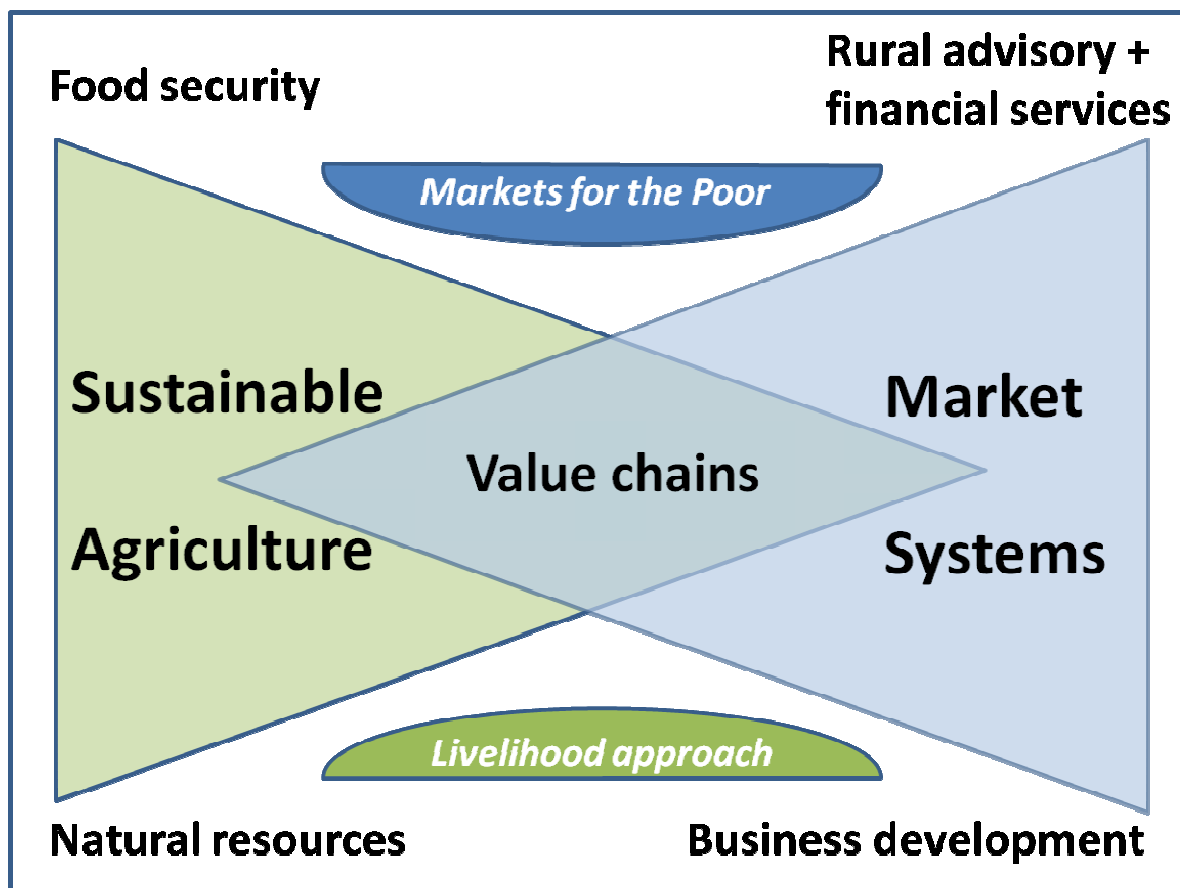


WORKING AREA RURAL ECONOMY



Agriculture remains an important sector in which poor people find employment and produce food for their sustenance as well as products for markets in order to gain income. Therefore, sustainable agriculture and a thriving rural economy are crucial for improving the livelihoods of poor and disadvantaged women and men in rural areas. The working area of Rural Economy, currently the biggest working area of HELNETAS Swiss Intercooperation in terms of projects and budget, is aimed at supporting men and women to improve secured access to resources (particularly to land and water) and to markets. It contributes to the transformation of production systems in a way that they become more sustainable, more resilient to climate change, enhance food security and generate more income at lower economic and ecological risk. It shall also help provide a more conducive environment for all market players, including farmers, service providers and SMEs.

