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Similarly to their counterparts in other regions, small farmers in Latin America and the Caribbean have had to face the market in isolation, either through intermediaries or by selling their products directly, often in very poor conditions. However, in recent years, a number of public and private strategies have emerged to address this problem.

COOPERATIVE ORGANIZATION
The traditional approach has been to form associations so that producers are unified on entering the market. Many cooperatives were created as part of the land reform process initiated in the 1960s, but difficult economic and political conditions experienced in the region in the 1980s and 1990s have prevented their consolidation, with a few exceptions such as the dairy cooperative CONAPROLE (Uruguay), the National Federation of Coffee Growers of Colombia or the hundreds of agricultural cooperatives promoted by the Landless Workers’ Movement (MST) in Brazil. While this approach remains effective under certain conditions, especially in more isolated rural areas, it has serious limitations: small farmers have little capital, it can be difficult for them to form organizations, and they face considerable risks when competing in open and changing markets.

“PRODUCTIVE CHAINS” ALONG THE LINE
Alongside the traditional approach where producers organize themselves independently (with support from the state) to obtain new technologies and sell their produce, an alternative strategy is to link agro-industries, that are already well-established in the market, with small supplier businesses (Sotomayor et al., 2011), thus generating a sales volume to benefit both low income communities and agro-industries (Figure 1).

Supplier Network Programmes (Programas de Desarrollo de Proveedores - PDP) are an example of the “productive chain”. Established in Mexico (in 1997) and Chile (1998) to provide technical assistance to small and medium-sized supplier businesses, these programmes are in operation in all production sectors and are particularly well suited to the reality of a highly fragmented agricultural sector, and to the supply requirements of the agro-industrial sector.

In Chile, PDPs are implemented by the Corporación de Fomento1 (CORFO), a public agency that provides grants to agro-industries to finance such agreements. In addition to playing an active role in the technology transfer process, agro-industries also provide a market for commodities, which enables

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1. “Development corporation”
improvement in the competitiveness of production chains. Stable contractual links between agro-industrial companies and their suppliers create trusting relationships that facilitate the processes of specialization and productive complementarity, which is beneficial to all those in the chain. Between 2002 and 2007, CORFO financed 150 PDPs, involving 3,800 small and medium suppliers. Today, another public agency, the Institute for Agricultural Development (Instituto de Desarrollo Agropecuario, INDAP) continues this strategy through the implementation of productive alliances, a similar instrument to the PDP, for an additional 4,000 small producers. In Mexico, PDPs incorporated 1,600 supplier micro-businesses between 2003 and 2008. The Mexican experience has been replicated in El Salvador, Honduras and Colombia, under the coordination of ministries, NGOs and chambers of commerce and industry.

A further variation of this approach is the “inclusive business” (negocios inclusivos - NI) model, which is currently being developed by the Ecuadorian Ministry of Agriculture, as part of its strategy for food sovereignty. This approach explicitly seeks to foster win-win relationships between agro-industries (“anchor companies”) and small producers, to insert low-income rural families into new productive activities. The goal is to go beyond philanthropy and corporate social responsibility, to create economic activities that can be self-funded and sustainable over time. Further experiments are being developed in Peru, Colombia and Central America (Van Haeringen and De Jongh, 2010).

In PDPs, relationships are defined according to the needs of the anchor companies (the supply of commodities), while the inclusive business concept defines relationships symmetrically with producers, to create a win-win situation. In PDPs, the creation of value is focused on the product, whereas inclusive business seeks economic co-creation, centred on the identification of opportunities arising in the community (Simanis and Hart, 2009) and leading to the realization of joint ventures. At the operational level, PDPs focus on technical assistance since they establish a bilateral individual relationship between the agricultural advisory services and the producers; inclusive business encourages association through the establishment of a relationship between groups of producers and a company. Furthermore, inclusive business extends as far as the signing of contracts for commodity purchases by industries, in addition to credit and technical assistance.

