



EUROPEAN UNION

**ALL ACP AGRICULTURAL COMMODITIES
PROGRAMME (AAACP)**



ACP GROUP OF STATES

**EASTERN & SOUTHERN AFRICA DISSEMINATION WORKSHOP REPORT
SAROVA PANAFRIC HOTEL, NAIROBI,
19TH TO 20TH SEPTEMBER 2011**

TABLE OF CONTENTS

INTRODUCTION	6
Opening remarks by the ACP Representative	6
Opening remarks by the EU Representative	6
Opening Remarks by AAACP Focal Point Representative	7
Opening remarks by the Permanent Secretary, Ministry of Agriculture in Kenya.....	6
SESSION ONE: OVERVIEW OF PROGRAMME RESULTS AND OUTSTANDING GAPS	8
SESSION TWO: SUPPORT TO CASSAVA SECTOR	8
2.1. Process of Participatory Cassava Strategy Development in Zambia	8
2.2 Cassava Implementation in Zambia.....	8
2.3. Cassava Implementation in Malawi.....	9
2.4. Testimony from a cassava producer and processor	9
2.5. Contribution from participants.....	10
2.6. Lessons learnt	10
2.7. Outstanding gaps.....	11
SESSION THREE: CAPACITY BUILDING OF PRODUCER ORGANISATIONS	12
3.1. Building Capacity in Coffee Certification	12
3.2. Strengthening the Capacity of Farmer Organisations	12
3.3. Cotton Business Models for Cooperatives and ginneries.....	13
3.4. E-conferencing for effective and efficient awareness.....	14
3.5. Promoting Horticulture for Health and Prosperity.....	14
3.6. Contribution from participants.....	14
3.7. Lessons learnt	15
3.8. Outstanding gaps.....	15
SESSION FOUR: ENHANCING THE FUNCTIONING OF AGRICULTURAL COMMODITIES MARKET	16
4.1. Promoting Dialogue on the Impact of Trade and Market Interventions.....	16
4.2. Malawi Commodity Exchange	16
4.3. Uganda Commodity Exchange.....	17
4.4. Tanzania Warehouse System.....	17
4.5. Testimony: Rural Chairman Cooperative Society in Tanzania	17
4.6. Contribution from participants.....	18
4.7. Lessons learnt	18
4.8. Outstanding gaps.....	19

SESSION FIVE: INNOVATIVE FINANCING AND RISK MANAGEMENT	20
5.1. Transfer of Capacity to increase use of market based risk management tools in Africa	20
5.2. Index based Weather Insurance	20
5.3. Testimony from a coffee trader in Tanzania	21
5.4. Cotton Association of Zambia.....	21
5.5. Contribution from participants.....	22
5.6. Lessons learnt	23
5.7. Outstanding gaps.....	23
CROSS CUTTING ISSUES	24
SESSION SIX: BRIEF PRESENTATION BY DEVELOPMENT PARTNERS	25
6.1. Australia-Africa Partnership Facility	25
6.2. Technical Centre for Agricultural and Rural Cooperation (CTA).....	25
6.3. USAID COMPETE	26
6.4. Contribution from participants.....	27
SESSION SEVEN: POTENTIAL FOLLOW-UP ACTIVITIES BY THE INTERNATIONAL ORGANISATIONS ..	29
7.1. Food and Agricultural Organization (FAO).....	29
7.2. World Bank	29
7.3. UNCTAD	30
7.4. Common Fund for Commodities	30
Summary from COMESA Representative	31
SESSION EIGHT: CLOSING REMARKS AND CONCLUSION	32

INTRODUCTION

On 19th and 20th September 2011, the AAACP organized a dissemination workshop that brought together different participants from the East and Southern Africa Region. The workshop was one of four Regional dissemination workshops that were scheduled to take place from September to November 2011. The main objectives of the workshops were to present the programme results and identify main tasks outstanding with a view to convincing development partners/donors of the relevance of pursuing and/or replicating pilot activities implemented under the Programme.

Given the above objectives, the main target groups for the dissemination workshop were those institutions/organizations with the capacity to ensure some form of follow-up to, or replication, of the AAACP activities in the region. The participants included representatives from multilateral funds, programmes and agencies; representatives from regional economic organizations (SADC, EAC, COMESA); representatives from bilateral donor agencies which are active in the region, and associated programmes e.g. USAID, ; National & Regional Authorizing Officers; and representatives of AAACP beneficiaries.

