

WORKING AREA RURAL ECONOMY

Agriculture remains an important sector in which poor people find employment and produce food for their subsistence as well as cash crops for markets. Sustainable agriculture and a thriving rural economy are therefore crucial for improving the livelihoods of poor and disadvantaged women and men in rural areas. The Rural Economy working area, which is currently HELVETAS Swiss Intercooperation's largest in terms of the number of projects and its total budget, aims to help men and women to enjoy more secure access to resources (particularly to land and water) and markets. It contributes to the transformation of production systems to make them more sustainable and more resilient to climate change, enhance food security and generate more income with lower economic and ecological risk. It should also play its part in creating a more conducive environment for all market players, including farmers, service providers and small and medium enterprises (SME).

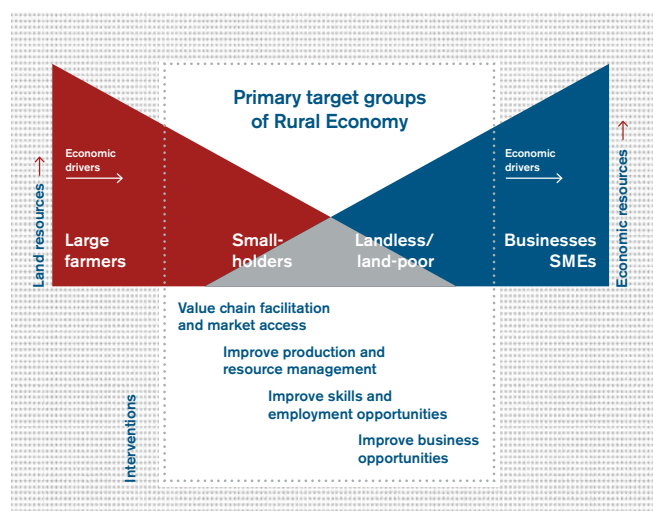
NEW CONTEXT, NEW PRIORITIES

Growing demand for agricultural products, increasingly globalised markets and a trend towards sustainable production and integrated supply chains open new market opportunities for smallholders. These trends also challenge producers to meet higher quality requirements and create price competition between producer countries, while raising concerns about food sovereignty and the 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, which cater to household and market requirements;
- Secure access to land, water, financial services and non-agricultural income sources need to be addressed;
- Producer organisations need to achieve accountability along with economic and institutional sustainability;
- Improving essential value chain functions and defining clear exit strategies;
- Facilitating access to rural advisory and financial services and development of a conducive business environment; and
- Developing the 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 and micro enterprises active in the rural economy. However, we recognise the important role that larger farmers and local entrepreneurs play as economic drivers of activities that also benefit the poor. While larger private companies, rural advisory service providers and financial institutions are not part of the target group, our projects collaborate with these actors to improve their service delivery to the target groups.



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Farmers in southern Kyrgyzstan harvesting organic cotton.

WORKING FIELDS

HELVETAS Swiss Intercooperation concentrates its Rural Economy work on two equally important and closely interlinked working fields.

SUSTAINABLE AGRICULTURE

We promote diversified, productive and resilient agricultural systems that 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; it is linked to markets and non-agricultural income-generating activities that provide flexibility and investment opportunities.

MARKET SYSTEMS

We facilitate the development of market systems and business opportunities 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 incorporate other sectors.

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

KEY INTERVENTIONS

HELVETAS Swiss Intercooperation's interventions in the Rural Economy working area 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 factors for careful soil management and investment in improved agricultural productivity.
- **2) Food security and market oriented agriculture:** We address food security by increasing the productivity and the diversity of food production, reducing post-harvest losses, promoting of local food value chains, linking farmers to markets and creating alternative income opportunities, including paid labour. We help men and women smallholders to participate in value chains that link them with local, regional and international markets.
- **3) Organised smallholders:** We accompany producers who wish to organise themselves into business groups by facilitating the establishment of appropriate organisational and legal structures and raising their awareness of good governance and social inclusion. We recognise that cooperatives are no 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 disadvantaged 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, providing advice to clarify structures and roles of different market players, and developing management and marketing capacities.



An employee at a fruit processing centre in Benin prepares organic pineapple for drying.



A landless farmer in Nepal plants vegetable seedlings in a riverbed.

