



Supporting Rural Areas through Agro-enterprise Development

The vast majority of the world's poor live in rural areas and most of them rely on agriculture for their livelihoods. Not only do they suffer from lack of resources and assets, they also are affected by major changes in the agricultural sector brought about by globalization and market integration. Within this context, agro-enterprise development emerges as a way forward for rural people to improve their lives.

Since most of the entrepreneurial activities in rural areas are based on agricultural and natural resource products, farm families can broaden their income opportunities by diversifying into higher value on-farm and off-farm enterprises.

However, capturing the benefit of globalization and establishing agro-enterprise calls for a competitive, market-oriented production and service sector. This requires diversifying production to include value-adding products and capital investment to modernize processing activities and train skilled managers.

FAO SUPPORTS RURAL ENTREPRENEURSHIP

Providing guidance

Recognizing that commercialization of small-holder agriculture has great potential to improve rural livelihoods, FAO provides policy advice and technical assistance related to market-oriented farming and small- and medium-scale agro-enterprise development. The focus is on increasing the availability of low cost food and agricultural products, addressing market access constraints, and improving the profitability, efficiency and competitiveness of farms and agro-enterprises. In providing guidance at the national level, FAO works with governments to:

- recognize and adjust to trends in farm commercialization;
- develop reliable farm-to-market and farm-agribusiness linkages;
- establish roles of the public sector as service providers in marketing and business management;
- provide the private sector essential marketing, finance, business and input supply services;
- support producer organizations; and
- overcome constraints to participation in export and high value product market channels.

Field programmes offer policy and strategic guidance as well as capacity-building training programmes that use materials and guidelines prepared by FAO.

Building capacity

FAO capacity-building activities, designed to enable farmers and rural entrepreneurs to compete in times of market liberalization and globalization, focus on developing skills and competencies in aspects of business management. This includes:

- helping small- and medium-scale agro-enterprises, producer organizations and service providers develop managerial, marketing, financial management and entrepreneurial skills; and
- reinforcing the capacity of service providers to help agro-enterprises link to markets, adopt technologies and apply quality and safety assurance practices to meet market requirements.

A snapshot of technical assistance

FAO has responded to a wide variety of requests for technical assistance from governments interested in building their agri-business sectors. Among the projects established:

- assistance for establishment of an autonomous agribusiness investment agency (Sudan);
- support to rehabilitation of the sugar industry (Afghanistan)
- support to countries to improve capacity to develop, adapt and lead effective commodity strategies and implementation plans (Africa, Caribbean and Pacific [ACP] countries);
- assistance in strengthening Ministry of Agriculture's capacity to respond to demands of regional and national agrifood chains (Costa Rica).

Offering technical support

FAO promotes agro-enterprise development by placing technical expertise at the disposal of member countries through field projects and policy advice on:

- appraisal and promotion of income-generation and diversification opportunities;
- training materials for agricultural management, marketing and finance;
- support to agro-enterprise development initiatives;
- publications on farmer-market links, business development services, supply chain management, organic certification, and quality and safety in the horticultural chain.

FAO provides information and technical assistance on design, selection, operation and management of post-production facilities and services for handling, processing, preserving, transporting, and marketing of food and other agricultural products.

Field programmes

A portfolio of national and regional field projects has been designed to enhance food security and increase small farmer income and competitiveness in Asia, Africa, Latin America, the Caribbean and the Pacific. The projects focus on livelihood diversification, marketing and post-harvest

systems. Region-specific training materials on farm business management have been prepared for extension workers and field programmes.

Agribusiness partnership

FAO supports development of effective national and sub-regional advisory services designed to ensure that best practice methods and appropriate technologies are used in agribusiness and agro-industry programme design, implementation and monitoring. Through its Rural Infrastructure and Agro-industries Division (AGS), FAO provides information and technical assistance on design, selection, operation and management of post-production facilities and services for handling, processing, preserving, transporting and marketing of food and other agricultural products. Through its field programmes, FAO supports agro-industries and key supply chain actors, from producers through retailers, in developing reliable raw material supply chains. FAO has reinforced its partnerships with UNIDO and IFAD for dealing with agribusiness and agro-industries development and post-crisis activities.

Countries request support

Member countries have requested FAO's assistance in developing policies to optimize the impact of globalization and commercialization on small farmers and agro-enterprises. Requests have come for support relating to rural enterprise development from the governments of Malawi, Zambia, Liberia, Sierra Leone, Uganda, Rwanda, Burundi, Ethiopia and Afghanistan.



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Rural Infrastructure and Agro-industries Division

http://www.fao.org/AG/Ags/index_en.html