FACILITATING SMALL PRODUCERS ACCESS TO HIGH-VALUE MARKETS: LESSONS FROM FOUR DEVELOPMENT PROJECTS

(5553 words)

1. Introduction

Important changes are taking place in the incentive structure facing small enterprises in the South, driven by the parallel processes of liberalisation and globalisation.[1] (For a general discussion of the literature on the impact of liberalisation and globalisation on small enterprises in the South, see Dawson and Oyeyinka 1993.) Some doors can be seen to be closing while others are opening wider. On the negative side, three major trends can be seen to be at work:

i) a lowering of tariff barriers has seen a substantial increase in the import into the South of many goods previously produced by small-scale enterprises, including clothing, food, soap and detergents, simple tools and equipment and so on;

ii) the austerity measures accompanying structural adjustment have tended to eat into the purchasing power of the traditional clientele of small informal sector producers, the urban and rural poor. Depressed international prices for many agricultural commodities mean that even export crop-producing areas have often not escaped the economic down-turn (Meagher and Yunusa 1992); and

iii) there has been a strong flow of labour (in the form of retrenched workers, rural migrants and new school leavers) into small-scale economic activities, where barriers to entry tend to be relatively low (Grey-Johnson 1992; Dawson 1991).

The combined result of these various trends is all too familiar to those working with small producers: a large and ever-growing number of poorly trained and ill-equipped small producers crammed into low-value markets, making the same small range of products and competing primarily on the basis of price rather than quality. This can be characterised as a static (or shrinking) cake being cut into ever-smaller slices. With profit margins squeezed to a bare minimum, the potential for innovation or graduation into higher-value production is limited to those active in markets with higher barriers to entry or with privileged access to equipment, skills, markets or credit.

There is, however, another side to the story. The processes involved in liberalisation and globalisation are also creating new types of opportunity for small producers. These fall into four main categories:

i) export opportunities for small producers have increased markedly in recent years in product markets including speciality horticultural produce; non-traditional forest products, including seeds, raisins, essential oils, honey and so on; handicrafts and other ‘ethnic’ goods. As ethical lobbies and consumer niches have developed in the North, so small producers able to meet the quality standards demanded by specific quality seals – such as those of the

[1] By liberalisation and globalisation, we refer to those processes in train over the last two decades or so that have seen the progressive de-regulation of the economies of the South and their deeper integration into the global economy

Fair Trade, Soil Association and other organic produce organisations – have enjoyed spectacular improvements in market access;

ii) currency devaluations that most countries of the South have undertaken as part of the process of structural adjustment have created significant import-substituting opportunities in many sectors (King 1997; Lessard 1992);

iii) liberalisation in the South has entailed a shrinkage of the state sector, thus creating market space, some of which small producers have proved able to occupy. Liberalisation of the procurement regime in many countries has opened up particularly valuable opportunities for small producers of a wide range of goods (Bagachwa 1991; Dawson 1991); and

iv) there has been a parallel trend in the private sector for large businesses to focus on their core areas of expertise, sub-contracting out many services previously undertaken in-house to small-scale suppliers (see, for example, Grierson 2000; de Crombrugghe 2000).

The broad picture to emerge from this brief overview is of a high level of polarity within the small enterprise sector. On the one hand, there exists a large number of small producers trapped in low-value, undiversified, saturated markets, unable to escape the 'race to the bottom' with prices and profit margins dropping ever lower in the face of large numbers of new market entrants. On the other, new market opportunities are opening up that reward small producers able to innovate, diversify their products, produce in larger batches or act as sub-contractors, achieve high quality standards and use attractive packaging materials.

A key distinguishing characteristic of these new higher-value market types is that small-scale producers are generally more distant – both geographically and culturally – than from traditional informal sector markets. That is, while small-scale enterprises have traditionally served the poor communities in whose midst they are located, customers in the new markets are generally not local. Sometimes, as we have seen, they are located overseas. Even where customers are domestic, they often shop in smart high street stores or supermarkets and are generally not prepared to engage in informal sector-style transactions – often involving bargaining on price, providing a deposit and receiving no product guarantee. Moreover, small producers are generally unable to produce goods in sufficiently large batches or to the consistent quality standards required by supermarkets and other large shops.

