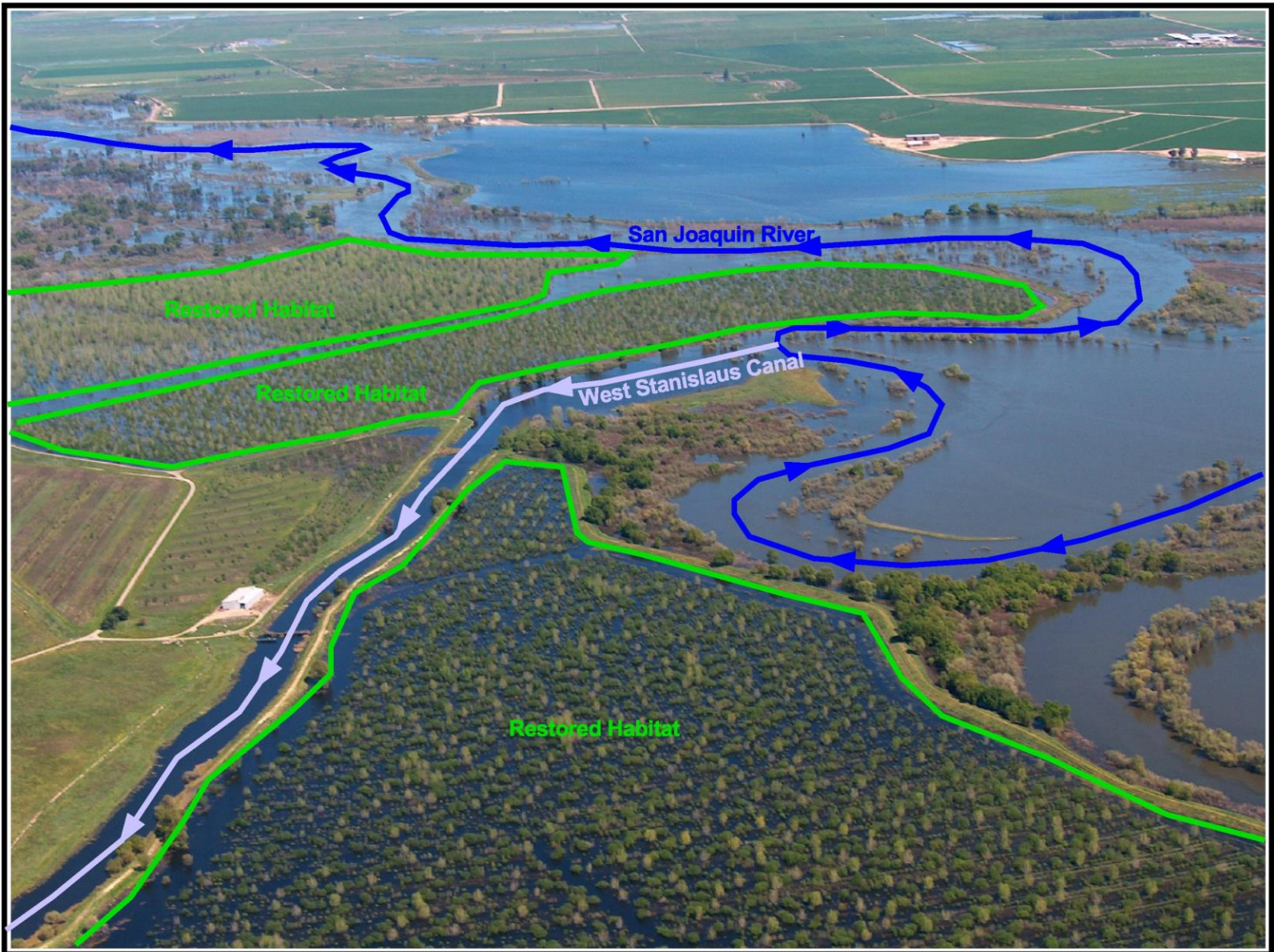
Keep people & development out of the floodplain (a zoning issue)

- Agricultural easements
- Riparian habitat conservation easement
- Flood easements
- Grant funds for purchase of floodplain lands - title to local land trust or conservation org
- Infrastructure: Levee setbacks & upgrading



