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## GUIDELINES FOR MUNICIPAL POLICYMAKING ON URBAN AGRICULTURE

# Processing and Marketing Urban Agriculture Products



Billboard for PROVE products, Brasilia – Brazil

### Four Reasons Why Urban Agriculture Matters

#### Hunger is growing

In less than 30 years, the number of people who go to bed hungry in Latin America has increased by 20%; as many as 65 million people are now affected. Feeding the entire population is a challenge that cities must meet.

#### Natural medicines for all

The poor spend between 40 and 60% of their scarce incomes on food and almost 15% on health care and medicine. The production of medicinal plants and derived products — infusions, extracts, and essences, — facilitates access to health care for the very poor and marginalized.

#### Recycling wastes and wastewater can help ensure food security in cities

Only 2% of the waste produced in our cities is treated properly. Thousands of cubic meters of wastewaters are not being used or are treated at a high cost. These can be transformed, however, into excellent sources of natural fertilizer, irrigation water, and nutritional supplements for animals.

#### Creating low-cost employment and generating income

Urban agriculture (UA) generates employment at a low cost in relation to the estimated costs of other productive sectors. Creating a job in UA costs less than US \$ 500, an investment that can be recovered through micro-credits.

The benefits in terms of food, health, the environment, and job creation explain why an increasing number of municipalities want to develop and modernize their urban agriculture programs.

This series of guidelines is based on current scientific and technological research and reflects innovative practices in cities in the region. These practices are a source of inspiration: we invite you to share them and, in turn, enrich the experience.

Happy urban harvesting!

Y.C.

### Challenges

Adding value to urban agriculture (UA) products through food processing and marketing is an innovative way of generating income and creating new jobs. For every US\$100 that a consumer pays for a processed agricultural product, \$23 goes to vendor, \$27 to the person trading the goods, and \$35 to the processor. The producer earns only \$15. By linking food production, processing, and marketing, producers can earn a higher return for their products. This improves the social inclusion of the poor.



Inauguration of an agro-industry, Dourados – Brazil

Municipal programs that promote the processing and marketing of UA products should try to increase the participation of urban institutions and farmers. At the same time, municipalities must modify legislation and improve the poor's access to capital and marketing venues. Finally, efforts to organize producers also need to be undertaken independently from government, so as to ensure the continuity of programs.

This document provides guidelines and suggestions for developing municipal programs for processing and marketing UA products.

*"Poverty cannot be defined by only referring to the family income. What makes a person poor or not is the level of exclusion from essential goods and services. The concept of poverty has to be demonetized, and the emphasis has to be placed less on economics and more on ethics."*

*Cristovam Buarque, Governor of Brasilia, (1995–1998)*



Brands marketed by PROVE in Brazil

# Six Guiding Principles for Policymaking

## *In support of processing and marketing urban agriculture products*

### 1. Increase motivation

Any municipal program for agroindustries requires that participants be first motivated to participate.

Implementing food processing and marketing programs that aim to increase social inclusion of the poor requires a significant level of motivation among technicians and producers, as well as among decision-makers.

#### ***Motivating institutions***

Institutional motivation can be increased by providing as much information as possible on the program; by highlighting elements such as government support; by publicizing the program in the media — radio, television, and print media; and by organizing social events at every stage of the program.

#### ***Motivating marginalized urban producers***

Marginalized urban farmers can be motivated to participate by showing them the benefits and expected results of the program; by providing incentives for partnerships among producers; and by organizing exchanges between producers and their agro-industries.

### 2. Ensure mechanisms for obtaining credit

This is a crucial element when working with urban producers who are excluded from formal credit systems and whose low income places them below the poverty line. A number of experiences have shown that providing microcredit is an effective means of financing the processing and marketing of agricultural products (see Guideline 4).

### 3. Amend existing tax and sanitation legislation

The standards that regulate sanitary inspection and taxation laws applicable to agro-industrial municipal programs generally serve to exclude the poor, as does the formal finance system. To redress this situation to facilitate access to credit requires involving the Municipal Council or Chamber in the development of, for example, new standards for processing, canning, and packing processed products on a small scale; facilitating access to sanitation services; and restructuring the taxation system.

### 4. Implement agro-industries

Once the legislation is approved and the resources are available, small agro-industry projects can be launched for pre-processed fresh vegetables, sausages, milk products, and the like. Several steps have been identified for this implementation:

#### ***Building agro-industries***

Municipal support is needed to build the infrastructure for these industries. This can be achieved by granting microcredit or subsidies.

In Brasilia (Brazil), the Verticalização da Pequena Produção (PROVE) program designed a typical rice plant of about 37 m<sup>2</sup> that includes an open reception area, a bathroom for staff, a processing room adapted to the different products to be processed, and a storage area. The cost ranges between US\$2,000 and \$4,500. This small plant meets sanitation and operational requirements.

#### ***Training and capacity-building***

Training programs need to be designed to help increase producers' capacity in a number of areas: (a) to increase productivity and improve food processing; (b) to target their marketing and sales (e.g., visiting supermarkets); (c) to discover



Family candy agro-industry, Brasilia – Brazil



A PROVE agro-industry in Brazil

the advantages of working in partnerships; (d) to improve food handling and hygiene; and (e) to improve the management of small agro-industries.

### **Ensuring availability of input**

The small scale of production and rapid turnover of capital of small urban producers impede them from buying even small amounts of good quality inputs at affordable prices. Municipal programs should develop mechanisms for collective purchasing and unit sales in special stores, so that producers can buy the needed tools, utensils, containers, labels, small machinery, and other inputs.

In **Havana (Cuba)**, Tiendas del Agricultor (farmer stores) have been installed in different neighbourhoods. In these stores, urban farmers can buy equipment, seeds, natural fertilizers, and organic formulas in small quantities and at low prices. In addition, these stores offer technical assistance.

