

RESEARCH  
ARTICLE

## Surprised by Supermarkets: Diffusion of Modern Food Retailing in India

By Thomas Reardon and Bart Minten

### Introduction

India has long relied on a traditional food-retailing system of small shops, wet markets and hawkers. A supermarket revolution took off in the early to mid 1990s in developing and transition countries (Reardon *et al.*, 2003, 2009). The spread of supermarkets has taken place – and continues to take place – in three waves. Countries in the first wave experienced a surge in the supermarket sector in the early to mid 1990s, primarily in South America, East Asia excluding China and Japan, North-Central Europe and the Baltics, and South Africa. Countries in this first wave saw a level of supermarket diffusion over a single decade which had taken some five decades in the United States. The second wave of countries includes Mexico and much of South-East Asia, Central America and South-Central Europe. The third wave countries are where supermarket revolution began in the late 1990s or early 2000s and grew very quickly, often at three to four times the rate of their rapidly growing GDPs per capita. These areas include parts of eastern and southern Africa, some countries in Central and South America, 'transitional East Asia' (China and Viet Nam), Russia and India.

India is an interesting case because, while its traditional retail system is similar to that of other developing countries, modern retail has emerged over the past two decades in India in unique ways compared with similar trends in other developing countries. This article presents three surprising aspects to retail development in India to contribute to the sometimes heated debate in India on retailing and to add a new angle to international debate on retailing and its effects on development.

### The first surprise: State and co-operative retail chains laid the groundwork

India has in fact passed through three waves of retail transformation: the extensive spread of government retail chains during the 1960s and 1970s; the diffusion of co-operative retail chains during the 1970s and 1980s; and the at first slow, then extremely rapid, spread of private retail chains in the 1990s and 2000s, especially since 2006. National and international debates in the emerging literature on the supermarket revolution have neglected the state and co-op retail waves. This neglect may be in part because the state and co-op chains were not recognized as having the basic characteristics of modern retailing. Retail and development researchers have been fascinated instead by how globalization and market liberalization and reform have touched off an explosion in private retail investment, multinational in scale. That focus eclipsed examination of the work of state and co-op chains in transforming the retail, processing and wholesale sectors from fragmented, small-scale, uncoordinated traditional sectors to partially consolidated sectors with large and medium-scale firms (Reardon *et al.*, 2009). That the mainstream literature, supporting reform and structural adjustment, swung to centre on a critique of the state and co-op sectors added to obscuring the fact that initial modernization had already begun.



**Thomas Reardon**

Michigan State University,  
IFPRI/MSU Joint  
Programme on Markets in  
Asia; 1000 Talents  
Programme Fellow at  
Renmin University of China.

**Bart Minten**

International Food Policy  
Research Institute (IFPRI)

The article presents  
‘three surprises’  
concerning modern  
food retail diffusion  
in India.

Finally, part of the neglect seems to stem from the observed ‘withering away’ of the state and co-op food retailing and processing segments in various countries where modern private retail has been studied. This is the case in transition countries in Central and Eastern Europe, China and Viet Nam, and in other countries that had state-led food system modernization efforts, such as Zambia and Brazil. The integrated story of these three waves has not been analysed in the Indian retail literature, and we aim to address that gap.

Why does it matter that the literature in India and internationally has neglected the first two waves of state and co-op chains to focus on the third, private wave? There are two reasons. First, the state and co-op retail chains were often extensive in the transition countries, as they were and still are in India. There is thus a temporal overlap of the waves in India that is less extant in other developing countries. Second, the overlap of the waves means that state, co-operative and private chains have been interacting. We show that they consciously compete in today's India, influencing each other's behaviour. For example, the leading Indian private supermarket has a chain of small-format hard-discount shops called KB Fair Price Shops that compete with the government Fair Price Shops. The private chain uses the idea of small cheap formats in dense cities and small towns to appeal to and penetrate the market for poor consumers, just as the government had done. We can also ask whether in India – and perhaps in China, Viet Nam, and Eastern Europe by extension – the state and co-op chains prepared the way for private chains in two ways. Perhaps consumers got used to shopping in chain stores rather than in traditional shops and wet markets. Perhaps these earlier chains first created expectations and, later, unmet needs and desires that private chains stepped in to fill.

