



## AGRF 2016 – PRE - EVENT REPORT

Day 3 - Wednesday, September 7

9:30am- 12:30pm

Symposium 1: Accessing New Global, Regional, and National Markets

### SESSION BRIEF

**Context:** The African continent currently represents a \$300 billion food market and is projected to grow to \$1.0 trillion by 2030. At the same time, the continent's import bill continues to grow and is currently at \$30-40 billion a year. With around 70% of the population engaged in agriculture and over 80% of those smallholder farmers, targeted investments – public and private - would help Africa provide for its own markets and potentially become a net agricultural exporter to the rest of the world. This would, in turn, further the development of tertiary sector services like transport, distribution, processing, banking, telecommunication and others.

Seizing the moment entails more trade overall and more trade and market access for smallholders, in particular. In line with CAADP's Malabo Declaration and COMESA's vision to build an internationally competitive regional African economic community, trade is universally recognized as the primary driver for economic and social growth and goes hand in hand to secure agricultural transformation. A range of policy and partnership factors constrain the true unlocking of this potential. The Patient Procurement Platform (PPP) which is composed of value chain actors from smallholder farmer groups and cooperatives, input suppliers, off-takers, finance and NGOs is one such leading example of a partnership based approach to address these issues.

#### Session objectives:

The objective of this session was:

- To offer an opportunity for stakeholders of initiatives like the PPP to forge relationships with national actors across the value chain and to align with national priorities and serve as vehicles for agricultural transformation;
- To afford participants from committed stakeholders in Africa to engage with interested stakeholders from Asia to develop a shared vision in the first half while in the second half of the session an action plan would be discussed.

#### Key Issues/ Questions:

- How can more produce be sourced from Africa's smallholder farmers – who form the majority of producers in Africa while consisting of a minority of the commercial / institutional sales – across multiple value chains in an inclusive and sustainable way?



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- What are the various issues that constrain the creation of attractive smallholder markets and what are the key partnerships / initiatives required and who are the lead actors who take ownership in taking these forward in a cohesive manner?

### Outcome Desired:

- Commitment of Leadership to enhance and deepen the opportunity of global, regional and local trade to seize the moment for African agriculture and improve the business case for both smallholder producers and private sector stakeholder; and
- Consensus to support integrated interventions in new value chains in Africa to improve agricultural productivity, supply chains and trade policies through identification of key collective actions.

**Organizers** UN World Food Program and COMESA ACTESA

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Name	Picture	Discussion
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**SESSION 1**

Dr. Stephen Were Omamo, WFP, Director  
  
Role: Moderator



Mr. Stephen Were Omamo, WFP Director moderated the first part of the symposium and opened the session by thanking the audience for choosing to come and participate in the discussion. He explained further that the program would focus on: 1) how purchasing from small holder farmers can help lead to economic growth and transformation, 2) how there still remain policy constraints to increased procurement that need to be addressed, and 3) there are “low hanging fruit/ quick wins that can be pursued to begin to make an input now. As he closed his remarks he called on the Executive Director of WFP to deliver the keynote address



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Ms. Ertharin Cousin,  
Executive Director,  
WFP

Role: Keynote Speaker



Ms. Cousin opened up the discussion by providing an overview of the organization that she heads, the United Nation's World Food Program.

As a humanitarian aid institution, the goal of WFP is to help save lives and to change lives. WFP's work in the agriculture space supports smallholder farmers by providing capacity building opportunities through training, and market access. The Purchase for Progress program (P4P), which seeks to procure a portion of the millions of tons of food that WFP buys annually from local suppliers locally, helps to increase the income of women farmers in the program and gives them a steady source of income - and a growing economic voice.

However, no organization can succeed in addressing all the problems of smallholder farmers alone, so WFP works in collaboration with the Food and Agriculture Organization (FAO), the International Fund for Agriculture Development (IFAD), the International Finance Institutions (IFIs), and various Non-Governmental Organizations (NGOs) in order to bring about agriculture development and transformation. Governments work towards ensuring reliable markets and WFP contributes to the process by using its convening and purchasing power to catalyze the right players.

WFP is this mainstreaming the P4P program by allocating 10% of its procurement to it. This is a \$ 120 million budget per year to buy from small farmers most of whom are women. WFP is now looking at going further on the transformation path by seeking means to address other challenges faced by its new suppliers: a) such as access to affordable insurance, b) access to quality seeds, and c) access to irrigation schemes. It is looking to help develop market-based solutions for the production systems and to secure additional benefits from patient procurement platforms and patient capital.