The dissemination workshop report highlights what came out during the workshop. The opening ceremony remarks were made by the following representatives: ACP, EU Delegation, COMESA and Government of Kenya. The workshops sessions followed the opening ceremony remarks. Full presentations will be attached as annexes to this report

Opening remarks by the ACP Representative, Ambassador Balthzar Bigiramane

The ACP Representative, Ambassador Balthzar Bigiramane thanked the participants for coming to this important workshop. He extended his thanks to the International Organizations and AAACP Coordination Unit (CU) for progress made so far. He recalled that the programme intended to contribute to wealth creation and poverty reduction in ESA region. He informed the participants that, through the programme, a total of 40 projects within the region have been implemented and the workshop was meant for disseminating information on the results achieved through the projects. Testimonies would be provided and by the end of workshop, participants would be able to understand what has worked and what has not worked, the success achieved and the way forward.

Opening remarks by the EU Representative, Mr. Bernard Rey

The EU Representative, Mr. Bernard Rey thanked the organizers for organizing the workshop and for progress achieved so far. He appreciated the importance of agricultural commodities in the region and acknowledged that the process undertaken was not an easy one, but worth the effort. He expressed his belief that challenges were encountered during programme implementation and identified the following issues:

- Adaption of changing environment
- Changing role of private sector
- Security provided to farmers
- Evolving better organized stakeholders
- More information to value chain stakeholders inter alia regulation and standards
- Key lesson of building capacity of stakeholders

Despite the challenges, he believed that there were successes achieved. He asserted that the European Union was not alone in this endeavor and mentioned efforts that have been made by other international organizations in the agriculture commodities; together, these efforts were complementing each other. He recommended that successful activities should, where possible, be replicated in other areas with potential.

Opening Remarks by AAACP Focal Point Representative, COMESA

The COMESA representative, Mr. Frank Mugenyi, started by enlightening the participants on the role of COMESA in the region, including COMESA being a Chair of the Task Force for the tripartite framework (SADC, COMESA and EAC). He informed the meeting that COMESA has a number of programmes and has a contribution agreement with European Union to implement selected activities. COMESA is building an investing area to attract investors. The aim of having the tripartite framework is to remove a number of barriers within members' states.

He underlined the fact that, in Africa, agriculture is a backbone for economic integration and therefore efforts have to be made to ensure that AAACP supported activities were integrated into CAADP and ACTESA. He mentioned several issues besetting the region and that COMESA has been addressing, including:-

- COMESA works closely with the private sector and has established an annual **investment** forum which brings together a lot of information on investment
- **Industrialization** is one of the pillars under the tripartite framework and it intends to transform commodities to finish products to add value and increase prices. We need to discourage net import of commodities that can actually be manufactured within the region. Cassava has been set as a benchmark to replicate efforts in other countries.
- **Infrastructure** is a major hindrance to overcome, hence it blocks trade facilitation
- **Harmonization of standards** which are compliant with international standards. Single window system is needed to help ease movement of goods. Kenya, Tanzania, Mozambique, Malawi have already started.
- **Trade** information and trade intelligence is the key to success.

He pointed out that 90% of business people within the region are SMEs and only 10% are big companies. Therefore there is a need to simplify trade regimes. The interventions mentioned above are massive and COMESA cannot work alone, hence support of the international partners is needed to ensure the work commenced is achieved for the betterment of ESA region. He ended by appreciating the AAACP support and acknowledged the impact that it brought to the region.

Opening remarks by the Permanent Secretary, Ministry of Agriculture in Kenya, Dr Romano Kiome

Dr, Kiome, who was the host, took the opportunity to welcome the participants to Kenya as well as to the workshop. He started by recognising the challenges that Africa faces in promoting the development of agriculture. He feels a lot needs to be done in the sector as Africa is the most backward region in the world. He was grateful for the amount of €45 million that the European Union has provided to Africa, Caribbean and Pacific. He also commended COMESA as a regional focal

point for coordinating activities and working hand in hand with AAACP to ensure that agriculture is being moved to the next level.