**The second surprise: Private retailing surged in the 2000s**

The second surprise is the speed of the third wave of retail transformation in India. After the gradual build-up of the first two waves and the first phase of the third wave, a sudden surge of private retailing mounted very quickly from 2006 to 2011. The rate of growth is among the fastest in modern retail growth in the world. We estimate that the average yearly growth rate of sales of modernized private retail (plus wholesale cash-and-carry chains) was 49 per cent for 2002/3 to 2009/10 and that modernized private retail grew about 5 times faster than GDP. The suddenness

and size of that rise has not been fully documented and explained in the Indian retail literature, and we aim to address that gap. Earlier work on India retail, such as the ICRIER report (Joseph *et al.*, 2008) or Srivastava (2008), caught the phenomenon at its start. Further assessment is called for after the lion's share of growth from 2007 through 2010.

We identified several causes for and consequences of the recent dramatic surge. Surprisingly, it has been spurred almost completely by domestic capital alone, not by foreign direct investment, which has not been liberalized. The rapid rise also seems linked in part to the nature of the transformation – the strategies of market penetration. As a consequence, the suddenness and size of the take-off has sparked reactions in policy and political circles – surprise, fear and sudden hope, depending on the quarter. The political reaction is not unique: Reardon and Hopkins (2006) show that such reactions were much stronger in the United States in the early decades of supermarkets than anything one observes in developing countries – including India – today. Nor is it surprising that supermarkets have taken-off quickly in the traditional retail settings of India; Although Indians tend to perceive their traditional retail settings as unique, they resemble traditional markets in much of Asia, characterized by dense cities and many small farmers, for example. India's supermarket revolution as well as its traditional retail system and local consumption habits before supermarkets, are similar to those around the world.

**The third surprise: Private chains focused early on market penetration and expansion**

The third surprise is the way the Indian retail transformation has developed in its early stages. Besides the already mentioned overlap of modern-private retail with state and co-op chains, two sets of characteristics stand out. First, Indian modern retailing has developed in ways that other developing country retailers have followed, but much earlier or in a different sequence, including:

- expansion into tertiary cities and among poor consumers;
- penetration of fresh fruit and vegetable retailing;
- expansion into rural areas;
- format diversification into small and even mobile formats to penetrate dense urban areas.

## EDITORIAL

**Dear Palawija News Readers,**

The year of famine and volatile global food prices underscores our need to focus on strengthening the agricultural sector in Asia and the Pacific. An innovative agricultural sector that produces enough food for all and provides employment for many will be a determining factor in reaching the first Millennium Development Goal: Eradication of extreme poverty and hunger. Increasing investment in the agricultural sector, by public and private sectors alike, is thus key to reducing poverty and hunger in the region.

Investment in the food retail sector may be one conduit toward enhancing food security for the poor. Thomas Reardon and Bart Minten, in “Surprised by Supermarkets: Diffusion of Modern Food Retailing in India”, analyse patterns and dynamics of the growth and reach of modern markets. In their assessment, India will likely continue to experience a supermarket revolution similar to that of other developing countries over the next several decades. Reardon and Minten discuss indications that modern retail will likely spread into the food markets of the poor, improving food security for poor consumers due to cheaper commodities

The article by Hannah Jaenicke and her co-authors address food markets from a different angle. They describe the findings of a technical assistance project implemented by the Coalition to Diversify Income through Underused Crops that aimed to enhance market access of resource-poor farmers in India and Viet Nam. After 2.5 years of project interventions, beneficiaries reported increased household income from better market opportunities that came out of accreditation through origin labelling and linkages to urban supermarkets as high-end outlets for produce.

The conclusions of both articles have implications for policy debate in Asia and the Pacific. As domestic value chains evolve across the region, countries need to consider the regulatory environment and the institutional structure that affect food marketing. The debate also needs to address the question, how can farmers best equip themselves to deal with changes occurring in food supply chains? Questions such as these are likely to continue shaping the food policy discussion.

Our book review in this Palawija News, written by Parulian Hutagaol, discusses the recent FAO publication “The State of Food and Agriculture” which focuses on closing the gender gap. He argues that developing countries cannot afford the legal reforms required to eliminate gender bias and proposes to focus on expanding economic opportunities instead. He suggests that focusing on agribusiness development may be one viable approach.

This issue of Palawija News also introduces new ways to bring innovations to farmers, and summarizes some recent events at CAPSA.

We hope you will enjoy reading this issue and we welcome comments and feedback on the newsletter.

**The Editor**

Second, Indian modern retail has some unique characteristics. A prime example is the rural supermarket, called a rural business hub. These hubs combine three kinds of goods and services all in one location:

- fast-moving consumer goods, including processed foods and staples, white goods and clothing;
- retail of agricultural inputs cum extension, equipment and crop procurement; and
- joint-venture retailing of insurance, credit, and health services.

Such multisectoral retail is unique, and offers rural consumer market penetration linked with agricultural goods and service.

