



# Making Markets work for Rural Poor

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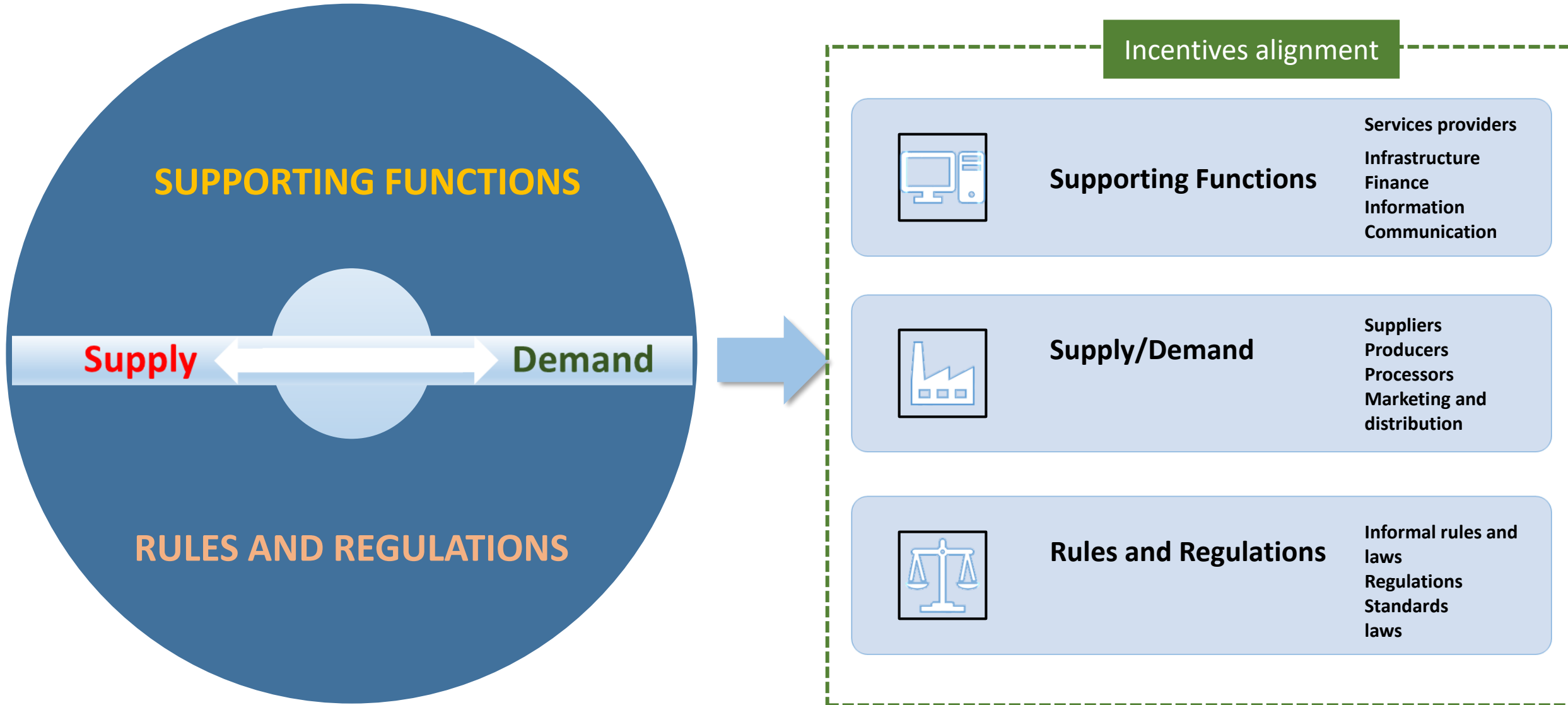
# Unpacking the concept of markets

- Investopedia: *A market is any place where two or more parties can meet to engage in an economic transaction—even those that don't involve [legal tender](#). A market transaction may include goods, services, information, currency, or any combination that passes from one party to another.*
- *Well functioning Markets are essential for efficient and transparent price settings and exchanges: the seller gets an income and buyer secure her needs.*

# Agriculture markets

- By type: crop/commodity (sugar, wheat, , inputs, animal (fish, livestock), finance, equipment, services), *formal or informal, physical or virtual, local, national, regional or global, rural versus urban.*
  - By distribution channel: supermarkets, e-commerce, other
  - By nature: organic, conventional
  - Ag commodities use define also markets:
    - Food
    - Feed for animals
    - Industrial: biofuel production, input in the chemical industry
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- Global agricultural market grew by **9.4%** (CAGR) in 2023 vs prior Year for a total of **13,398 Bn US\$**
  - The market is expected to grow up to **19,000.8 Bn US\$** in 2027
  - The world's population is growing and is expected to reach **10 billion** by 2050
  - Over the period 2023-32, GDP will continue to grow the strongest in the Asia Pacific region, particularly in India, China and Southeast Asia.