He was concerned that Africa has continued to record the lowest agricultural productivity in the world; indigenous products that are mainly grown have very low yields. Despite the fact that prices of coffee are currently good, farmers in Africa have not increased their production in order to benefit from the prices. He gave an example of Vietnamese who have started to grow coffee recently but is far ahead of Africa. However, there are some achievements that are worth mentioning. Horticulture has been doing well especially in Kenya which has one of the highest productions in flowers and is number one exporter in the world. Kenya is also doing fine in tea. What is needed is to identify best practices so that these can be replicated in other countries.

He expressed the view that Africa was suffering from poor application of technology and the lowest technical knowhow; as a result it has become very difficult to succeed in the agricultural sector. In order to excel in the sector, he identified five interventions to be worked on: i.e. (i) **Inputs** - this includes improved varieties, seeds, fertilizers, labourers and mechanization.; (ii) **Market** - Local, regional and international; (iii) **Credit** - need to establish mechanisms where farmers can access funds from banks easily; (iv) **Institutions – these** need to be strengthened to oversee regulations, marketing and research and; (v) **Irrigation** – needs to apply irrigation to increase production per hectare.

He concluded by underlining that there were many agriculture programmes in Africa. It was important to integrate them at farm, country, regional and international levels. He advised stakeholders to focus on areas that can bring major impact; for instance selection of one commodity and focus on it. He also emphasised that there was a need to synergise all activities that were undertaken.

SESSION ONE: OVERVIEW OF PROGRAMME RESULTS AND OUTSTANDING GAPS

This session provided an overview of expected and actual results of the Programme. It recalled the expected results, the approach underpinning programme implementation and main achievements in the ESA region. It also gave examples of what still needs to be addressed, and some of the major lessons were highlighted.

1.1. The participants were informed of the expected Programme results as follows:-

- Commodity chain stakeholders have the capacity to develop, adapt & implement sustainable strategies
- Strategic priorities are effectively implemented
- Market-based Risk Management instruments are introduced and their use increased
- Complementarities and synergies of partner IOs and other programme partners are harnessed to the benefit of ACP stakeholders

1.2. The actual results that were reported include:-

Strategy development: The following has been recorded as achievements so far.

Re Strategy for Cotton-to-Clothing Value Chain (completed in June 2009)

- Regional Strategy for Cotton-to-Clothing Value Chain (completed in June 2009)
- Cassava sector, Zambia (completed in March 2010)
- Spices sector, Ethiopia (in Feb 2011)
- Regional Agri-foods Sector Strategy (ongoing)

Strategy development for the Cassava sector was presented during the workshop.

Strategy implementation

The example of cassava was given to illustrate the following achievements

- Capacity-building of producer organisations to enable their participation in the sector strategy and to negotiate with value chain partners on a more equal footing
- Promotion of good agricultural practices and new technologies
- Increase in the number and formalization of buyer-producer linkages, in particular with the industrial sector
- Product & market development
- Value Chain Finance

Finance and risk management

- FAO has provided support to the Zambian cassava sector by designing interventions to address financing needs along the chain.
- FAO is collaborating with the local financial institutions, the National Credit and Savings Bank in particular, and supporting them in the adaptation of their financial products to the cassava sector needs and crop cycles.
- Capacity building activities on financial literacy related to the newly developed financial instruments are ongoing in selected cassava producing areas in Zambia.

- **Supply chain risk assessments:**

In Mozambique WB-ARMT and FAO have worked together under the AAACP in order to best satisfy the demands of both the government and the cotton sector. In Uganda the coffee supply chain risk assessment was facilitated by the local World Bank office but coordinated greatly by the Uganda Coffee Development Authority (UCDA). The findings included the identification of major historic shocks to the industry caused by changes in global market share / national production of Robusta coffee, pest and disease outbreaks, and market risks related to price volatility, and foreign exchange rate volatility. The WB-ARMT team suggested various measures to manage risks in relation to mitigation, transfer, and coping mechanisms. Horticulture supply chain risk assessment in Kenya is in advanced stage of planning, and expected delivery date will be on October 2011.

- *Training:*

The training activities listed below have been elaborated upon during the presentations made during the workshop and will be annexed to this report.