Why does the unique nature of Indian retail matter? We argue that these early and unique features of India's retail transformation has been important to the speed and spread of its rise providing creative adaptation to the challenges of the Indian setting with trial and error innovations. Those challenges are similar to those of many developing countries that are already well along

in their supermarket revolutions, but India is advancing faster, combining lessons learnt from others and creating new solutions. Lessons learned from India's experience may help predict where and how modern retailing will continue to develop in third and even fourth wave countries.

Heated policy debates have emerged around this retailing surge, focusing on several issues (Reardon and Hopkins, 2006; DIPP, 2010):

- What are the patterns and dynamics of its diffusion? How quickly has modern retail grown, how important is it now, how important could it be in the future?
- What are its impacts downstream in the food supply chain? Has it and will it push out traditional retailers? Has it and will it help or hurt consumers?
- What are the patterns and dynamics of retail's procurement system transformation, including its impacts upstream in the food supply chain? Has it and will it help or hurt midstream actors in processing, wholesaling and logistics? And has it or will it help or hurt farmers?

The stakes in the policy debate range over whether retail foreign direct investment will be liberalized, whether supply chain deregulation will be accelerated and whether and how farmers should be equipped to deal with the transformation.

## Conclusions

We identified three surprises in the rise of modern food retailing in India. First, the rise has occurred since the 1960s with successive waves of government, co-op and private retail. Second, the private retail wave has been extremely fast, particularly during its second phase over the past 6 years when it grew at 49 per cent per year on average, some 5 times faster than the fast growth in India's GDP. Third, the rise has unique features: unique or rare drivers supported in large part by domestic capital, not foreign investment, and earlier penetration of food markets in small cities and among the poor compared with prior experiences in other developing countries. Part of this swift penetration is due to the use of diverse formats.

Three sets of policy issues related to Indian retail transformation are hotly debated in India and carry implications for international debate on retail

and development. The first issue is what path is the diffusion taking, at what speed, and with what unique characteristics that might imply that it will continue? We focus on these questions in the present article. The other two issues we have researched, and on which we expect to share findings in the near future, are what impacts modern retail diffusion is having downstream on consumers and traditional retail, and midstream and upstream on processors, wholesalers, logistics and farmers.

Our findings on the first issue indicate that modern retail has spread quickly and looks slated to continue, as it varies in growth rates but trends upward, including some bounce-back after recession. India will likely continue to experience a supermarket revolution similar to that of other developing countries over the next several decades. It also seems probable that modern retail will continue to spread into the food markets of the poor if the Delhi survey results are mirrored by research in other cities. This could mean better food security for poor consumers due to cheaper food. Cheaper food could in turn, as David Ricardo noted in the 1800s in Britain, help make non-food goods and services more competitive.

The most heated debate related to retail in mid 2011 is whether multibrand retail foreign direct investment should be liberalized. We do not take a side in this debate. Our findings suggest that, whether or not retail foreign direct investment is liberalized, modern retail diffusion is likely to continue at its rapid pace of several times GDP growth for some time. The drivers on the demand and investment supply side are not expected to diminish. Liberalizing foreign direct investment may accelerate it, will probably by definition multinationalize it and may increase the overall level of retail development by bringing more international experience and technologies to bear. As it has in China and elsewhere, such liberalization is likely to create more 'procurement doors' for two-way flows of product imports and Indian agricultural exports.

*(References available upon request)*

# Underused Crops Can Help Diversify Income Opportunities

## SHORT ARTICLE

By Hannah Jaenicke<sup>1</sup>, Dao The Anh<sup>2</sup>, Nguyen Quoc Hung<sup>3</sup>, Joshua N. Daniel<sup>4</sup> and Nilanjan Ghose<sup>5</sup>

<sup>1</sup> Crops for the Future, Sri Lanka; presently consultant, Germany

<sup>2</sup> Centre for Agrarian Systems Research, Viet Nam

<sup>3</sup> Fruit and Vegetable Research Institute, Viet Nam

<sup>4</sup> BAIF Development Research Foundation, India

<sup>5</sup> Winrock International India, India

### Abstract

In order to assist resource-poor farmers in India and Viet Nam to gain access to markets for local crops, the Coalition to Diversify Income through Underused Crops set up a project that integrated four types of assistance: setting up farmer associations; training in crop production, nursery management, post-harvest handling and marketing; setting up community germplasm orchards; and farmer-to-farmer knowledge transfer. After 2.5 years of project interventions, beneficiaries reported increased household income from better understanding about production and use of a variety of crops and from better market opportunities. The socio-economic background of the farmers in the project locations in India and in Viet Nam determined to a large extent how far a product could be pushed along the market chain. Whereas diversification of crop production and improved household nutrition was more prominent in most of the rural Indian sites, improved market penetration of selected semi-industrialized crops was the focus of the peri-urban Vietnamese sites.

