

Participatory Agricultural Chain Assessment (PACA): An Approach to Sustainable Agricultural Chain Development (SACD)—The Case of VECO Indonesia

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Abstract

For an organization that has been promoting sustainable agriculture development for some time, Vredeseilanden is not unaccustomed to seeing smallholder farmers struggle to secure markets and attain higher prices. The biggest stumbling blocks, as identified by the Belgium-based NGO, are the farmers' lack of access to markets, insufficient market information, the inability to meet the product quality required by markets, and limited access to resources (natural, technical, and financial). Cognizant of these problems, Vredeseilanden has modified its approach to assisting smallholder farmers within the context of sustainable agricultural chain development (SACD). SACD is seen by the organization as a means to facilitate greater market access for smallholder farmers. While being part of an ordinary supply chain provides the farmer with a link to market, being part of a sustainable supply chain provides him with an opportunity to participate in the decisions that shape the standards and quality enhancements the chain will deliver to end customers and to secure a more equitable share of the value added commensurate with effort. In its Asian operations, SACD is pursued through participatory agricultural chain assessment (PACA), an approach developed and field-tested by VECO Indonesia. PACA is comprised of three major subcomponents: (1) situation analysis; (2) intervention identification, which may be done by undertaking either participatory research for development (PRD) or multi-stakeholder dialogues (MSD) or both; and (3) chain intervention and planning. As an approach to sustainable agricultural development, PACA considers the level of need within the assisted communities/NGOs and the level of activity contributions each stakeholder is willing to contribute, making the resultant action plan more realistic and achievable.

Keywords: market access; multi-stakeholder dialogues; participatory agricultural chain assessment; participatory research for development; sustainable agricultural chain; VECO Indonesia

Abbreviations:

- MSD – multi-stakeholder dialogues
 - NGO – nongovernment organization
 - PACA – participatory agricultural chain assessment
 - PRD – participatory research for development
 - SACD – sustainable agricultural chain development
 - TOT session – train-the-trainers session
 - VECO – Vredeseilanden Country Offices
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Introduction

As an organization that has been promoting sustainable agricultural development for smallholder farmers for some time, Vredeseilanden recognizes the need for smallholder farmers to access markets and to command better prices if they are to improve their livelihood. Insufficient market information, an inability to meet the product quality standards required by the market, limited access to resources, and limited knowledge about their end consumers are just some of the major constraints limiting smallholder farmers' access to institutional markets. Cognizant of this market access problem, Vredeseilanden has sought to enhance its approach in assisting smallholder farmers within the context of sustainable agricultural chain development (SACD).

Agricultural supply chains are networks of independent actors contributing to the planning, design, production, and distribution of products. The key to the sustainability of agricultural chains is the coordination or management of all activities within the chain with the goal of maximizing value for the consumer and ensuring that each actor in the chain gets an equitable share of the total value generated by the chain.

SACD is seen as the means by which products find their way to market. While being part of a supply chain provides the farmer with a link to market, being part of a *sustainable* supply chain affords the farmer an opportunity to participate in making the decisions that shape the structure and processes of the chain in which he is an active participant.

In Asia, SACD has been pursued through participatory agricultural chain assessment (PACA), an approach developed and field-tested by the Vredeseilanden Country Office in Indonesia (VECO Indonesia). The aim of PACA is to find ways, through chain interventions, for smallholder producers to become part of a sustainable agricultural chain. While the focus is the smallholder producer, the approach recognizes that the chain is comprised of multiple stakeholders, and the strength and sustainability of the chain lies in the proper coordination of all stakeholders. Emphasis is placed on chainwide

cooperation by building commitment among the stakeholders to deliver products whose specifications and quality are in accordance with what the market demands.

The Evolution of PACA as a Chain Intervention Tool

Initially, Vredeseilanden conducted a series of visits with Indonesian partners clustered according to districts and held 2- to 3-day workshops to introduce the concept of agricultural supply chains. Each district was usually represented by 3 to 5 local NGO partners who came to the workshop with lead farmers from their respective villages. The first visit was an initial exploration to see if it was possible, in an informal manner, to blend the field orientation of the partners with some notion of agricultural supply chains, no matter how basic. Flexibility was critical in adapting formats and processes to make the approach more responsive to the needs of assisted communities/villages.