- On designing index based agricultural insurance
- 9 workshops for EAFCA members on price risk management
- Price risk management (cotton sector/ACA)

- *Capacity Transfer:*

- Partnership with College of Insurance of Kenya
- Training of EAFCA trainers

1.3. Overview of Approach Used

- Baseline information gathering and validation
- Value chain diagnoses
- Sector development strategy design
- Preparation of Implementation Plan
- Setting up of Strategy coordinating committee
- Business approach model

It was recalled that this work has been implemented by five (5) international organisations working in collaboration with. This collaboration has been very useful to beneficiaries as it brought together IOs, focal points and the Coordination Unit to work together for one goal and that is to boost the livelihood of the people in the ACP regions. Beneficiaries were encouraged to inspire implementing agents to work with other development partners to tap on what has been achieved so far.

The Coordination Unit for the AAACP appealed to the National Authorizing Officers (NAOs) in the respective countries to support the successful initiatives through their national programmes. NAOs have been invited to the workshop to be made aware of programme results so as to be in a position to fund subsequent activities that are linked to their national priorities and interests.

SESSION TWO: SUPPORT TO CASSAVA SECTOR

It was reported that the development of the Cassava Strategy is one of the achievement of the support provided by AAACP. The Zambia Cassava Coordinating Committee, which comprised representatives from private and public sectors, spearheaded the strategy formulation process. Cassava is taken as one of the successful case stories and it is important to share these achievements with the participants.

2.1 Process of Participatory Cassava Strategy Development in Zambia

The vision of the strategy is to develop a viable cassava industry contributing to wealth creation and food security for improved livelihoods by 2015; its purpose is to empower sector beneficiaries to achieve the vision statement, improve sector performance using value chain participatory approach.

It was reported that more than 120 cassava value chain stakeholders were involved in the development and validation of the strategy. The strategy is a dynamic process that attempts to resolve many questions and issues raised by the sector stakeholders. It represents a platform for stakeholder decision making and participatory implementation. The strategy has a 5-year time frame starting from 2010 and ending in 2015.

The strategy has outlined six (6) major objectives which need to be achieved during implementation to ensure sustainability and continuity of the cassava sector. The process of strategy design was informed by four studies commissioned by FAO under the AAACP:

- Value Chain Mapping and Cost Structure Analysis for Cassava in Zambia
- Constraints to Smallholder Participation in Cassava Value Chain Development in Zambia
- Assessing alternative mechanisms for leveraging private sector involvement in support of poorly functioning value chains
- Zambia cassava sector policy: recommendations in support of strategy implementation

The presentation outlined what has been achieved so far, the gaps and immediate actions to be undertaken. As an example, in order to ensure value chain is being financed, National Cassava Coordinating Committee needs to improve data on access to finance and to build local entrepreneurial capacities. A set of activities in support of improved access to finance is being implemented through NATSAVE with the support of FAO.

During the development of the strategy, it has proved that the use of participatory approach has been beneficial in identifying constraints within the sub-sector and is providing solutions to identified problems. The success of the implementation and monitoring task is dependent on synergies arising from strong linkages among different actors within the value chain. Efforts that have been made by the development partners under the AAACP, notably EU, ITC, CFC, FAO, ILO, WFP, COMESA, WB, and Zambian Government are really appreciated.

2.2 Cassava implementation in Zambia

AAACP activities in implementation of the sector strategy complement and build on the Root and Tuber Cassava Sector Development Project which was initially supported by the Government of Italy. This project had several partners that implemented activities under the technical guidance of FAO

including Advanced Metal Fabricators to share know-how on modern cassava processing technologies and equipment maintenance and the Zambia Agribusiness Technical Centre for strengthening the collective capacity of farmer associations to market produce and negotiate contracts.

During the workshop, it was reported that capacity building has been one of the key Programme activities that has built capacity of farmers; farmer based organizations, agriculture extension officers, artisans and has provided technical capacity to the industry. Concern was expressed that farmers may have advanced equipment but face problems of technical knowhow on how to apply that equipment.

A draft concept paper and proposal have been developed for a capacity building project to address challenges in the cassava sector in Zambia in collaboration with FAO, ILO, WFP and IFAD.

The project also worked closely with the committee for the formulation of the cassava strategy. All the activities being implemented by the project have been integrated into the Ministry of Agriculture and Cooperatives strategy plans. The AAACP has therefore acted as a bridge fund after Italian support ended.