**Keywords:** Market access, support services, nutrition, farmer associations

### Introduction

Rural communities in India and Viet Nam rely on a few crops for food security and income generation. This concentration can be attributed to the Green Revolution, which sacrificed species diversity for higher production of the main staple crops, mainly wheat and rice. Farmers tilling degraded land or living in areas with difficult access have limited opportunities to produce these high-input commodities. However, relatively high natural crop diversity is present in many of these areas. Making use of this diversity for marketable products could provide sustainable income and is therefore one promising path to

sustainable development. Challenges to this approach include the need to achieve and maintain high product quality for more discerning and demanding urban consumers.

Providing support services for training and information exchange on production, post-harvest handling and marketing was identified as a key entry point to assist small-scale rural and peri-urban producers, many of them women. The services aimed to make available better options for land husbandry and market access, thus generating sustainable income. The Coalition to Diversify Income through Underused Crops (CoDI), a group of organizations in India and Viet Nam co-ordinated by Crops for the Future, was established to provide this support.

### Materials and methods

#### *Project locations*

The project was implemented in four locations each in India and Viet Nam: the four states of Karnataka, Madhya Pradesh, Maharashtra and Gujarat and the four provinces of Hai Duong, Bac Kan, Hanoi and Thua Thien Hue. The project sites were representative of the marginalized sections in the intervention areas.

#### *Support services*

At the core of the initiative were 'food-processing parks'. These parks were the locus for training courses, information exchange, business development services, processing, grading and other post-harvest activities. Wider support also took place there, including information on available market opportunities, credit advice and links to other value chain actors at local, national and international levels. Although the food-processing parks were initiated by the project, they were run and managed by the communities themselves.



**Hannah Jaenicke** is the author for correspondence. Burghof 26, 53501 Graftschaft, Germany. [Hannah.jaenicke@t-online.de](mailto:Hannah.jaenicke@t-online.de)

'Community germplasm orchards' or nurseries served as training centres for plant propagation and nursery management skills. Regular 'village crop fairs' supported the operations of the newly established orchards, nurseries and parks and provided a forum for information on new crops and cultivars. The fairs also served as a mechanism for evaluating promising local crops for further multiplication and sale in the nurseries.

'Annual knowledge fairs' were organized at each site to communicate and discuss experiences with a much broader group of stakeholders from the public and private sector and to contribute to learning at different levels. Further communication disseminated knowledge through a variety of means, such as flyers, technical manuals, presentations and TV programmes.

In India, the project covered, among other crops, different varieties of millet, black berry, cashew apple, jackfruit, tamarind, a local rice variety, Bangalya rice and jamun. In Viet Nam, the underused crops basket consisted of Hoa Vang sticky rice, Thanh Tra pummelo, late-bearing longan and the wild leafy vegetable bo khai (Table 1).

**Table 1 Major underused crops produced and sold with CoDI support**

Botanical names	Common names
<b>India</b>	
<i>Paspalum scrobiculatum</i>	millet
<i>Panicum sumatrense</i>	millet
<i>Carissa carandas</i>	black berry
<i>Anacardium occidentale</i>	cashew apple
<i>Artocarpus heterophyllus</i>	jackfruit
<i>Tamarindus indica</i>	tamarind
<i>Oryza sativa</i>	Bangalya rice
<i>Syzygium cumini</i>	jamun
<b>Viet Nam</b>	
<i>Oryza sativa glutinosa</i>	Hoa Vang sticky rice
<i>Citrus grandis</i>	Thanh Tra pummelo
<i>Dimocarpus longan</i>	late longan
<i>Erythralum scandens</i>	bo khai

A monitoring plan was developed within the project team and regular monitoring was carried out throughout the life of the project. A baseline survey was carried out with data from the 2007-2008 cropping season, just prior to the project's start (Tiwari, 2010) and an external impact evaluation took place in early 2011 (CMS, 2011).

Results and discussions

The impact evaluation was carried out in four of the eight project locations after 2.5 years of project interventions (CMS, 2011). Survey results indicated that the project has instilled a renewed

interest among the farmers – the majority of them women – in the cultivation of underused crops through its various events and activities.

In Maharashtra, Hai Duong and Hanoi, farmers' knowledge on better practices for underused crops improved. These practices included fertilizer application, integrated pest management and special horticultural treatments like thinning, pruning and girdling. Farmers acknowledged that the training received through CoDI led to changes in their cultivation practices and showed a positive impact on production. In Karnataka, information on positive health benefits of millet and the prospect of value addition through a mill purchased during the project, rejuvenated farmers' interest in millet. Table 2 shows changes in some of the key indicators.

