



## AGRF 2016 – AGRF SHOWCASE REPORT

Day 4 - Thursday, September 8

11:30am- 13:00pm

Title: Cluster Development to Accelerate Agricultural Transformation

### SESSION BRIEF

**Context:** Providing processing and value addition facilities nearer to the farm gate has increasingly been recognized as a catalytic way to improve the agricultural return on investment for small holder farmers. Establishing these structures as a resource for collection of farmers' produce has also proven to be a cost effective way to provide the storage capacity, technology and infrastructure needed to enable farmer's access to ready markets that offers the best price advantages.

Thus, increasingly African agriculture development stakeholders have been crafting initiatives that work to improve rural infrastructure and to provide shared access to facilities where processing and value addition can take place.

Among those countries pursuing such initiatives, Ethiopia has emerged as one of the fastest growing countries in the world over the past three years and in large part this growth has been spurred by a renewed focus on agricultural transformation. The government of Ethiopia has focused significant attention on attracting foreign direct investment and domestic investment to the agriculture sector as well as expanding access to inputs and mechanization technology to small hold farmers. Another key focus has been developing cluster programs based on a few selected crop value chains to stimulate production and economies of scale that help smallholder farmers tap into structured markets.

#### Key Issues/ Questions:

- Which are the key ingredients for a functional cluster model that benefits the different stakeholders?
- How can government help develop stronger farmer producer groups?
- What are challenges that must be overcome to support farmer supplier development initiatives?
- What is the role of the private sector in support of government aggregation and cluster development programs?

#### Outcome Desired:

- To provide delegates with good practice in regard to developing cluster programs;
- To show farmers and those who work with farmers the transformative impact that is possible through the development of cluster initiatives
- To demonstrate how different service providers can easily be brought on board
- To demonstrate how delivery of services can effectively be done on a win-win basis.

**Organizer:** AGRF Secretariat



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Name	Picture	Discussion
<p>Prof. Nuhu Hatibu, CEO, Kilimo Trust</p> <p>Role: Moderator</p>		<p>In his opening remarks, Prof. Hatibu explained that the development of agricultural sector clusters is about increasing the competitiveness of Africa’s farming industry. Clusters enhance production, forge partnerships, harness innovation and promote efficiency.</p> <p>He noted that he was pleased to have panelists in this session who were from both government and the private sector and as such the delegates will get a well-rounded view of the benefits of clusters.</p>
<p>Mr. Khalid Bomba, CEO, Agricultural Transformation Agency (ATA) Ethiopia</p> <p>Role: Setting the Stage</p>		<p>This session was opened by Mr. Bomba of the Ethiopian ATA who was called upon to set the stage for the discussion to follow. Cluster development, he noted, involved the rapid, sustained and inclusive development of priority agricultural commodity value chains. It is a geographically-focused approach that provides a strategic and commercially viable platform for agricultural transformation.</p> <p>He continued that there are three critical elements and success factors to successfully developing a value chain focused cluster:</p> <ol style="list-style-type: none"> <li>1. Involving the Public and Private Sector: There is need for appropriate platforms and discussion forums to effectively engage all public-private (and civil society) partners – to discuss and align on all issues related to the design and implementation of a cluster program. It is possible to increase the investment of the private sector by creating an enabling environment – but the government must know what the private sector considers that to be.</li> <li>2. Ownership and Governance Structure: Objectives should be aligned at the national level and the commodities to be supported and prioritized. The governance structures and</li> </ol>



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		<p>roles and responsibilities must also be clearly articulated and understood and agreed upon by all stakeholders.</p>
		<p>3. Execution and Programme Management: The implementation of the initiative should be guided by a performance management approach with clear targets. The program management system should have robust decision making and reporting structures. Continuous trainings and monitoring and evaluation are also recommended.</p> <p>Most African countries, he commented, are very good at planning, however, they fail at execution.</p> <p>In explaining the rationale behind clustering, Mr. Bomba also noted that clustering helps increase the incomes of small-holder farmers, improves their access to domestic and International markets, and results in increased agro-processing and value addition which creates additional off-farm employment opportunities. He added that smallholder commercialization is more about specialized production systems organized through the clusters.</p> <p>He continued that ATA is also working to forge linkages with the private sector and noted that various “Value Chain Alliances” have been established to link technical experts and to coordinate stakeholder activities. There is also a National Coordination &amp; Capacity Building Unit that reviews progress and is able to make recommendations about programmatic and policy improvements that may be needed.</p> <p>Structurally, there are Regional Presidents who chair the councils that are established at the Regional levels and the Agricultural Transformation Council, which is chaired by the Prime Minister, provides federal oversight over all of ATA’s activities.</p>
<p><b>Panelists</b></p>		