- **5) Value chain facilitation and governance:** We help to link larger market players and smallholder producers in order to reach more scale and impact. This includes designing production, internal control and extension systems, and facilitating access to markets and services. We aid stakeholders to jointly address any obstacles in the regulatory and policy environment, and support advocacy and awareness-raising activities.
- **6) Rural advisory services:** We support the development and professionalisation 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:** Rural areas in particular lack adequate, accessible and affordable financial services (savings, credit, cash management, money transfer, and insurance). We support the analysis of the kind of services that 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.

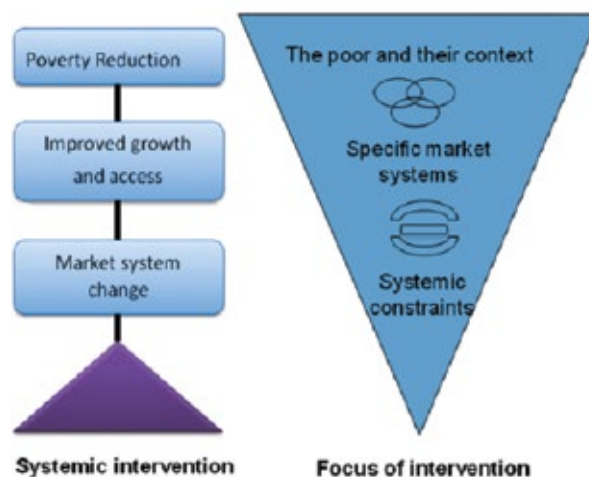
WORKING APPROACHES

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 that 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 sustainable livelihoods are achieved in different contexts on the basis of a range of livelihood resources (natural, physical, financial, human, social and political capital) which are combined in the pursuit of differing livelihood strategies (e.g. agricultural diversification or migration). The people-centred approach takes the perspective that rural households operate in a context of risks, institutions, opportunities and services. In addition, it gives a better understanding of gender and power relations, and people's aspirations in developing livelihood strategies.

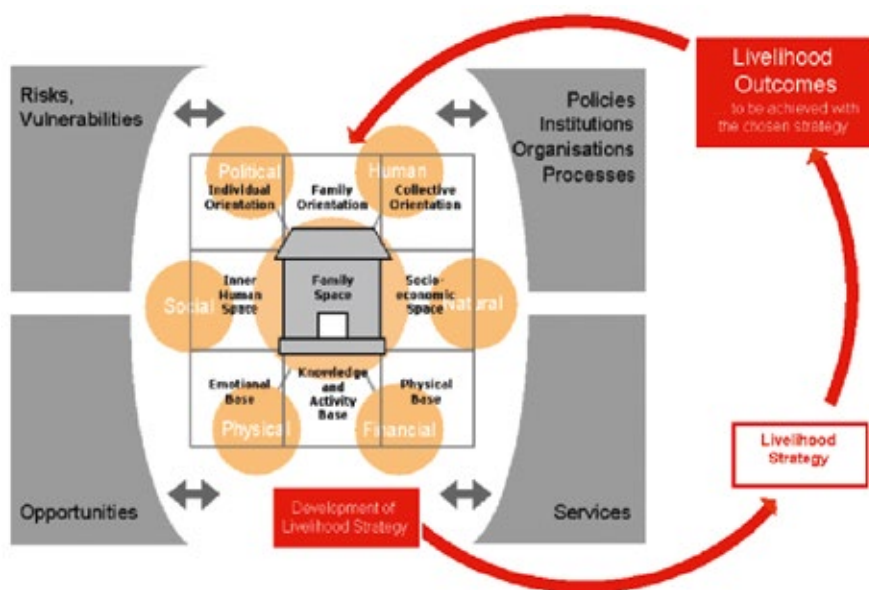
The Making Markets Work for the Poor (M4P) approach: Livelihood strategies of poor people need to be inter-linked with market systems in order to be economi-

cally viable. The M4P approach aims to make systemic changes in markets that allow impact and scale for poor and disadvantaged people. The emphasis is on making a thorough analysis of functions and actors, and key constraints, as well as of the capacities and incentives that lead to sustainability. The underlying M4P principles of a facilitative role, scale, sustainability and impact should guide all our rural economy interventions.



The livelihoods Framework

Source: The Springfield Centre (2008): The Operational Guide for the Making Markets Work for the Poor



The M4P Approach

Source: www.poverty-wellbeing.net/media/sla/docs/1-4.htm (3.11.14)

THE RURAL ECONOMY

TEAM

The Rural Economy Team in the Advisory Services Department and associated advisors based in the partner countries help programmes to implement this strategy. They assist with 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. These services are also offered to other organisations and projects so as to promote knowledge exchange and learning.