Changes in product quality and marketing

Product quality improved during the project period, especially in the case of Bangalya rice in Maharashtra, late longan in Hanoi and Hoa Vang sticky rice in Hai Duong (Jaenicke *et al.*, 2010; CMS, 2011, see Box). Farmers at these three locations, and retail shop owners and consumers in Viet Nam confirmed this. Better germplasm and better cultivation practices may have led to better production and enhanced quality. The production of value-added products from millet (such as poppadums and sweets) increased at both locations in India and provided self-employment opportunities.

Changes in gross annual income

The increase in gross annual income of the respondents in the evaluation survey was impressive at some sites, with some averages increasing as much as nine times the baseline gross annual income. The key contributing factors are assumed to be:

- improved germplasm;
- improved capacities (skills, knowledge and technique);
- better processing facilities;
- increased sales opportunities;
- access to better markets; and
- increase in sale price of the underused crops (CMS, 2011).

Conclusions

The project was carried out across eight locations with a range of socio-economic backgrounds of the beneficiaries and of different market opportunities for the prioritized products. It became evident during the project that the introduction of completely new underused crops

### Box 1 Sticky rice production in Hai Duong

Hoa Vang Sticky Rice Production and Commercialization Association formed in 2008 with 131 members and grew in the next two years to 363 members. The Association provides input to specific subgroups, such as the one in Pham Menh. There are 85 members in the Pham Menh group, 82 women and 3 men. The group was formed in 2009 to cultivate Hoa Vang sticky rice at levels to achieve economy of scale and efficient production. All 85 members were growing Hoa Vang sticky rice before 2008, but only in small quantities and on scattered fields. The group focussed on growing sticky rice at one location.

The group worked in two primary areas:

- production and commercialization
- mutual support in input provision, production and commercialization

The Center for Agrarian Systems Research and Development (CASRAD) conducted six training events for the farmers of the group, which included both workshops and field demonstrations. The trainings covered cultivation techniques, including sowing density, management of product quality and management of the Pham Menh group. The farmers now know scientific techniques to grow this variety and better use of fertilizers. As a result average production has increased from 130 kg to 150 kg per 0.03 ha of land. The quality of the seed given by the Association is also very good. An Giang Plant Protection and Drug Company provides effective pesticides and conduct field demonstration. The group sells its produce to the Association, though it is not mandatory; farmers can sell their produce in the market, but the Association pays a good price (CMS, 2011).

would have been very time and resource consuming, whereas concentrating on crops already on the farms or in the markets with evident potential for improvement could generate more farmer interest and led to quicker success.

Because of the different socio-economic backgrounds at the Indian and Vietnamese sites, the messages to beneficiaries were different. In India we emphasized the health benefits of a more diverse and healthy diet, including, for example, millet and fruit. In Viet Nam we focussed on supporting the formation of producer associations, accreditation through denomination of origin labelling and linkages to urban supermarkets as high-end outlets for produce.

The CoDI project has demonstrated that a viable market exists for underused crops and for the associated value-added products, provided there are necessary incentive mechanisms in place for the diverse stakeholders involved in the value chain. We recommend that the existing government policies in both countries need to put a stronger emphasis on the promotion of underused crops.

*(References available upon request)*

**Table 2 Changes in key impact indicators at four project sites, from baseline in 2007 to evaluation in 2011**

Country	Viet Nam				India			
State/ Province	Hai Duong		Ha Noi		Karnataka		Maharashtra	
District	Kinh Mon		Hoai Duc		Kalaghatagi		Jawhar	
Underused Crop	Hoa Vang Sticky Rice		Late Longan		Little Millet		Bangalya Rice	
Indicators	Baseline	Evaluation	Baseline	Evaluation	Baseline	Evaluation	Baseline	Evaluation
Total households interviewed	100	8	100	8	104	9	140	9
Average gross annual income per household from underused crops, in VND or INR	970 007	6 780 625	25 787 012	66 906 250	1 430	8 320	552	5 000
Average area under underused crops, in ha	0.08	0.13	0.23	0.3	0.5	0.6	0.3	0.2
Average amount of underused crops harvested and collected yearly, in kg/household	137	485	1 160	2 358	450	560	155	300

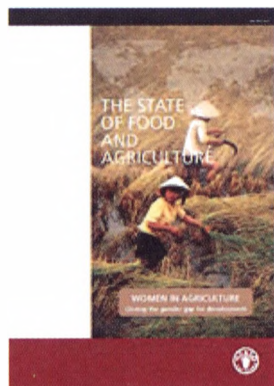
This article is based on work supported under a project funded by the UK Department for International Development (DFID) for the benefit of developing countries. The views expressed are not necessarily those of DFID.

