

Connecting farmers to agribusiness



PREPARE ... SACAU met its members in Madagascar, Confédération des Agriculteurs Malagasy (FEKRITAMA) and Coalition Paysanne de Madagascar (CPM), to prepare for the policy conference and AGM in May.

SACAU is preparing to bring farmers and key cross-border private sector agribusinesses together in Antananarivo, Madagascar, ahead of its AGM in May. The theme of the two-day conference, from May 28 –29, 2012, is “Connecting Farmers to the Agricultural Chains in Southern Africa”.

It will be attended by CEO’s and Presidents of national farmers’ unions from 16 countries in southern Africa, as well as stakeholders such as SADC’s Trade, Investment, Finance and Industry (TIFI), COMESA, AGRA, UNDP and NEPAD amongst others. Several major regional private sector agribusinesses will address the conference, including ABSA Bank, Agricultural Business Chamber, AFGRI,

MASSMART / Walmart, Senwes, RUSSELL-STONE Group and SAB MILLER.

SACAU anticipates that the conference will also highlight opportunities for farmers in southern Africa to co-invest with agri-business in order to strengthen the agricultural industry and food value chain. SACAU’s AGM will be held on May 30, 2012. The conference will provide an opportunity for farmers in southern Africa to understand better the operations, long term plans and strategies of agribusiness organisations.

“We want to explore ways of greater cooperation between farmers and agribusiness in capitalising on the growth opportunities in the region,” said SACAU CEO Ishmael Sunga. “The conference will enable sharing and inter-

action between farmers and other stakeholders on issues related to strategies, plans and partnership development expectations.” The conference comes as the southern African region is currently encountering rapid expansion of cross-border agribusiness, especially at the high value chain level. SACAU believes that there are currently limited opportunities for farmers, agribusiness and other role players to interact and share information and knowledge about their respective competencies, experiences, lessons and challenges.

“Creating forums for sharing of information and knowledge and developing new ideas for common benefits between farmers and agribusiness is therefore crucial for regional organisations such as SACAU,” Sunga added.

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COMESA cotton to clothing strategy meeting

SACAU gives input at IFAD's Farmers Forum



SFOAP ... A Support to Farmers Organisations in Africa Project steering committee meeting was held on the sidelines of the IFAD General Council and Farmers Forum and attended by SACAU vice president Felix Jumbe and CEO Ishmael Sunga.

SACAU Vice president Felix Jumbe led a SACAU delegation which joined hundreds of farmers, heads of states, top officials, policy makers and philanthopists at the Farmers Forum held at the International Fund for Agricultural Development (IFAD's) 2012 Governing Council of UN member states in March.

The SACAU delegation included CEO Ishmael Sunga, Lesotho national farmers union president, Dr. Mohlalefi Moteane, and the secretary general of FEKRITAMA, Henri Rasamimoratsiahina.

The 35th Session of IFAD's Governing Council provided a forum for the public, member states and partners to discuss and debate what needs to be done in order to enable farmers to contribute to raising food availability to 70 percent by 2050. This is what is required to feed a growing, more urbanised population.

The Governing Council (GC) convenes annually to guide IFAD's strategic investments in smallholder agricultural development and poverty reduction. Its theme this year – 'feeding the world, protecting the planet' – emphasised the need to make rural livelihoods more viable and environmentally sustainable in an era of population growth and climate change.

Concurrent with the GC this year, IFAD's biennial Farmers' Forum also filled the agency's conference rooms and corridors with representatives of small-scale producers' organisations from around the globe ...

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LETTER FROM THE CEO

Forging ahead for a stronger SACAU

Just a quarter into 2012, we can report that this has already been a very busy period. Finalisation of annual plan budget was our major initial preoccupation and their implementation. This involved responding to demands for representation at numerous fora (more than 15) in the region and beyond; field visits to projects in eight (8) countries that are being implemented in partnership with members, development of a monitoring and evaluation system/plan for testing, as well as meeting reporting obligations with our funding partners.

This period has also seen the intensification of planning two key events in SACAU's annual calendar, namely the annual policy conference and Annual General Meeting. The two events are scheduled for May 28 –30th in Madagascar, and the theme of the conference, which will be held on 28-29 May, will be on "Connecting Farmers to the Agricultural Chains in Southern Africa". ABSA Bank, Agricultural Business Chamber, AFGRI, MASSMART / Walmart, Senwes, RUSSELLSTONE Group and SAB MILLER have already confirmed that they will address this conference, and more are expected. The conference will provide our members with an opportunity to understand the operations, long-term plans and strategies of cross-border private sector organisations involved in agricultural production marketing in the region, and explore ways of greater cooperation between them and farmers' organisations in order to capitalize on the growth opportunities in the region.