There are substantial logistical and cultural gulfs to be bridged here for small producers to be able to benefit from the opportunities emerging; they generally have neither the education, the resources nor the working methods required to identify or access the new types of market themselves. Development agencies and projects have a potentially key role to play here, working alone or with other private sector partners, in fostering the development of sustainable linkages between small producers and these markets. But, how can such initiatives most effectively and sustainably intervene?

There is a growing literature that addresses just this question (see, for example, Onvango 1998; Mikkelson 1999; Heirli 1999; McVay 2000). This paper attempts to contribute to this debate by looking at the experience of four recent innovative market linkage projects associated with the British NGO, APT – Enterprise for Development (APT):

- Advancing Kenyan Industry through Local Innovation (AKILI).

- Uganda Small-Scale Industries Association (USSIA)
- Production and Market Training and Support (PMTS) project, implemented by the Kenyan NGO, Strengthening Informal sector Training and Enterprise (SITE).
- Sarvodaya Economic Enterprise Development Services (SEEDS).

Each of the four profiled projects has faced distinctive methodological problems in tracking impact and none has generated authoritative and comprehensive impact data. All, moreover, have been somewhat experimental and pioneering in nature. The aim here, in consequence, is to present a discussion paper highlighting innovative new approaches and insights that deserve further exploration rather than to draw definitive conclusions on what does and does not work in terms of enhancing market access for small producers in a cost-effective and sustainable manner.

2. Models of assistance: four small enterprise support initiatives

Table 1: Background information on four APT-Supported projects

Project	Dates	Target groups and project objectives	Services provided	Number of clients
AKILI, Kenya	1997-2001	Nairobi-based metalwork, woodwork and fabrics MSEs - aim to help clients penetrate high-value domestic homeware market	- identify&develop new products and designs - technical training - promote market linkages	310 MSEs (core focus on 17 'star' producers)
USIA, Uganda	1997-2001	Mpigi district (neighbours Kampala) -based woodwork, metalwork, ceramics and handicrafts MSEs - aim to help clients penetrate high-value domestic homeware and tourist markets	- identify&develop new products and designs - technical training - promote market linkages	778 MSEs (core focus on 37 'star' producers)
SITE (PMTS), Kenya	1998-2001	MSEs in Nairobi, Kisumu and Nakuru; food, agro-processing, metal and textile sectors - aim to help clients move into higher-value domestic markets, esp. supermarkets	- business and marketing training; - counseling - promote market linkages - promote linkages to other service providers - build capacity of small producer associations	518 MSEs
SEEDS, Sri Lanka	Launched 1987 (on-going programme)	MSEs nationwide in Sri Lanka; handicrafts, agriculture, agri-business, ornamental fish, cut flowers and textiles sectors - aim to help clients move into higher-value domestic and export markets	- identify&develop new products and designs - technical and business training - counselling - promote market linkages	SEEDS works in over 2,200 villages nationwide. 2,416 MSEs have benefited from market linkages

Table 1 above provides some background information on each of the initiatives.

Table 2: Marketing services provided by projects

Services	**AKILI**	**USSIA**	**SITE**	**SEEDS**
Marketing training for client producers	▸	▸	▸	▸
Facilitate client participation in trade fairs	▸	▸	▸	▸
Build linkages with market outlets	▸	▸	▸	▸
Build linkages with other service providers	▸	▸	▸	
Set up retail outlets	▸	▸		(▸)
Help clients set up retail outlets	▸		(▸)	▸
Promote a greater role for ‘star’ clients	▸	▸	▸	(▸)
Build capacity of associations or groups		▸	▸	▸

Table 2 provides a summary of the principal approaches to the facilitation of enhanced market linkages adopted by the four initiatives.

All of the projects have undertaken some level of conventional, enterprise-level *marketing training* of their client producers to help them reach new markets. However, in every case except SITE, this approach has proved less effective than had been anticipated and did not result in a significant increase in sales volumes. This is primarily for the reasons given above, namely that small producers tend to be at too great a cultural and/or geographic distance and to lack the resources and working methods necessary to penetrate the higher-value markets potentially open to them.

