REPORT

SOUTHERN AFRICAN REGIONAL WORKSHOP ON STRENGTHENING THE CAPACITY OF FARMERS' ORGANISATIONS TO RESPOND TO CHANGING AGRICULTURE MARKETS

2ND TO 5TH DEC 2008, JOHANNESBURG, SOUTH AFRICA

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Abbreviations

ACT	Agriculture Council of Tanzania
Agri-SA	Agri-South Africa
AU	African Union
CFU	Commercial Farmers Union
COMESA	Common Market for Eastern and Southern Africa
DBSA	Development Bank of Southern Africa
EAC	East Africa Community
EC	European Community
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
FO(s)	Farmer Organisation(s)
FAO	Food & Agriculture Organisation of the UN
FEKRITAMA	Federation Chretienne des Paysans Malagasy
FUM	Farmers Union of Malawi
IOs	Intermediary Organisations
ITC	International Trade Centre
JFPM	Johannesburg Fresh Produce Market
LFU	Lesotho Farmers Union
NAFU	National African Farmers Union
NASFAM	National Small Scale Farmers Association of Malawi
POs	Producer Organisations
PVS	Private Voluntary Standards
SADC	Southern African Development Community
SACAU	Southern African Confederation of Agricultural Unions
SeyFA	Seychelles Farmers Association
SSA	Sub Saharan African
SSF	Small Scale Farmers
SNAU	Swaziland National Agricultural Union

SPS	Phytosanitary
TAP	Tanzania Agriculture Partnership
ZFU	Zimbabwe Farmers Union
ZNFU	Zambia National Farmers Union
VC	Value Chain
WB	World Bank
WTO	World Trade Organisation

Executive Summary

This report provides a record of the proceedings and outcomes of the deliberations from a four day workshop that was co-hosted by SACAU and FAO. The workshop was held at Kopanong Hotel and Conference Centre in Johannesburg, South Africa from the 2nd of December to the 5th of December 2008.

The workshop was expected to enhance common understanding of agriculture value chains; to appreciate the changing trends in global agriculture markets; to develop greater understanding of the role and responsibilities of Farmer Organisations (FOs) in supporting Small Scale Farmers (SSF) in the value chain; to identify key capacity building needs for FOs to enable them to be more effective in their support of SSF. Workshop participants were drawn from 14 national and regional agricultural associations (both SACAU members and non-members), selected representatives from agribusiness in South Africa, Prof. A. Louw the Chair in Agribusiness Management, University of Pretoria, the Horticultural Promotion Council of East and Southern Africa, and FAO representatives from the region and HQ, Rome. .

Presentations by various speakers set the stage for the workshop deliberations. It was noted that modern day markets demand larger volumes, lower prices, higher quality and safe agricultural products and that FOs and other stakeholders had to reorganise themselves and compliment one another in order to succeed in competing in the value chain. To survive in the global market, FOs and other players in the value chain had to cut costs significantly and still make a profit yet on the other hand input costs had gone up significantly while SSF had less bargaining power. To deal with these challenges, Farmer Organisations had to come up with strategies to support their members so that they can cut costs and generate income through collective action such as bulk purchasing of inputs, continuous research, building strong relationships with international buyers through collective marketing, facilitating access to finance and lobbying as well as advocating for favourable national and international agriculture policies. Farmer organizations have a critical role as partners, intermediaries, capacity builders and service providers in the development of modern, efficient value chains. At national level, government, donors, NGOs and private sector could establish market linkage coordinating mechanisms support of SSF. It is important for governments to build policies and make investments that prepare farmers and retailers to face the challenges so as to meet the requirements of the modernized food markets. Institutional options, such as farmer-controlled enterprises and private out-grower schemes that have emerged should be supported.

Farmer Organisations faced capacity challenges with respect to:

- Provision of marketing information, product knowledge, quality and safety standards as well as assistance on contractual arrangements.
- Technical, management and organisational skills.

- Negotiation, advocacy and lobbying skills.

Organisations that have successfully transformed their members from subsistence farming to participate meaningfully in value chains have done the following:

- Focused on agribusiness related activities to help FOS become efficient and reliable suppliers;
- Are part of a network of organisations that link members to information on new technical ideas, markets and funding opportunities outside of their immediate community;
- Have a membership base that is willing to change, take risks and invest in new markets and ideas.

Group and plenary discussions focused on the identification of key issues, as well as the roles and responsibilities and capacity needs of FOs. From these discussions, the following key issues were identified:

- Capacity development in quality, safety and standards on different levels; national, sector and farm.
- Attaining standards cost effectively and FOs to be involved in the setting of policies on standards.
- Enhancing the information systems and management.
- Good corporate governance.
- Developing strategic linkages and effective networks.
- Effective representation and advocacy.
- Improving infrastructure.
- Building trust and confidence among stakeholders.
- Engagement and involvement of donors to improve capacity in standards.

The participants analysed the roles and responsibilities as well as the capacity building needs at the different levels starting from the Primary/Society to the District/Provincial to the National and finally to the Regional level.

Five key performance areas were identified and these are as follows:

- Management and organisation.
- Diversification/Value Addition.
- Standards and Certification.

- Market Linkages
- Business and Financial services

Finally each participant summarised their view of the workshop and outlined the follow up action that would be undertaken after the workshop.

Introduction

A four day Southern African Regional Workshop "Strengthening the Capacity of Farmers' Organisations to Respond to Changing Agriculture Markets" was held at Kopanong Hotel and Conference Center in Johannesburg South Africa from the 2nd to the 5th of December 2008. Annex 1 is the agenda of the workshop and Annex 2 is the list of participants. The workshop was sponsored by the EC - *All African Caribbean Pacific Commodities Programme.* This report is a record of the proceedings.

1. Day One-Opening and Presentations

Mr Ishmael Sunga, the CEO of SACAU welcomed everybody to the workshop and expressed his gratitude to FAO for the support rendered in organising the workshop. This was followed by remarks from Mr Lot Malati who was representing the FAO Regional Representative after which presentations were made by key experts in fulfilment of the main objective of Day One of the workshop which was: To create a common understanding of the key issues in value chains, the demands of the agribusiness sector and the constraints for farmer participation in modern agriculture markets.

1.1 Opening remarks by Mr Lot Malati-FAO

On behalf of the FAO Regional Representative, Mr Lot Malati welcomed participants to the workshop. The workshop was a direct response to a request made at the regional consultation workshop in Tanzania, June 2008 for support to Farmers Organizations on this important area of work. He highlighted the objectives of the workshop as follows:

- To share learning on key topics relevant for integrating small farmers into value chains, and
- To identify the core capacities that Farmer Organizations require if they are to be effective service providers for their members.

He observed that the opening up of markets has meant that Small Scale Farmers (SSF) and other players in agriculture (processors, buyers, traders, exporters) now have to organize and interact with one another differently, and that today's markets demand larger volumes, lower prices and higher quality produce. Furthermore, he noted that the actors involved have to constantly cut costs to survive and make a profit, and that FOS struggle to keep up with these new trends and find themselves at a disadvantage as they have high transaction costs and low bargaining power.

In order to deal with these challenges, Farmer Organizations (FOs) must continuously look for new ways to organize their members so that they can cut costs and generate income through collective action, such as, for instance; bulk buying, collective marketing or negotiating credit and contracts. However, these organizations face a number of obstacles with respect to the following capacities:

Markets: Farmer Organizations play an important role in assisting their members to access more profitable markets. To compete in these markets an organization needs to have access to the latest information and skills related to production techniques, marketing, and knowledge, for instance, on quality and food safety standards and legal contract matters.

Services: Farmer Organizations provide a range of services to their members including technical advice, access to credit, cheaper inputs through bulk buying, storage facilities, and training in compliance with certification and standards. To deliver these services, however, Farmer Organizations, themselves, need a range of technical, management and organizational skills.

Voice: Representing the common concerns and interests of members has always been an important role for Farmer Organizations. Advocacy and negotiation skills can help influence decision making and increase bargaining power when negotiating contracts or policies. Conflict management skills can help resolve problems caused by conflicting members' interests.

Key success factors for organizations that have managed to move their members out of subsistence agriculture so that they can trade in value chains are:

- Focussing on agribusiness related activities to help FOS become efficient and reliable suppliers;
- Being part of a network of organizations that link members to information on new technical ideas, markets and funding opportunities outside of their immediate community;
- A membership base that is willing to change, take risks and invest in new markets and ideas.

Thus, strengthening Farmer Organizations, from district to national and regional levels, in capacities related to agribusiness can be instrumental in transforming SSF into competitive and profit-making suppliers for a growing and modernizing agri-food system. The outputs and learning from this workshop is a step in this direction for the Farmer Organizations in the Southern Africa region.

1.2 Ms. Siobhan Kelly- Enterprise & Agribusiness Development Officer FAO

The presentation provided background information on the All ACP Agricultural Commodities Programme, the role of FAO in the Programme, the workshop objectives and workshop follow-up.

The Programme seeks to improve the livelihoods and competitiveness of producers in commodity dependent ACP countries. It has an overall budget of € 45 M (including €15 M for cotton) and is implemented Sept 2007 to Dec 2010. Out of the overall budget, € 6.5m is managed by FAO.