2.3 Cassava implementation in Malawi

The participants were informed that Cassava Processors Association is implementing a project which started in 2007 with funding support from the Government of Italy through FAO. Total LandCare (TLC), a local NGO and IITA were implementers of the Project. Beneficiaries of the project were identified from different sectors and farmers who wished to participate in the project activities were mobilized and formed clubs in their communities. TLC was responsible for training these groups in cassava production technology and group dynamics.

The AAACP Funds enabled continuation and intensification of activities that could not be completed under the Italian Funded project due to the short period of the project. AAACP enabled the project to provide hands on training on cassava processing including production of HQCF, fermented flour gari and utilization of HQCF in bakery products such as scones, cakes and bread among other products; and business management and marketing training.

2.4 Testimony from a cassava producer and processor

A cassava farmer, who is a teacher by profession, gave his testimony on his involvement in the cassava farming. He informed the participants that he later engaged in farming and started young farmer clubs in schools in order to allow them to do some field practical farming activities to develop interests in farming at young age. In 1999 he started with ¼ of a hectare and in 2011 he has 42 hectares under cassava cultivation. He is now running his products using advanced equipment including chipper, grater cassava miller and screw press for de-watering cassava. He thanked FAO and the AAACP for promoting cassava in Zambia.

He outlined the challenges facing the sector as follows:

- Farmers cannot command prices as market is not easily accessible
- Farmers need to be empowered to improve capacity of farming by being provided farm implements

- More varieties are needed to fight against cassava diseases
- Using a hoe and laborers instead of advanced machinery makes the cost high
- Exploitation of cassava markets across the borders
- Farmers need lawyers to represent them in different forums.

He also outlined the following recommendations:

- Influence young farmers to have farms, not to wait until they become old
- Formulate national out-growers network association to improve synergy and sharing learning experience
- Formulate the commodity committees in order to speak with one voice on challenges facing and experience achieved
- Zambia should continue to spear head the benefit cassava in Africa

2.5 Contributions from the participants

It was noted that farmers' organizations are not strong enough to lead commodity production, financing and marketing in a sustainable manner but on the other hand the cooperatives have strong institutions and have finances to support their products. Efforts that have taken place under the project to strengthen the institutional capacity of farmers' associations to be able to influence pricing and engage in strategic marketing should be sustained in future follow-up initiatives.

One participant was interested to know how Zambians are managing the cassava diseases such as cassava mosaic. He gave an example of lack of improved planting materials to resist the diseases in Uganda. In response, it was enlightened that in order to avoid diseases in Zambia cassava, tissue culture is being used for seed multiplication. However, the sector is also working hand in hand with the institutions including school of Agriculture at the University of Zambia to clear planting materials and prevent diseases in cassava by providing more varieties. FAO is also supporting the sector to assist in the inspection and are able to disqualify centers that are not in line with the standards.

Another participant was interested to know how all these initiatives including cassava strategy development is being linked to the national planning processes and agriculture plans in order for the government to own the process. In responding, the participants were informed that the strategy is in line with the principles inspiring regional and international initiatives and commercialization in ESA countries; the CAADP framework and the Global Cassava Development strategy. This ensures sustainability and room for expansion and replication to other potential cassava growing areas.

2.6 Lessons learnt

- Cassava offers smallholder rural communities with market and income generating opportunities;
- A number of activities have been implemented including addressing the market structure malfunctioning caused by lack of coordination between sellers and buyers;
- Capacity Building was undertaken to the benefit of farmers to enhance their business, farm and quality management skills and contract negotiations;
- Cassava equipment have been enhanced from traditional to new technology;
- Farmers' groups have been organized and empowered; and

- Replication of activities including value addition and seed multiplication.

2.7 The following outstanding gaps were identified

- There is a need to do the following: specialized training in how to process cassava; expanding cassava production; substantial capital investment and reliable markets;
- Lack of trade finance is hampering trade along the value chain;
- Support to buyers as opposed to the support only given to small scale farmers;
- Lack of funding to increase procurement of raw cassava, to hire labour to peel and procurement of appropriate packaging materials;
- Require more skills in marketing, market development and association management;
- Establish agribusiness centres to encourage production, processing and commercialization of cassava;
- Create awareness, sensitize and provide training to value chain actors to prepare them to form cassava association;
- Facilitate member driven formation of cassava associations at national, regional and district levels; and
- Development of guidelines on financial packages for the sector.