This general point is validated by the experience of SITE, the relative success of whose marketing training is largely due to the fact that for the most part, it was aimed not at small producers but at either producer associations or food-processors (who buy small producer goods and process and package them for the final market). In cultural terms, these processing enterprises and associations tend to be significantly closer to the final market than most informal sector businesses and much better equipped to gain access to it.

The failure of conventional, enterprise-level marketing training led each of the projects to explore a range of other approaches to facilitating improved market access. Each of the projects, for example, has made extensive use of *exhibitions and trade fairs* as a way of bringing potential customers into direct contact with small enterprises and their products. In several cases, these were entirely cost-covering and were generally found to be a highly effective and relatively low-cost way of developing on-going linkages between their client enterprises and larger-scale buyers.

Each of the projects also devoted significant effort to identifying and brokering linkages with *market intermediaries:* including high street shops and supermarkets; international and domestic traders; and producer/traders that have contracts with, for example, schools, hotels and restaurants, and that sub-contract some of their work to other suppliers. This proved to be a highly effective strategy. In the case of AKILI and USSIA, the turnover of client enterprises increased sharply following a shift in project strategy to a more market-driven approach that saw the provision of many services transferred from the project itself to market intermediaries. The brokerage of such linkages is also core to SEEDS’ small producer support strategy: its clients currently supply a range of buyers, including an organic food exporter, an ornamental fish exporter, a cut flower exporter and retailers of coir products, textiles and handicraft items.

SITE additionally seeks to develop linkages between its clients and the providers of a range of services required by those wishing to sell into formal sector outlets, such as packaging, hygiene certification and bar-codes. This involved project staff introducing service providers to its clients and persuading them of the economic viability of supplying on a smaller scale than they previously had done. Sustainable linkages have been created for the provision of each of these services, with no ongoing intermediation role on the part of SITE: some 150 of SITE's client producers now purchase packaging and labelling services, while around 50 regularly employ standards certification officers. This has given client enterprises an unprecedented level of access to large-scale, formal sector outlets.

Each of the projects has also been involved in facilitating the *opening of specialist retail outlets* to market the products of their client producers. This was a key component of the shift by AKILI and USSIA to shift to a more market-driven approach. In both these cases, the shops established by the projects took over from project staff the provision of market information, technical training, quality control and credit (where relations of trust had developed) as well as market access.

In addition to the establishment of shops, three of the initiatives have also facilitated the opening of retail outlets by others as a means of enhancing their clients' market exposure. SEEDS' Banking Division has provided loans to three traders (who are also SEEDS clients) to establish shops in local trading centres. The condition is set on these loans that at least 50 per cent of the stock held in the shops for the first year must come from SEEDS client enterprises. There are plans for the establishment of at least one such shop in each of the 18 districts that SEEDS operates in. AKILI also provided loans to two promising, young entrepreneurs to help them establish marketing outlets.

Each of the projects has additionally encouraged *'star' clients* – those that are relatively sophisticated and well-connected or who occupy a key position in the production and marketing chain – to play a greater marketing role. Larger-scale, formal sector buyers are generally reluctant to take part in the time-consuming and often fraught rituals that tend to be associated with sourcing goods from the small-scale sector; they are much more inclined to identify a trustworthy entrepreneur who they know to be capable of producing to order and on schedule. These clients win (often relatively large) orders and assume responsibility for identifying others to sub-contract to, training and supervising them and undertaking final delivery of the order.

Several of SITE's star food-processing clients market the produce of other small producers under the brand names they have created with the help of the project. USSIA provides its stars with a training of trainers course and involves them as assistants in technical training sessions taught by its specialists. Several courses have since been taught by the stars unaided by USSIA, with full costs paid by participating small producers. Each of the projects also encourages their 'star' clients to buy mobile telephones as a way of retaining easy contact with their customers, and this has proved hugely effective in the development of buyer-supplier linkages.

