



POSITIONING PAPER

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The City & Guilds Centre for Skills Development is an independent, not for profit research and development body which is committed to improving the policy and practice of work related education and training internationally. We work with organisations around the world – principally with policy makers, employers, practitioners and learners – to share knowledge and help to lead the debate on policy and practice, aiming to achieve our vision of a world in which all people have access to the skills they need for economic and individual prosperity. We are part of the City & Guilds Group.

SKILLS FOR RURAL DEVELOPMENT: COMBINING AGRICULTURAL AND ENTERPRISE TRAINING

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1. INTRODUCTION

Smallholder farmers need enterprise support in order to use technical agricultural training profitably in rapidly changing markets, and to match their production to emerging opportunities. Enterprise training also plays an important role in creating broader opportunities for income generation for smallholders. As Tikly et al. (2003) put it: *'the promotion of skills for...more modernised, productive farming goes hand-in-hand with a call for immediate training in skills to decrease dependence on agriculture, in the form of craft, artisan and entrepreneurial skills'*.¹

In many developing countries, however, the enterprise dimension is lacking from public agricultural training programmes, and where enterprise training is available, it is not linked into agricultural development initiatives.² This position paper sets out the case for delivering combined agricultural and enterprise training, and, drawing on primary research undertaken by the City & Guilds Centre for Skills Development, suggests that effective enterprise training should include training to support quality control, price awareness and financial planning, and should aim to improve smallholders' links to markets.

2. ENTERPRISE TRAINING FOR MULTIPLE LIVELIHOODS

The first major reason that enterprise training should be delivered alongside agricultural training is that it helps smallholders diversify their income sources. Palmer (2007: 62) argues that the divide between farm and non-farm employment is largely artificial in sub-Saharan Africa and that *'many of those working in sub-Saharan Africa, particularly in rural areas, can be said to not simply have one occupational or income-generating activity, rather their employment portfolio is complex, and likely to be*

¹ Tikly, L., J. Lowe, M. Crossley, H. Dachi, R. Garrett & B. Mukabaranga (2003). Globalisation and Skills for Development in Rwanda and Tanzania. DfID Educational Papers No. 51.



made up of two, three or more income-generating activities pursued simultaneously, the composition of which changes at different times of the year'.³ This is particularly true for women who often divide their time between a number of 'occupations', including both agricultural and non-farm income – typically small businesses that they run themselves.

Occupational pluralism has important implications for extension policy. Some rural households are able to escape poverty by scaling up and intensifying their agricultural activities. Usually these households have a combination of adequate natural capital, better technologies and improved integration into markets. There is evidence, however, that for many rural households, combining agriculture and small business activities is a more viable way to improve income levels.⁴ De Janvry and Sadoulet (2001) show that this is in fact the dominant path out of poverty among rural households in Latin America⁵, and Orr and Orr (2002) find similar results in their Malawian study, where smallholders' ability to specialise in cash crops or micro-enterprise was constrained by their need to produce food crops for food security.⁶

Combining agriculture and micro-enterprise can help smallholders:

- Achieve a year-round income, by allowing them to supplement their farming income with small business profits during the lean agricultural months
- Reduce vulnerability to environmental risks, by providing a second source of income should the rains fail, for example.
- Start a business with low start-up costs by using agricultural products as inputs.
- Cross-subsidise their businesses. Micro-enterprises can provide a cash flow for purchasing farming inputs, while farming provides food security should micro-enterprises do poorly.

Despite the dominance of mixed livelihood strategies in many areas, traditional agricultural extension activities have focused almost exclusively on the agricultural path out of poverty. Orr and Orr (2002) pointed out that '*[h]ouseholds that combine agriculture with micro-enterprise will have different technology needs from those specialising in agriculture*'.⁷ Extension activities which address the specific needs of the multiple-occupation rural household by supporting both the agricultural and entrepreneurial dimensions of their livelihood strategy are therefore required to assist those pursuing this path out of poverty.

3. ENTERPRISE TRAINING AND AGRICULTURAL PRODUCTION

The second major reason to integrate enterprise training into agricultural development initiatives is that it helps smallholders make more money out of agriculture. A recent analysis of rural development programmes by GTZ, DfID, the FAO and other partners highlights the importance of enterprise skills for agricultural development. They find that:

*A successful entrepreneur will have the technical and managerial competence to orient his/her demand for inputs and raw materials, the production process itself, and his/her product or service portfolio towards the realities of the market.*⁸

³ Palmer, R. (2007). Skills development, the enabling environment and informal micro-enterprise in Ghana. PhD, University of Edinburgh.