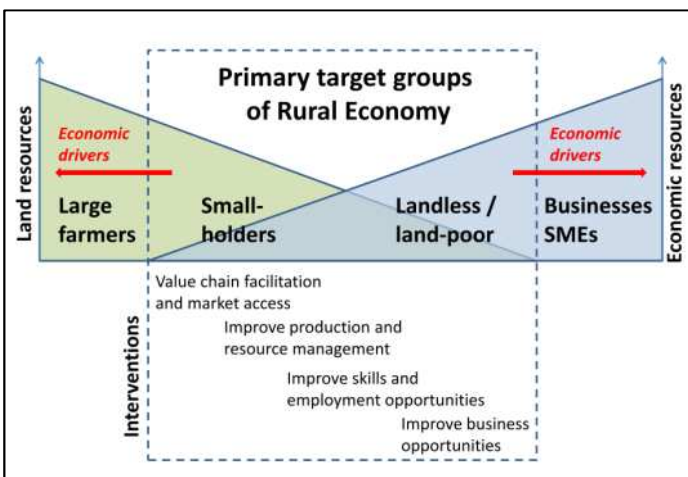
NEW CONTEXT, NEW PRIORITIES

Growing demand for agricultural products, globalisation of markets and a trend to sustainable production and integrated supply chains offer new market opportunities for smallholders. These trends also challenge producers to meet increasing quality requirements, and promote price competition between producing countries while raising concerns of food sovereignty and protection of agricultural biodiversity at the local level. In the past the main focus has been either on the production side or on facilitating specific value chains. It is now necessary to focus on the following aspects:

- Diverse, productive, resilient and **multifunctional production systems** are needed that cater to the requirements at household as well as market level.
- Secured **access to land, water, financial services and non-agricultural income sources** need to be addressed.
- Producer organizations need to achieve **accountability and economic as well as institutional sustainability**.
- Support improvement of **essential value chain functions** and define **clear exit strategies**.
- Facilitating **access to rural advisory and financial services** and development of a **conductive business environment**.
- Development of **business skills and management capacity** of producer organisations and SMEs.

TARGET GROUPS

The target groups of Rural Economy projects are small-scale farmers, landless workers, as well as micro enterprises active in the rural economy. However, we recognize the important role of larger farmers and local entrepreneurs as economic drivers of activities that also benefit the poor. While bigger private companies, rural advisory service providers and financial institutions do not form part of the target group, projects work in collaboration with these actors in order to improve their service delivery to the target groups.



WORKING FIELDS

HELVETAS Swiss Intercooperation concentrates its work in Rural Economy on two equally important working fields that are closely interlinked (see figure on front page):

Sustainable Agriculture and Market Systems.

Sustainable Agriculture

In the context of this working area diversified, productive and resilient agricultural systems are promoted to provide a basis for food security and income while safeguarding natural resources (particularly soil fertility, water and biodiversity) and mitigating climate change. Agricultural production is not an isolated activity, but linked with markets as well as with non-agricultural income generating activities that provide flexibility and investment opportunities.

Market Systems

In line with Rural Economy, the development of market systems and business opportunities is facilitated that provide poor and disadvantaged people with reliable access to quality services and markets. This will help them to earn a more secure income. Rural services include advisory services, skills and education as well as financial services. Rural market systems are often related to agricultural value chains, but may also include other sectors.

Value Chains are part of both working fields, and link them with each other. There are various possible intervention areas to facilitate value chains and to influence the context in which they operate (see point 5) on next page).

KEY INTERVENTIONS

Interventions of HELVETAS Swiss Intercooperation in the working area Rural Economy rest on seven pillars:

- 1) **Sustainable farming systems:** We support communities in designing and implementing productive, diversified and resilient farming systems. Access to land and secure land ownership titles are key ingredients for careful soil management and investment into improving agricultural productivity.
- 2) **Food security and market oriented agriculture:** We address food security through increased productivity and diversification of food production, the reduction of post-harvest losses, the promotion of local food value chains, the linkages of farmers to markets, and the creation of alternative income opportunities including paid labour. We support men and women smallholders to participate in value chains that link them with local, regional and international markets.
- 3) **Organized smallholders:** We accompany producers who wish to organize in business groups with facilitating the establishment of appropriate organisational and legal structures and sensitizing on good governance and social inclusion. We recognize that cooperatives are not a panacea, but in situations where farmers take the initiative to cooperate, we provide the necessary support in terms of access to know-how and competent business development services.
- 4) **Opportunities in market systems:** We support the assessment of sectors that are relevant to poor and disadvantages groups and identify opportunities for them in the market. We provide support for the development of market linkages by facilitating access to know-how and services, by providing advice to clarify structures and roles of different market players, and developing management and marketing capacities.