For SITE, *capacity-building of producer associations* is another important strategy for linking up many small producers to higher value markets in a cost-effective way. By the end of the project, assistance had been provided to 11 associations, nine of which were helped to establish marketing committees. Services provided by these associations include:

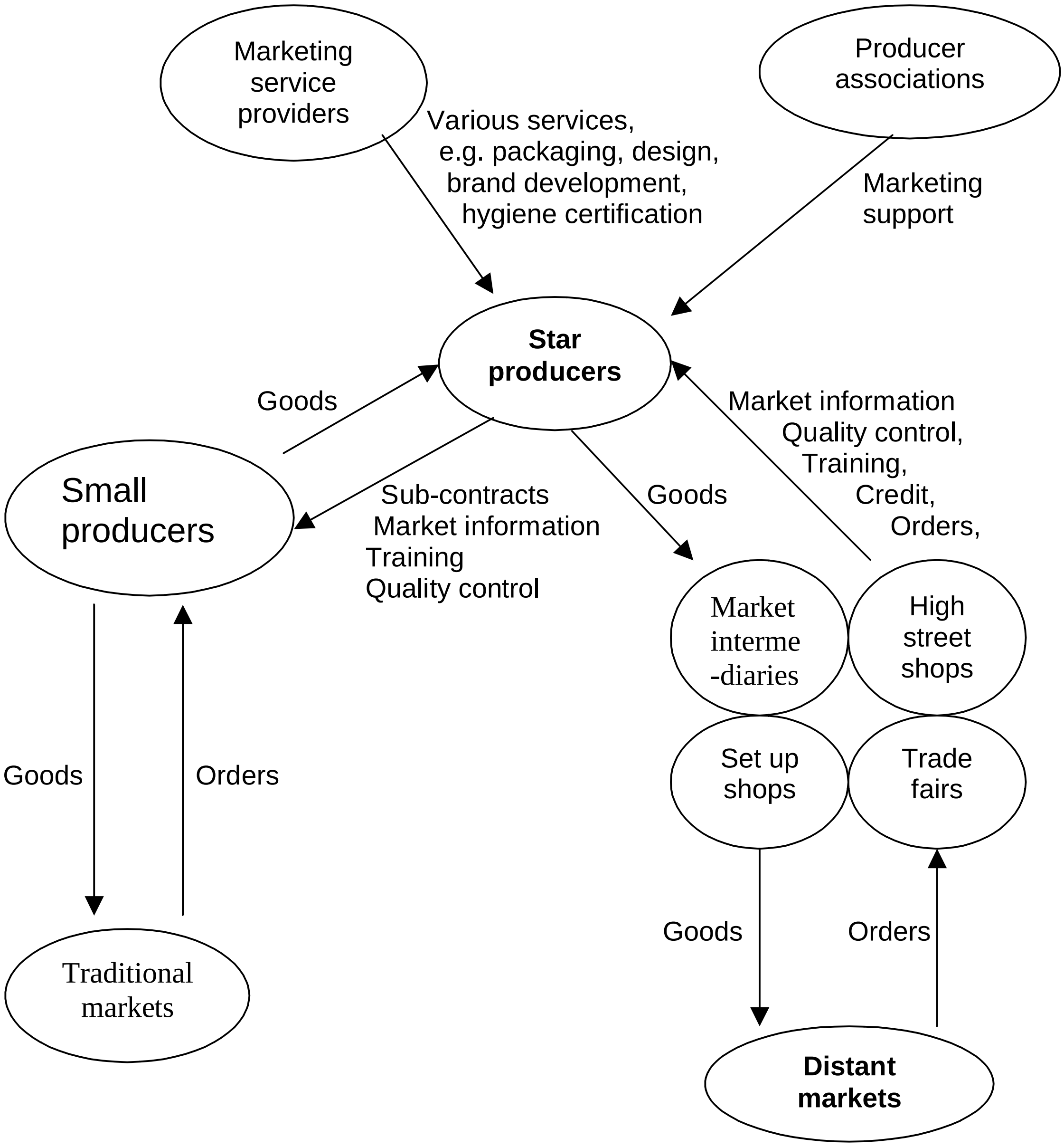
- organising trade fairs and exhibitions (undertaken by seven associations);
- opening retail outlets to market the goods of association members (three associations);
- bulk production of promotional materials (one association); and
- joint sourcing of orders through establishing contact with salesmen (one association).

