



*iDE creates income and livelihood opportunities for poor rural households. Since 1992, iDE has substantially increased the incomes of more than 240,000 poor rural households in Nepal, reaching 1.25 million people.*

## Commercial Pocket Approach

iDE's **Commercial Pocket Approach** enables smallholder farmers to take advantage of market opportunities by forming production groups. These groups are then able to generate sufficient volume for commercial activity, reducing transaction costs, providing key services such as processing and grading, and allowing for the scale necessary to advocate for policies favorable to smallholder agriculture. iDE has implemented the Commercial Pocket Approach since 2003 – facilitating the establishment of over 250 Collection Centers and serving over 150,000 smallholder households, resulting in increased commercialization of farming activities, increased incomes, and economic and social benefits for 750,000 people.

**The Need:** 80% of rural households are engaged in agriculture, but livelihoods are typically based on subsistence production of low-value, rain-fed cereal crops with minimal output traded in markets. Lack of extension support, limited knowledge of new technologies, and lack of access to inputs contribute to low yields. Smallholders have limited access to markets, especially if they live in isolated areas with poor infrastructure and little to no access to market information.

public services and investments. Through a focus on building the capacity of MPCs and private service providers, system improvements continue after project support has ended.

### Components:

**Farmer Groups:** Farmer groups consist of 15-25 farmers working collectively to meet the demand of a specific market.

**Collection Centers:** Produce is aggregated to marketable volumes, processed, stored and sold to traders at Collection Centers.

**A Market Planning Committee (MPC),** made up of representatives from 15-50 Farmer Groups, manages each Collection Center. Each farmer-run MPC facilitates access to services, technologies, financial services and pricing information.

**Apex Committees:** Apex Committees are district-level or umbrella MPCs, representing a network of MPC-run Collection Centers. Assuming five members per household, a single Apex Committee may reach up to 125,000 beneficiaries.



**Commercial Pockets:** The Commercial Pocket Approach ensures the availability of services and flow of market information to smallholders while enhancing their participation as key market players. Commercial Pockets consist of well-functioning market chain actors including Farmer Groups, Collection Centers, and Apex Committees. These intermediaries create a cohesive economic ecosystem linking smallholder farmers to more lucrative local and regional markets, while providing an avenue for advocacy, access to new technologies, and technical support. The establishment of Market Planning Committees (MPCs) represents a valuable governance intervention, enabling local communities to articulate their needs and demand access to



## Results:

- **Increased smallholder income:** Farmers reported a 158% increase in annual income due to improved production methods, new technologies, access to services, and access to relevant market information.
- **Improved access to markets:** MPC sales revenue increased at an average annual rate of 20% since 2005.
- **High returns on investment:** For every \$1 invested by the public sector and donors, \$102 was made in sales revenue at MPCs with high sales volume (2005-2012).
- **Shift from subsistence farming to commercially oriented activities:** Increased on-farm income led to reduced dependency on wage labor and significant increases in farm-level employment.

## Notable Projects:

Project	Years	Partners	Description
<b>USAID Smallholder Irrigation Market Initiative (SIMI)</b>	2003-2009	Winrock	The project worked with smallholders on irrigated production of cash crops for regional and off-season markets, aiming to increase incomes by 50%. SIMI increased annual household incomes by \$260 through promoting the adoption of micro-irrigation technologies. Key results included: 300,000 smallholders adopted micro irrigation technologies; 153% increase in income among beneficiary households; 100% increase in income of indirect households within a 30 minute walking radius of a SIMI supported household; 2 jobs created for every 1 household supported; 2 households engaged in vegetable production for every household supported; 99 MPCs and 6 Apex Committees developed, benefitting approximately 600,000 smallholders.
<b>USAID Market Access and Water Technology for Women (MAWTW)</b>	2013-2015	NTAG, IWMI, SAPPROS, Samjhauta	MAWTW is a part of USAID's Innovations in Gender Equality (IGE). This program directly supports the Feed the Future program in Nepal by helping female farmers with rural collection centers, micro-irrigation technologies, a globally recognized multiple use water system, and development of production packages for major vegetable crops. Over three years, the project aims to train women in 10,000 rural households, increasing income by over \$200 annually, and develop 15 collection centers and 60 water systems.
<b>EU Non-State Actors in Development Action: Initiative for Agriculture Productivity and Commercialization (APC)</b>	2014-2016	ADRA	APC is an integrated, market-led approach to build local capacity and develop commercial pockets around networks of rural collection centres. The aim is to strengthen the participation of key stakeholders in decision-making and service delivery towards improved food security and nutrition through increased agricultural development in geographic areas with high prevalence of under-nutrition and food insecurity.