World Export Development Forum 2012

Supply Chains and Smallholder Producers

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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
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)
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$60 billion.
- Domestic capacity and export market linkages
- Do regional SS chains promote regional competitiveness? Promote small firms/farms?
<table>
<thead>
<tr>
<th>Country</th>
<th>Global Imports ($'000)</th>
<th>Imports from South Asia Region ($'000)</th>
<th>Global Exports of 3 other Countries ($'000)</th>
<th>Imports from the region as % of country’s global imports</th>
<th>Global imports of a country as a % of global exports of the region</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGD</td>
<td>493,150</td>
<td>146,628</td>
<td>2,690,257</td>
<td>29.7%</td>
<td>18.3%</td>
</tr>
<tr>
<td>IND</td>
<td>4,834,969</td>
<td>221,657</td>
<td>1,380,133</td>
<td>4.5%</td>
<td>350.3%</td>
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<tr>
<td>PKN</td>
<td>1,166,083</td>
<td>202,466</td>
<td>15,543,371</td>
<td>17.3%</td>
<td>7.5%</td>
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<tr>
<td>SRL</td>
<td>327,176</td>
<td>94,808</td>
<td>3,623,488</td>
<td>28.9%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>
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.
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)
Innovations from ComSec work

- Analytical work based on unique methodological approached 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).
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?
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.
Thank you.