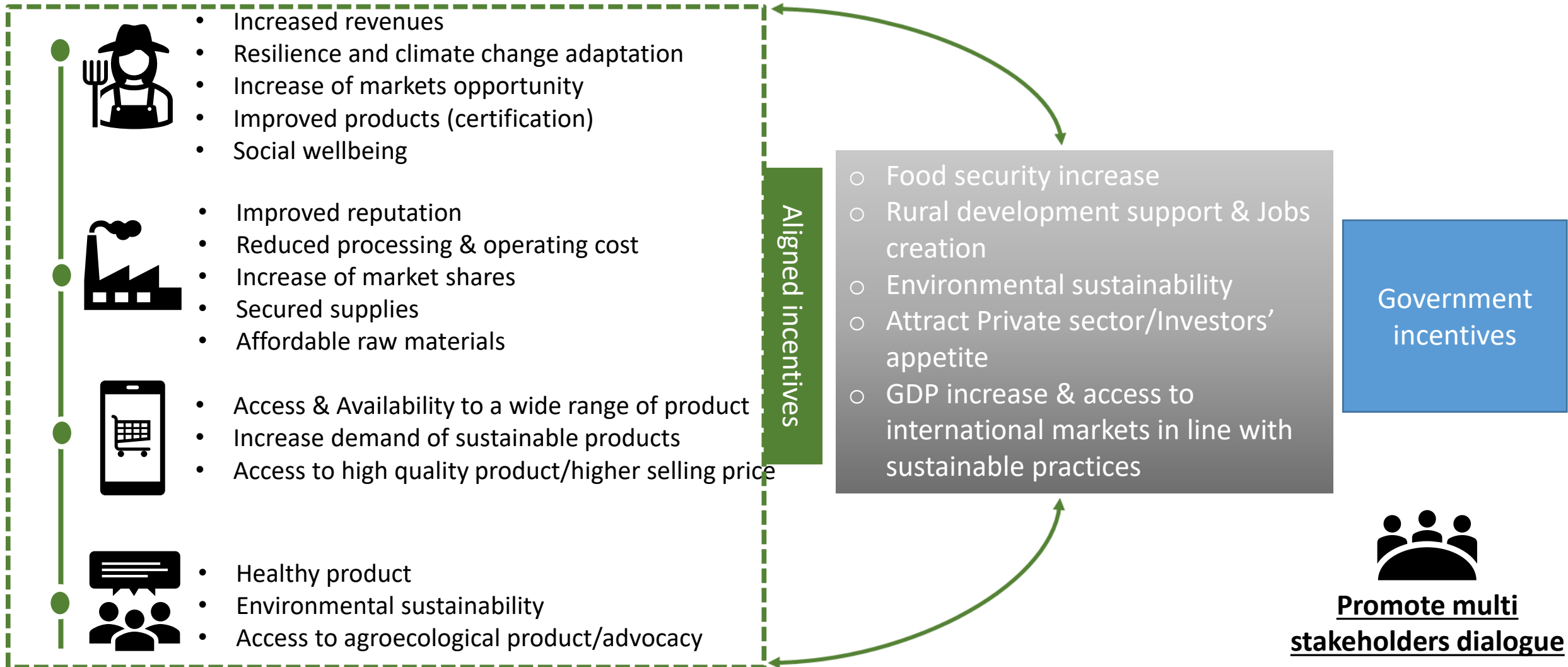
# Agriculture market driving forces



# Enabling environment for thriving food systems

- **Need for a multifaceted approach that encompasses:**
  - Policy and good governance (including capacity to enforce contracts),
  - Finance (not only credit ..financial services),
  - Infrastructure
  - Technology/innovation....linked to action,
  - Education/skills,
  - Collaboration and coordination
- **A sound Monitoring and Evaluation:** to identify challenges, and adjust strategies and interventions accordingly.
- **Differentiated approach to promote Inclusivity and Equity:** An enabling environment should prioritize inclusivity and equity, ensuring that all segments of society, including small-scale farmers and marginalized communities, have different needs.