BOOK  
REVIEW

## The State of Food and Agriculture 2010-2011: Women in agriculture – Closing the gender gap for development

Food and Agriculture Organization of the United Nations, Rome, 2011. ISBN 978-92-5-106768-0.

Reviewed by Parulian Hutagaol



This publication looks at the intersection of two major issues for developing countries: food security and gender equality. The authors suggest solutions to continue to advance essential gender objectives within the context of the most recent challenges to food security.

Food security remains a primary concern of developing countries. Managing food security in the future is expected to be increasingly difficult for developing countries, since the world food security system has become vulnerable to major shocks, both from within agricultural markets and from the global economy. This was demonstrated by the increase in the number of undernourished people in the world between 2007 and 2009, reaching levels that had never been reached before. In 2009, 1.023 billion people were undernourished. This particular shock was stimulated by a world food price crisis that accompanied the recent global financial crisis and economic recession. The presence of climate change effects and the expansion of biofuel production are also expected to affect food security in the future.

In response to these challenges to food security management, the book recommends a variety of strategies and policies for developing countries to implement. The most interesting one is the policy to eliminate gender bias against women, commonly practiced in developing countries' rural areas, and affecting the agriculture sector. Eliminating this bias could raise agricultural production in developing countries by an estimated 20-30 per cent which would in turn lead to increased total output by between 2.5 and 4 per cent, enough to reduce the number of undernourished people by 12-17 per cent world wide.

By working to bridge the gender gap in agriculture, developing countries can more efficiently meet both the Millennium Development Goal on Gender Equality (MDG 3) and the Millennium Development Goal on Poverty and Food Security (MDG 1). The achievement of these two MDGs would presumably attract recognition from the international community, so that the implementation of gender equality policies would provide real benefit to developing countries.

However, implementing this policy as outlined in the publication is unworkable because it depends on thorough reform and costly investments. Its implementation would require developing countries to implement comprehensive social-political reform and to change laws, government-decision making processes, rural institutions, and rural household production technologies. Carrying out these reforms implies the expenditure of significant financial and political resources. Since developing countries have less financial resources and more fragile political systems, meeting the two goals, even by combining them with efficiency, looks unaffordable.

Eliminating gender bias against women in developing countries is still urgently needed. The great potential gains confirm this urgent need. But developing countries need affordable strategies. I recommend two such strategies. First we can view the current gender bias against women as the result of social-economic competition between men and women, where men are presently the winners. One way to improve the position of women is to intercede to change the rules of competition to be more workable for women. Such a strategy is in line with the FAO's recommendations.

Another affordable strategy is to make competition less relevant for both men and women. This can be done through expansion of jobs for men and women as well as improvement of wages and salaries. As the book has indicated, agribusiness development has significantly expanded job opportunities, thereby leading to improvements in women's status in some developing countries. The improvement of women's status would be enhanced significantly if job opportunities and remuneration for men also expanded sufficiently so that they need not compete for the same jobs with women. If competition becomes irrelevant, the existing discriminatory behaviour around opportunities and jobs will become irrelevant. Gender bias can be eliminated in developing countries, but not through putting forward changes in isolation from other goals. Implementing a social-economic development plan that significantly expands job opportunity and pay for both men and women in these countries is essential.

Parulian Hutagaol,  
Lecturer at the  
Department of Economics,  
Bogor Agricultural  
University, Bogor,  
Indonesia.

## CONFERENCE

# International Conference on Investing in Sustainable Agriculture for Food Security and Poverty Reduction

27-28 July 2011, Bogor, Indonesia

## NEWS AND ACTIVITIES



Increased investment in agriculture will bring about lasting food security in Indonesia. To promote investment, reforms are needed in several key sectors including land ownership, water resources, agricultural infrastructure and farmer institutions. High-level decision makers discussed these issues in Indonesia, and heard of successful models from Brazil, India and South Korea in a two-day international conference, "Investing in sustainable agriculture for food security and poverty reduction", held 27-28 July 2011. The conference was organized by CAPSA, in collaboration with Brighten Institute, a national public policy and development institute based in Bogor, Indonesia.

Dr. Katinka Weinberger, Director of CAPSA, welcomed the invitees and participants on behalf of the organizing committee. She noted that CAPSA's objective is to bring together international expertise, dedicated policymakers and successful models from other countries to help decision makers identify and chart the best path for lasting food security in Asia and the Pacific.