### **Promotion strategies**

Small producers generally have some difficulty in promoting their own products. Marketing strategies include promoting products to commercial markets and open markets in neighbourhoods, and using such tools as newspaper advertising, posters, brochures, etc. Farmers — either individuals or groups — also need to have their own brand names and graphic image (logo) so that their products are easily recognizable by the public. Involving producers in the design of these logos helps give them a sense of identity and of ownership in the program.

In **Quito (Ecuador)**, the municipal UA program (AGRUPAR) has developed a methodology for designing the logotype of each agro-industry in a participatory manner, thereby including the farmers' ideas in the process.

In **Camilo Aldao (Argentina)**, the municipality developed a brand name — HOCA (Hortalizas Orgánicas de Camilo Aldao) — in collaboration with the association of UA producers.

## **5. Improving marketing**

Small agro-industries produce candies, canned products, preserves, chickens, eggs, bread, and many other products of excellent quality. Marketing these products, however, is difficult because, in many cases, attractive packaging, professional labels, bar codes, and quality or health assurances are required. To help solve this problem, different marketing levels or niches need to be identified: close sales points, such as house-to-house, neighbourhood markets, school kitchens, etc.; intermediate sales points, such as store chains, self-service outlets, and small supermarkets; and distant sales points, such as large supermarket chains. Marketing programs should include suitable strategies for each market niche.

In **Brasilia (Brazil)**, the federal government has entered into agreements with large supermarket chains, thereby ensuring special places — Quioscos del Productor (producers' stands) — for products from small industries.

## **6. On-going support and promotion**

One of the greatest risks in municipal UA programs is their excessive dependency on one municipal administration (for financial and technical support, etc.). Moreover, the implementation of a UA program generates new needs among producers. Developing community partnerships (cooperatives) can help address both these problems: the communal work is promoted and the programs' sustainability is enhanced.

PROVE (**Brasilia, Brazil**) created the PROVE producers' association (ASPROVE), a civil nonprofit partnership that integrates small producers in order to facilitate, among other things, the collective purchase of inputs and marketing. At the same time, the NGO APROVE was established to support ASPROVE's activities, thus removing the need to obtain specific political support.



Sales in supermarkets, Brasilia – Brazil



Marketing of packaged products, Quito – Ecuador

"Most women stop being housewives or employees and become entrepreneurs; and they start reacting as such. They see with greater clarity, within the same logic of the context that up to now had excluded them."

João Luiz Homem de Carvalho. Director of APROVE. Brasilia, Brazil.

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## Contacts:

**Evelio González Sánchez. Director.** Consultorio Tiendas Agropecuarias. Cerro Municipality, Havana, Cuba. Tel.: (53-7) 785835; Email: [aurbana@ip.etecsa.cu](mailto:aurbana@ip.etecsa.cu)

**João Luiz Homem de Carvalho.** Director of APROVE, Email: [jluzhc@uol.com.br](mailto:jluzhc@uol.com.br) / [aprove@uol.com.br](mailto:aprove@uol.com.br)

**César Jaramillo.** Coordinator of the AGRUPAR Program, Metropolitan Directorate for Sustainable Human Development, Municipality of Metropolitan Quito, Ecuador. Tel.: (593 2) 2 583 285 / 2 289 214; Email: [aurbana@quito.gov.ec](mailto:aurbana@quito.gov.ec)

**Teresa Sunde.** Coordinator of the Urban Agriculture Program, Municipality of Camilo Aldao, Córdoba, Argentina. Tel.: (54 3468) 461 260 / 461 649; Email: [munca@furnet.com.ar](mailto:munca@furnet.com.ar); [teresund@cbasur.com.ar](mailto:teresund@cbasur.com.ar)

Sales points supported by the municipality, Cuenca – Ecuador



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This document was developed from a background paper written by João Luiz Homem de Carvalho (Director of APROVE)

**Edited by** Marielle Dubbeling and Alain Santandreu (IPES/PGU-ALC)

**Text copy-edited by** Nancy Sánchez and Mónica Rhon D.

**Advice on Communication and Design:** Roberto Valencia (Zonacuario)

**This policy document is part of a series of nine guidelines on different urban agriculture themes:**

1. Urban agriculture: A tool for sustainable municipal development
2. Urban agriculture and citizen involvement
3. Urban agriculture: Land use management and physical planning
4. Micro-credit and investment for urban agriculture
5. Recycling organic wastes in urban agriculture
6. Treatment and use of wastewaters in urban agriculture
7. Urban agriculture: Fostering equity between men and women
8. Urban agriculture and food sovereignty
9. Processing and marketing urban agriculture products

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IDRC  CRDI

International Development Research Centre  
250 Albert St, PO Box 8500  
Ottawa, ON, Canada K1G 3H9  
Tel.: (613) 236-6163, ext. 2310  
Email: [blwilson@idrc.ca](mailto:blwilson@idrc.ca)  
[www.idrc.ca](http://www.idrc.ca)

 IPES

Promotion of Sustainable Development

Jorge Price,  
Executive Director  
Calle Audiencia N° 194, San Isidro  
Apartado Postal 41-0200  
Tel.: (51 1) 440-6099/ 421-6684.  
Email: [ipes@ipes.org.pe](mailto:ipes@ipes.org.pe)



Yves Cabannes, Regional coordinator  
García Moreno 751 entre Sucre y Bolívar  
Fax: 593-258 39 61 / 228 23 61  
Email: [pgu@pgu-ecu.org](mailto:pgu@pgu-ecu.org)  
[www.pgualc.org](http://www.pgualc.org)

Canada 