3. SESSION THREE: CAPACITY BUILDING OF PRODUCER ORGANISATIONS

The session focus was on the support provided to Producer Organizations (POs) under the Programme across a range of sectors including horticulture, cassava and coffee. It also explained the approach used such as training in Value chain analysis, inclusive business model approach and use of video conferencing to enhance these organizations.

3.1 Building Capacity in Coffee Certification

East Africa Fine Coffee Association (EAFCA) is a regional nonprofit, nonpolitical, member-driven association representing coffee sectors in 11 member countries namely Kenya, Burundi, Rwanda, Tanzania, Ethiopia, Uganda, Zambia, Zimbabwe and Malawi, Democratic Republic of Congo, and South Africa. It was founded in 2000 and its mission is to provide members with highly valued services and build trade linkages and growth of Eastern African Fine Coffee.

EAFCA in partnership with the World Bank delivered the Coffee Price Risk Management Training in order to build capacity in Coffee Certification within the ESA region. The trainings that have been carried throughout the EAFCA chapters receive its funding from the European Union's All ACP Agricultural Commodities Programme (AAACP). It was reported that, under the AAACP, through co-financing arrangements, CFC implemented a programme to build capacity in Coffee Certification in the above-named countries. The purpose of the intervention was to upgrade skills of farmers to enable them to meet certification standards. The ultimate purpose of the project is to increase quality and quantity of certified coffee which is produced and processed within the EAFCA region through training of master trainers, training of trainers, certifiers and farmers.

Participants were informed that the major achievements of the Programme are 162 trained professionals in country institutions, 5868 farmers trained, improved coffee quality and quantity, market access of certified coffees from the region and improved training capacity in national institutions. Others include the signature of MOU for nine (9) countries, baseline Surveys completed in 7 countries out of the 9 planned, and a composite Training Manual has been developed.

Several training have been conducted including the Coffee Price Risk Management training and target beneficiaries are farmers, master trainers, and trainer of trainers, auditors and national institutions.

EAFCA is looking forward to create a core team of Master Trainers in each country who are qualified to continue in-country training sessions.

3.2 Strengthening the capacity of Farmer Organizations

The East Africa Farmer Federation is a non-political, non-profit and a democratic apex organization of all farmers associations of Eastern Africa. Its role is to voice legitimate concerns and interests of farmers of the region with the aim of enhancing regional cohesiveness and the social-economic status of farmers.

The Federation, apart from voicing views and demands of the farmers on crosscutting issues, also promotes regional integration of the farmers through trade and good relationships. It strives to promote the interests of farmers within the region on issues touching on markets; productivity;

capacity; information and Regional Integration. 70% of the food eaten in Africa is produced by farmers hence capacity building is the key.

Under the AAACP, Federation members have benefited from support to professionalize their organizations. Capacity building activities related to agribusiness management, business services provision, contract representation, business linkages, information management, understanding and communicating on agribusiness trends. Supply management capacity building interventions included training of trainers in farm planning, post-harvest handling, logistics etc. to cut costs and improve quality, quantity and reliability of supply. It was emphasized that in order for a value chain to function well, there is a need to have value chain leadership and governance, better expertise in value chain development and support for value chain facilitation. It was noted that though efforts are being made to ensure farmers adhere to international standards, on the other hand, these standards become barriers to trade as at times they imply too many restrictions.

Despite the efforts that have been made, there are challenges that remain to be addressed. These challenges include inculcating an entrepreneurship mind shift. Moreover, many farmers are still net food buyers

3.3 Business Models, for Cooperatives, ginneries and other Value chain actors

Participants were informed that Farm Concern International (FCI) is an Africa-wide Market Development Agency, which promotes pro-poor marketing models and strategic alliances to enhance economic growth among poor communities in various countries in Sub-Saharan Africa. One of its project objectives is to strengthen business-oriented and profitable farmer organizations with strong financial and marketing management systems. Under the technical guidance of FAO, FCI implemented a project under the AAACP with regards to cotton farming business models.

The project had the following objectives:

- Strengthening business-oriented and profitable farmer organizations with strong financial and marketing management systems
- Identifying alternative market opportunities along complementary and differentiated value chains i.e. value added cotton products or complimentary crops
- Developing mechanisms to strengthen business partnerships between cooperatives and ginneries and the business to business coordination among value chain players.