Dr. Ir. H. Suswono, Minister of Agriculture of the Republic of Indonesia, delivered the keynote address, "Agricultural Development in Indonesia: Vision and Strategy". Minister Suswono identified three major challenges facing the agricultural sector in Indonesia: less farmland, competition for

water use and climate change impacts. Agricultural land area is diminishing as the land is converted to other uses. Water resources are depleting as irrigation services decline and competition for water for non-agricultural use grows.

Agricultural experts pointed out that business investment strategies and

credit instruments are key tools needed. Dr. David Phiri, Chief of Policy Assistance and Support Services of the Food and Agriculture Organization of the United Nations, underscored the need to recognize farming as a business if agriculture is to be an important source of livelihoods or economic growth. He stressed that governments and their partners need to adopt policies and extension methods that help farmers develop their capacity to save, accumulate fixed assets and continually reinvest in their own farms. Professor Dr. Hermanto Siregar, Vice Rector of Bogor Agricultural University, in his special remarks during the inaugural session, highlighted that limited access to credit for agricultural production, is hampering growth in the agricultural sector: Credit for agricultural production accounts for only 6 per cent of all credit extended by financial institutions in Indonesia.

Dr. Joyo Winoto, head of the National Land Agency of the Republic of Indonesia, delivered a keynote address on the second day of the conference, "Land Policy, Farmers' Capital Formation and Welfare". Identifying land as the most crucial asset for the rural poor, Dr. Winoto called for several agrarian reform strategies to increase land owned by the poor: changes to land laws and policies; changes to land ownership and access rights; and distribution or redistribution of unallocated state land.

**NEWS  
AND  
ACTIVITIES**

Dr. Saifullah Syed, Prof. Mahendra Dev and Mr. Yong Kyu Choi presented the experiences of Brazil, India and South Korea, respectively, with examples of agricultural investment policy and institutional reforms that led to agricultural transformation in those countries. Four success factors were common to all three countries:

- stable financing mechanisms are available;
- the country's policymakers can identify, formulate and implement appropriate policies;
- technological advancements complemented by institutional innovations focus on smallholder agriculture; and
- the policy environment supports the rule of law and property rights.

Presenting a case study from Indonesia, Dr. Siti Jahroh of Brighten Institute emphasized the need to increase farmer smallholdings; improve agricultural infrastructure that supports smallholders and strengthen farmer institutions; and facilitate access to market, to provide greater

incentives for farmers to save and invest in their farms. Dr. Upali Wickramasinghe, Regional Adviser of CAPSA-ESCAP, recommended two key improvements: a stronger policy framework that encourages farmers to invest in agriculture, including the provision of public goods, and a regulatory mechanism that reduces the transaction costs which farmers currently face.

Assistant Ministers of Agriculture in Indonesia, Prof. Dr. Tahlil Sudaryanto and Prof. Dr. Pantjar Simatupang, along with senior officials of the Central Bank of Indonesia, Development Planning Agency, Ministry of Agriculture, Ministry of Public Works, Ministry of Social Affairs, National Land Agency, academics and representatives of international organizations, the private sector and civil society groups, took part in deliberations to identify salient features of an investment strategy to transform the agricultural sector in Indonesia.

---

## CAPSA Joins New Global Consortium on Food Security Initiatives

On 12 August 2011, 16 organizations from Africa, Asia, Latin America, Australia, the Middle East and Europe met in Singapore to join forces for a hunger-free world. Their aim was to ensure that global food security remains high on the agendas of relevant public policy forums. The outcome was an agreement among the participants to form the Global Consortium on Food Security Initiatives. To embark on that goal, the consortium established a platform to exchange ideas and information about current research and capacity building activities. In the next phase consortium members will draw on their latest research to identify pertinent food security issues and bring them to the attention of relevant audiences. The new network unites researchers and capacity building organizations and will facilitate global collaboration between like-minded people to hasten the end of hunger worldwide.

"Food security is a goal without substitution." That was the message of Dr. Surin Pitsuwan, Secretary General of the Association of South-East Asian Nations (ASEAN) in Jakarta, Indonesia, to delegates at the International Conference on Asian Food Security, which was held in Singapore from 10 to 12 August 2011.

During a workshop alongside the conference, the 16 organizations, programmes and initiatives explored synergies between their individual efforts and capacities so as to improve the global knowledge base in research, policies and capacity development on food security issues.

As long as a significant portion of the world population still suffers from hunger, efforts to improve food security must continue, looking beyond vital emergency responses to acute food crises. Evidence-based research will provide credibility for the Global Consortium to influence policymakers and decision makers at all levels, ensuring that they include and retain food security aspects as cross-cutting issues in their decision making.

Over the next 12 months, consortium members will finalize the institutional process and begin collaborating. More information will be available soon on the Consortium's webpage, which is under construction: [www.global-consortium-fs.org](http://www.global-consortium-fs.org).

