



Essential elements of product market combinations: strong farmer groups

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Product market combinations

A product market combination (PMC) is a pilot implemented with partners in the supply chain, including small farmers (with holdings of less than two hectares), who produce vegetables in a coordinated way and according to specific market demands. PMCs contain improvements and innovations in terms of aspects such as varieties, marketing concept, packaging materials, branding and supply chain configuration. Supply chain partners make arrangements to improve existing market connections or create new market opportunities. PMCs are considered as a 'proof of concept' which shows that innovations and cooperation in market-oriented supply chains can potentially benefit all supply chain partners and small farmers in particular.

Farmer groups

There are thousands of registered farmer groups, or kelompok Tani, all over Indonesia. These groups were established in the 1980s when farmers had to organise in order to qualify for government support. While the system still prevails, most of these groups are not effective. In Indonesia most small farmers produce independently and harvest and market their produce individually. These practices make them vulnerable and dependent on their relationships with traders and market connections.

With a production area of less than two hectares it is almost impossible to become a professional partner in modern vegetable supply chains. As a result, small farmers are at the mercy of traders and other farm input suppliers.

Strengthening farmer groups

To successfully implement PMC business propositions farmers need to act as an entrepreneurial unit. This means:

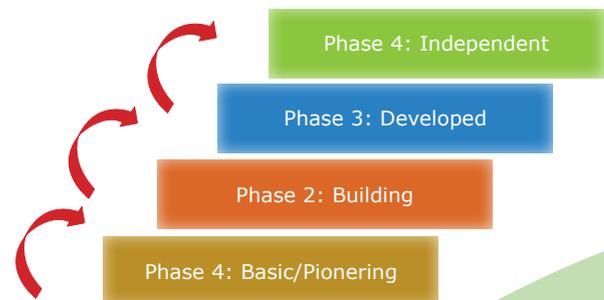
1. Arranging for a continuous supply (a prerequisite for supplying to modern markets).
2. Professionalising business relations with traders.
3. Maintaining the quality control of joint vegetable production.
4. Upscaling activities and creating economies of scale (including funding investments).

Small farmers are in need of external support to start the strengthening process. A long-term process of training and regular coaching is necessary to create strong farmer groups.

Methodology

The following methodology was used to strengthen farmer groups:

1. Organisational mapping and assessment of the current maturity status of the farmer group.
2. Determining position on a 'maturity ladder'.
3. Fine-tuning of standard organisational training modules to the specific requirements of the group.
4. Implementing of training modules using the PMC business proposition as a focal point for exercises



Farmer group maturity ladder and development phases.

Training modules

A set of standard organisational training modules was developed and these modules were tailored to the specific needs of the PMC farmer groups. Training topics included:

- Farmer group fundamentals (organisation structure, problem tree analysis, group objectives, etc.)
- Farmer group administration
- Farmer group strategy
- Quality control and information systems
- Market access (understanding the difference between supply and value chains, the process of accessing the market, market analyses, etc.)



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Improved vegetable production and marketing for small farmers to increase food security and to promote private sector development in Indonesia | www.vegimpact.com
Information | Marijn van der Laan | marijn@freshdynamics.biz
Mr. Novianto | novianto@freshdynamics.biz



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