⁴ Rivera, W. & M. Qamar (2003). Agricultural Extension, Rural Development and the Food Security Challenge. FAO: Rome.

⁵ De Janvry & Sadoulet (2001). Income Strategies Among Rural Households in Mexico: The Role of Off-farm Activities. [World Development](#) 29 (3): 467-480.

⁶ Orr, A. & S. Orr (2002). Agriculture and Micro Enterprise in Malawi's Rural South. ODI Agricultural Research & Extension Network Paper No. 119.

⁷ Ibid.

⁸ GTZ (2003). *Guide to Rural Economic and Enterprise Development*. Eschborn, Germany: Deutsche Gesellschaft für Technische Zusammenarbeit. P 51.

Davis et al. (2007) suggest that management and enterprise support should be a cornerstone of rural development initiatives. Enterprise training which includes management support and builds commercial awareness affords small farmers a better understanding of their opportunities and how they might be managed.⁹ Chipeta, Christoplos & Katz (2008) support this, noting that a lack of commercial and market awareness was a major barrier to achieving market success among rural producers, and emphasising that extension or advisory services targeted at rural smallholders should therefore include marketing and business advice and understanding of agricultural value chains, in addition to technical knowledge.¹⁰

Enterprise training may also promote the uptake of advanced technology. Smallholders need enterprise skills in order to calculate and manage the risks of changing their patterns and methods of production. Davis et al. (2007) find that training focused on enterprise skills, such as market analysis, distribution and business management, would support small-scale farmers in identifying the technologies that would benefit them most, and would help them to participate in agricultural innovation.¹¹

4. DELIVERING INTEGRATED TRAINING EFFECTIVELY

The Centre for Skills Development recently undertook research which analysed how a range of international projects addressed the challenge of delivering agricultural and enterprise training, as well as undertaking case studies of four projects (two in India, and two in Ghana) which have been relatively successful in delivering training in an integrated way. The research shows that the following approaches can improve the effectiveness of integrated agricultural and enterprise training:

- Training that helps smallholders to engage successfully with larger markets is particularly valuable to help smallholders profit from new enterprises.
- Marketing training cannot be separated from training to support quality control, capital management and price awareness, as all these factors are required to achieve a fair price.
- More direct linkages to markets are needed, and where this is not feasible, smallholders, especially women, need to be empowered to interact with middlemen or market intermediaries on fair terms.
- Ensuring that training in both financial management and marketing is directly relevant to smallholder enterprises can help smallholders make good use of it.
- Additionally, as with agriculture, adequate rural infrastructure, public services and markets are important, along with supportive policies and institutional frameworks.¹²

5. IMPLICATIONS FOR POLICY MAKERS AND PRACTITIONERS

The message for policy makers and practitioners is clear: both agriculture and enterprise training are required to support rural development, and they should be delivered together in an integrated way.

This has a number of implications:

- Policy makers need to ensure either that enterprise and agricultural training are delivered by the same government department, or, if enterprise and agricultural training fall under different government departments, that these are effectively co-ordinated.
- Funding for rural development should support integrated delivery of agricultural and enterprise training.
- Attention needs to be paid to ensuring that trainers and extension officers have the skills to deliver integrated training, and that they are able to work in teams to deliver this where necessary.
- Practitioners can benefit from the opportunity to learn from the experiences of initiatives which have been successful in delivering agricultural and enterprise training in combination, and to share their challenges.

⁹ Davis, K., J. Ekboir, W. Mekasha, C. Ochieng, D. Spielman & E. Zerfu (2007). Strengthening Agricultural Education and Training in Sub-Saharan Africa from an Innovations Systems Perspective. *IFRPI Discussion Paper 00736*.

¹⁰ Chipeta, S., I. Christoplos & E. Katz (2008). *Common Framework on Market-Oriented Agricultural Advisory Services*. Wageningen, Netherlands: Neuchâtel Group.

¹¹ Davis, K. et al. (2007). *Ibid.*

¹² Collett, K. & C. Gale (2009) *Training for Rural Development:: Agriculture and Enterprise Training for Women Smallholders*. City & Guilds Centre for Skills Development, London.

CSD believes that taking this action is an important and positive step towards ensuring that investments in training for rural development are used effectively to improve the incomes and livelihoods of smallholders in developing countries.

Kathleen Collett

City & Guilds Centre for Skills Development

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info@skillsdevelopment.org