Three to four follow-up sessions, spaced 2 months or so apart, were then conducted. After seeing success in one district, the process was later replicated in other project areas of VECO Indonesia (about 5 districts in the eastern part of Indonesia) with the assistance of a program officer. It was during this point that the term “participatory agricultural chain assessment” (PACA) was coined—with emphasis on *participatory* since greater significance was placed on the input of the participants and insights from the experience to guide the formulation of possible interventions. This provided the base material for PACA.

Since the tool was continually evolving in each replication, some confusion within the organization naturally occurred. This greatly diminished initial appreciation for PACA as a powerful tool to introduce and promote SACD. To address this concern and standardize the process, PACA was documented and a draft manual was created, which was field-tested by VECO Indonesia in a PACA train-the-trainers (TOT) session attended by program officers, key NGO partners, and farmer leaders. The TOT graduates were expected to help the program officers in widening the base communities that undertook a participatory assessment of the agricultural supply chains and have enhanced livelihood opportunities. This is in line with Vredeseilanden’s thrust to promote sustainable livelihoods within the context of SACD.

PACA as a Process

PACA is comprised of three major subcomponents: (1) situation analysis; (2) intervention identification, which may be done by undertaking either

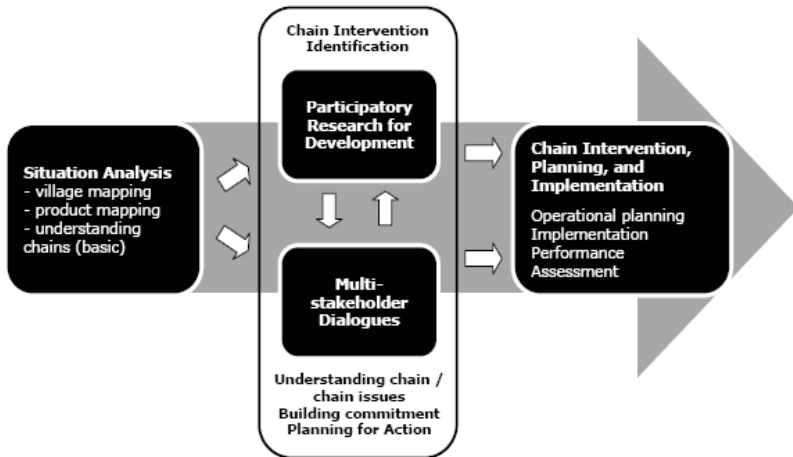


Figure 1. The participatory agricultural chain assessment (PACA) process

participatory research for development (PRD) or multi-stakeholder dialogues (MSD) or both; and (3) chain intervention and planning (Figure 1).

Situation Analysis

When using a participatory approach, the targets for the intended enhancements need to be involved. Hence, PACA looks initially at the chain from the perspective of those who have a stake in it (internal view) before seeking other information to enhance the initial understanding of the chain (external view).

Situation analysis commences with village and product mapping and supply chain exercises to understand how the chain works. Mapping provides an opportunity to look at the village, describe the situation, and identify its accompanying potentials and problems. It helps rationalize the commonalities and differences between and among villages in terms of the commodities produced; the presence or absence of basic knowledge as to how products are produced and brought to the market, as well as the intermediary value-adding activities occurring in between; and other related concerns.

Chain Intervention Identification

Sustainability and the more equitable sharing of benefits, with particular focus on smallholder farmers, are the goals of any planned supply chain interventions. The greatest concern, however, is how to go about identifying the kind of interventions needed in a chain.

Adhering to the premise that understanding the situation leads to a better needs assessment and consequent formulation of solutions, the supply chain