Five partner agencies are involved, namely FAO, Common Fund for Commodities, International Trade Centre, World Bank and UNCTAD. The programme results are allocated as follows:

- Development of commodity strategies (ITC)
- Implementation of strategies that improve access to and use of markets, production factors and services (FAO)
- Improved access to market-based risk management instruments (WB)
- Enhanced complementarity & synergies of IOs' interventions.

At a Regional Stakeholders workshop in Tanzania, there was a call to support the professionalization of FOs so that they, in turn, can support SSF to become ***profitable*** suppliers for agribusiness. FAO's response was as follows:

- Improve farmers integration into value chains by strengthening the agribusiness capacities of farmer organizations
- Improve value chain functioning by strengthening the business relationship between suppliers and buyers in specific countries on specific commodities (Kenya, Uganda, Zambia – Cotton systems)

The presentation highlighted the different types of farmer organisations, including cooperatives, village associations, commodity organisations and national farmers unions. The hierarchy of FOs ranged from farmer groups, sub-national structures, national and regional structures. Advantages of farmer organisations included lower transaction costs, greater exchange of information, better coordination and concentration of efforts. Important definitions were also provided in the following areas: farmer organization, profitability, competitiveness, self-sustainability and capitalization.

In terms of membership base, the following were highlighted:

- Membership is voluntary
- Members have common interests that take precedence over individual interests
- Members own the 'business' both the tangible and intangible assets (brands and reputation)
- Members are jointly liable for the enterprise's conduct and actions
- There is an intention of permanence of the association.

The following are considered key factors of the success of a farmer organisation:

- Agribusiness focus: operations and FO's transactions don't get sidetracked into social or political activities;
- Vehicles of change: Membership base is willing to change and take risks;
- Management and organisational capacity to act as economic intermediaries between the producer and the chain;
- Transparent allocation of costs and benefits among members;
- Honouring contracts/compliance with agreements;
- Networking capacities to facilitate transfer of information and embeds FOs into a multi-agent network that links members to ideas, resources and incentives.

The workshop objectives were presented as follows:

Overall objective:

To strengthen the ability of FOs to support their members become profitable suppliers for the agribusiness sector

Specific objectives:

- To share the latest learning on key topics for building the agribusiness capacity of Farmer Organizations
- To identify the core capacities required for engaging with the agribusiness sector
- To develop ideas for follow-up by ACP programme or other donors

Finally, an overview of the workshop agenda was presented:

Day 1: Overview from FO's, Agribusiness, and FAO on linking farmers to markets
Day 2: Going into depth on topics important for integrating farmers into Value Chains
Day 3: Identify core capacities for local farmer organizations and priority activities for national and regional to support sub-national FOs
Day 4: Develop proposals for follow-up activities

1.3 Dr. Stephanie Gallat- Post-Production Systems Officer, FAO

What is a Value Chain (VC)?

A VC consists of a series of actors and all activities required to bring a product through the different phases of production, transformation, and delivery to final consumers.

Why Work on Value Chains is Important

Potential value could be derived from the move from spot markets to formalized linkages. Integration of the chain achieves better quality and greater efficiency. The quality of linkages and support systems plays a critical role in creating competitiveness in the value chain. The competitiveness of the individual firm depends upon the competitiveness of the value chain to which it belongs i.e. systemic competitiveness. Entry into higher value markets including global markets requires an understanding of requirements and dynamic forces within the whole value chain.

There has been a shift from traditional business relationships to value chain relationships premised on extensive information sharing, focused on value/quality differentiated products, interdependency and chain optimisation.

Typical intervention areas for value chain development include: improved logistics and supply chain management; reorganization to reduce intermediaries and related transaction costs; business models with embedded services to overcome market failures; coordination for branding, labelling and certification of differentiated products. The Supply Chain of Agricultural product in Thailand was given as an example of a better organized and coordinated value chain. Produce is supplied from farms direct to SWIFT company Pack houses thereby eliminating a host of middlemen and minimizing waste in the value chain. SWIFT's zone agronomists conduct regular audits of member's farms, in addition to independent audits by agronomists from Head office. Farmers are trained and certified in organic farm practices.

Other value chains discussed in the presentation were the banana supply chain in West Java, Indonesia and the Cassava Value Chain in Ghana. In Ghana large scale farmers have expanded into primary or wet processing. They supply established processors who can now focus on secondary or dry processing.

What Really Makes a Difference?

Value chain linkages give farmers access to new markets and prices that reward value and quality. Large firms reach out to small and medium size suppliers and help develop their capabilities resulting in improved capacity to deliver on quality, quantity and on time. Farmers plan their production based on market requirements. Coordination and joint action assist in overcoming diseconomies of scale and improve logistics.

Alignment of vision results in high levels of cooperation, trust and commitment premised on contractual relationships which are mutually beneficial rather than adversarial.

Conclusion

Farmer organizations have a critical role as partners, intermediaries, capacity builders and service providers in the development of modern, efficient value chains.

1.4 Prof. Andre Louw -Chair in Agribusiness Management, University of Pretoria

Requirements for Southern African Farmers to be Sustainable Suppliers in Modern Value Chains - A Private Sector and Agribusiness Perspective

Introduction

Most Sub Saharan African (SSA) countries are predominantly agriculture based. Small scale farmers have challenges in adapting to rapid changes in national and regional agri-food markets and they therefore prefer informal markets. The purpose of the presentation was to discuss the state of the agribusiness sector in Southern Africa and to explore the role of producer organizations in linking FOS to the dynamic markets. The presentation further evaluated evidence of how business models can succeed in securing the inclusion of FOS.

Problem Statement

SSF lack economies of scale, physical, financial and technical capacity against a background of increased requirements from suppliers on volume, consistency, quality, costs and commercial practices. To support SSF to become reliable and profit-making suppliers of agricultural produce, collective action through cooperatives and farmer organisations is a key success factor.

Agribusinesses

Agribusiness is defined as all market and private business-oriented entities involved directly or indirectly in the production, storage as well as distribution and processing of agro-based products; in the supply of production inputs; and in the provision of services, such as extension, research, etc. Agribusinesses including agri-food supply chains have become highly concentrated, buyer driven and integrated. There has been substantial increase of large retailers in the agribusiness supply chain in the Southern African region by the emergence of specialist packaging houses for fresh produce.

Drivers of change in Southern Africa's agri-food systems include: market liberalisation; regional integration; privatisation; new players e.g. RSA since 1994; etc. Key agribusiness players in SSA include SASOL, Tiger Brands & Cevital, SAB Miller, Shoprite Holdings, etc.

Smallholder Farmers and Current Challenges

SSF are best described as farmers living at subsistence level with limited access to domestic or international markets or the physical and human assets to compete successfully in market production. SSF often have land ownership issues and plots of land are too small to achieve high productivity. The farms tend to be widely scattered and often remote from centralized collection facilities**.** Some SSF are taking part in dynamic global agri-food markets while some risk exclusion.

Smallholder farmers face many challenges that include: high transaction costs and higher risks; traceability, packaging and bar coding; SSF are perceived to be less reliable in honouring trading agreements; lack of infrastructure, capital, information and knowledge; etc.

Marketing Strategies for Smallholder Farmers in SADC

Factors that enhance SSF comparative advantage in terms of quality, innovation, costs and farm management include: scarcity of alternative suppliers, due to the characteristics of the product; shortage of land for large-scale production; demand in more remote areas away from main distribution channels; etc

To successfully participate in markets SSF should ensure: productivity and efficient use of high quality inputs; matching volumes to requirements of markets and agribusiness firms; adding value through post-harvest handling and primary processing; product quality, consistency and safety etc.

SSF could be linked to markets through out-grower contracting arrangements with firms that buy their produce. Through these schemes farmers can access credit, managerial oversight and technical advice. A supportive public policy is very important to linking farmers to modern markets.

Role of Producer Organisations in Agricultural Development

Producer Organisations (POs) serve as a voice of farmers and their roles include: distribution of agricultural inputs and intermediates such as seed, fertiliser, fuel and repair services; provide credit and extension services and handle a large percentage of their members' produce. PO's could be Farmers' Associations, Federations and Unions; Agricultural Cooperatives owned and controlled by their members; etc.

Challenges confronting PO's sustainability are lack of effective governance structures which is further compounded by the fact that property rights are often not clearly defined.

Critical success factors of PO's include: group cohesiveness involvement in day-to-day activities; benefits should outweigh the costs of compliance with collective rules and shared equally; homogenous cooperatives are likely to succeed compared to heterogeneous; good leadership and management skills.

Conclusions

At national level, government, donors, NGOs and private sector could establish market linkage coordinating mechanisms in support of SSF. It is important for governments to build policies and make investments that prepare farmers and retailers to face the challenges so as to meet the requirements of the modernized food markets. Institutional options, such as farmer-controlled enterprises and private out-grower schemes that have emerged should be supported.