Business model and financial services appraisal were carried out to identify upgrading activities to be supported at the district level. The following challenges from the appraisals were identified: low average yields, inaccessibility to inputs, poor capitalization of cotton enterprises, inefficient business model aggravated by poor relations between chain actors, ginneries relying on imported cotton etc.

To support the implementation of upgraded business model the following activities were supported;

- Organization of farmers into collective marketing groups;
- Training of staff and board members of cotton cooperatives on agribusiness management skills;
- Organization of smallholders into groups to enable their participation in national public procurement processes;

- Training of trainers on improved production and harvesting practices;
- Review and update on cooperatives' existing 5-year business plans;
- Identification of critical Success factors in doing business as a basis for strengthening partnerships between value chain players (cooperatives representative, ginners, textile companies); and
- Technical training for ginneries in enhancing efficiency of gins and quality of cotton lint, and diversification processes for seed cake and oil.

3.4 E-conferencing for effective and efficient awareness creation and information sharing: A case study of video conferences on high value horticultural produce

AAACP has supported a series of video conference on global competitiveness of flower industry in Eastern Africa Region through WB-SDN. Video conferencing is an innovative World Bank initiative with an objective to exchange information, experiences and know-how with a view of raising awareness and disseminating success stories in the entire region.

Video conferencing has proved to be an effective and efficient means of sharing information on highly dynamic industries and is a vital tool in enhancing the global competitiveness of horticulture in the region. Through this initiative the following were achieved:

- Establishment of data base
- Industry profile (on-going)
- Produce and Marketing Organizations
- Increased collaboration among regional industries

Farmers have been sensitized to understand that the future of the sector is in their hands; hence they need to be organized, own the process to ensure the sustainability and achievement of the sector in order to improve their livelihood.

3.5 Regional coordination promoting Horticulture for Health and Prosperity

The video-conferencing had the technical support of the Global Horticulture Initiative. This is a worldwide programme intended to foster more efficient and effective partnerships and collective action among the stakeholders. It promotes horticulture for development in order to alleviate poverty, it also tackles nutrition and health issues but also environment. It has been an effective and efficient means of sharing information in a dynamic environment. In order to strengthen the capacities of the whole value chain system there is a need to protect and sustain farmers' income.

Global Horticulture Initiative acts as a global facility for coordinated horticultural research that provides solutions towards increasing health, productivity and safety in sustainable environments, to uplift the quality of life of the poorest populations in the world. Through the GHI, the public and private sectors are together collaborating on the following interventions.

- Vegetable seed system
- Quality standards for perishable produce
- Nutrition and human health
- Fighting poverty through market linkages
- Urban-rural development

A database has been developed to archive all technical issues, annual reports, papers, to better share information and knowledge with stakeholders within the value chain. Information can be accessed on the website www.globalhort.org

3.6 Contribution from Participants

During exchanges participants emphasised that where the cotton model is concerned, the ability to compare East and West Africa linkages between farmers and ginners should be carefully examined. This will ensure the best model is being used to suit a given environment. On the other hand, it was observed that the application of the integrated business model is viable when there is a clear market institution. This means that there should be a mechanism where contracts are enforced, prices negotiated - from the time the price was agreed to the time of selling commodity. There should also be a conflict resolution mechanism in terms of price and quality, when there is disagreement between stakeholders within the value chain especially between a ginnery and a farmer.

It was stressed that shortcomings of given models need to be cross-examined and lessons need to be learnt to avoid making similar mistakes. Value chain linkages need to be built among different players; this has to be done in a systematic way, where relationship and partnership are being built to sustain the process.

Since the model is being identified through participation which involves many actors within the value chain, there is a need to share achieved results. Targets identified must be adapted to small farmers.

The participants insisted that during capacity building, it is important to identify training needs by focussing on farmers' needs. Concept notes need to be prepared on commodities, training modules should be available in the system. Impact seems to be stronger when working with commodity clusters.

The participants acknowledged that the video conferencing is demand-driven and has proved to be very efficient and cost effective. Therefore it is important to exploit the system and adapt to target farmers in other sub-sectors. However, there is a learning stage in order to master the tool and language. Madagascar is the only Francophone country, where video conferencing has been introduced under the programme. Once done, it is advisable to replicate the process with a different sector.