Cooperative marketing facilitated by these associations has been important in helping small producers to meet large orders, beyond the capacity of any individual producer to service. Small-scale furniture-makers and the producers of food products such as fruit juice, dairy products and jam have been helped in this way to win and service orders from schools, restaurants and hotels.

Figure 1 overleaf provides a diagrammatic description of the various approaches explored by the profiled projects as a way of creating sustainable linkages between their client producers and 'distant' non-traditional, higher-value markets.

Figure 1: Creating Linkages Between Small Producers And 'Distant' Markets[2]

[2] - for ease of interpretation, the diagram somewhat exaggerates the role of star producers and 'link persons' – not all orders and sales pass through them. However, this does serve to highlight the increasingly pivotal role that they play


Marketing service providers
Producer associations
Various services, e.g. packaging, design, brand development, hygiene certification
Marketing support
Star producers
Goods
Small producers
Sub-contracts
Market information
Training
Quality control
Goods
Market information
Quality control,
Training,
Credit,
Orders,
Market interme-diaries
High street shops
Set up shops
Trade fairs
Goods
Orders
Traditional markets
Goods
Orders
Distant markets

3. Analysis

These various approaches represent not so much 'best practice' in the area of marketing support to small producers in distant markets as interesting and innovative approaches that appear to varying degrees promising, but that need further testing and refinement. The sceptic would be correct in concluding that, with the exception of SEEDS, outreach has been modest and that were the data available for the undertaking of rigorous benefit/cost analyses, these would be unlikely to be overly flattering for the projects concerned. Nonetheless, a number of interesting themes and findings emerge from these four initiatives that merit further examination.

There exists within the private sector strong capacity to deliver services that link small producers to higher-value markets. The projects profiled here deliver substantial evidence that the geographical, cultural and logistical gulfs separating small producers from the new, non-traditional, higher-value markets opening up to them *can* be bridged. In fact, there was evidence in each case that, independent of the actions of development projects, private sector actors were already providing some market-linkage services – generally supplier-buyer and sub-contracting arrangements – to easily accessible and well-placed small producers, services which the projects were able to build on in reaching less privileged small producers. This finding further confirms the view that there often exist networks of 'invisible' business development services provided by large businesses to small producers (see, for example, Anderson 2000; Tanburn 1999).

In each of the case studies, as a result of the services provided or facilitated by the projects, the quality of the products turned out by small enterprises and/or of their packaging has improved substantially and consistently, to the point where they are attractive to customers purchasing in supermarkets and up-market shops. In addition, the 'transactional' practices of the small producers – to do with timeliness of delivery, transport arrangements, invoicing, record-keeping and so on – have improved to the point that they satisfy the requirements of the various actors in the marketing chain – intermediary buyers, shop-keepers, traders, supermarkets and so on.

However, there continues to be a pivotal role for development organisations in facilitating these linkages. It is important not to lose sight of the limitations of the private sector in delivering the services required by small producers to penetrate higher-value markets. To begin with, the task of identifying market opportunities tends to fall to support organisations: as we have seen, small producers themselves, and even their associations, are generally too distant from such markets (especially where they are overseas) to be able to spot the opportunities.

Moreover, as a general rule, the capacity of small producers – both technically and organisationally – is often too weak for the private sector to find much commercial interest in developing such linkages spontaneously. Each of the profiled projects invested heavily in upgrading clients' technical skills, while three of them (USSIA, SEEDS and SITE) also devoted much energy in strengthening group or association structures.

The point here is that while the private sector can be relied upon to provide training and other services that are *specific* to particular orders to relatively highly skilled and well-connected small producers, the job of upgrading producers' *general* skills and capacities to the point where they are able to meet these orders is likely to continue to require project interventions. This is especially true of relatively unsophisticated and poorly-connected producers.