1.5 Discussion points/matters arising from the presentations

The main issues and observations from the presentations above that were discussed are as follows:

- The All ACP Agricultural Commodities Programme is not being implemented in the field and is therefore not a project. The programme has a small budget especially when one considers the number of countries that are involved.
- Business models for service imbedded in the value chain include the following: technical advice-sort and grade and how to pack, provision of inputs, business service etc.
- Value chain analysis goes through the entire process; the farmer must know the end customer so that he can supply according to the specification.
- Certification is a way for the small scale holder farmers to meet the standards and this is often achievable if they are working in groups.
- On how FOs can balance their role so that they do not crowd out the private sector without distorting the market; it was noted that FOs are membership based and must in the first instance ensure that they are delivering service that benefits their members. There is often an assumption that the private sector is always in the lead in underdeveloped countries yet in some instances the private sector might not be interested to participate in a value chain and in such cases the FOs can be involved in the establishment of the VC and might also play a catalytic role in attracting the private sector to invest where there is no infrastructure.
- In terms of how markets are being reorganised and whether VCs are not an indiscrete channel for conglomerates to dominate and exploit the SSF, it was noted that an analysis of the VC must be performed, out of which they will be clarity of the

value addition. Re-organisation of the markets was not always possible, the example of the horticulture chain in Ghana was discussed where it was found that it is extremely difficult to reorganise the market because of entrenched interests. The issue of concentration is important in the context of global trade, retail chains in Europe and America want to deal with few players but the most important aspect is to make sure that there is transparency and fairness one must therefore keep an eye on the big players. FOs can play the role of ensuring that the interests of their members are well looked after in the VCs.

- There is huge potential in the horticultural sector in the local and regional market and to support this, participants cited examples or various models on contract farming and agro schemes that are being run successfully.
- It was noted that new generation Cooperatives are able to attract the right profile of members.
- On coordinating linkages and whether there were good examples in the region; it was pointed out that there is a need for alignment between producer organisations and that stakeholders have individual agendas it is therefore important to establish where they are aligned and build on the areas where there is misalignment. An example was given of Zambia where the players have come together instead of looking at each other as competitors. Small scale farmers have been successfully linked to a milling firm. The private sector through the Zambia Business Forum is now presenting a common position on cross cutting issues. Trust and relationships are important as one moves ahead; governments typically want to divide and conquer.
- As FOs it is important to do things differently and organisations should begin to think more strategically. One needs to understand the world from a broad political, social and economic perspective and be able to gather, process and disseminate strategic information. Organisations need to be alive. Many FOs are not active, leadership is not embracing change. Problems are within organisations. FOs must know the markets, organise producers; an example of the Kenyan Flamingo VC was given which showed how FOs can intervene successfully.
- The power of large supermarket chains and how it can be regulated as well as the role of donors in the value chain was discussed and the following issues were noted: The SA Wine industry is a good example of how stakeholders have come together to counter the power and influence of large supermarkets and to do this the industry has come up with strategies to respond to the global challenges. In general SSF as individuals do not have leverage and must therefore work collectively, FOs are critical in facilitating collective actions. It was noted that, large well established supermarkets are competing against one another and therefore SSF through their FOs must take advantage of this point. A number of international players have established procurement policies that seek to promote fair play while at the same time standards have been developed to ensure that new suppliers provide goods that meet the quality and safety standards of consumers.
- As for the role that donors can play it was noted that they should analyse the VC and should deploy resources to support critical activities including facilitating dialogue, mentoring and capacity building of the stakeholders. More attention is being paid

beyond the farm gate. Donors are looking at what is fair. Organisation like FAO are focussing at the link between the producer and the buyer

- A survey conducted in 80 countries revealed that FOS were confronted with the same issues. FOs in SSA are weak and lack capacity to influence policy. In South Africa it was noted that FOS have failed to implement the strategy and that there is a general reluctance of the farmer groups to work together and they are still fragmented and not working in one direction.

1.6 What are Farmers' Organisations doing to help their members participate in agriculture value chains?

During this session, each one of the Farmer Organisations gave a brief presentation of the activities that they are involved in support of their members' participation in value chains.

a. Zambia National Farmers Union (ZNFU)

i. Given the challenges that SSF were confronted with in Zambia such as, lack of extension services, poor rural infrastructure, lack of up to-date market information; ZNFU in collaboration with SHEMP-ADC and USAID-PROFIT established ZNFU 4455 project to enable the farmers to know who is in the market to buy their products as well as establish the prices of their commodities using the cell phone.

ii. So far ZNFU 4455 has 14 commodities and is SMS driven and is also internet based. There are a total of 94 active traders on a monthly basis. The main challenge is on the issue of sustainability. ZNFU has established a relationship with banks like ZANACO for loan facilities for farmers to procure inputs.

iii. The ZNFU model has been crafted under SAFEX and such a scheme works in terms of providing information. The service is not restricted to members. Members have a lower charge for their sms and it has helped the aged through the introduction of a user friendly technology.

iv. Through the project, ZNFU has realised an increase in membership.

b. Seychelles Farmers Association (SeyFA)

To support SSF in the agriculture value chain the Seychelles Farmers Association has assisted in the establishment of the Seychelles Farmers Marketing Cooperative and the Seychelles Livestock Cooperative. The Marketing Cooperative was formed to address the following challenges: access to farm inputs, sustainable agricultural production, marketing and post harvesting systems. Main areas of focus for the Seychelles Farmers Association are as follows:

- Strengthening organizational and institutional development.
- Improving agricultural marketing systems.
- Enhancing National Food security.
- Promoting natural resources management and sustainable development

c. Zimbabwe Farmers Union (ZFU)

The Zimbabwe Farmers Union's intervention in the value chain has entailed the following:

i. Establishment and usage of study circles to promote information sharing and exchange of knowledge.
ii. The Union project involves all the three major arms of the Union and has come up with three key areas of focus: Input, Production and Distribution.
iii. Stakeholders in all the three areas have been identified.

d. Federation Chretienne des Paysans Malagasy (FEKRITAMA)

Two aspects highlighting FEKRITAMA's support of SSF in the value chain were presented

i. The main objective is to contribute to food security in order to increase revenue. FEKRITAMA has selected eight commodities to help producers to have access to some funding so as to improve the quality of products. In addition SSF are being provided with technical assistance on the marketing of their products. The project seeks to develop the farmers' entrepreneurial attributes and to promote a gender sensitive approach as well as promoting good governance. FEKRITAMA is also monitoring the supply and demand situation.
ii. A dialogue platform called CPM-Coalition Madagascar has been established in the country and FEKRITAMA is a member. CPM seeks to be an agent of development and the main mission is to develop lobbying strategies to improve the conditions at the farm level. The platform goes beyond just the farmers and involves other stakeholders and acts directly in the way of policy. The objective is to inform people about the agriculture environment.

e. National Small Scale Farmers Association of Malawi (NASFAM)

In support of SSF's involvement in the agriculture value chain, NASFAM response is as follows:

i. Agriculture has been organised on two levels-estate sector and the small holder sector.
ii. NASFAM has created a department which looks at commercial programmes such as crop marketing, input marketing and tobacco sales.
iii. In addition the association helps out with capacity building.

f. Swaziland National Agricultural Union (SNAU)

SNAU is in the process of being structured properly and has not yet come up with strategies to assist SSF to effectively participate in agriculture value chains. The Union was formed against the background of chronic water shortages and a general unavailability of farming land. An interim committee is in now place and a constitution is being developed. It is hoped that the Union will be formally launched in January 2009. In the meantime, wide ranging consultations are being held with the various stakeholders throughout the country. The main challenge confronting SSF in Swaziland is the high cost of fuel and agricultural inputs. Monopolies are holding the farmers to ransom. Agriculture Cooperatives and various low level farmers associations exist in the country and the government is providing support, the challenge is to work at a national level and this is what SNAU seeks to do.

g. Lesotho Farmers Union (LFU)

The Lesotho Farmers Union has undertaken and supported the following activities:

i. Lobbying the various farmers associations at district level to come together.
ii. Using the media such as radio to communicate with farmers on how to manage their activities.
iii. Organise farm days where the farmers come together and plan for collective action so that they can have better purchasing power. However, the Union noted that in general farmers tend to want to work independently.

h. Commercial Farmers Union (CFU)

In support of members to participate in the value chain, CFU is doing the following:

i. Ensuring that farmers get their inputs on time and that taxes are favourable.
ii. Deploying extension workers who provide assistance.
iii. Liaising with donors.
iv. Providing information such as: commodity prices, prices of inputs etc.
v. Participating at various international forums and representing the farmers.

i. Agricultural Council of Tanzania (ACT)

A public-private partnership grouping was formed in 2006/7 to address the fertilizer value chain and is known as the Tanzania Fertilizer Partnership (TFP). The Partnership established a Fast Track Project in 5 districts to test the approach. It proved feasible. Tanzania Agriculture Partnership (TAP) was developed to continue with the approach on a wider scale. Main goal and objectives of TAP is to contribute to poverty reduction in rural areas through facilitating access by trained Tanzanian farmers to appropriate inputs, affordable credit, and profitable output value chains. Through the TAP initiative, farmers participate in the value chain in different ways as follows:

- Forming, managing and participating in grassroots based FOs;
- Strengthening the existing FOs for more articulate farmers participation (associations and groups);
- Forming, managing and participating in stakeholders alliance (PPP) at local level; forming networks of farmer oriented rural agro dealers;
- Farmers self learning on agricultural best practices through demo plots; Capacity development of farmer driven agro dealers and their organizations;
- Receiving inputs and applying them in farms appropriately; delivering produce in output marketing system, e.g. through the Warehouse Receipt System;
- Forming, managing and obtaining credit facilities from own financial institutions and
- Liaising with commercial banks to obtain demand driven financial products.

j. Horticulture Council of East and Southern Africa

As a Commodity Organisation the Council is involved in a number of activities to support their members and these include the following:

i. Lobbying and participating in the Economic Partnership Agreements (EPA).
ii. Collaborating with other players in Europe.
iii. Protecting the members' market share.
iv. Working on fruit fly together with SA.
v. Coordinating air freight logistics to reduce costs.
vi. Engaging the EC on SPS to improve capacity in the region.

k. Farmers Union Malawi –FUM

To support its members to participate in the value chain, FUM is doing the following:

- Facilitate Capacity building initiative in value addition by linking farmers with service providers;
- Facilitate capacity building in access to markets through;
  - Linking farmers to markets-Subsidy IP & Fair trade;
  - Linking farmers to Microfinance- Maize plus Legume Credit facility with OIBM;
  - Facilitate farmers Participation to the Agricultural Trade Fair;
  - Facilitate access to production and marketing information through specific for a-pre AGM sessions & farmer interface buyer meetings;
  - Lobby for conducive production & marketing policy-ADMARC directive;
  - Lobby for position in key strategic policy decision making structures.
  - Part of the EPA team representing the farmers.

l. Agri SA

AGRI SA believes that farmers must be involved in the value chain. The Union has three arms and these are: The General Affairs Chamber with 1000 member association- they represent primary producers, the Agriculture Business Chamber (banks, seed companies and petroleum companies- inputs) and the Commodities Chamber-which is involved in value chains. According to AGRISA, the major challenge is to get the members to be involved in the various Chambers. AGRISA has realised major outflow of investments in a number of commodities. The Agri Business Chamber has led the outflow. In most instances, leadership usually comes out of the General Affairs Chamber. The current challenging times have created a different paradigm. AGRISA notes the need to establish a network with contacts and information as it regards information as very important.

m. National African Farmers Union (NAFU-SA)

NAFU-SA is supporting their members in the following manner:

i. Lobbying and advocacy for the farmers.
ii. Facilitating access to information through AGRITV, quarterly magazines, organising excursions and workshops.
iii. Facilitating access to resources e.g. land and finance.
iv. Mobilising farmers to form commodity groups and cooperatives.
v. Creating and updating a database of various farm activities.

n. Southern African Confederation of Agricultural Unions (SACAU)

Participation of FOs in the value chain is an area that has been identified by the Annual General Meeting (AGM) as a priority and coupled with this is the fact that governance of value chain is important. As the apex body representing FOs in the region, SACAU has been involved in various activities including the following:

i. Resources have been secured under a project entitled “Fair deal on cotton.” SACAU is working closely with the cotton association of Zambia and intends to work in Malawi and Zimbabwe.
ii. SACAU has conducted a value chain analysis in Madagascar on the rice sector as well in Malawi in the livestock sector.
iii. In addition, SACAU is undertaking a project to assist members to participate in a number of international forums, as well as facilitating various country processes in standards and is also participating in extension services.
iv. The workshop is part of the whole process of building the capacity of FOs.

2. Day Two-Lessons on Successful Farmer Participation in Value Chains

2.1 Diversification/Productivity and Value Addition by Joshua Varela- General Manager NASFAM

The presentation gave some background information about NASFAM and its commercial wing the NASFAM Development Corporation which was established in 2002 whose main objective is to provide commercial services to the farmers. This was NASFAM's response to the issue of strengthening the capacity of SSF to effectively participate in VC. Profits made by the commercial section are ploughed back to benefit the farmers. On the commercial area, three programmes have been developed and are being implemented and these are: crop marketing and value chain addition, input marketing and tobacco operations. While on the development side, the following programmes have been developed: training and capacity building, crop production, business and institutional development, community development programme, monitoring and evaluation, information and communications, policy and programmes. NASFAM is conducting a farmer to farmer training programme where farmers are training other farmers and providing mentorship. The programme is very successful and has resulted in improved productivity. In addition the organisation is involved in construction of offices, feeder roads in order to improve access to facilities for their members, marketing centres and warehouses. The construction projects are being undertaken jointly with various donors.

NASFAM is resuscitating the peanut value chain after overcoming the problem of aflatoxin. The organisation assisted in the procurement of seed to promote the development of the value chain. Peanut butter is being used as a base for treatment of HIV/AIDS. Traceability of products to the farm is an issue that NASFAM has been working on closely with the SSF.

NASFAM has engaged Fair Trade to help with the development of the overseas market, however, there are challenges related to the cost structure which are a burden to the organisation.

NASFAM has developed a strong linkage with research institutions in Malawi that have been developing other varieties of peanut seed. Beyond this, the organisation is also working on tobacco through the support of an EU funded programme called FIDIP. The presentation highlighted the broader picture on the different roles that FOs can play to make sure that you don't end up with conflict of interest. NASFAM has separated the development and commercial divisions. NASFAM recognised that you cannot add value to everything but should focus on areas of specialisation and to this regard they are looking for joint venture partners.

Lessons learnt in the development of the peanut value chain are as follows:

- Know your customer and the consumption pattern of products
- Focus on SSF that are serious.
- Establish a strong mechanism to ensure that farmers pay back any loans or inputs that they are provided in advance and SSF are not involved in side marketing.
- Define structure and define areas of responsibility.
- Link with research institutions to address productivity.
- Build networks with other players such as donors and the private sector.
- Address the issue of inputs.
- Work on image-standards. Knowledge to be developed on global standards. Work with bureau of standards to get international accreditation.

2.2 Collective Action and Alliances by Joseph Nkole-National Coordinator Cotton Association of Zambia

Case Study: Cotton in Zambia and CAZ Involvement Representing Producers in Collective Actions.

The Cotton Association of Zambia (CAZ) is a membership based organization which was formed in the year 2005 by Smallholder Cotton Farmers to address concerns of the members in the cotton sector. The Association was formed based on the Cotton Act (1999) and the Agricultural Credit Act which provides for the formation of the Cotton Association of Zambia and its funding through the Cotton Board.

It is estimated that the cotton sector has about 300,000 smallholder cotton farmers; however the number of producers varies from one season to another. The majority of the smallholder farmers cultivate an average of one hectare and are the backbone of the cotton sector. Cotton is predominantly produced by smallholder farmers and is a major foreign exchange earner for the country. In Zambia the cotton sector currently supports about 2.4 million people. The inputs to these farmers are provided by the ginners/promoters in form of out-grower scheme loans on terms and conditions prescribed by the promoters.

The organization is based on grassroots membership and democratic structures and is non-partisan. CAZ is professionally managed and is practically result-oriented in the areas of lobbying and service delivery to farmers. The Association promotes gender equality and HIV/AIDS awareness and mitigation measures among its membership.

CAZ has a Council drawn from Cotton Representatives from the various Cotton Associations and meets twice a year to approve and review the planned activities in addition to the Annual General Meeting. CAZ Secretariat headed by a National Coordinator is responsible for the day to day running of the Association and develops the work plans and budgets in consultation with the membership and other key stakeholders. CAZ Executive Committee meets once per quarter. It acts on behalf of the Council and supervises the Secretariat. The Cotton Association of Zambia being a membership based organization implements its activities through organized smallholder cotton farmer groups. The smaller unit of these farmer groups is based at an Information Centre under the Zambia National Farmers' Union (ZNFU) structure.

CAZ negotiates on behalf of producers with out grower companies with regard to: production contracts, input supply packages, pre-planting prices based on market fundamentals, input prices and payment terms. Coordinates and facilitates improved extension service delivery to cotton farmers by relevant service providers. The Association also lobbies the government with regard to specific issues affecting the industry. CAZ assists in building capacity of existing smallholder cotton farmer groups and facilitate the formation of new ones where necessary. It continuously engages the out-grower schemes and provides a conduit for dissemination of practical research, extension and policy information to cotton growers.

The presentation also covered a number of collective actions undertaken by the cotton farmers of Zambia in support of the development of the cotton industry that include training, farmer recruitment campaigns, visits to ginneries, promotion of conservation of agriculture, etc. The farmers have also entered into alliances with ginners that facilitate mutually supportive actions.

2.3 Business and Financial Services by Ms. Siobhan Kelly

Areas covered by the presentation were Globalisation & Agriculture, “New Agriculture” and Rural Finance, and Innovations in Rural Finance.

Globalisation has resulted in increased international flows of information, goods, financial capital, technology, ideas, people and a realignment of the roles of the Private sector, the State and the Civil Society. Technological and institutional innovations have also emerged in support of “New Agriculture”.

The presentation highlighted the under investment in Agriculture resulting from the gradual decline in lending to Agriculture from 31% of total lending between 1979-81 to less than 10 percent in 2001. Decline attributed partly to disappointment with large agricultural and other WB rural finance projects. Rural Finance is part of the financial system and should fit and follow the norms of international and national financial markets. Agricultural production in rural areas is primarily financed from personal savings, associations and other actors within the value chain through inputs credit schemes and contract farming arrangements.