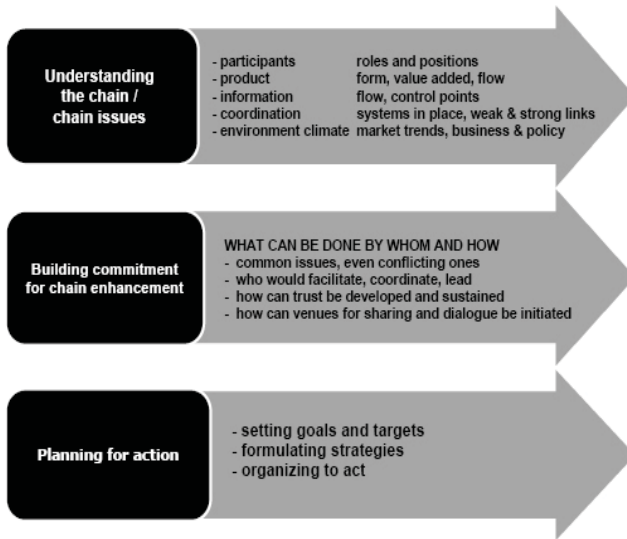


Figure 2. Identifying chain interventions for chain enhancements

intervention identification starts by seeking a greater understanding of the chain (the participants, product, information, coordination, relationships, and environment) by the stakeholders, building commitment between and among them to work towards chain enhancement, and then collectively planning for action (Figure 2).

Situation Analysis

To understand the chain and its issues, it is necessary to look into the participants of the chain, the flow of product and information within it, and the coordination and links the chain has to a given external environment.

Building Commitment

After collectively identifying and prioritizing areas for the enhancement of the chain, the next concern is to build commitment among the stakeholders. Commitment spells the difference between success and failure as groups or individuals who are highly committed to a given cause contribute a lot to the realization of that cause.

The chain stakeholders should be made to understand that they are not competitors and it is in their best interest to work together to enhance product quality and delivery for chain sustainability.

Commitment is built upon the identified chain-enhancing priorities. In PACA, the commitment to enhance the chain is based on the stakeholders’ own identified pledges, which are within their capacities and resources, greatly enhancing the likelihood of attainability.

Planning for Action

After commitments are built, action planning ensues, where goals and targets are set, strategies are formulated, and structures are put in place to ensure that goals are realized. As this is usually the first time stakeholders gather in an organized meeting, planning for action at this point often requires some initial organization, such as the formation of a producers' group, and follow-up meetings, where identified areas for intervention are discussed and planned.

Approaches to Identifying Chain Interventions

The experience of VECO Indonesia led to the development of two approaches to identify supply chain interventions: multi-stakeholder dialogue (MSD) and participatory research for development (PRD). In practice, they can be undertaken individually or one after the other, depending upon the need. Ideally, the MSD is undertaken in cases where a number or most of the stakeholder groups within the chain are organized, while PRD is undertaken when basically there are no organized groupings of stakeholders and little is known yet about the commodity chain.

Multi-stakeholder dialogue (MSD)

In Toraja, Sulawesi, the local NGO partner JALESA, together with VECO, initiated dialogue among stakeholders to better understand the coffee chain. A multi-stakeholder dialogue or MSD (Figure 3) was possible in this area since there were existing formal and informal groups, making it easy to bring the various stakeholders together.

The dialogue provided a venue for all the chain actors (producers, middlemen, processors, and retailers) to meet, share chain views, and learn where each actor was coming from. This enabled them to better understand the chain and the drivers for varying behavior and processes within the chain. Animosity was evident from the start, with some stakeholders, farmers, and an NGO adopting a confrontational stance and accusing private processors and middlemen of what they perceived to be unacceptable business practices. Appropriate facilitation assisted greatly in turning an initial misunderstanding arising from the lack of information into a positive and open dialogue from which all supply chain actors were able to grow in knowledge. The result of the activity was so encouraging that it was replicated in another district, which eventually evolved further to identify potential interventions to improve the performance of the supply chain.

Participatory research for development (PRD)

In the district of Ende Flores, the local partner, Tana Nua, felt that the best way for them to assist farmers in their area, mostly cacao growers, was to