- 5) **Value chain facilitation and governance:** We help linking larger market players and smallholder producers to reach more scale and impact. This includes designing production, internal control and extension systems, and facilitating access to markets and services. We assist stakeholders in jointly addressing obstacles in the regulatory and policy environment, and support advocacy and awareness creation activities.
- 6) **Rural advisory services:** We support the development and professionalization of pluralistic rural advisory services systems with the aim of improving productivity, market linkages and income opportunities for poor people. We work with a wide range of providers and consider different types of services and different funding sources (public or private).
- 7) **Access to financial services:** In particular rural areas lack adequate, accessible and affordable financial services (savings, credit, cash management, money transfer, and insurance). We support the analysis of what services need to be developed. We do not provide financial services ourselves, but we promote community based financial management systems (savings and credit groups, self-help groups) among our target population and foster partnerships with existing rural finance and micro-insurance institutions.

WORKING APPROACHES

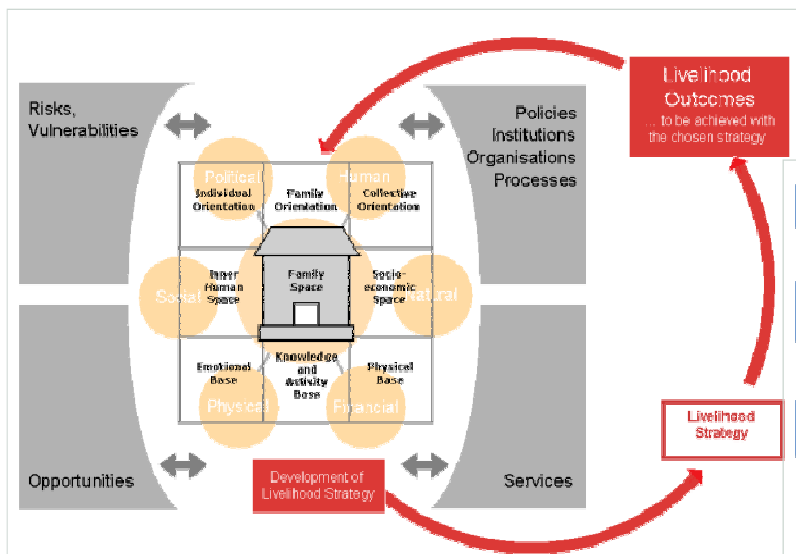
HELVETAS Swiss Intercooperation bases its interventions on context analysis and a thorough understanding of rural livelihoods. This includes an analysis of the functioning of markets which are relevant for improving poor women and men's livelihoods. Our interventions in rural economy are based on two complementary approaches: the Sustainable Livelihoods Framework and the M4P Approach.

The **Sustainable Livelihoods Framework** shows how, in different contexts, sustainable livelihoods are achieved on the basis of a range of livelihood resources (natural, physical, financial, human, social and political capital) which are combined in the pursuit of different livelihood strategies (e.g. agricultural diversification or migration). The people-centred approach takes a perspective of rural households that operate in a context of risks, institutions, opportune

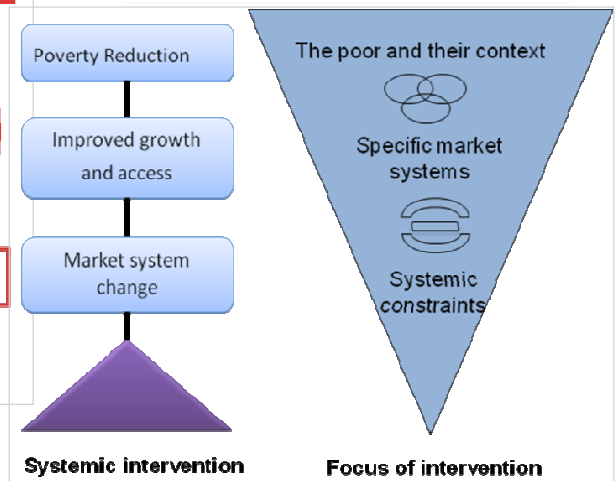
ties and services. In addition, it helps better understand gender and power relations, and people's aspirations in developing livelihood strategies.

The **Making Markets Work for the Poor (M4P) approach**: Livelihood strategies of poor people need to be interlinked with market systems in order to be economically viable. The M4P approach aims at systemic changes in markets that allow impact and scale for poor and disadvantaged people. Emphasis is placed on a thorough analysis of functions and actors, key constraints, as well as capacities and incentives leading to sustainability. The underlying M4P principles of a facilitative role, scale, sustainability and impact should guide all our rural economy interventions.

The Sustainable Livelihoods Framework



The M4P Approach



The **Rural Economy Team** of the Advisory Services Department and associated advisors based in the partner countries support programs in implementing this strategy. They assist in project planning, implementation and evaluation, and support the design of effective results measurement systems. The team develops practical tools, supports capacity building, and facilitates knowledge sharing. In order to enable knowledge exchange and learning, these services are also offered to other organisations and projects.

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