Rural finance has in the past been characterized by subsidized credit, poor performance by state owned banks, low repayment rates, donor disengagement. This has necessitated the need for a shift in financial systems development to attract private sector involvement.

There are many factors that make formal finance too costly and risky for deployment into rural areas. Smallholder farmers face risks related to production, price, market and asset. There are a number of instruments that farmers could use to mitigate these risks but in many countries around the world rural financial markets are thin and lacking many of these instruments.

New innovative rural finance products, partnerships and associations with suppliers, buyers and financial institutions have been designed to lower risks and production costs. Inventory Credit in Niger, Index- based Micro insurance in India and the Integrated Information-Finance-Market model in Kenya were given as examples of the new innovative rural finance models.

Inventory credit involves storing agricultural produce with a view to obtain higher prices when the market price rises. In the interim the farmer uses the stock of produce as a real guarantee for short term credit. It is a short term solution, but does not address all the problems of limited access to credit by farmers.

Index based insurance uses observable and measurable triggers as proxy for loss and there is no on-farm verification of losses for benefit pay-outs.

The Integrated information–finance-market is driven by Drum net which is a bridging mechanism to facilitate interaction between buyers, sellers and financiers to add value to their business transactions through a cashless micro-credit program.

“New Agriculture” is transforming demand for rural financial services as evidenced by the emergency of new products, partnerships and delivery mechanisms. Building sustainable partnerships, developing enabling environments and capacity building remain a major challenge.

2.4 Producer Market Linkages by B. Sandamu- Chief Executive Officer, Horticultural Promotion Council, Zimbabwe

Horticultural Production for Export, Lessons from Zimbabwe

Horticulture is the science or art of cultivating fruits, vegetables, flowers or ornamental plants. In the 80’s, farmers in Zimbabwe looked for alternative crops in order to diversify. Some farmers embarked on the production of flowers, and vegetables for the export market. There was no legislative control in terms of production and marketing hence it was therefore attractive.

Horticultural Promotion Council (HPC) was established in 1986 to group together, promote and represent the interests of horticultural producers and exporters. It became the 3rd largest foreign exchange earner after tobacco and cotton. Exports grew from US$3.6 million in 1986 to US$142.7 million in 1999 representing a growth of over 20% per annum.

The HPC promotes all aspects of horticultural production, marketing and export. It creates awareness of opportunities and requirements of the export market. The HPC is also responsible for advocating and lobbying for an enabling environment. Provides advisory services and disseminates for regulatory and market information.

The European Union remains the most valuable market because of preferences to ACP countries. EU is the biggest importer of fruits and vegetables accounting for 25% of world trade worth US$60 billion. The EU imports 3.3 million tonnes of bananas, 1.9 million tonnes citrus fruits, 1 million tonnes apples, 0.3 million tonnes grapes and pineapples each.

The Food retailing chains have moved from competition based on price to other factors. Quality, presentation, diversity, availability, convenience, information content, “greenness”, ethics and excitement are now a pre-requisite. There is pressure on suppliers to enhance quality, offer year-round supply on a consistent basis, expand product offerings, improve packaging, certify production conditions, and offer traceability. In recent years, global networks and supply chains have been responding accordingly.

HPC encourages best practices and production techniques. The primary goals being; maintaining consumer confidence, minimising environmental impact, employing fewer agro-chemicals, acting responsibly towards workers, product origin and traceability, record keeping and internal self inspection.

There are barriers to inclusion of smallholders farmers due to low level of technical ability and lack of information. Contract farming/out grower schemes have brought about a major shift in smallholders supply capacity. Key strategic considerations on exports include: knowledge of market, tariff and non-tariff barriers, product preferences and end usage, efficient distribution system.

Summary of contributing factors to success of horticultural exports from Zimbabwe include: Willingness to work together through a producer/exporter group; establishment of an effective representative organisation; provision of forum for increased communication, dialogue and sharing of information; constructive and effective dialogue with government, working with other industrial associations for effective advocacy and lobbying; strong links with financial institutions; launching of HPC Code of Practice; linkage of smallholder farmers with export houses; etc.

The extent to which the horticultural sector can be improved and sustained for the long term will depend on alleviating new constraints being faced by the producers.

2.5 Quality, Safety Standards and Certification by Dr. Stephanie Gallat

The presentation outlined the rationale behind the issue of standards and it was noted that these included the following: safeguarding public health, facilitating trade through product specification and can be used as barriers to trade.

There is a trend where standards are now increasingly set by industry bodies and companies especially retailers unlike in the past where national Governments were the main players in the standards setting arena. The standards that are being set by companies and industry bodies are generally referred to as Private Voluntary Standards (PVS). Retailers are under scrutiny and must comply with global standards.

Horticulture export sector is the most affected by the issue of standards especially given the fact that it is a major contributor to foreign exchange earnings for developing countries and has been subject to market price volatility despite the lucrative prices.

Safety has evolved from product testing to preventative process control, traceability and risk assessment using GAP, GMP and HACCP; it was noted that safety is not a competitive tool or business differentiator. Quality has become a product differentiator and also offers competitive advantage. The presentation cited examples of new generation PVS-SAI Platform as an interesting development. There is however confusion between public regulations and PVS.

The following challenges were highlighted on implementing standards:

- Weak capacity at a national level and local market is under-regulated.
- No incentive for farmers to comply.
- Food safety management has moved towards control of entire supply chain and risk assessment.
- Requirements of GAP, GMP, HACCP.
- Cost of implementation and proving compliance moved up the value chain.
- EU harmonisation.

Going forward, the following issues were raised in conclusion and discussed by the participants and were cited as very important:

1. FOs should build capacity in quality, safety and standards on different levels
    a. National level
    b. Sector level
    c. Farm level
2. The standard requirements should be attained cost-effectively; FOs and SSF must remain vigilant at all times. Standards can only be enforced by capacitating FOs and farmers.
3. FOs should have influence in the standards policy setting body. Inputs need to be regulated in terms of standards for instance in the case of organic products the inputs must be organic.
4. The involvement of the farmer in the standards area is very important and should result in-Knowledge and Information sharing. Promotion of dialogue is another important dimension. Producers must be made aware of the dangers of failing to meet standards.
5. Standards should be harmonised and there must be confidence and trust among the stakeholders.
6. SACAU should regularly conduct an analysis of the Global Gap and should engage Regional Economic Communities such as the East African Community (EAC), Common Market for East and Southern Africa (COMESA) and the Southern Africa Development Community (SADC) to fast track the various regional standards.
7. There is a wrong perception that standards are for exports and this must be corrected. In addition there is an inherent fear that implementation of standards is a costly exercise, yet the Kenyan example given during the presentation shows minimal cost effective investments made at the farm level to meet the standards of the Global Gap.
8. Studies have been done by SACAU on key standards that are impeding exports, the conclusion is that the most important issue is lack of capacity and this capacity is affected by lack of information about the standards.
9. FOs should involve donors to improve capacity in standards especially in terms of infrastructure.

2.6 Johannesburg Fresh Produce Market (JFPM) by Godfrey Leshage-Commission Coordinator (Manager)

The JFPM was established given the following challenges:

- Serious marginalisation of SSF.
- Lack of a meaningful participation of the Previously Disadvantaged Individuals in the agriculture value chain.
- Reluctance of the existing players to accommodate new entrance.

JFPM is involved in the distribution segment of fresh produce. SSF still account for less than 1% of the JFPM turnover while the BEE Market Agents account for only 1.2% of the turnover. To address the participation of SSF, JFPM has come up with a strategy which includes the following:

- Being proactively involved in increasing and creating demand for fresh produce.
- Ensuring that SSF are supported to improve quality and quantity of their output.
- Involving SSF in the distribution of fresh produce from farmer to consumer.

To achieve these strategies, JFPM is undertaking the following activities:

- Establishing a Black Economic Empowerment (BEE) wholesaler
- Retail Partnering
- Establishment of Satellite Distribution Centres (SDC's)
- Establishment of an Entrepreneurship Development Centre (EDC)
- Building institutional Supplies
- Promoting export sales

In conclusion, the following issues were raised:

- Most of the SSF have poor product knowledge, quality and standards. Capacity issues.
- Market potential to take on produce from the FOs.
- JFPM is now intervening at even the farm level.
- Seventy five percent of the local produce is now going through the market while twenty five percent is procured directly.
- FOs are mainly talking about political issues and not supporting farmers in agribusiness.

3. Day Three-What are the priority capacity building needs of local FOs to respond to changing agriculture markets and what are the responsibilities and functions of national farmer organisations in supporting them?