## New Centre Harnesses Research and Capacity Building to Fight Hunger



On the occasion of the visit of Dr. Detlef Virchow from the University of Hohenheim in Stuttgart, Germany, CAPSA held a seminar titled "An initiative to fight hunger through research and capacity building" on 8 August 2011.

As executive manager of the Food Security Centre, Dr. Virchow discussed how the newly established centre was developed in collaboration with the University of Hohenheim. The centre's mission is to make effective and innovative

scientific contributions in research, teaching and policy advice to eradicate hunger and achieve food security. They plan to work in collaboration with partner research and education organizations in Africa, Asia and Latin America as well as with national and international development and research organizations.

The Food Security Centre is one of five model research centres of the EXCEED initiative, which fosters "excellence centres for exchange and development" with support from the German Academic Exchange Service (DAAD) and with funding from the Federal Ministry of Economic Cooperation and Development (BMZ) of Germany. Thematically, the Food Security Centre's activities address issues of sustainable food availability, access and use.

The seminar was attended by government officials from the Ministry of Agriculture and Bogor Agricultural University.

### NEWS AND ACTIVITIES

## A NEW SERIES OF WORKSHOPS Capacity Building in Agricultural Policy Research

The food and agriculture sector has been successful in feeding an increasing and wealthier population in many parts of the world. Asia witnessed a leap in productivity growth in agriculture due to the Green Revolution, supported by the continued use of advanced technology and management practices. However, the global agriculture has reached a crossroads where current agricultural practices must be re-evaluated. These practices have exerted enormous pressure on the environment including land, water, ecosystems, fish stocks, forests and biodiversity.

Stakeholders increasingly realize that agriculture must be sustainable: adequate food and agricultural commodities should be produced without undermining the regenerative capacity of the ecosystems that support all plant and animal life forms. Whether this realization will be translated into action on the ground will depend on policies and strategies implemented at national level, which in turn will depend on the quality of research and its dissemination.

With the objective of assisting policy researchers in ESCAP member states to undertake reliable policy research, so as to help their governments identify policies and strategies to achieve agricultural production targets that are also environmentally sustainable and socially equitable, CAPSA is organizing a series of capacity building workshops on agricultural policy research in Asia and the Pacific. Participants will be drawn from government ministries, research institutes and academic institutions directly related to work on agricultural development, food security or social welfare. The workshops will cover these broad themes: food security and poverty; agricultural policies and sustainability; methods and approaches to agricultural policy analyses; using a farming systems approach in policy analysis; macroeconomic policies of sustainable agriculture; and agricultural statistics. The first workshop will be held in Kandy, Sri Lanka on 14-18 November 2011. For further information, please contact: [capsa@uncapsa.org](mailto:capsa@uncapsa.org).

SUCCESS STORY

New Ways to Bring Innovations to Farmers from APAARI: ICT/ICM Successes

How can resource-poor smallholder farmers gain from the fruits of research efforts? The ways in which agricultural innovations and technologies are disseminated play a crucial role. And farmers are demanding to learn more to help them meet old and new challenges – climate change effects, depleting natural resources, food security and safety, market opportunities and how to add value to what they sell. Information and communication technologies along with information and communication management (ICT/ICM) offer opportunities to farming communities in rural areas to update their knowledge and bridge the gap between farmers and researchers.

The Asia-Pacific Association of Agricultural Research Institutions (APAARI) has been instrumental in disseminating agricultural innovations and technologies through success stories on important themes. The Association aims to enable all agricultural research and development stakeholders to adopt new ways of doing things hand in hand with new tools to do them, for the benefit of resource-poor smallholders.

These success stories focus on a variety of ICT/ICM initiatives in agriculture including

- an innovative television programme, *Moti-O-Manush*, in Bangladesh;
- ICT-enabled information services to farmers through the aAQUA initiative in India;
- improving adoption of technologies and marketing of vegetables with the help of Krishi Community Radio in Nepal;
- appropriate use of ICT tools and methods through Farmers Information and Technology Services (FITS) in the Philippines; and
- Cyber Extension in support of agricultural extension systems in Sri Lanka.

For more information, see:  
<http://www.apaari.org/publications/apaari-success-stories/>.

CAPSA-ESCAP

Jl. Merdeka 145  
Bogor 16111  
INDONESIA

P: +62 251 8343277  
8356813

F: +62 251 8336290

library@uncapsa.org

[www.uncapsa.org](http://www.uncapsa.org)

LI 0056  
ESCAP LIBRARY  
UNITED NATIONS BUILDING  
RAJDAMNERN AVENUE  
BANGKOK 10200  
THAILAND