After more than ten years in operation, PDPs have demonstrated a capacity to promote the processes of technical innovation and small farm development. The inclusive businesses awaiting realization have a great potential because they target a more comprehensive type of chain. However, it is conceivable that price variations may generate tensions between anchor businesses and producers, revealing relationships of dependence and domination between stakeholders. Since inclusive business has emerged as one of the axes of corporate social responsibility, the value of this approach lies in the fact that both parties are defined as strategic partners, thus formalizing explicit commitment from anchor businesses towards small producers. Even so, there remains a need for relationships of trust between stakeholders, along with a number of well-designed regulations, either through contracts (annual and multi-annual), transparent systems of quality analysis and mechanisms for dispute resolution.

SHORT CHAINS

The promotion of short chains is another strategy used to improve marketing, primarily used by NGOs, agro-ecology networks, schools and universities, and organisations representing farmers, consumers and indigenous people.

Short chains remain an emerging trend, materializing mainly through the establishment of agricultural fairs and ecological or organic markets, such as in Loja in Ecuador or Jalisco in Mexico. However, the politicization of the food sovereignty issue, resulting from the increases in food prices in 2008 and 2011, has mobilized governments. In this context, three new trends have emerged:

– the promotion of urban and peri-urban agricultural projects: successful examples of such projects can be found in Argentina, Bolivia, Colombia, Cuba, Haiti and Uruguay, among others. In Argentina, for example, the Pro-Huerta Program, which has been funded by the Ministry of Social Development for several years, has supported 624,000 family, school and community vegetable gardens, as well as 125,000 peri-urban farms. In Cuba, urban agriculture has
played a key role in ensuring public access to food, with 3,000 ha of vegetable gardens for auto-consumption, as well as more than 1000 ha of plots for intensive vegetable production, either under glass or in low input systems. In 2005, 384,000 jobs were created through such systems (Herrera, 2009);

– the creation of public programmes for food procurement from family farms: the most emblematic example of this type of project is the “Zero Hunger” programme in Brazil, which seeks to establish food procurement from family farms. The programme has enabled the supply of food from family farms to sufficiently match state school demand. Between 2003 and 2008, the federal government spent 1.18 billion dollars in acquiring nearly 2 million tonnes of food, with the participation of 118,900 small farmers in 2008 (Veiga Aranha, 2010). This programme directly depends on the political commitment of the Brazilian government. The second generation of this programme, known as Brazil sem Miseria (Brazil without misery), which aims to eradicate extreme poverty within four years, maintains the public programmes of food procurement from family farms, and seeks to involve supermarkets and the private sector in general;

– the development of closed local production models: some of the cooperatives created by the Brazilian MST have formed small centres for ethanol production from sugar cane and sunflower oil, for direct use in their own farm machinery, for traveling short distances, as well as to sell it through short chains to provide an income. This model allows the completion of the commodities cycle (the residue is reused as cattle feed) and provides an energy supply, a level of economic autonomy and reduces costs, as well as providing a small income from the sale of surplus ethanol to fuel local vehicles.

The assertion of the state’s power of control is a modality that has been very successful in Brazil, and is beginning to be examined in other countries in the region. It is very important to note that despite these trends and other emerging initiatives, the issue of short chains has not been subject to public policies.

CONCLUSION

The diversity of these trials illustrates the extent of the search for new relationships between small producers and markets, which remains the main challenge for family farming. Consumers themselves are still virtually absent from this process. Although there are a number of experiments underway (local fairs, direct farm sales, internet sales, quality labels, among others), the direct relationship between producers and consumers could in future experience a new development. ■

**FIGURE 1** EVOLUTION OF RELATIONS BETWEEN PRODUCERS AND THE MARKET

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<th>TRADITIONAL APPROACH: PRODUCERS ORGANIZE THEMSELVES TO ENTER THE MARKET</th>
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<td>PRODUCER ASSOCIATION</td>
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<td>AGRIBUSINESS COMPANIES</td>
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