Of course, the production of the audited financials and annual reports are key activities in the runner-up to the AGM. The two events will be jointly hosted with our two members in that country, namely CPM and FEKRITAMA and the organising committee comprising representatives of the three parties recently met in Antananarivo, the capital city of Madagascar and location of the conference. Not only will our AGM provide an opportunity to report back to our members but it will also present us with a platform to forge ahead in our collective efforts to support Africa's farmers.

In an effort to improve services to our members, we have developed a member feedback survey instrument that will soon be deployed using a service provider. In addition, we have developed an agricultural production and marketing environment barometer which shall soon be tested with our members. Furthermore, we have intensified our engagement with development partners in order to explore possibilities for securing more resources that will enable us to continue to provide more and better services to our members.

During the same period, a board workshop was held to discuss the implications of the decision to admit associate members on the architecture of the organisation, as well as funding options for the long term future of the organisation. The two-day workshop was attended by all board members, as well as representatives of the Gates Foundation, Absa Bank, and AgriCord. It was an extremely positive meeting in the sense that it helped us map out those areas we need to focus on with respect to private sector engagement, and it also reviewed some of the approaches that we can deploy as we operationalise our strategic framework.

This has indeed been a hectic quarter, and more is expected in the next quarter!

Ishmael Sunga
CEO



Moving ahead on climate change

As part of follow-up work to COP17, SACAU made submissions to the UNFCCC Subsidiary Body on Scientific and Technological Advice (SBSTA). This was in line with the request made in the Durban Accord for Parties and Observers to the UNFCCC to make submissions on key issues on Agriculture to be considered but SBSTA at its 36th Session to be held in Bonn, Germany in May.

SBSTA has been tasked with reviewing all submissions with a view to making recommendations to the COP18 later this year on how agriculture should be treated in the global climate change negotiations. The SACAU submission was based on the SACAU position statement that was endorsed by members ahead of COP17 last year.

SACAU also participated in a regional workshop convened by COMESA and SADC in Johannesburg aimed at harmonising SBSTA submissions from the region on agriculture. SACAU in collaboration with its partners is now organising a side event at the upcoming SBSTA meeting to highlight key issues for farmers on climate change.

Agriculture will be a key topic at the upcoming UN Conference on Sustainable

Development (also known as Rio+20) to be held in Rio de Janeiro, Brazil in June 2012. SACAU is part of a consortium of partners organising an Agriculture and Rural Development Day (ARDD) to be held a few days before the Rio+20 conference. The same consortium of partners was behind the highly successful Durban ARDD which led to the invitation from Brazilian partners to organise ARDD at Rio+20. Tentative plans suggest that the ARDD in Rio will try to focus on the agriculture/forestry nexus following growing calls for these two sectors to be treated jointly in addressing sustainable development challenges.



Delegates walking to a meeting at the ICC, in Durban, during the COP17 conference last year.

Access to seed technology for African farmers

Seed quality has a significant bearing on the performance of an agricultural enterprise, and a poor seed often results in poor yields. Addressing the African Seed Trade Association (AFSTA) in Dar es Salaam, Tanzania in March, the CEO of SACAU, Mr Ishmael Sunga, noted that GMO seed technology is one of the options with potential to increase agricultural production and productivity in Southern Africa. It could raise farmers' incomes and contribute to addressing the challenges of food insecurity and poverty in the region.

He also observed that seed industry is often viewed negatively by farmers as they feel that they are always at the mercy of the seed industry. Farmers feel that there is a limited availability of good quality seeds on the market and that the good quality ones come at a very high cost. This problem often results in farmers having a low uptake of quality seeds and thus compromising the quality of their yield. Although the high price of quality seed is a key obstacle for farmers, there are other broader issues preventing farmers from accessing quality seeds. These include: limited knowledge and

access to information about the seeds, the unavailability of credit to purchase the seeds and the fragmented demand for the various seeds.

The problem with seed is two-fold as there are also some supply side issues that affect the availability of quality seeds. Inadequate competition in the industry and limited supply capacity of the seeds often affects the farmers negatively. Farmers are also not involved in the commercial production of seeds so their recommendations are often not considered. Problems of counterfeiting of seeds have also been a key issue for farmers in the region as they have been high reports of farmers receiving fake seeds.

The way forward

Policy makers and farmers need to be more open to the adoption of GMO seed technology as one of the options for improving productivity and incomes. However, he warned that GMO technology alone cannot be a panacea to agricultural development and food security challenges. He also underscored the need to recognise

and respect the right of farmers and consumers to choose or reject GMO technology and products.

There is a need for adequate, balanced and credible information on the GMO seed technology in order to assess benefits and risks (both short- and long term) and make decisions on whether or not to adopt. Seed companies and farmers organizations should establish mutual partnerships for increased and wider dissemination of proven and relevant information on seed technology.

