Agricultural Business Associations in Urban and Periurban Areas in Lima, Peru

The large urban market of Lima provides an opportunity for periurban and urban farmers in the east of Lima to sell their products. However, studies by the Urban Harvest Programme of CIP in Lima reveal that the current system for commercialisation of urban agricultural products is underdeveloped. In addition there is a lack of trust, insecurity and a lack of capacity among urban farmers to organise and improve through social learning processes and coordinated business management efforts. This article describes an effort to improve this situation.

The “Farmers in the City” Project, coordinated by the Urban Harvest programme in Lima, Peru, together with other research and development organisations, is strengthening the organisational capabilities of urban farmers from the lower Rimac River basin in Lima, Peru. (See for more background the article on Lima in UA-Magazine 16.) The project includes 924 families who make up the irrigation association called the Rimac User Board, and another group of families around 10,000 located in urban communities whose primary activity is raising animals. The agricultural production system currently in place integrates the growing of crops and raising of animals. The main crops are beets, lettuce, turnips, and other produce and aromatic plants. The raising of pigs, birds, guinea pigs, sheep and other animals is a source of savings and food for the farmers. Raising birds and guinea pigs is a traditional practice among some migrant families from rural areas. The economic potential of these activities has been developed energetically. Raising pigs is mainly done in areas without cropland and that tend to be undeveloped.

ORGANISATION OF FARMERS
The first phase of the project included a baseline assessment, focus group discussions and training workshops. The researchers found a high use of chemical products, like pesticides and fertilisers, and improper animal-raising practices. They also identified a high degree of individualism, mistrust and a lack of communication as primary obstacles to the formation of social capital. Qualitative tools were employed, such as participatory information-sharing workshops, training on topics such as agro-ecology and animal raising, and field visits to individual farms. There was a definite need for more training in new production practices that could help farmers increase production and obtain fair prices. In the second phase, the project adopted the Farmer Field School methodology (Escuela de Campo para Agricultores, ECA) and adapted to the urban ecosystem. The initial process of inviting people to participate took three months, which was longer than originally planned, due to the complexity of urban agriculture.

Farmer Field Schools
This methodology calls for gathering together large groups of agricultural producers, both men and women, to address issues related to Integrated Pest Management (IPM) for the main traditional crops of the region. Two ‘schools’ were created, one on IPM for beets with farmers from the Carapongo subsector and another on IPM for lettuce with farmers from Huachipa. Similarly, the ECA methodology was adapted for participatory workshops on raising guinea pigs with farmers from the Naña subsector. Through this process, the farmers developed an interest in organising themselves in order to apply all of the knowledge acquired, produce healthy and clean (organic) products, access good markets with fair prices, and improve their quality of life. Urban Harvest supported these Urban Farmers Schools (Escuelas de Agricultores Urbanos, EAUs). With additional support from the municipality and the farmers themselves, two EAUs began to function in Huachipa and...
Carapongo. In both cases, pilot agricultural production centres were established to experiment, validate, demonstrate and replicate different techniques in the fields of participating farmers.

The production of crops in each of the centres allowed participants to begin selling products to new markets on a small scale. Management of the pilot centres by the farmers strengthened the bonds of trust among participants. In addition, the joint search for new markets for the benefit of all group members consolidated the organisations. This created the need to seek formal status in order to access larger-scale markets.

**The search for formalisation**

Consolidation of organisations by achieving a formal status can generate local development through an increase of competitiveness and productivity (De Soto, 2000). Two agribusiness associations were formed: the Association of Organic Farmers of Huachipa (APAOH) and the Healthy Harvest Carapongo SAC (COSANACA). The latter was constituted as a micro-enterprise, with help from the Self-Employment and Micro-enterprise Program (PRODAME), a state entity under the Ministry of Work and Employment Promotion (MTPE). The costs associated with the legalisation process were 700 and 900 new sols (USD 217 and USD 281 USD), respectively, and were carried by the two associations themselves with income obtained through the sale of produce (Huachipa), contributions from partners and fund-raising activities (Carapongo). The guinea pig farmers of Naña also received assistance from PRODAME in order to begin their own legalisation process.

The main contribution of this methodology is that it recognises that the organisation of small producers – in any form – is the indispensable element in sustaining productive micro-enterprises over time. In other words, small farmers have to be organised in order to access financing for their activities. They need to formalise some sort of association in order to pursue the development of micro-enterprises (De Soto, 2000).

To reach consolidation and formalisation of organisations of small agribusinesses, it is necessary to develop a function infrastructure with clearly defined roles for members in the management of production and sales. The legalisation process, therefore, contributed in the cases described above to the institutionalisation of both associations.

**ACCESS TO FAIR MARKETS**

The key factor in the consolidation of organisations of small agribusinesses is obtaining access to alternative markets, without the interference of third parties. In that respect, the project has sought, together with the farmers, a commercialisation system that is more direct and profitable. According to the farmers, direct sales to consumers is very beneficial, given the good prices attained, the constancy and variety of the orders, and the farmers’ physical proximity to customers.

At the moment, APAOH and COSANACA are gaining access to larger-scale markets, thanks to the formalisation of their status, and support from the project and governmental entities like the MTPE. In this way, both groups have a greater chance to become sustainable and develop further in the future.

**Strengths and weaknesses in urban farmers’ organisations**

The key components contributing to the consolidation and strengthening of these organisations are trust, which is won through the training and follow-up process; capacity to produce and market organic products; and teamwork. However, the cohesion of the different agro-enterprise organisations’ members may be undermined by a number of issues. The diversity in other occupations of some members may hamper their active participation in the organisation. In addition, due to substantial differences in the application of agricultural techniques, production quality may be too diverse. Finally, there may be insufficient capital for the productive development of agricultural activities.

**ACHIEVEMENTS AND CHALLENGES**

During the process of working with these groups of urban farmers, their social capital has increased. Through participatory learning methodologies the farmers have strengthened their technical-productive, organisational, business and commercial capacities. The formation and formalisation of agro-enterprise associations has also facilitated their access to new, more profitable and more just markets for organic products.

The main reason members of the groups began growing organic products on their farms was to improve access to local markets (farmers’ markets, restaurants, clinics and homes) and commercial markets (fixed intermediaries, supermarkets and restaurants). Thus the farmers have also learned to develop crop planting plans in a coordinated fashion in order to supply the markets that have opened up to them.

Local and national entities have also been involved in supporting and promoting the newly formed organisations. The municipalities and national government (through the MTPE) have helped promote, formalise and provide access to new markets for the organisations.

Nevertheless, small organisations in developing countries face immense challenges, especially in urban agriculture, where there are constant threats stemming from the rapid growth of the cities. In the last 4 years, the amount of agricultural land in the study area has been reduced by 22%, due to increased housing developments and unplanned urban growth. This rate of urbanisation is a threat to urban agriculture and should be confronted in a consensual way by local and national authorities and the farmers. Due to the excessive use of fertilisers, chemical pesticides and the drainage of wastewater from households and factories there is also an increase in water, soil and air pollution. This directly affects the ability of urban farmers to produce healthy, clean products.

### References


NOTES

1) Urban Harvest (Cosecha Urbana-CU) is an institutional initiative of the International Agricultural Research Advisory Group coordinated by the International Potato Center (CIP).

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