

**AGRICULTURE VALUE CHAIN - BUSINESS MODELS**  
**(Appendix to Sec. 313 on Agricultural Value Chain Financing Framework)**

The agriculture value chain business models are characterized by the main driver of the value chain, and its rationale or objectives. The following are the typical organizational models for smallholder production:

Model	Driver of organization	Rationale
Producer-driven (Association)	<ul style="list-style-type: none"> <li>- small-scale producers, especially when formed into groups such as associations or cooperatives;</li> <li>- large scale farmers</li> </ul>	<ul style="list-style-type: none"> <li>- access to new markets;</li> <li>- obtain higher market price;</li> <li>- stabilize and secure market position</li> </ul>
Buyer-driven	<ul style="list-style-type: none"> <li>- processors;</li> <li>- exporters;</li> <li>- retailers;</li> <li>- traders, wholesalers and other traditional market actors</li> </ul>	<ul style="list-style-type: none"> <li>- assure supply;</li> <li>- increase supply volumes;</li> <li>- supply more discerning customers</li> <li>- meeting market niches and interests</li> </ul>
Facilitator-driven	<ul style="list-style-type: none"> <li>- NGOs and other support agencies;</li> <li>- National and local governments</li> </ul>	<ul style="list-style-type: none"> <li>- 'make markets work for the poor';</li> <li>- Regional and local development</li> </ul>
Integrated	<ul style="list-style-type: none"> <li>lead firms;</li> <li>- supermarkets;</li> <li>- multi-nationals</li> </ul>	<ul style="list-style-type: none"> <li>- new and higher value markets;</li> <li>- low prices for good quality;</li> <li>- market monopolies;</li> </ul>

**Reference:**

*Miller, C. and Jones, L. 'Agricultural Value Chain Finance, Tools and Lessons'. Published by FAO and Practical Action Publishing, 2010.*

*(Circular Nos. 930 dated 18 November 2016 and 908 dated 14 March 2016)*