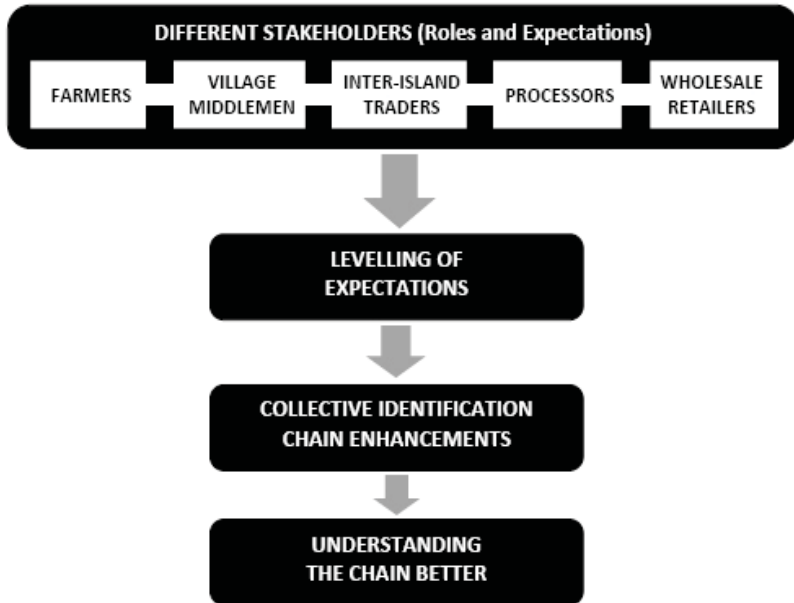


Figure 3. Multi-stakeholder dialogue (MSD) process

undertake a market study to better understand the cacao chain. Initially, they were at a loss as to how best to provide assistance as they knew very little about the cacao chain, knowing only that farmers were not getting a high price and farmers were largely unaware of the market potential of such commodity. Such a study, it was hoped, would lead them to identify where the problems and opportunities lay, and this in turn would then serve as a launching pad for the identification of what assistance they could provide.

This led to the development of a participatory research process (Figure 4) which was seen as the best option by Tana Nua. The research study sought to help them better understand what the major drivers of chain processes were and how they might best impact the stakeholders, farmers especially. The choice was not an easy one as research was something new to the group.

Comparison of PRD and MSD

The rationale behind PRD and MSD is to understand the commodity chain better from many perspectives and thus be able to identify areas for enhancement more fully. MSD, however, has an advantage over PRD, not only because of the shorter time needed to conduct it but also because it affords the participants the chance to meet face to face during the initial discussions—the exchange of ideas will help a lot in resolving initial misunderstandings. MSD,

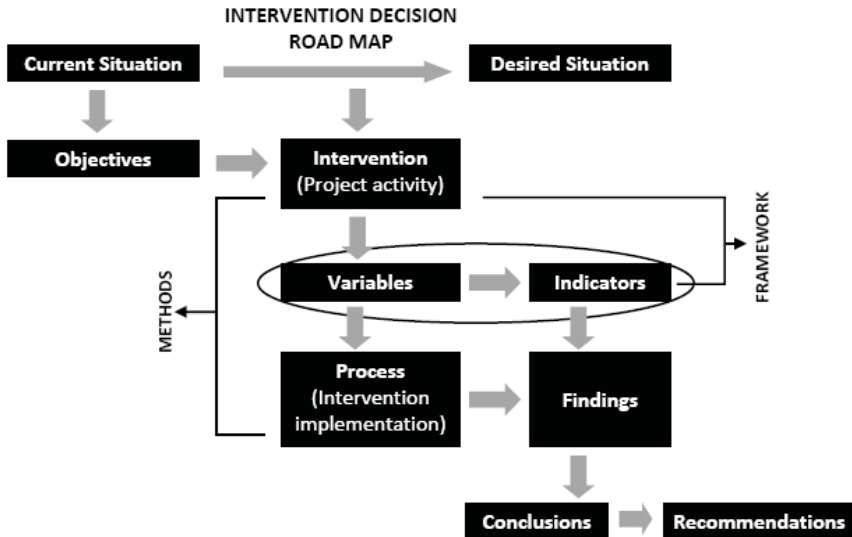


Figure 4. Participatory research for development (PRD) process

likewise, gives each sector the opportunity to collectively articulate issues that concern them and assess whether options proffered are acceptable or not, thus leading to the faster resolution of issues. In the case of PRD, dialogue is also present, but this comes after the research activity and the validation process.

The advantage of PRD, if conducted properly, is that trends, patterns, and issues are substantiated with empirical evidence, which is hard to dispute. However, this advantage has to be weighed in terms of the time and funds available, as PRD, no matter how simple, is the more costly option.

Chain Intervention, Planning, and Implementation

Having identified the necessary chain interventions—either through MSD or PRD, or both—the next step is to plan and implement these interventions. Objectives are then set and strategies formulated for clarity of purpose. In the planning stage, performance indicators have to be identified for purposes of monitoring and evaluation later on. As a guide during implementation, these are best translated into a plan, complete with detailed activities and a monitoring scheme. The plan should likewise include mechanics for assessment, how and when they will be conducted, and measures to identify areas for further action and generate input for plan refinements (Figure 5).

