

# World Export Development Forum 2012

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## Supply Chains and Smallholder Producers

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# Commonwealth Work Programme on Supply Chains

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## □ 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

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## □ 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

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- ❑ 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	<b>493,150</b>	146,628	<b>2,690,257</b>	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	<b>327,176</b>	<b>94,808</b>	3,623,488	<b>28.9%</b>	9.0%

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

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- ❑ 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

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- 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

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- ❑ 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

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- ❑ 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

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- ❑ 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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