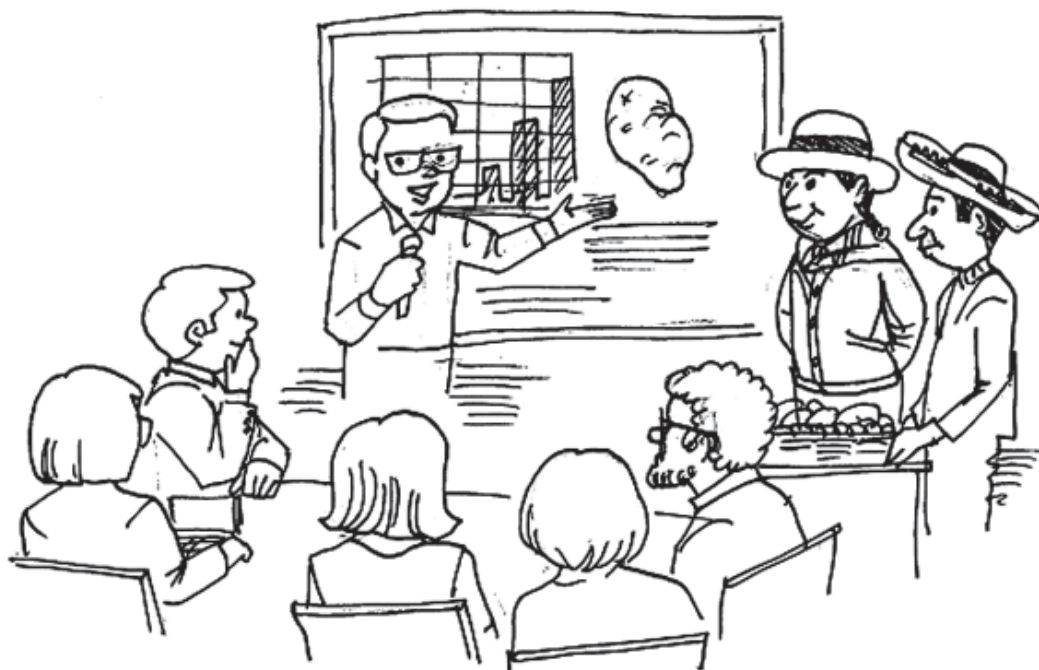


# Participatory Market Chains and Stakeholder Platforms: The Papa Andina Strategy



**N**ative potatoes grow better in the highest altitude of the Andes, where small, semi-commercial farmers predominate. These farmers possess a deep knowledge of native potatoes and the most suitable cultivation methods for them in their native environment. Native potatoes do not grow as well at lower altitudes, where more commercially-oriented farmers grow modern varieties and employ more industrial inputs.

#### SOURCE:

Devaux, A., C. Velasco, G. López, T. Berné, M. Ordinola, H. Pico, G. Thiele and D. Horton. 2008. *Collective Action for Innovation and Small Farmer Market Access: The Papa Andina Experience*. CAPRI Working Paper No. 68. International Food Policy Research Institute, Washington, D.C.

*Papa Andina* is a regional initiative hosted by the International Potato Center that promotes pro-poor innovation for development in Andean potato-based production and marketing systems in Bolivia, Ecuador, and Peru. With its national partners, *Papa Andina* seeks to contribute to poverty reduction by strengthening the capacity of small farmers to participate more effectively in markets for potatoes and potato-based products and by facilitating the creation of new market opportunities for their potatoes.

## Papa Andina Strategy

Through action research in Peru, Bolivia, and Ecuador, *Papa Andina* and its research and development partners have developed two complementary approaches to enhance small-scale farmers' market access through collective action.

## The Participatory Market Chain Approach (PMCA)

The PMCA was developed as an approach for identifying and exploiting new business opportunities that benefit small-scale farmers by stimulating market-driven innovation of different types. It engages market chain actors, researchers, and other service providers in identifying and analyzing potential business opportunities. In addition, it helps to build trust among market actors and research and development organizations and to empower small farmers.

### Stakeholder Platforms

Stakeholder platforms provide opportunities to bring small potato producers together with market agents and agricultural service providers to identify common interests, share market knowledge and carry out joint activities to develop new business opportunities.

