



## Managing expectations at the implementation level; political affiliation of the farmers in the Vegetable sector

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### Background

Managing the supply chain in the vegetable sector is a crucial component but it is also one of the most dysfunction systems in Nepal. The supply of vegetables is functioning but inefficient. Many informal channels have been developed to take advantage of these inefficiencies. As such these informal channels have taken most of the benefits and it is hard to provide incentives to the market players in the vegetable sector to manage the supply through formal channels. Currently, the key requirements of the vegetable supply chain are consistent supply and availability of different varieties of vegetables throughout the season. The suppliers are not concerned about the quality of vegetables and value addition such as cleaning, sorting, grading, packaging and branding. But, there is huge incentive in terms of economic benefits for the supply chain actors if they can work on consistent supply and availability of vegetables.

### The story

To introduce quality branded vegetables, Samarth partnered with one private agri-business company. The objective was to supply quality branded vegetables to the market, shorten the value chain and transfer the additional benefits to the farmers. To fulfil the objective, the partner started working with a cooperative as they had a large pool of farmers as their members, and it would be a good way for the company to connect with the farmers. As an initial step towards building loyalty towards the company and incentivizing the farmers, the company started training them in integrated pest management (IPM), grading, bulking, washing and packing. They provided inputs and technical services in the first season as

a benefit to working with the company. The farmers showed great response in the initial rounds of trainings. They were ready to adopt IPM technology as they were aware of health problems and the market's resistance due to excessive use of pesticides. Following the trainings, the farmers confirmed that they would sell their vegetables through the company after the harvest.

At harvest, the first round of production was collected and the company sold it to the market. The benefits of selling to the company trickled down to the farmers in the form of additional amount received per kg of vegetables.

Soon after, the company arranged for second round of training which was followed by farmers' confirmation to sell their vegetable through the company after harvest. The company also established new supply chain for vegetables where the market chain was shorter and benefits were larger to the farmers and the company. The company was pleased with quality of production and demand started soaring in the market. As a result, twenty-three retail shops were willing to market and sell their vegetables through their outlets. The company then wanted to provide refresher trainings to the same group of farmers to introduce new technology for second batch of vegetables. When the training was called, only a few participants showed up to the training as compared to previous trainings. The company was surprised to see the small turnout of the farmers. This was rather unexpected and very demotivating for the company as it did not reflect the farmer turnout from the first training. The company could not identify the reason for the change. After a few enquiries, the company found that the cooperative had a political affiliation. When the first meeting happened, the political party that the cooperative was affiliated with was ruling the country. Thus, when the cooperative called the training, all the farmers attended it because, they wanted to show their solidarity to the cooperative because their political party was in power. When the second round of training was planned, there was a change in the government, with a new political party coming into power, the farmers did not feel the need to attend the training.

Similarly, during collection, the company received numerous calls from different political wings from the area threatening the company to collect vegetables from particular areas that was affiliated to certain political groups. In the beginning, the company was confused and did not know how to handle these kind of demands. There was a lot of unnecessary pressure on the company. They were stagnant and could not plan their future actions. After the pressure started building up, the company decided to move ahead with their collection plans, they got the message out saying that they would be collecting vegetables without any requirements of political party affiliation. They stood by their decision and managed to bring the collection to normal. However, it is uncertain that this kind of pressure would not build up again.

## **Lessons**

Working in regions with uncertain political scenario, strong political affiliation among farmers and thin markets, the business model takes time to evolve and occasionally can crumble down. No matter how strong the business model is, it is hard to forecast these unusual circumstances and these kind of political scenarios and implementation problems. These circumstances could either drive down the business or direct the partners to evolve and change according to the situation. This example has given a strong lesson to the MSD programs on how the business models need to navigate and adjust to the situation. One of the crucial lesson is that MSD programs and business models need to adapt to its environment and get the best out of it. Sometimes, as per the situation, the business model may not work in certain regions and it may need to be tried in different areas. As such business models have to be adaptive and evolve, it must be contextual!