



Trip Report: Access to Modernizing Value Chains in Indonesia and Nicaragua

Nicaragua: December 11-21, 2007

Travelers: Thomas Reardon, Michigan State University

Objectives:

(1) Meet with collaborator (Francisco Perez, Nitlapan), and project's doctoral students Ricardo Hernandez (MSU) and Hope Michelson (Cornell) and discuss project planning in detail, and review initial findings from rapid reconnaissance of the team

- Hope has been interviewing (September-mid December) various market informants to determine what the procurement-sheds are for various crops bought by the main supermarket chains, to see whether those sheds overlap with her panel data sample. She is working through all the main product categories (horticulture, beans, and the other products). At the same time she is discerning what the main market “shocks” are (supermarket versus traditional) related to the product categories and areas of country, toward eventual analysis. She is well along on horticulture/supermarkets, and planning the next steps along the same lines for supermarkets and the other products. She is meeting with her committee in December/January in Cornell, and then plans to come back, finish rapid reconnaissance, then do “rapid enumeration” survey of the panel in March/April, and then the “full survey” in May-July.
- Ricardo and Francisco have been starting on the value chain (VC) analysis of beans and plantains in November/December (with Ricardo in-country November 16-December 21). The initial phases of the VC analysis involved: (a) meetings with NGOs and other key informants; (b) 35 coop interviews, among which 7 of plantains (including 3 selling to supermarkets) and 28 bean coops (of which 5 selling to supermarkets, 10 selling to exporters, and the rest selling only to the traditional market); (c) review of existing VC studies of the products; (d) interviews with Hortifruti bean buyer, Lafise (bean exporter), and plantain processors.
- We discussed the initial findings of Hope's and Ricardo/Francisco's rapid reconnaissance work.
- We determined that there is significant potential for overlap of Hope's panel (in a country where most or many of the panel's farmers are likely to be bean producers) and Ricardo's planned (but now just potential, see below) work on beans. There is potential for collaboration in the meso-national context studies.
- Nitlapan has been collecting product prices for the team and will continue this.

- Ricardo will return intermittently in February-May to under VC studies and preparation for the farm surveys, and then do farm surveys in June-August.

(2) Meet with potential collaborator Jenny Weigel (University of Wisconsin Sociology doctoral student working on bean and tomato growers' responses to supermarkets);

- Jenny is studying the micro and local-meso impacts on/responses of tomato and bean growers and communities. She is undertaking national-meso context study of subsectors of these products.
- We determined that there is significant potential for overlap on Ricardo's work on beans. There is potential for collaboration in the meso-national level studies.

(3) Meet with USAID and any USAID projects USAID notes to meet with;

- I met very briefly with Alejandro Rasosky of USAID; he had to postpone our planned meeting because of urgent work on his budgeting. We had pleasant but short conversation in person and agreed to talk at length on phone on January.

(4) Reassess and refine plans based on above.

- This was a major element of the trip. In the week of the 17th, Ricardo/Francisco intensively interviewed Hortifruti and bean coops selling to Hortifruti. This completed the 35 initial coop interviews in which we explored whether there are technological and marketing differences among the market segments, supermarket, regional export, extra-regional export, and traditional markets for beans and plantains.
- It was determined from the coop interviews for plantains that a strong hypothesis is that there is technological differentiation at the farm and post-harvest level at the individual and coops levels in plantains, over market segments.
- HOWEVER, Francisco/Ricardo/Tom determined that there is NOT sufficient reason to hypothesize that there is technological differentiation at the farm level in beans, over market segments. In fact, the coop interviews (which included discussions about the farm and coops levels) showed strongly that there is very little technology difference at the pre-harvest level for beans over the market segment. The beans are merely "commodities". This contradicted our original assumptions made in the proposal. Rather, the differentiation appears to take place nearly exclusively in the post-harvest phase, and that ... beyond the farm, at the coop or wholesaler/supermarket/exporter level. That is, the farmer produces a commodity product with little quality differentiation. However, the quality differentiation of the final product starts with how the beans are dried, stored, and sorted. Much of this, in the supermarket and export level, is done by the coop and/or the wholesaler/supermarket/exporter, rather than at the farm level (except for drying). The farm level technology does not give rise to differences such as irrigation, green houses, harvesters, tractors, and even much difference in farm input use (except that observed already by other studies between semi-subsistence and commercial small farmers), apparently not particularly driven by market requirements. These impressions were strongly confirmed in key informant

discussions with farmers, coops, wholesalers, exporters, and the supermarket buyer.

- THUS, contingent on agreement by the Management Entity of the CRSP, we intend to CONTINUE with the bean coop study (as that level, the coop, is indeed important for the differentiation of practices and thus market access to supermarkets and export markets), but NOT do the bean micro study. We will continue with our first horticulture product study at micro and coop level as well as in VC, and that of plantain, as our initial work showed strong technology and thus market access differentiation over market segments.
- RATHER, in place of the bean grower study, we will choose a SECOND horticultural product, a fruit or a vegetable, and possible a set of products in one or several “territories” to understand the ladder of market access and investments by farmers. This or these new products will again obey the criteria that we had in the proposal (technology and market differentiation, important product to small farmers at least in its category, important market access issues). In addition, the product will make an interesting and policy and academically useful comparison with plantains as a horticulture product with different attributes.
- We intend to avoid doing tomatoes as the second product, however, to avoid direct overlap with Jenny’s work (and because we did a tomato study in 2004 in Nicaragua).
- To choose this second product or territorially-related set of products Ricardo and Francisco will interview in the coming weeks a wide range of informants from projects (such as those of USAID), retailers, wholesalers, and other informants and then make a proposal to me as PI. I will discuss the proposal with the Management Entity as well as inform and discuss it with USAID/Managua. This choice will be made by the end of the third week of January so that we will stick to the same fiscal year plan, but substitute bean VC work for the second horticultural product VC work, and the same for the survey.

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