A regional approach towards the development, promotion and management of seed technology is also needed. All countries in the region should hence develop and adopt a harmonised GMO policy in order to create room for modern seed technology.

Finally, a more open, transparent, accountable and responsible approach by all players in developing and promoting the agricultural GMO technology will be critical in developing a sustainable seed industry.

SACAU would be interested in establishing structured and formal relations with AFSTA at regional and national levels.

Climate financing for farmers

SACAU and NEPAD jointly hosted a The Regional Comprehensive African Agriculture Development (CAADP) Africa Forum, which was held from 20th to 21st February. The theme of the conference, was organized under the theme of "Climate Financing for Smallholder Farmers in Africa".

Sophisticated and complex mechanisms developed in the context of the global mobilisation to respond to climate change have largely prevented African farmers from benefiting from any of these additional dedicated sources of funding. On the domestic resources side, African governments seem to lag behind in terms of efficiently allocating budgets to climate proof agriculture.

Most importantly, African farmers and their representatives do not have adequate information on available specific funding to fight climate change in developing countries and initiatives their government/policy makers are developing in order to limit the impact of climate change on African economies and livelihoods. About 50 delegates participated in the Africa Forum for Southern Africa and these included representatives of National Farmers' Organization; CAADP Focal points in Ministries of Agriculture of some SADC Member States (Lesotho, Malawi, Mozambique, Seychelles, Zimbabwe), Regional Economic Communities (RECs) and NEPAD/NPCA representatives, development agency representatives such as FAO, GIZ, EU, representatives of the financing sector from ABSA and IFC, NGOs (FANRPAN), research institutions (FARA) and other local and international climate finance experts

The Forum is a platform of exchange for people working in agriculture across the continent. It offers the opportunity for participants

to exchange and learn from each other's successes as well as sharing problems and best practices on specific agricultural issue in the continent. The platform is mostly for farmers and farmers' representatives; policymakers; manufacturers; traders; development workers and other players in the African agriculture sector.

Recommendations

- There is need for simplifying the process of accessing climate finance by small holder farmers without sacrificing accountability.
- Concerted effort should be made by designers of financing mechanisms to consult farmers to enable them drive the processes
- Direct support to Farmers' Organizations should be considered by development agencies to make it easy for access and administrative procedures.
- Managing international conventions that are relevant to farmers such as biodiversity and forestry should be farmer-driven.
- FOs should be involved in the Carbon Trade through monitoring / evaluating impact / tracking resources / distribution of benefits.
- Adequate and clear information on how to access finances and reduce cost of transaction should be made available to farmers.

Observations

The following are some of the observations that were made at the end of the meeting:

- There is need for harmonisation of farmers' voice on the continent at the United Nations Convention on Climate Change (UNFCCC).
- There is need to secure the recognition by climate negotiators that agriculture is part of African people's livelihoods and it can play a major role in mitigation climate change.
- The complexity and sophistication of agricultural carbon finance projects represent a challenge for small holder farmers to be involved and benefit from such approach.
- Setting and investing in a carbon project seems to be out of affordability range for smallholder farmers, while they have many competing needs in poor circumstances.
- Carbon financing is very recent/new approach. A lot is still to be learned. But it seems it represents a true opportunity for agriculture, both in terms of finance and shifting to more climate resilient practices.
- Currently, agricultural carbon finance projects offer limited economic benefits to smallholder farmers. In addition, transactions costs are very high. Hence carbon finance projects mostly benefit agri-business, which is clearly unfair. There is need to review the application of carbon finance projects on the ground and feed into international processes. Otherwise there is a risk that technology improvements are done with business interest in mind, and smallholder interests developed as a secondary outcome.
- Countries tend to assign various ministries to take on the climate change strategy. Yet many stakeholders need to be mobilised as it is a huge investment and capacity building process that is required for financing climate strategies that will benefit smallholder farmers.

SACAU input at IFAD GC and Farmers Forum

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**SACAU Vice president
Felix Jumbe**

The two-day Farmers' Forum focused on the challenges faced by farmers and fishers around the world. The forum is part of a continuing dialogue between rural producers' organisations, IFAD and governments.

The forum started with about 30 delegates from rural youth organisations brainstorming an action plan to make agriculture a viable option for young people in developing nations.

"This is a world gathering of farmers through their representative structures where

we try to talk to each other, share experiences and exchange views as well as hopefully harmonise strategies on how to better serve our constituencies," said Sunga. "It also provides a platform for us to articulate what we think the key issues IFAD and its governing structures should pay attention to."

In his address to the 35th Governing Council, Kanayo F. Nwanze, President of the International Fund for Agricultural Development (IFAD) said that the time had come for smallholders to play their rightful role in contributing to economic growth and food security.