The participants were placed into groups to discuss the critical capacity building needs for local FOs as well as the roles and responsibilities of national farmer unions and commodity organisations in supporting local FOs to integrate into value chains. On completion of the group discussions, presentations were then made in plenary. The presentations for each group are shown below:

Group One

1. Roles & Responsibilities defined				
	Primary	**Provincial**	**National**	**Regional**
Management & Organization	○ Governance – organised forum; representation, constitution ○ Generate data on member ○ participate ○ Participate in technology generation ○ Disseminate knowledge ○ Mobilize resources ○ Facilitate linkages ○ Ensure compliance ○ Information management ○ Access to resources – land, credit, technology ○ Business plan ○ Management skills ○ Technology sharing ○ Collective bargaining ○ Collective lobbying	○ Facilitate access to resources ○ Facilitate capacity building of primary organizations ○ Identifying lobbying issues ○ Coordination role for primary organizations		○ Resource mobilization ○ Advocacy & lobby ○ Representation at international meetings & committees ○ Collective action ○ Raise awareness on emerging global issues ○ Competitiveness ○ Harmonise coordinate ○ Negotiate for standards setting ○ Facilitate capacity building & knowledge sharing for sub-levels
Good Agricultural Practices	○ Compliance ○ Impart knowledge ○ Mobilize resources ○ Facilitate linkages with other players ○ Participate ○ Study groups ○ Production planning & management	○ Facilitate access to resources for primary organizations ○ Research ○ Risk management ○ Facilitate information/ knowledge sharing		

Business Financial Services	○ Access to resources – land, credit, technology ○ Business plan ○ Impart Management skills ○ Access to resources – land, credit, technology ○ Business plan ○ Management skills			
Market Linkages	○ facilitate contract farming ○ bulking production	○ Facilitate collective marketing ○ Ensuring linkages between		
Diversification & Value Addition	○ participate	○ linking & lobbying policy matters with all players involved in the value chain		
Standards & Certification	○ Enforce compliance ○ Disseminate information ○ Participate in development	○ development ○ compliance ○ information dissemination		

2. **Critical Capacity Needs Identified**

	Primary	Provincial	National	Regional
Management & Organization	○ Governance – ○ Managerial skills ○ Technical skills ○ Marketing skill ○ Networking ○ lobbying	○ governance ○ lobbying ○ networking		
Good Agricultural Practices	○ Technical ○ knowledge ○ Production planning & management	○ Risk management ○ Facilitate information/ knowledge sharing		
Business Financial Services	○ Access to resources – land, credit, technology ○ Business plan ○ Impart Management skills ○ Access to resources – land, credit, technology ○ Business plan ○ Management skills ○			
Market Linkages	○ facilitate contract farming ○ bulking production	○ Facilitate collective marketing ○ Ensuring linkages between		
Diversification & Value Addition	○ participate	○ linking & lobbying policy matters with all players involved in the value chain		
Standards & Certification	○ Enforce compliance ○ Disseminate information ○ Participate in development	○ development ○ compliance ○ information dissemination		

Group Two:

	Primary/society commodity/union	District/Provincial commodity/union	National commodity/union	Regional commodity/union
Roles and responsibilities	• Formed mostly by govt, NGOs, Pvt COs • Collective mkting (bulking, assembly) • Collection points, pack houses, storage • Bulk input procurement • Organizing credit facilities • Facilitate extension (F2F), study groups, field demonstratio ns • Governance + mgt + leadership • Value addition/ processing activities • Landing pad for social issues (target audience) • Depends on membership + commissions + service charge • Wholesaling	• Governance + mgt + leadership • technical advisory support (subject matter specialist) • Information dissemination • Lobby for discounts on inputs • External funds dependent • Farmer representation • Mkt business linkages • Value addition and processing (must be key) • Joint partnership (PP)	• Lobbying & advocacy • National, regional + int. representation • Information dissemination • Linkages with donors • National pricing negotiations • Contracting issues • Participation in EPAs &WTO negotiations • Cost of doing business issues • Whole value chain players round table meetings	• Info dissemination (standards, markets, prices, policies) • Technical support on best practices • Networking and sharing on best practices • Regional and global watchdog on trade issues • Studies on regional and national strategies for enhancing competitiveness

	Primary/society commodity/union	District/Provincial commodity/union	National commodity/union	Regional commodity/union
Management and Organization	• Leadership training • Entrepreneurship • Managerial skills 1. Planning 2. Coordination 3. Reviewing 4. Prioritization 5. Fin controls • Good governance 1. Constitution 2. Democratic tenets • Communication skills	• Leadership • Coordination of sub sectors • Skills upgrading • Negotiation and lobbying capacity	• Technical assistance • Policy Analysis • Value chain analysis • Global issues on farmers & value chain players • Strategic planning	Same as national commodity associations + strategic advisory service
Diversification/value addition	• Commodity diversification & technical skills for new products • Marketing skills • Technical skills for post harvest handling	• Processing joint ventures or contract processing • Sharing storage	Lobby capacity for conducive investment climate Zoning of economic clusters	Formation of regional commodity associations Bench marking Block selling
Standards/ Cert.	• Awareness creation • Compliance support • Improving access to mkt demanded inputs and technologies	• Awareness and training on standards • Information dissemination • Standard enforcement	Customisation of stds, inspections	
Business and Financial Services		Contract development	Market brokerage	Industrial fairs, mkt intelligence, trade negotiation's support

Group Three

	Primary/Society	Meso	National	Regional
Management and Organization	Mobilisation, Production, Group Formation, Recruitment, Information, extension (F2F), inputs procurement, reporting, Mobilize local resources, Promote collective action. **Skills: L**eadership, and Mobilization, entrepreneurship,	Advisory, supervisory, monitoring reporting, **Skills:** leadership & supervisory.	Leadership and representation up and down; financial and management planning; lobbying and advocacy for influencing policy; project programme and management **Skills:** Governance, strategic development.	Mobilizing membership; representation on regional and international platforms; Advocacy & lobby, Collective action, Raise awareness on emerging global issues, **Skills**; facilitation and coordination; info management (database development)
Diversification /Value Addition	Alternative Markets, organize grading, packaging and primary processing logistics, Access to inputs and technologies **Skills:** Post-harvest management; logistics and market identification.	Sharing info on new technologies **Skills**: Supervisory; monitoring and evaluations.	Linkages, appraisals and commissioning studies on seed and agro-ecological institutes; **Skills:** Analytical skills; performance management skills.	Research on new diversification opportunity **Skills;** Analytical skills.
Standards/ Cert.	Information on standards. Provide training to members, facilitate certification **Skills:** Recording keeping, communication, mobilization	TA and training on standards, ensuring compliances with standards, info sharing on standards development **Skills:** Standards and certification processes; monitoring skills; training of trainers	Negotiate for standards setting Facilitate capacity building & knowledge sharing. **Skills:** Training of trainers; negotiation skills, lobbying and advocacy (influence standards), policy formulation and analysis.	Standards setting; facilitating inputs into standards setting processing. **Skills:** Database on where to access skills.

Market Linkages	Monitor Member compliance to contracts, information on Markets, Bulking. **Skills:** market info interpretation skills.	Dissemination of market info. Monitoring and compliance **Skills:** Market info interpretation skills	Info dissemination; brokering market linkages; export logistics; contractual arrangement with freight companies; Intelligence on regulatory requirements **Skills:** market intelligence skills and coordination skills.	Organizing regional agriculture industry fairs; Participation at agriculture. Industry fairs. **Regional Skills:** market intelligence skills and coordination skills.
Business and Financial Services	Establish Financial Requirements, Information on business and financial opportunities. Encourage members to honour contractual obligations. **Skills:** Booking keeping and networking	Resource mobilization; Financial auditing and reporting **Skills:** Lobbying and networking; auditing and financial reporting, entrepreneurship.	Resource mobilization; financial auditing and reporting; alliance building and negotiating partnership with commercial banks, government and industry **Skills:** resource mobilization skills; financial reporting skills.	Resource mobilisation from donors; info dissemination on international resources; participation on platform that discuss investment climate. **Skills:** resource mobilization; financial market analysis skills .

Conclusion and final wrap up for Day Three

The participants discussed how the resources that were available through the All ACP Commodities programme which was being managed by FAO could be best utilised. After some intense deliberations, it was resolved that the funds should be allocated to SACAU who would consider priority programmes to support FOs in strengthening their capacity in the agriculture value chain.

4. Day Four-Consolidation of capacity building priorities, roles and responsibilities and final workshop wrap up.

4.1 Capacity building priorities and roles and responsibilities of FOs

The participants merged the inputs from the three groups into one overall submission which is shown below:

	Primary/Society	**Meso**	**National**	**Regional**
Management and Organization	Mobilisation, Production, Group Formation, Recruitment, Information, extension (F2F), inputs procurement, reporting, Governance (bye-laws, manage group dynamics), keep Membership data, technology generation & Dissemination, Mobilize local resources, Promote collective action. **Skills: L**eadership, and Mobilization, entrepreneurship, Management (planning, coordination, prioritization).	Advisory, supervisory, monitoring reporting, Facilitate, regulate, evaluate, info dissemination, technical back-stopping. **Skills:** leadership & supervisory, Governance & coordination.	Leadership and representation up and down; financial and management planning; evaluation at different levels to inform strategic development; lobbying and advocacy for influencing policy; project programme and management. **Skills:** Governance, strategic development; info management (e.g. database development).	Mobilizing membership; representation on regional and international platforms; coordination of members needs and issues; collaboration with members; promotion of best practices identified; monitoring regional policies, Resource mobilization, Advocacy & lobby, Collective action, Raise awareness on emerging global issues. **Skills**; facilitation and coordination; info management (database development).
Diversification /Value Addition	Information on = Alternative crops, GAP, Alternative Markets, organize grading, packaging and primary processing logistics, Access to inputs and technologies. **Skills:** GAP; post-harvest management; logistics (e.g. collection pts, bulking), market identification.	Sharing info on new technologies, provision of extension services, provision of training, primary processing (e.g. coffee, cotton). **Skills**: Supervisory; monitoring and evaluations; GAP; post-harvest management; logistics (e.g. collection; bulking.	Linkages, appraisals and commissioning studies on seed and agro-ecological institutes; R&D Identifying new markets/product differentiation. **Skills:** Analytical skills; performance management skills; lobbying and advocacy skills;	Production research; info dissemination on new technologies; research on new diversification opportunity. **Skills;** Analytical skills; performance management skills; lobbying and advocacy skills.