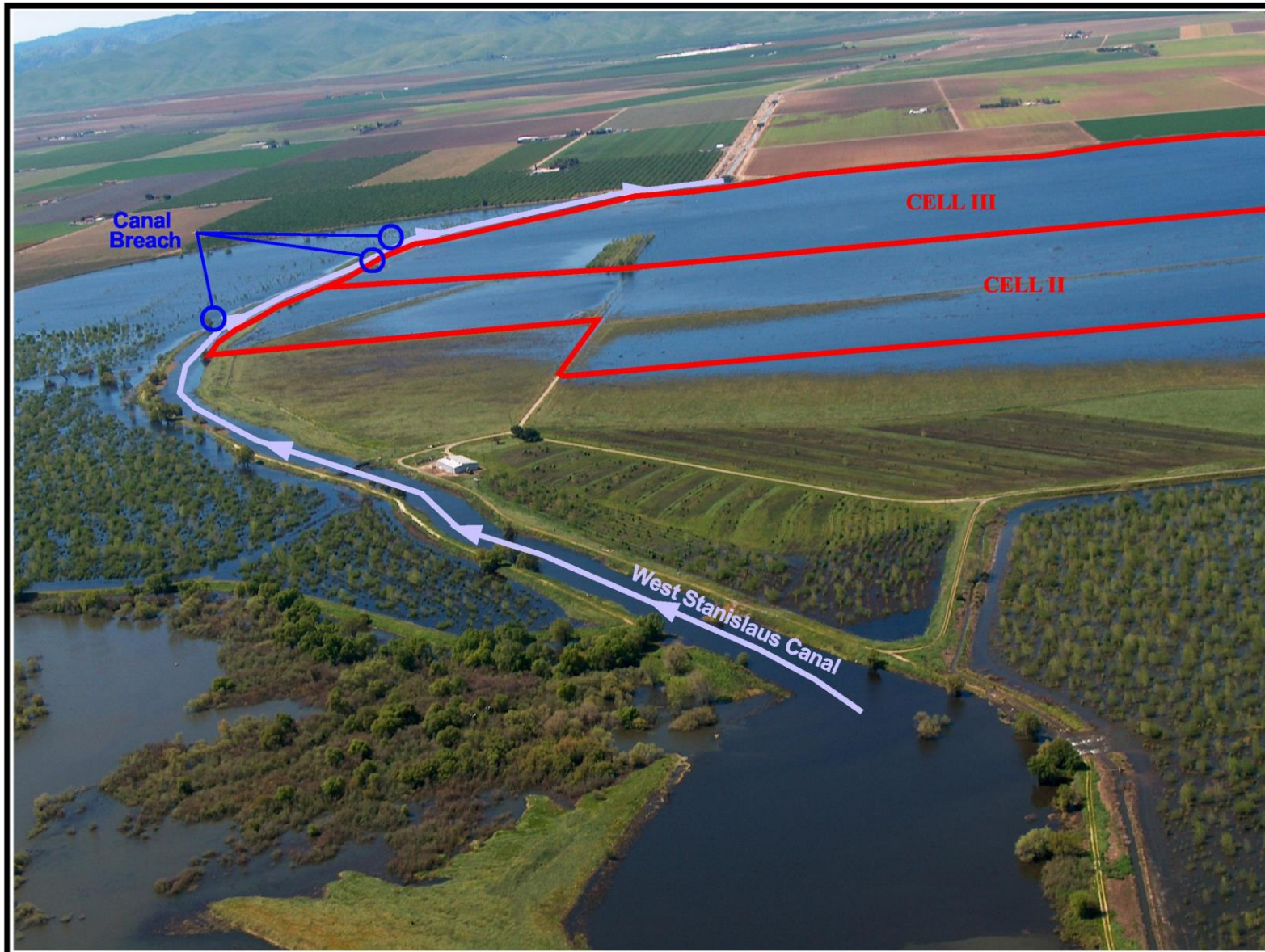
- Retired farmland: Providing public safety & habitat conservation
- Off Channel flood water storage (+/-) 2000 ha x 2 meters deep





18 April 2006





18 April 2006

# Private Sector's Contribution to the Partnership

- Contacts & intelligences: Association offices in key foreign markets (promotion)
- Industry generated trade data
- Regulation of traders via licensing
- Set quality standards (in concert with gov)
- Provide education to industry (training) and consumers (nutrition, uses, etc.)
- Roll out research

*Thank You*