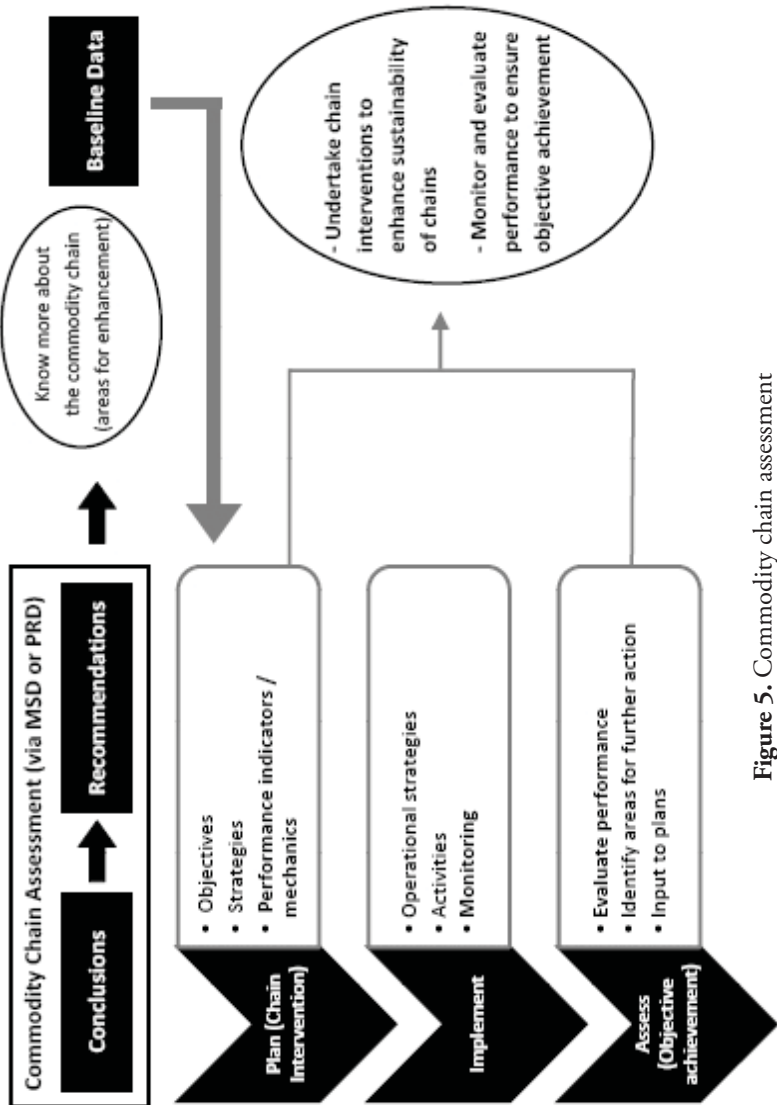


Figure 5. Commodity chain assessment

Learning insights

It was not the initial intention of the advisor to develop an approach out of the process; the advisor intended simply to document the introduction of basic concepts of agricultural supply chains and marketing in VECO Indonesia's project areas. But the need for a standardized tool to use in participatory assessment of the supply chains led to the development of PACA.

The key learning points here in terms of methodology development are as follows: (1) a continually evolving methodology or process development, which develops out of need (or needs) and is subjected to constant enhancement by incorporating spontaneous responses from the participants, may turn out to be as equally useful as one that is presented to participants in its final form; (2) the success of a methodology/approach development is dependent on well-defined learning objectives and clarity of purpose, which should be communicated to each process participant; and (3) learning is enhanced in an environment where participants are open to changes and receptive to various opportunities to bring about those changes.

On the other hand, key learning points for PACA are as follows: (1) it pays to look at the issues from the perspectives of those who are most affected or involved; (2) a participatory approach (like PACA) makes the stakeholders feel important because their input is valued; (3) participatory research and multi-stakeholder dialogues are useful tools in making stakeholders better understand the issues that affect the entire chain; and more importantly, (4) it pays for organizations to invest in guided learning initiatives so that they may acquire a better understanding of the farmers' situation and the issues affecting their production activities, leading to the formulation of desirable, meaningful, and sustainable interventions.