

World Export Development Forum 2012

Supply Chains and Smallholder Producers

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Commonwealth Work Programme on Supply Chains

□ Why?

- To promote trade & pro-poor development
 - Extended regional trade beyond tariff preferences for deeper integration
 - To ensure enhanced participation of weaker economies
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Commonwealth Work Programme on Supply Chains

- What do we do?
 - Sector-specific macro-analytical research
 - Identify sectors (disaggregated level) where potential supply chains exist
 - Identify units of production located in different countries (within a region) for supply chains
 - Stakeholder consultations – (also to better understand small producers' concerns)
 - Collaboration with others (IGOs, governments, think tanks and private sector)
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Regional and Sectoral Focus

- ❑ So far, South Asia and Sub-Saharan Africa
 - ❑ Sectors – Textiles and clothing, food and agri products, and leather.
 - ❑ Choice of the regions – member states, scope of trade-pro-poor growth linkages
 - ❑ Choice of sectors – an example
 - T&C South Asia (employment - **55 million**; and 90 million indirectly).
 - The region's share in global T&C exports is **10%** with exports over **US\$60 billion**.
 - Domestic capacity and export market linkages
 - ❑ Do regional SS chains promote regional competitiveness? Promote small firms/farms?
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Scope of supply chains: an example

Global and regional imports of identified products/inputs in potential supply chains

	Global Imports (\$'000)	Imports from South Asia Region (\$'000)	Global Exports of 3 other Countries (\$'000)	Imports from the region as % of country's global imports	Global imports of a country as a % of global exports of the region
BGD	493,150	146,628	2,690,257	29.7%	18.3%
IND	4,834,969	221,657	1,380,133	4.5%	350.3%
PKN	1,166,083	202,466	15,543,371	17.3%	7.5%
SRL	327,176	94,808	3,623,488	28.9%	9.0%

Linking market opportunities to potential suppliers: Is it a useful approach?

- Makes it relevant for policy focus
 - Any concerns can be raised and discussed
 - Macro to sectoral linkages
 - Linkages with national objectives – poverty alleviation, income distribution
 - Relevance for regional and international negotiations
 - Policy and support interventions can be more effective when market opportunities are known
 - Links to export markets are particularly attractive to policymakers
 - Standards in regional markets are more likely to be familiar and achievable.
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Smallholder participation

- The issue of equity
 - important for national objectives: addressing inequality, regional disparity
 - Efficiency –
 - Many small firms are efficient
 - Low productivity should not be necessarily bad
 - Demand side issues
 - Standards (also private standards have become complex)
 - Buyers' preference for certain sources have become one particular problem (example from South Asia)
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Innovations from ComSec work

- ❑ Analytical work based on unique methodological approaches providing sector-specific information has brought together all stakeholders
 - ❑ Rather than broad policies, attention to sector-specific issues help form supply chains and smallholders
 - ❑ Analysis helping policy makers design and seek support for smallholders from specialised agencies
 - ❑ Linking potential production units – formal mechanism has been established for sharing of information (e.g. LIASA)
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Constraints to be addressed

- ❑ Small firms/farms are not adequately represented – survey results are often biased
 - ❑ They lose out in securing policy support, particularly the smallest ones (micro enterprises)
 - ❑ Not only capacity in production related activities, but obtaining, interpreting and using information is also a problem
 - ❑ Systematic market response and realisable supply-side capacity
 - ❑ Costs of doing business – small firms/farms are often affected more severely and by other regulatory constraints
 - ❑ Specialised needs – how to identify specialised needs and how to provide support?
 - ❑ How to make sure that policy incentives available are accessed by smallholders?
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Key conclusions

- ❑ Countries have significant scopes for developing supply chains.
 - ❑ Development of regional supply chains can also promote overall regional competitiveness.
 - ❑ Supply chains can potentially be pro-poor when small producers are integrated effectively into the processes.
 - ❑ Development of policy support regime remains a major challenge.
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Thank you.



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