In this endeavor, WFP is partnering with several organizations, including: AGRA, the World Bank's International Finance Corporation, Syngenta, YARA and others. These partners are



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		<p>committed to investing for the long haul. Commercial banks are also showing interest and buyers have been identified.</p> <p>How do we make a difference for all the farmers to help them move from subsistence farming to commercial farming, she asked? The answer is in the policy environment. Government needs to adopt policy reforms that contribute to promote reliable markets.</p> <p>A number of initiatives have been developed to help smallholder farmers. The creation of farmers’ cooperatives gives them a common voice and increases their bargaining power and also gives them the opportunity to strategize together and to increase both their purchasing power (inputs) and selling power (negotiating prices). Warehouse receipt systems have also been established in order to capture the market when it is opportune. Contract farming guarantees buyers for the farmers’ produce. Commodities exchanges will also be developed – and have already been developed in places like Ethiopia and South Africa.</p> <p>Farmers face several challenges including the lack of infrastructure in the entire value chains, substantive post-harvest loss that can go up to 40% as the lack of storage facilities puts a huge burden on small holder farmers as they have to sell their products fast and often below market prices or risk it spoiling in their care. Unfair practices in the markets where buyers know that sellers do not have accurate price information allow traders to also take advantage of the farmers.</p> <p>In her closing remarks the WFP Executive Director further focused on the need to bring sustainable intervention to bear and stressed that WFP was called to facilitate change not lead. We need to use the data revolution to improve access to financing, to work in Africa to overcome the infrastructure deficit, to build on the policy environment, and use the power of partnership to obtain patient procurement. In partnering with DFID and USAID and the others we recognize that it is possible to cooperate for the benefit of smallholder farmers.</p>
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<b>Panelists</b>		
<p>Hon. Charles John Tizeba, Minister for Agriculture Livestock and Fisheries, Tanzania</p>		<p>Minister used his opportunity to speak to the delegates to point out that government has the responsibility to safeguard the interests of both traders and farmers.</p> <p>Farmers do not have adequate market intelligence, hence the need to regulate crops by providing indicative prices. At the regional level government level in Tanzania, they are working towards the establishment of common markets in order to bring regional growth.</p> <p>While he acknowledged that some countries ban export of food to neighboring countries when there is shortage of food in some parts of their countries he advocated for the respect of regional protocols as these prohibit bans.</p>
<p>Ms. Dorothy Ng'ambi Tembo, Deputy Executive Director, International Trade Centre</p>		<p>Ms. Ng'ambi noted that seventy percent of her organization's activities take place in Africa and focus on building a conducive environment for trade and designing policies that address trade barriers, including non-tariffs barriers.</p> <p>There are existing measures in the area of standards in different categories and constituencies. All these serve one purpose, to reduce the cost of doing business. Other areas in which the ITC is actively involved include cross-border trade facilitation particularly for women who are the majority of informal cross-border traders and face many challenges. As women, they are vulnerable to extortion, verbal and physical harassment and even assault. ITC works to protect them and engages in strategic partnerships toward the process of developing sustainable trade.</p> <p>Small farmers have difficulties paying the high interest rates often charged by the banks and they also don't have the kind of collateral required by banks. ITC has been working with the farmers to organize themselves in associations so they can become part of formalized larger borrowing entities, and provides them with training in financial management.</p>



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		<p>Their program aims to reach 1 million women by 2020 creating opportunities for women to participate in public procurement. This is a systemic change that is a policy success.</p>
<p>Ms. Alizbeta Klein, Director, Co-Head, Global Industries, IFC</p>		<p>Ms. Klein, noted in her remarks that the challenges in trade are numerous. On the African continent there is insufficient infrastructure and inadequate ecosystems of players in seeds, fertilizers, and access to finance is also limited – which makes getting food to markets difficult.</p> <p>The IFC facilitates access to finance and blends investment with advice and technical resource mobilization to help the private sector advance development. It is part of the World Bank Group and helps to create a level playing field in the markets it serves.</p> <p>It is currently partnering with WFP to help establish a plant in Rwanda. In Cote d’Ivoire, the IFC is also engaged in the cocoa value chain working with local banks to review their policy so they can lend to cooperatives.</p>
<p>Prof. Nuhu Hatibu, CEO, Kilimo Trust</p>		<p>Prof. Hatibu shared with the delegates his view that the factors that prevent smallholder farmers from participating fully in value chains and substantively in access trade markets are many. There are often policy weaknesses that undermine food security strategies and smallholders are also at the end of the value chain with negligible bargaining power.</p> <p>Furthermore, maize and beans production constitute a large part of the market of poor farmers. It is important to keep that in mind when developing value chains, thus the markets where these farmers can trade are relatively limited.</p> <p>Lastly, he continued, from his experiences, smallholder farmers are not treated well, particularly given the fact that they are the dominant group numerically when one considers who the “private sector” is that is engaged in agriculture. We urged that we need to listen to them and adopt a culture of action learning – working with them on projects, accepting some failure in small holder focused projects, learning though</p>