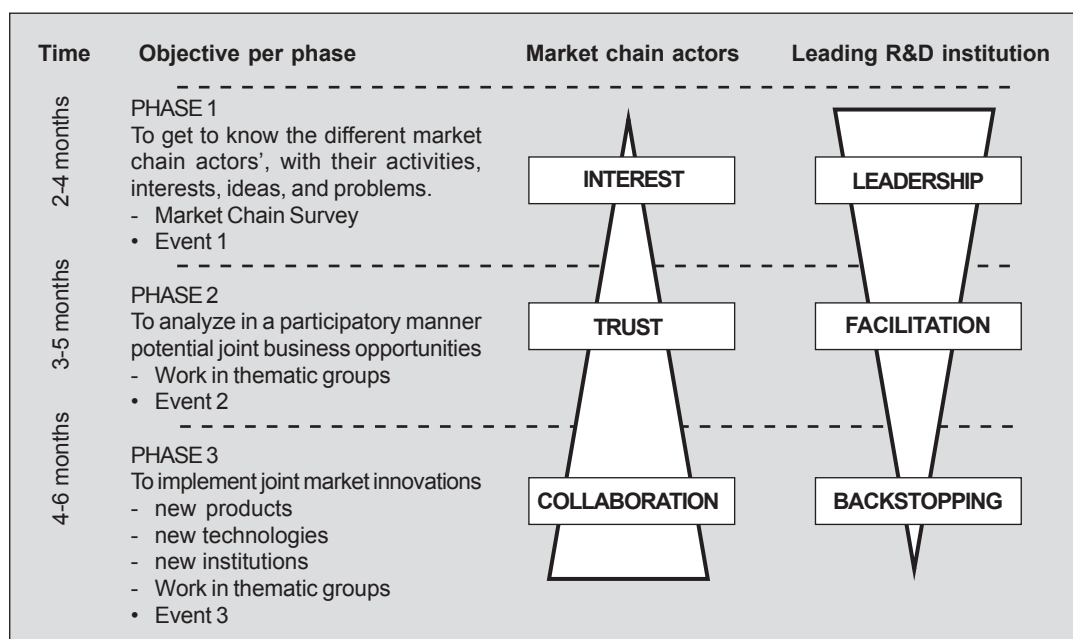
#### Three Phases of PMCA

The PMCA involves three phases, each of which has specific objectives, core activities, and tangible outputs. The entire process is usually implemented over a period varying from several months to a year.

#### Innovations Using the PMCA

- **Commercial Innovation** involves the development of new products or services for specific market niches, to add value to potato production. In Bolivia, for example, new colored potato chip products made from native potatoes have been introduced into the market. In Peru, selected and washed fresh potatoes in plastic sacks of uniform variety and weight have been introduced.
- **Technological Innovation** involves improvements in the way commodities are produced or transformed. The interaction of researchers, development professionals, potato producers, and other groups has improved the dissemination of technological innovations and helped research organizations to align their research agendas to better contribute to innovation in the region.
- **Institutional Innovation** relates to changes in attitudes, habits, or relationships among stakeholders, in order to create more favorable conditions for pro-poor innovation. New institutional arrangements such as stakeholder platforms have helped deal with the lack of trust that is common in market chain interactions.

**Figure 1. Structure and Objectives of the Three Phases of PMCA**



A multi-stakeholder platform is a space for interaction that aims to reduce conflict, build trust, and lead to coordination and joint action. Through a platform, things that none of its members could achieve on their own can be accomplished.

Papa Andina has applied the “stakeholder platform” concept to promote interaction, social learning, and collaboration between the diverse range of actors who may contribute to the innovation process. Platforms are a means to promote collective action through utilization of the following functions:



**Stakeholder platforms promote collaboration between a diverse range of market actors.**

- Help stakeholders understand the interests and perspectives of other market chain actors and help small farmers take advantage of market opportunities.
- Facilitate the process of social learning, discovery, and utilization of ideas, which contribute to empower the participants, especially small-scale farmers.

## **Role of Collective Action in Papa Andina Strategy**

Collective action has been defined as voluntary action taken by a group to pursue common interests or achieve common objectives. In pursuing its objectives, Papa Andina has promoted collective action at various levels.

**Local Level.** Papa Andina and its partners have promoted the organization of potato producers, in order to empower small farmers, reduce marketing costs, and increase efficiency in the delivery of technical assistance.

**Market Chain Level.** Papa Andina has fostered the creation of platforms that bring farmers together with transporters, traders, processors, managers of supermarkets, researchers, extension agents, chefs, and others with a stake in the production and marketing of potatoes.

**National Level.** Papa Andina and its partners have supported the formation of farmers’ organizations such as the Consortium of Small Potato Producers in Ecuador and multi-stakeholder platforms such as “Quality Agricultural Market Chains in Peru” for CAPAC.

**Regional Andean Level.** The Papa Andina initiative itself represents a form of collective action among research and development partners.

## **Pursuing Common Objectives**

Within Papa Andina, different groups operating in different contexts at different levels have pursued different specific objectives. However, a few broad objectives have been common to all the groups:

- **Empowerment and Capacity Development** of group members at the different levels — from farmers to research organizations — by strengthening the capacities they need to participate in innovation processes.