# Incentives driving markets

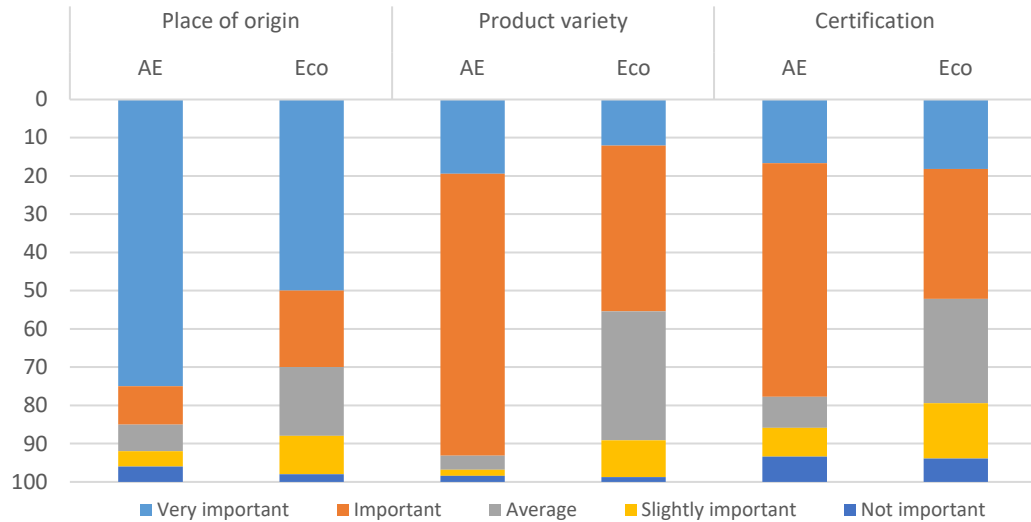


# Examples of how to influence markets

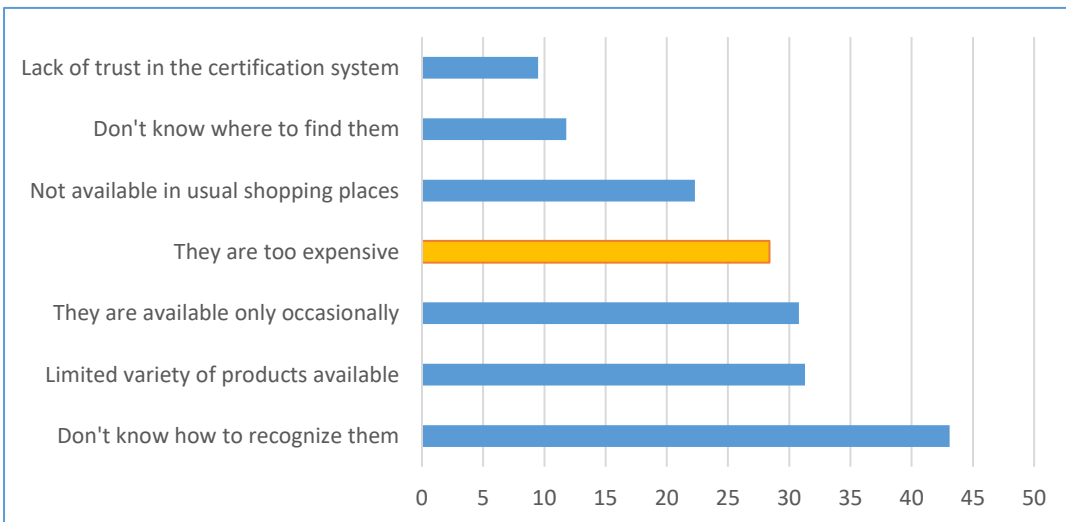
- Regulation
  - Competition
  - Policies altering the price of agricultural products (e.g. fiscal measures, border measures)
  - Influence consumption patterns (e.g. food labelling, regulations)
- Psychological side of incentives (IFAD experience)
  - Household methodologies, working with religious leaders
  - Farmers field schools to influence input markets
  - Recipes for change and nutrition campaigns
- Influencing behaviour of banks to promote access to finance (example of regulation and IFAD project offering bonuses)

# Bolivia: Looking at consumers' perceptions and decision-making

## 1. Relevance of various factors for recognizing "quality" products



## 2. Barriers to buying more agroecological products



- Project survey looked at consumers' perceptions, decision factors and barriers to buying agroecological products
- Consumers had a strong interest for AE products: **68% of them had bought AE or organic (ecological) products in the previous month and on average they were willing to pay a 30% premium.** Yet, there are missed opportunities since AE products are often mixed with conventional products before they reach the market
- **Recognizing and deciding whether to buy an AE product is very "information intensive":** (Fig. 1).
- **Most frequently mentioned barrier for not buying more AE products was not price** (Fig. 2).
- Therefore, the project will intervene through combined actions to promote AE transition, **develop short value chains and establish market alliances involving market intermediaries to ensure traceability and recognizability of AE products throughout the chain,** and to build consumers' awareness and knowledge of AE



Thank you!

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