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		<p>from those experiences, refocusing and then initiating new projects - to keep the cycle of improvement going.</p> <p>Lastly, he noted that we need to attract younger farmers, and bring mechanization to the farms.</p>
<b>SESSION TWO</b>		
<p>Mr. Gerald Masila, Executive Director, East Africa Grain Council</p>		<p>Mr. Gerald Masila, Executive Director of the East African Grain Council facilitated the discussions of the second panel. In opening the discussion, he thanked the audience for their interest in the forthcoming discussion on food trade structure, trade capacity building, and policy advocacy. He began the session by calling on Dr. Ambassador Kipyego Cheluget to provide the first remarks.</p>
<p>Amb. Kipyego Cheluget, Assistant Secretary General, COMESA</p>		<p>Amb. Cheluget opened his remarks by introducing the delegates to the Common Market of East and Southern States or more popularly known as COMESA.</p> <p>He pointed out with its 19 member countries, COMESA, the Tripartite Free Trade Area launched June 10, 2015 encompasses (COMESA, the East African Community and the Southern African Development Community) and offers a market of 26 countries representing 500 million people, or roughly half the population of the continent.</p> <p>Intra-COMESA trade has continued to grow, in part thanks to the work of the regional economic community's organ which was established to create a trade framework for the region, the Alliance for Commodity Trade in Southern Africa (ACTESA).</p> <p>The main impediment he continued to greater trade in the region are the borders. Work, he added, is underway to create easier crossings and to implement a simplified trade regime.</p>



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<p>Mr. Pete Vowles, Country Director – Kenya, DFID</p>		<p>The UK's development agency, the Department for International Development (DFID) works across Africa and largely in the agriculture context. Mr. Vowles, the Kenya Country Director, noted that from DFID's vantage point the major challenge they have observed is the insufficient development of local and regional markets. There is plenty of food but there isn't an efficient way to move certain goods to the right places.</p> <p>Mr. Vowles also expressed his belief that to adequately address many of the agriculture sector development questions in Kenya, and the greater East African region, there needs to be greater alignment and coordination of the public and private sector to respond – as each has a key role to play in improving the existing environment and in developing adequate markets for producers.</p>
<p>Mr. Thomas Kehoe, Deputy Director, Bill &amp; Melinda Gates Foundation</p>		<p>Mr. Kehoe, who represented the Bill and Melinda Gates Foundation, noted that it is important to study the markets and look at how they have evolved.</p> <p>Smallholder farmers used to produce solely as subsistence farmers for their consumption, but the ability to generate surpluses has changed the dynamics. The success of the smallholder farmer is linked to the ability to reduce the distance she travels to the markets - the shorter it is the more successful she is. She also needs a fair market as many smallholder farmers have been taken advantage by unscrupulous traders who take advantage of their limited knowledge of accurate market practices.</p> <p>Lastly, in promoting the concept of demand driven agriculture, he closed with the point that small holder farmers must continue to focus on producing crops that address market demands – and seek out buyers who can support/ influence their decisions around which crops to grow, and when.</p>

Q & A



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- Policies at regional and national level are often not harmonized, which creates resistance at the national level. What is the equilibrium point between national and regional policies?
- What kind of mechanization model do we have to adopt for the smallholder farmer?
- The increase of yields brings more quantity of food, but without new markets this depresses prices - when the original objective was to increase the income of the small farmer. Is there a problem there?
- There will be a substantial population increase in COMESA in the next 4 years. How do you plan to address this in the short term and in the long term?
- Is the role of the middle man sustainable?
- Implementation of policies is a major problem. What is being done about it?
- Coordination in the agriculture sector is inadequate. What should be done about that?
- The interaction between Government and the private sector is insufficient. What mechanisms do you suggest to address the situation?

A: (Kipyego) Regarding the ban on exports by some countries, we should all stick to policies that have been agreed on market regulations. They stipulate the free movement of goods and people.

A: (Hatibu) There are mechanization models adapted to smallholder farmers such as the posho mill. In the Refili valley there was a problem of watered land and it was necessary to lift the water in order to farm. A business established by young educated entrepreneurs found a solution and using small nimble tractors are today leading exporters of raw tea.

Other Comments from Audience:

- Government must stop interfering with the market. Policy at regional levels versus national ones are clear but there are some conflicts that create challenges. There needs to be greater harmonization. Regional policies might promote trade liberalization while national policies are restricting trade???
- How should we go?
- A lot of efforts in development work have made a mistake of doing away with middlemen. Work with middlemen to provide value for the smallholder farmer.
- What are the policies that we are putting together in terms of corruption? (e.g. importing goods that compete with the goods of the small holder) How do we coordinate efforts?



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- For real transformation to work, markets must work. We need greater Innovation and must deploy technology to transform this sector.
- At what level can we say we have achieved success? And who determines? The farmer, the practitioner?
- Fair trade is an ethical label. The market in the north is two ways; we should look inwards and encourage south-south cooperation and trade. What is the market like for small holder's products? As consumers, are we willing to pay a premium for the products of the small holder?

### Summary

The moderator identified five key takeaways from the discussion with the panelists and engagement with the audience:

- There needs to be greater coordination between food markets and food policy.
- Greater policy alignment is needed at both the regional and national levels.
- Donors, development partners and governments must work to align their goals.
- We must listen to small holder farmers when designing programs.
- We should not cut out traders (the middleman) as they are important buyers for small holder farmers.