- **Knowledge Sharing and Social Learning** to build mutual understanding and trust for collaboration and joint actions among R&D partners.
- **Building Networks and Relationships** to encourage partners to go beyond their traditional alliances and experiment with new partners and new forms of collaboration.
- **Pro-poor Innovations** that benefit poor potato producers by identifying and developing commercial opportunities for native potatoes grown by small farmers in the Andean highlands.

## Challenges in Linking Smallholders with Markets

In the work of Papa Andina with the PMCA and stakeholder platforms in Bolivia, Ecuador and Peru, there have been five main challenges:

- 1) *Providing adequate facilitation for group work.* Effective facilitation of groups implementing the PMCA and developing stakeholder platforms requires well-trained facilitators who understand the complexity of developing business opportunities with small-scale farmers, without being paternalistic.
- 2) *Ensuring the sustainability of collective action.* Smallholders generally face higher marketing costs than larger farmers because of their small volume of marketable surplus, their lack of business skills, and lack of access to information and technology.
- 3) *Scaling up.* Factors such as lack of business tools and skills needed to adequately evaluate business opportunities, as well as limited time, market size, and financial resources, have prevented the expansion of markets and limited the number of farmers and businesses involved.
- 4) *Costs of participation.* The PMCA and development of stakeholder platforms involve participatory processes that are, or seem to be, time consuming, especially in the beginning, before tangible results have been produced.
- 5) *Gender equity.* Women have participated in the work carried out in the three countries; however, much remains to be done to significantly impact gender equity.



**Smallholders generally face higher marketing costs because of their small volume of marketable surplus.**

Papa Andina intends to address these issues through the following approaches:

- Capacity building of partners in the areas of market analysis, chain development, participatory approaches, product development, social responsibility and areas where women can play more significant roles in collective action.
- Particular attention will be paid to strengthening their capacity to access and effectively manage resources for promoting private-sector development.
- Monitoring, evaluation, documentation of Papa Andina cases in order to draw lessons from its work and to scale up use of the PMCA and stakeholder platforms.

- Knowledge-sharing measures such as development of guidelines for approaches that have potentially broad applications. Training materials have been developed on participatory methods for collective action at different levels, such as the PMCA User Guide prepared in Spanish and English and a Trainer Guide.

## Lessons Learned

The experience of Papa Andina and its partners demonstrates how different forms of collective action involving different stakeholders can stimulate commercial, technical, and institutional innovations that contribute to market integration and poverty reduction. Some of the key lessons identified are as follows:

### **Lesson 1: Collective action can stimulate innovation in ways that contribute to smallholder market integration and poverty reduction.**

The interaction of people participating in group activities strengthened business contacts, social networks, knowledge sharing, and interpersonal trust. In Bolivia, Ecuador, and Peru, collective action led to technical, commercial, or institutional innovation that in turn contributed to improved market participation of smallholders and improved livelihoods of the poor.

### **Lesson 2: Diversity within multi-stakeholder platforms can be a valuable source of commercial, technical and institutional innovation.**

Diversity promoted learning and innovation and resulted in new products, processes, norms, and behaviors. Multi-stakeholder initiatives directly benefit those participating in these platforms as they gain important insights, make new and interesting contacts, and possibly access new business opportunities.

### **Lesson 3: Commercial innovation can drive subsequent technological and institutional innovation.**

Experiences with the PMCA in Peru, Bolivia, and Ecuador have shown that commercial innovations (i.e. development of new products) can stimulate the use of new production technologies as well as new institutions. The launching of native potato products, for example, has stimulated the formation and strengthening of farmers' organizations to facilitate marketing and improvements in production and post-harvest practices.

### **Lesson 4: Collective action at different levels can produce valuable synergies.**

Stakeholder platforms and the PMCA have proven to be highly complementary. Producer associations and stakeholder platforms at the local level have benefited from market chain development work that identified new market opportunities and built social and commercial networks to link producers with market actors.

### **Lesson 5: Collective action does not just happen — it needs good facilitation.**

Opportunities for information exchange and collective action need to be actively created. This is especially true for bringing together actors along the market chain who compete in their daily business and whose time has a high opportunity cost. To guarantee active participation



**The launching of a new product based on native potatoes can stimulate further innovations that benefit small farmers.**



of key actors in a participatory setting, good process facilitation is needed to generate tangible benefits for actors who get involved.

**Lesson 6: Biodiversity and cultural identity can add value to collective action for market access.**

In Bolivia and Peru, where there is greater potato biodiversity than in Ecuador, commercial innovation with native potatoes has been a key element in linking small farmers to markets. The products have a good potential to do well in external markets because they are seen as exotic and coming from a well-recognized region, the Andes.

**Suggested Readings**

Antezana, I., T. Bernet, G. López y R. Oros (2008). *Enfoque Participativo de Cadenas Productivas (EPCP): Guía para Capacitadores*. Papa Andina/Centro Internacional de la Papa, Lima, Perú.

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