Cooperation among small producers is an important element of successful marketing strategies. The profiled projects include a number of different forms of cooperation among small producers in the production and marketing process. These include the establishment of central collection points and distribution systems; the appointment of 'link persons' at village level to liaise between producers and external buyers; the prominent role played by star producers in winning orders and providing sub-contracts, training and quality control services to peers and neighbours; the use of the brand identities developed by certain project clients to market the goods of many others; marketing services provided by producer associations; and the use of retail units established by some project clients to market the goods of others. The effectiveness of these mechanisms provides further proof of the potential importance of 'clustering' in enhancing the opportunities available to small producers and spreading the benefits to poorer and more disadvantaged segments within the sector (Clara, Russo and Gulati 2000; Nadvi, Khalid and H. Schmitz 1994).

These forms of cooperation have proved to be a key element of efforts to bridge the divide between small producers and non-traditional, higher-value markets. Moreover, it is in such forms of cooperation that appear to lie the seeds of cost-effective service-delivery. That is, the identification of key small enterprises capable of playing a catalytic role within the sector holds out the potential for support organisations to effect beneficial, sector-wide changes with limited and affordable interventions.

The factors governing the likely poverty impact of market linkage projects are complex. There is controversy over the degree to which the market is able to deliver business development services that will bring benefits to relatively poor and marginalised people. That is, it has been clear for some time that the private sector can find it commercially attractive to deliver a range of services to relatively more sophisticated enterprises, (some of which are, in turn, better equipped to deliver goods and services to poor people). However, its ability to reach beyond this segment of the enterprise population and to have a significant poverty-related impact beyond the small enterprise sector has been called into question.

Each of the profiled projects has unquestionably had some beneficial impact on poor people. Most of the client enterprises that SEEDS works with, for example, are owned (often as one-person businesses) by poor, rural entrepreneurs: during 1999/00, 2,416 poor, rural people (approximately 65 per cent of them women) enjoyed increased sales resulting from linkages to large-scale buyers brokered by SEEDS. USSIA too has achieved some success in terms of outreach: some 521 generally poor handicraft workers, 93 per cent of whom are women, derived some benefit from improved market access. Similarly, SITE's PMTS project has opened up new markets for poor people providing raw materials to the food-processing enterprises it assists, most of them women.

On the other hand, AKILI and USSIA in every sector other than handicrafts had a more limited impact in terms of poverty alleviation. In each of the other sectors in which USSIA was active – woodwork, metalwork and ceramics – impact was modest and tended to accrue primarily to a group of around 37 'star' producers and their employees.

A similar picture emerges for AKILI, where it was unquestionably the 17 most sophisticated and wealthiest enterprises (out of a total of 330 that were trained) on which AKILI focused its efforts that enjoyed the lion's share of the benefits.[3]

In terms of understanding the poverty-related impact of small enterprise support interventions, two principal factors appear to be at work:

- *the technical difficulty of upgrading in product quality or range required to access higher-value markets*. Small and unsophisticated enterprises are more likely to benefit from project interventions where the enhancement in product quality and range required is relatively minor. This is more likely to be true in, for example, food production, food-processing and handicrafts, where relatively small producers have much experience (and in some cases, some natural advantages over larger competitors) than in, say, sophisticated furniture, clothing or metal items for middle-class markets. This explains why significantly more handicrafts than ceramics, woodwork and metalwork enterprises were able to adopt the new designs and products introduced by USSIA;

- *the potential for poverty-related ripple benefits*. Certain types of intervention enjoy significantly greater potential than others for leverage: that is, for delivering benefits to poor people beyond direct project clients, either upstream, downstream or among those benefiting from increased opportunities for sub-contracting or for the imitation of goods introduced by the project.

  The potential for upstream and downstream benefits varies greatly between sectors and types of intervention. For example, enhanced market access for small-scale producers of ceramics, processed foods or handicrafts products is likely to create increased demand for clay, agricultural produce and the many materials used in handicrafts manufacture, which are often gathered by poor people. In other sectors, such as woodwork and metalwork, the likely poverty impact is much reduced, as poor people tend to have less involvement in the gathering and distribution of the raw materials used. Similarly, in terms of downstream benefits, interventions aimed at producing and distributing capital goods for microenterprises or at increasing the supply of foodstuffs at village level, for example, offer more scope for poverty impact than, say, those promoting the manufacture of consumer goods for middle-class markets or any product for export.