Standards/ Cert.	Information on standards. Provide training to members, facilitate certification. **Skills:** Recording keeping, communication, mobilization.	TA and training on standards, insuring compliances with standards, info sharing on standards development. **Skills:** Standards and certification processes; monitoring skills; training of trainers.	Setting and customization of standards and info dissemination; monitoring and inspections on compliance; intelligence on regional and cross-border regulatory import/export requirements, o Negotiate for standards setting o Facilitate capacity building & knowledge sharing. **Skills:** Database on skills; Training of trainers; negotiation skills, lobbying and advocacy (influence standards), policy formulation and analysis.	Standards setting; facilitating inputs into standards setting processing; info dissemination; harmonization of regional standards; skills transfer on standards. **Skills:** Database on where to access skills; negotiation skills; policy analysis skills.
Market Linkages	Monitor Member compliance to contracts, information on Markets, Bulking. **Skills:** market info interpretation skills.	Identifying and brokering market linkages; dissemination of market info. Monitoring and compliance. **Skills:** contract development skills; negotiation skills; market info interpretation skills.	Market intelligence on international issues; trade negotiations; info dissemination; brokering market linkages; export logistics; contractual arrangement with freight companies; Intelligence on regulatory requirements **Skills:** market intelligence skills; coordination skills.	Organizing regional agriculture industry fairs; Participation at agriculture. Industry fairs; market intelligence on international market opportunities; training and supporting national FOs in trade negotiations **Regional Skills:** market intelligence skills; coordination skills.
Business and Financial Services	Establish financial requirements, Information on business and financial opportunities, Organise savings mechanisms, procurement of business and financial services, Encourage members to honour contractual obligations. **Skills:** Booking keeping; networking.	Info on financial and business services; brokerage linkages with service providers, Resource mobilization; Financial auditing and reporting **Skills:** lobbying and networking; auditing and financial reporting, entrepreneurship.	Resource mobilization; financial auditing and reporting; alliance building and negotiating partnership with commercial banks, government and industry. **Skills:** resource mobilization skills; financial reporting skills.	Resource mobilisation from donors; info dissemination on international resources; participation on platform that discuss investment climate; advocating financial investment for agriculture at regional; reporting on investment climate in agriculture. **Skills:** Resource mobilization; financial market analysis skills.

4.2 Critical issues for FOs

The workshop considered some critical issues that the FOs must place into perspective to address fully the challenges of supporting SSF's participation in the value chain and the following is a list of the issues:

1. FOs must understand the value chain.
2. Link the farmers to the value chain through the commodity organisations.
3. Appreciate quality, safety & standards.
4. Develop strong relationships and build trust among stakeholders.
5. Search and disseminate information.
6. Build the capacity of FOs and farmers.
7. Monitor the changing global trends-financial, weather, market, energy, political etc.
8. Diversify and increase productivity.
9. Facilitate farmer access to finance.
10. Manage the evolution of roles, responsibilities and structures of FOs.
11. Recognise the different levels of organisational capacities, tradition and experiences and the different needs.
12. Manage the mismatch between expectations of stakeholders (members, donors, govt etc) and the various capacities.
13. Position the FO in the value chain in terms of Who, What, Where in respect of competitive advantage.

4.3 Wrap up of workshop

Finally each organisation reflected on the workshop and gave a brief summary of the next steps as a follow up to the workshop.

Lesotho Farmers Union (LFU)

LFU had gained some good understanding of what the organisation can do in the context of assisting SSF to participate in the agriculture value chain through the presentations and interactions of the workshop. As a very young FO, LFU was thinking differently and wanted to learn from the experience of others and was of the view that exchange visits to other countries would greatly assist in further learning. The role of coordinating small farmers needed to be reflected upon. LFU had acquired a better understanding of the critical issues from the workshop. The organisation made a special request on funding given the needs that they had on capacity building and were in the same situation like Swaziland who required support from SACAU.

Cotton Association of Zambia (CAZ)

CAZ had benefitted through networking and sharing knowledge with other participants at the workshop. The CAZ was compiling a shopping list for key activities which they would like SACAU to consider. The organisation would continue working to address the constraints that SSF were facing and would be running a pilot project on input for farmers as well as developing a database. CAZ requested their priorities to be considered by SACAU and FAO.

Zimbabwe Farmers Union (ZFU)

The workshop had broadened the view about the role ZFU and its membership can play in the value chain. So far, ZFU had been playing the role of managing and organising farmers and had not been involved in safety, standards and quality. ZFU was looking forward to a follow up workshop being organised in the country.

Agricultural Council of Tanzania (ACT)

ACT was a general interest organisation and was mainly involved in general issues such as provision of information, networking, lobbying and advocacy at a national level. Membership includes groups, farmers from local, district, provincial and national levels. Cooperatives and unions are also members. ACT had taken the workshop as a learning moment in terms of capacity building. Information and knowledge gained during the workshop will be reported back and will influence the action of the organisation going forward. The organisation is now aware of the different models of value chains. ACT is keenly following developments on the creation of wider Free Trade Area (FTA) which will cover EAC, COMESA and SADC. Some of the member's products like mushrooms are being marketed in South Africa. Workshop was considered important in that it built synergies among members.

Horticulture Council of East and Southern Africa

Mr Sandamu remarked that he had attended the workshop on behalf of the Head of the Council, Dr Steven Mbigi. Some of the issues covered during the workshop were not exactly new but all the same the Council had learnt new lessons and was happy to share the experience that they have with other participants. The intervention by Governments in agriculture has declined and as a result FOs are now being forced to do more. FOs are now doing work that Governments would have done in the past. The Horticulture Council has been very active at the regional level and the organisation is at a much higher level of capacity and deals with farmers who know what they want but are also very demanding at times.

Swaziland National Agricultural Union (SNAU)

SNAU was very happy to have been invited to participate in the workshop and as new organisation they had benefitted greatly from the presentations and the networking with other FOs. Upon returning home SNAU intended to disseminate information from the workshop and they hoped to build a strong Union with the help of various stakeholders. The organisation will endeavour to more for their members and looked forward to support from SACAU. A request was made that SACAU should consider allocating some financial support to strengthen SNAU out of the funds from the All Africa Commodity Programme.

Zambia National Farmers Union (ZNFU)

ZNFU was reminded of an old meeting in 1968 between the FOs organisation in the then Northern and Southern Rhodesia and remarked that the same issues that were on the agenda are still relevant to this day. The workshop had provided insights on a number of issues and how other players can effectively participate in the agriculture value chain Like other participants, ZNFU had learnt a lot in terms of the role that an FO can play in support of SSFs in the value chain. To avoid agriculture being on the receiving end and also to make the sector more responsive, FOs had to be proactive and forums such as the workshop were to be encouraged. It was important to implement the ideas and concepts that had been shared and discussed during the workshop. FOs must come up with concrete steps to address the critical challenges that are confronting their members and must take advantage of the assistance being offered by various cooperating partners like the FAO. The main issue was on transforming the knowledge and ideas into tangible results. FOs are faced with threats in the rural areas where there are other players that are coming on board. Africa has become poorer over the passage of time and it was important to learn from each other.

Commercial Farmers Union (CFU)

The CFU as one of the founding members of SACAU has seen a lot of positive changes in the approach to tackling problems that are confronting FOs in the region. The workshop was part of SACAU's role of dissemination of information and had also helped in the sharing of information. It was important to continuously keep members informed about value chains and associated developments after which it was up to the members to implement. The main challenge is to start implementing what has been learnt. The workshop had helped in highlighting what needs to be done and it was clear that there is a need of reengineering in order to add value. Value Chain is a way of helping to empower the farmer and can be used as a way of sustaining the FOs. CFU noted that informal networks had been established during the workshop and there had also been a great deal of informal learning. Going forward it was important to take stock to see how the workshop had changed the FOs.

National African Farmers Union (NAFU-SA)

As an organisation, NAFU had gathered a lot of knowledge through attending the workshop. Value Chain is practical intervention of opening up the market for the farmers. The workshop had been an opportunity to network with other FOs. NAFU had secured a weekly order of 10 tonnes for fresh produce from JFPM through networking during the workshop. There was a need for some very simple outputs like the example of creating databases for farmers. NAFU suggested that extension officers should be trained well on how to support emerging farmers through market linkages and some funds should be sourced to support this intervention. The organisation offered to represent other FOs in the region and help them to penetrate the South African market.