"When these farmers are recognised as small entrepreneurs, when they have access to better resources and incentives, and when they have access to markets and an enabling environment, they can transform their communities, their own lives, and indeed the world," said Nwanze.

During a discussion on how IFAD could develop opportunities to work with farmers' organisations, Mr Sunga joined the representatives of FOSCA and KENFAP to outline SACAU's capacity development strategy.

Providing economic-related support to members

SACAU presented a case study on providing economic-related support to its members, at the Farmer Organization Support Centre in Africa (FOSCA) meeting in Rome.

The study was an initiative that was funded by Agricord and it focused on the negotiating of fair deals in cotton contract farming arrangements.

The initiative focused on supporting a more equal partnership between cotton farmers and agribusinesses in contract farming. The partnership would be based on shared risks, fair profit sharing and mutual growth. The support that was provided included the production of contract negotiation guides and the training in contract negotiations.

Lessons from the case study

The case study showed that a collective and structured approach to negotiations can unlock value for farmers. The negotiation of prices increased sales by more than 100% over three years and consequently incomes of cotton farmers increased and their livelihoods improved. The study also showed that where there are

common buyers/off-takers in the regional, a regional approach to contract negotiations is critical. Importance of structured relations between producers and other value chain actors were highlighted. It was also concluded that FOs can play an effective role in facilitating such arrangements. It was also found that improved governance and coordination of value chains was critical as it unlocks value for producers.

Some of the key findings of the study included:

- An enterprise promotion approach to agricultural development can achieve good results
- A value-chain approach to the provision of economic support is key
- Value chain financing is considered an effective way of integrating producers into value chains
- Need for differentiated services in view of the diversity of membership
- There is need to harness complementarities and synergies between the different types of agriculture for the development of agriculture in the region.

SACAU news briefs

Feed the future USAID reception

SACAU attended a USAID "Feed the future" networking function which was held in Pretoria in March. This was a networking meeting for different role-players working to ensure food security in the region. The function was also attended by representatives of FAO, UNDP, USAID, Ministry of Agriculture Forestry and Fisheries, NEPAD and other organisations.

COMESA cotton to clothing strategy meeting

SACAU participated in the COMESA cotton to clothing strategy implementation committee meeting in Johannesburg RSA in February. SACAU was appointed to the committee in June 2011. Roles, responsibilities, implementation schedules and reporting procedures were agreed by the meeting. SACAU, along with other stakeholders, was assigned responsibility for the implementation of thematic area on quality and productivity enhancement and industry differentiation. The specific area of focus on the strategy is the promotion of good agricultural practices and training farmers to improve productivity.

Visit by the Bill and Melinda Gates Foundation

SACAU hosted Ms. Mercy Karanja from the Bill and Melinda Gates Foundation, one of SACAU's key partners. During her visit, Ms Karanja discussed the progress of projects funded by the foundation and attended SACAU's board workshop on the implications of the opening up membership to associated members and the long term sustainability of the organisation.

Aflatoxin Partnership

SACAU was represented at the first meeting of the Interim Steering Committee meeting of the Partnership for Aflatoxin Control in Africa (PACA) was held in March 2012. The meeting, held in Maputo, Mozambique, reviewed organisational as well as governance matters.

This meeting discussed, amongst other issues, the PACA structure, governance, membership and responsibilities of the Steering Committee, review of initial activities, potential new activities and interests, and plans for the future. The committee is chaired by the African Union Commission

ABC regional maize value chain meeting

SACAU attended a regional maize value chain exploratory meeting that was hosted by the Agricultural Business Chamber in Pretoria in February. The development of a regional value chain for maize and

its products in the SADC regional Economic Community (REC) was identified by many role players as having huge potential to stimulate economic growth, create jobs, and boost national and household food security. SACAU's presentation covered the need for a SADC value chain and its key elements, critical challenges including the participation of farmers in the governance of value chains. A concept note is being developed and with the coordination of UNDP there will be a follow up meeting in May.

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SACAU Member list:

SACAU members include: Botswana Agricultural Union – BAU; Lesotho National Farmers' Union – LENAUFU; Confédération des Agriculteurs Malagasy – FEKRITAMA; Coalition Paysanne de Madagascar – CPM; Farmers Union of Malawi – FUM; National Smallholder Farmers' Association of Malawi – NASFAM; União Nacional de Camponeses – UNAC; Namibia Agricultural Union – NAU; Namibia National Farmers Union – NNFU; Seychelles Farmers Association – SEYFA; Agri-South Africa – AgriSA; Swaziland National Agricultural Union – SNAU; Agricultural Council of Tanzania – ACT; Zambia National Farmers Union – ZNFU; Zimbabwe Farmers Union – ZFU; Commercial Farmers Union - CFU