Figure 2 overleaf attempts to categorise the four projects according to these two variables. It can be seen that in the case of SEEDS, relative ease of technical upgrading (clients continue to be involved primarily in relatively simple agricultural, food-processing and handicraft activities) together with relatively strong potential for ripple benefits (backward linkages to the suppliers of agricultural products and raw materials for handicrafts) combine to create high potential for poverty-alleviation.

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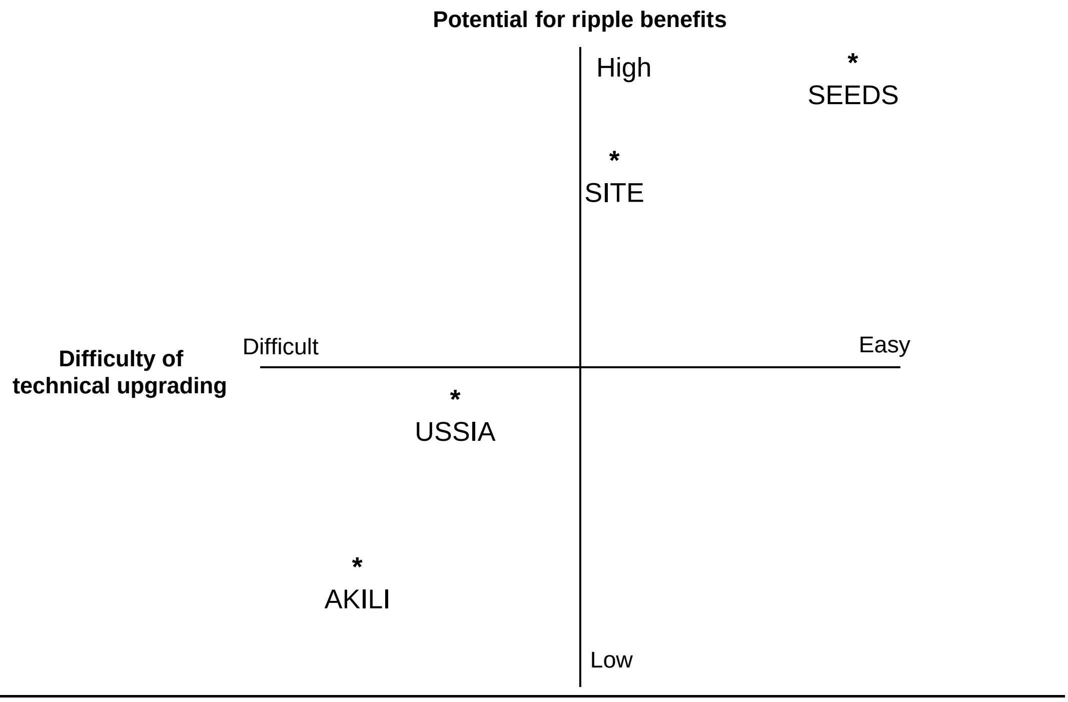
[3] It is important to recognise in this context that employment in enterprises owned by others is a preferable – and indeed often more secure – alternative to self-employment for many of the poorest people in the small enterprise sector, who lack financial resources, skills and contacts. This is an important way of spreading the benefits: by way of examples, some 1072 people were employed in the 518 enterprises that SITE worked with.

At the opposite end of the graph, USSIA, and to an even greater degree AKILI, can be seen to be battling with relatively difficult technical upgrading (high quality wooden, metal and ceramics goods) and limited potential for upstream benefits (poor people have little involvement in the supply of metal and wood) or downstream benefits (products are primarily consumer goods for middle-class, tourist and export markets). Where potential did exist for poverty-related backward linkages (as in the case of the handicrafts and ceramics made by USSIA's clients and hyacinth fibre products promoted by AKILI), a significantly greater increase in turnover than was achieved would have been required for these two projects to deliver substantial benefits to a large number of poor people.

Figure 2: Categorisation of projects according to potential ripple benefits and difficulty of technical upgrading:



SITE falls somewhere between these two poles, with relatively strong potential for upstream benefits (increased demand for agricultural produce) but significant difficulties involved in the enhancement of many of the products involved – especially for the food products needing certification to be acceptable to supermarkets.