Seychelles Farmers Union (SeyFa)

Just like Lesotho and Swaziland, SeyFa was a relatively new organisation that still required further capacity building. SeyFa had benefitted immensely from taking part in the workshop and learnt about current developments in the agriculture value chain. The organisation requested that a special consideration be given by SACAU to see how they can be supported from the funding which will be availed through FAO on the EU-ACP All Africa Commodity Programme.

Madagascar Farmers' Confederation (FEKRITAMA)

FEKRITAMA thanked SACAU for organizing the insightful event. Prior to the workshop the organisation had a vague idea of the needs of farmers in terms of market access, certification, value chain etc...but at the end of the workshop they had acquired tremendous knowledge through the various presentations that were given and through regular interaction with colleagues. They had acquired more information on strategies and models that can allow the organisation not only to position not itself, but also the farmers in the value chain, thus enabling them to improve their production capacity and quality.

FEKRITAMA took the opportunity to present a project that had been designed in order to follow up on and share the information and knowledge acquired during the workshop. Details of the project are at Annex 3 to this report. A request was made for financial assistance from SACAU through the funds that had been availed by FAO to implement the project.

Food and Agriculture Organization of the United Nations

FAO was grateful to SACAU for the partnership and noted that it was through the lobbying in Tanzania that had made the convening of the workshop possible. Gratitude was extended to the FOs for their active engagement and the interventions which were intelligent and eloquent. It was noted that very often people speak past one another at workshops which was not the case as interventions had been building blocks that had enabled participants to take away issues. FAO apologised for the funding issue which appeared to have caused some element of discomfort, the message was clearly heard that the priorities for the FOs have been couched in the strategy that SACAU has and that the information coming out of this strategy can inform the engagement of FAO going forward. However, the intention is to follow up at national level especially in the case of Lesotho, Madagascar and Swaziland.

Southern African Confederation of Agricultural Unions (SACAU)

Finally SACAU thanked all the participants and also thanked FAO for the collaboration and noted that this was the second time to work together and hoped to find areas of common interest. SACAU was courting two potential new members, Swaziland and Lesotho. On the issue of funding which appeared to have raised concern, SACAU noted that its members are very frank and that turbulence often produces the best out of people and was happy that it had been resolved amicably in the final run. The workshop had been very enriching and some good models had been presented which must now be tested. SACAU had already been working on analysing value chains and the outcome of the workshop would further inform this analysis. Members that had not paid their annual fees were encouraged to do so.

Annex 1 Workshop Programme

South African Regional Workshop on

Strengthening the Capacity of Farmers' Organizations to Respond to Changing Agriculture Markets

Day 1:

The purpose: Create a common understanding of the key issues in value chains, the demands of the agribusiness sector and the constraints for farmer participation in modern agriculture markets.

Time	Session
8.30-9.00	1. Registration
9.00-9.30	2. Workshop opening • Welcome remarks – *Ishmael Sunga* Chief Executive Officer, *SACAU* • Opening remarks – *Mr.Lot Malati, FAO, South Africa* • Objectives of the workshop – *Siobhan Kelly, Agri-business Officer, FAO, Rome* • Self introduction of participants • House-keeping – SACAU
9.30-10.30	3. Linking farmers to value chains *Presentation – Dr. Stephanie Gallat, Post-production Systems Officer*, FAO, Rome *Plenary Discussion*
10.30-10.45	Refreshments
10.45-12.30	4. Requirements for farmers to be sustainable suppliers to modern value chains – a private sector and agribusiness perspective *Presentation - Prof. Andre Louw Chair, in Agribusiness Management, University of Pretoria* *Plenary Discussion*
12.30-13.30	Lunch

13.30-15.00	5. What are Farmers' Organisations doing to help their members participate in agriculture value chains? *Brief Statements from FO Representatives*
15.00-15.15	Refreshments
15.15-15.45	6. What are Farmers' Organisations doing to help their members participate in agriculture value chains? continued *Brief Statements from FO Representatives and Other Organizations*
15.45-16.45	7. What needs to change to improve FOs' linkages with value chains? *Plenary Discussion*
16.45-17.00	8. Recap on day and summary of key areas

Day 2:

The purpose: Share learning on the key topics for successful farmer participation in value chains

Time	Session
8.30-9.00	1. Overview of topics for value chains 1.1 Diversification/productivity and value addition 1.2 Collective Action and Alliances 1.3 Producer-market linkages 1.4 Business and financial services 1.5 Quality, safety standards and certification
9.00-10.30	2. Diversification/Productivity and Value Addition *Presentation – NASFAM* *Plenary Discussion*
10.30-10.45	Refreshments
10.45-12.15	3. Collective Action and Alliances *Presentation – CAZ* *Plenary Discussion*
12.15-13.15	Lunch
13.15-14.45	4. Quality, Safety Standards and Certification *Presentation* *Plenary Discussion*
14.45-15.00	Refreshments
15.00-16.30	5. Business and Financial Services *Presentation* *Plenary Discussion*
16.30-17.00	6. Producer-market linkages *Presentation* *Plenary Discussion*
17.00-17.30	Plenary Discussion and recap on day

Day 3:

The purpose: What are the priority capacity building needs of local FOs to respond to changing agriculture markets and what are the responsibilities and functions of national farmer organizations in supporting them.

<table>
<tr><th>Time</th><th>Session</th></tr>
<tr><td>8.30-09.00</td><td>1. Overview of capacity building areas and skills
Plenary session</td></tr>
<tr><td>09.00-10.00</td><td>2. Identify critical capacity building needs for district FOs
Group discussions
<table>
<tr><th></th><th>Priority Capacities required by district FO's</th></tr>
<tr><td>1. Service provision</td><td></td></tr>
<tr><td>2. Professional management and organizational skills</td><td></td></tr>
<tr><td>3. Adding value</td><td></td></tr>
<tr><td>4. Advocacy, representation and negotiation</td><td></td></tr>
</table>
</td></tr>
<tr><td>10.00-10.15</td><td>Refreshments</td></tr>
<tr><td>10.15-11.15

11.15-12.30</td><td>3. Roles and responsibilities of national Farmers Unions and Commodity Organizations in supporting local Farmers Organizations integrate into value chains
<table>
<tr><th></th><th>Farmers Union</th><th>Commodity Organization</th><th>Regional Apex</th></tr>
<tr><td>1. Service provision</td><td></td><td></td><td></td></tr>
<tr><td>2. Professional management and organizational skills</td><td></td><td></td><td></td></tr>
<tr><td>3. Adding value</td><td></td><td></td><td></td></tr>
<tr><td>4. Advocacy, representation and negotiation</td><td></td><td></td><td></td></tr>
</table>

4. Group presentations and plenary on results of group sessions 2 and 3</td></tr>
<tr><td>12.30-13.30</td><td>Lunch</td></tr>
<tr><td>13.30-14.00</td><td>5. Overview of potential ways forward for national follow-up</td></tr>
</table>

14.00-17.00	6. Participants in country teams design proposals for follow-up support

Day 4:

The purpose: Country teams share their action-plan proposals for peer review by participants and FAO staff.

Time	Session
8.30-10.00	1. Groups present proposals for peer review
10.00-11.00	2. Plenary session to discuss the proposal for national follow-up
12:00-13:00	3. Conclusion and workshop closure
13.00-14.00	Lunch

Annex 2 Participants List

Name	Organization	Designation	Contact Details
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Annex 3 FEKRITAMA Post Workshop Follow Up Project

Title of the project: National forum for the access of small producers of "rice" to the market

Context and importance of the project

Small agricultural producers should face the transformation imposed par the market economy:

- access to the market in order to improve agricultural revenues
- grasp the opportunities of the value chains both upstream and downstream
- reduce the cost of production through access to basic agricultural resources among which soil, water, credit, technology, for a better competitiveness
- post-production value chains that could improve revenues (transformation, market)

General objective of the project

Improve small rice producers' revenues through their access to the market

Specific objective

Trigger a process of organizing rice-producers for a better management of the rice industry.

Target groups

National leaders

Regional leaders of the 10 potential regions

Expected results

R1: the leaders Felkritama and CPN at the national and regional level understand the challenges of their tasks in terms of the promotion of small producers' (in the rice industry) access to the market, and are able to mobilize producers at the root level

R2: the main actors in the industry side with small producers in the rice industry for a better economic integration in the latter.

R3: the strategic elements for the drafting of a common action plan between Falkrinam and CPN for the organization and management of the rice industry at the root level. Build capacity on the value chains and lobbying/plea in favor of the needs of small rice-producers for their access to the market. These are the results that have been identified.

Strategies:

- **<u>Organization of a national Forum on the Rice production (FEKRITAMA & CPM)</u>**.
  - The Forum will see the participation of small farmers, FEKRITAMA & CPM national and regional leaders, Ministry of Agriculture, research institute, EU etc.)
  - The Forum will see the participation of roughly 80 delegates
  - It will cost an estimated USD 12 000