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<p>Prof. Tekalign Mamo, Senior Director, Agricultural Transformation Agency (ATA) Ethiopia</p>		<p>Prof. Mamo heads the Agricultural Commercialization Clusters (ACC) initiative. He explained that commercialization and the cluster based approach can significantly increase farmers' production and create additional jobs. Clustering in agriculture he continued enhances market economy.</p> <p>While initiatives using the cluster approach have been practiced in many countries, Ethiopia was one of the first to launch the commercialization of cluster delivery.</p> <p>Through a rigorous process of undertaking research and engaging with stakeholders six candidate clusters and commodities were identified and selected as the key sub-sectors for prioritization.  <a href="http://www.ata.gov.et/ta/agricultural-commercialization-clusters-focus-areas/">http://www.ata.gov.et/ta/agricultural-commercialization-clusters-focus-areas/</a></p> <p>Prof. Mamo noted that through the commercialization process the farmers have been able to increase their productivity, incomes and they have also been able to enhance the distribution of improved seeds for future planting seasons.</p>
<p>Hon. Koutou Sommanologo, Minister of Livestock and Water Resources, The Republic of Burkina Faso</p>		<p>Hon. Minister Sommanologo explained to the delegates that in Burkina Faso the government has been pursuing a number of policies strategies that aim to fast-track agricultural transformation.</p> <p>86% of the population rely on agriculture for their livelihoods and so there is a strong government focus on enhancing private-public partnership to support development in the sub-sectors of rice, cow peas, livestock, cotton, vegetables and fruits.</p>
<p>Ms Jennifer Baarn, Deputy CEO, SAGCOT, Tanzania</p>		<p>Ms. Baarn began her contribution to the discussion by introducing the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) as an inclusive, multi-stakeholder partnership (100 stakeholders are participating in the initiative) to rapidly develop the region's agricultural potential.</p> <p>She added that SAGCOT aims to foster inclusive, commercially successful agribusinesses that will benefit the region's small-scale farmers by improving food security, reducing rural poverty and</p>



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		<p>ensuring environmental sustainability. SAGCOT identifies existing and potential project opportunities in infrastructure and agriculture sectors. Six cluster developments have been identified along the southern corridor of Tanzania.</p> <p>Clustering has encouraged the introduction of new innovations and or new approaches to agricultural production and value addition. Clustering within SAGCOT has also strengthened leadership as various value chain stakeholders have stepped to coordinate the small holder farmers with whom they are working. It has also encouraged championing among the off-takers and processors involved in the initiative.</p> <p>Since inception, SAGOT has been able to establish 24 partnerships, and alignment (around quality, deadlines, governance, value chain communication) has been the key to successful clustering.</p>
<p>Mr Prabdeep Bajwa, Regional Business Director, Dupont Pioneer and Crop Protection, Africa</p>		<p>Mr. Bajwa began his comments by pointing out that today Africa has roughly 60% of the world’s uncultivated arable land, a youthful population, sizeable water reserves, a growing economy, and for the most part, political stability. He added that it is also the fastest growing market for farming inputs.</p> <p>He continued that his company, DuPont, is primarily active in the business of selling maize seed. He further noted that Dupont works in partnership with various local stakeholders to find innovative, science-enabled solutions. They seek to take their knowledge from activity in markets around the globe and localize it by working with local partners in both the public and private sectors and harmonizing their strategy with the national agriculture plan. He continued that Ethiopia has become a flagship market for the company’s maize seed adoption program.</p> <p>There, DuPont works with more than 3,000 farmers on a variety of training and development initiatives. 1,500 of the farmers have embraced the use of their improved seeds. It has made a huge difference in Ethiopia. DuPont is keen to ensure that the farmers profit from their work. Where partners are able to link better, both parties benefit.</p>
<p><b>Questions</b></p>	<p><b>Answer/Response</b></p>	



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<p>You mentioned great successes – What are some of the good practices learned?</p>	<p>Challenges – Ethiopia’s economy is government led and centered. The cluster approach, however, is private sector centered (commercialization is key). Without private sector engagement there is no progress. The public sector needs to appreciate what the private sector can do. For those that want immediate returns – Ethiopia is not the place. Transition from a public sector led economy to a private sector driven one is a challenge. The transition might require a 20 year process.</p>
<p>We have worked for three years to develop a platform with a cluster system. In terms of adding Infrastructure – how do we prioritize?</p>	<p>Development of infrastructure begins with understanding and working to support the priorities in the national agricultural plan.</p> <p>Consider the sub-sectors that are very important to the agricultural economy. Prioritize the activities that support those sub-sectors. Focus on infrastructure that has significance to them (roads, slaughter houses, storage facilities, electricity etc.)</p>
<p>Regulatory environment – legislation and the master plans. You can have the idea but it takes time to get the policy in place.</p>	<p>In many places, Institutions suffer from paralysis in their analysis – we need to execute. We realize that there is a need to balance engagement with private sector and actual implementation.</p> <p>Identify the bottlenecks and deal with them.</p>
<p>Uganda has taken the cluster route, and we are doing it by region – geographically. Now – how do we start?</p>	<p>Focus on being market led. What regions offer the farmers a comparative advantage because of their proximity to an easy to access target market? Be a local market (big city) or an export market (close neighboring country).</p> <p>Once you identify the market – get the producers to develop a strategy on how best to supply to that market. That discussion needs to start at the cluster level to the policy maker level. If the discussions have been held at the cluster level – the problems in execution will be minimal.</p>
<p>We would like to know the relationship between the clusters and the traditional agriculture ministry</p>	<p>The role of the government is critical – engagement is at different levels. Interlinked at different levels right down to the local level.</p> <p>The regional government is responsible for execution. MoA works with us to executing the clusters. 90% agriculture – comes from small holder farmers. They produce and provide raw material. Includes job creation for youth</p>



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Is the cluster related to region or?	Clusters are developed around prioritized commodities and thus will have varied geographical considerations.
What are the indicators of a well performing cluster?	A bench mark survey was done at inception and thereafter with each intervention we see the key deliverables as an indicator – and these are evaluated on a regular basis.
<p><b>Summary</b></p> <p>The discussions in this session provided a good overview of what a cluster is and how you involve the private sector and the government. There is huge potential in establishing cluster systems for transformation.</p>	