In sum, it is simplistic to argue in absolute terms either that market-driven approaches to small enterprise support are compatible with poverty-alleviation or that they are not. A more accurate conclusion would be that while the market can deliver benefits to the poor, this is likely to be true only in certain specific circumstances.

Cost-recovery mechanisms. The most common mechanism for client payment for services was by way of mark-ups and commissions. That is, the costs of the various services provided were embedded in the mark-ups charged by the buyer – the difference, that is, between the price paid to the producer and that charged to the consumer. This form of payment for services has two merits from the point of view of the producer: it reduces risk and eases working capital constraints, in that there is no payment for services until sales are made. Moreover, it promotes sustainability in that it mimics mainstream private sector practice. In fact, in each of the profiled projects, these ‘payments’ are today made to the private sector operators who have taken over service provision from the projects.

4. Conclusion

There is much in the experience of the profiled projects to validate the emerging new paradigm for the support of small enterprise development, as described in the Donor Committee’s ‘Guiding Principles for Donor Interventions’ (Committee of Donor Agencies for Small Enterprise Development 2001). Each of the projects has enjoyed significant success in building markets for the provision of business development services; facilitating an increase in demand on the part of small producers for a range of services sourced from various, competing private sector providers. Each has also demonstrated that models and services pioneered by donor-funded initiatives can be transferred to private sector operators, illustrating the usefulness of the BDS facilitator/provider distinction.

Moreover, project experience confirms, to some degree at least, the assertion of the Guiding Principles that, ‘with appropriate product design, delivery and payment mechanisms, BDS can be provided on a commercial basis even for the lowest-income segment of the entrepreneurial small enterprise sector’.

Two caveats, however, are in order. First, as just noted, the circumstances under which the poor are likely to derive substantial benefit from BDS interventions are specific and limited: where only a relatively modest upgrading in technical quality is required and/or where there is significant potential for ripple benefits.

Second, while the Guiding Principles acknowledge that there may be a difference between ‘real needs’ and ‘perceived needs’ and notes the problems associated with willingness-to-pay in the context of unknown services, a strong assumption runs through the document that the selection of BDS should be based on what ‘small enterprises are aware of, currently want and are willing to pay for’ rather than what external support agencies might suppose to be in their interests.

Laudable though this assertion appears to be, it sits uneasily with the experience of the four profiled projects. This is because, as noted above, many small producers tend to be both too distant from high-value, non-conventional markets to be able to spot new emerging opportunities; and lacking in the knowledge and the resources necessary to exploit such opportunities. This necessarily leaves small producer support agencies to play a leading role, both in identifying market opportunities and in designing and implementing project interventions.

The greater the distance between the market and the small producer, the greater the leading role that support agencies are likely to have to play. Yet, as we have seen, it is often in such ‘distant’ markets that many of the greatest opportunities are emerging as a result of the trends inherent in liberalisation and globalisation. Moreover, it is in just such markets that relatively small and unsophisticated enterprises (in which poor and marginalised people tend to be disproportionately represented) are also often most active.

This suggests that there may be a need to look beyond the *'growth enterprises'*, so central to the vision of the Guiding Principles, that are seen to be freely making their own decisions about which BDS to purchase and at what price; and to give greater consideration to the different characteristics and needs of *'growth sectors'*, in which large numbers of enterprises – both stars and smaller, less sophisticated producers – are active and in which support agencies need to play a more interventionist role.

The challenge here is to look beyond minimalist interventions aimed at star producers able to pay for the services provided; and to take a more systems-oriented approach, seeking to identify more ambitious and comprehensive interventions that will deliver benefits more widely throughout the sector concerned. The 'sub-sector analysis' literature provides comprehensive theoretical and practical information on this (see, for example, Haggblade and Gamser 1991; Buckley 1999).

Substantial geographical, cultural and logistical gulfs need to be bridged for small producers to be able to exploit the numerous market opportunities emerging as a result of the processes inherent in liberalisation and globalisation. The four profiled projects have pioneered a number of interesting and innovative approaches, demonstrating in the process that the new, non-conventional, higher-value markets are potentially within the reach of small producers, given appropriate project design and implementation. Further work is now required to develop and refine these approaches.

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