Overall, participants were satisfied that, under this programme component, the AAACP has favoured sharing of knowledge and technical know-how among the respective countries. The innovative approaches introduced (regional training of farmers, business models upgrading or video-conferencing) have enabled beneficiaries to be exposed to different techniques of production management as well as to new technologies.

3.7 Lessons Learnt

- There is a need to address quality and production issues;
- Supporting the overall competitiveness of the cotton sector is crucial;
- Diversification strategies need to be developed for those cotton districts that have too many challenges to be able to compete in the sector;

- Programmes should promote the idea of farming as a business;
- Pilot approach is needed before up scaling;
- Specific training modules are needed for specific challenges; and
- Use of video conferencing increases interaction

3.8 Outstanding Gaps

- Capacity building is critical component for improving farmers' production and marketing skills.
- More capacity building to focus on small scale producers who are the major players in the agriculture sector
- Raise awareness of consumers to ensure good market for the products

4. SESSION 4: ENHANCING THE FUNCTIONING OF AGRICULTURAL COMMODITIES MARKET

The focus of this session was on agricultural commodity exchanges and warehouse receipt systems and improvements required in trade policy formulation and implementation to allow these systems to operate. It elaborated on how these systems can help farmers to boost their livelihood by being able to access credits using their grains as collateral.

It was noted that the Warehouse System has been a better instrument for small scale farmers because it can now address the high rate of post-harvest losses, lack of proper weighing mechanism, and lack of loan accessibility by small holder farmers, lack of quality crops. It also alleviates the high risk on buyers' side.

4.1 Promoting Dialogue on the Impact of Trade and Market Interventions

The Eastern Africa Grain Council partnered with FAO and benefitted from the AAACP funding to promote dialogue on the impact of trade and market interventions. The Eastern Africa Grain Council (EAGC) was described as a membership-based organization which operates as a non-profit, non-political, non-denominational organization. It prepares, disseminates, and promotes the exchange of information on matters affecting the regional grain industry. The council was registered in 2006 at the request, and through the efforts of, key stakeholders in all three sections of the grain value chain; producers, traders and processors.

The council promotes trade in grain within the region. It also places officers into boarders to collect prices on daily basis and upload the information onto their website. In that way it informs the value chain stakeholders who have internet access on the market trends.

Under the AAACP, FAO has supported the EAGC in promoting improved policy dialogue between public and private sector actors. This support has involved three regional workshops underpinned by commissioned analytical studies. In the first workshop, the objective was to assess evidence on the use of impact of trade and related policies and to improve the level of dialogue based on this evidence. At the end of the workshop, an action plan was prepared and selected activities supported under the AAACP, including a value chain study of Zimbabwean staples discussed in a second workshop co-organized by EAGC, FAO, USAID, ACTESA and AGRA, and an assessment of the relative merits of trade policy as opposed to market based mechanisms in coping with trade related risks, used as a basis for a third regional workshop.

4.2 Malawi Commodity Exchange

The Malawi Commodity Exchange aims at linking farmers to market, but also to link regional buyer with smallholder farmers as well as medium buyers. The participants were informed that before AAACP support, the performance was poor; buyers were reluctant to buy the products. Through this programme, the achievements are visible. One example is that the exchange has managed to provide guarantees to buyers on the farmers' products. Contracts are honoured for farmers' association and groups. At the moment anyone is allowed to access the trading system and deliver to the World Food Programme (WFP). The institution is addressing risk management mitigation and as of now regional marketing has been suspended but it is still buying locally. New tools have also been identified to

address the risks to farmers and be able to mitigate such risks. Electronic system is used for issuing receipts to ensure transparency and accuracy.

4.3 Uganda Commodity Exchange

It was reported that Uganda Commodity Exchange (UCE) started in 2008 and it is the instrument that regulates the licensed warehouses in Uganda. Before, the government was the only body that was allowed to export and it was easy for farmers to be exploited by middlemen.

It was emphasized that exchanges need to be built specifically for each country because stakeholders' needs differ from one country to another but the structures can also be different. For instance, Zimbabwe commercial farmers have already built storage while in Uganda it is hard to afford because it involves small-scale farmers, so it becomes difficult to replicate the Zimbabwe model by then as it is not in the operational at the moment.

However, there are some achievements that have been realized under the AAACP support. Capacity building activities have reached 33,000 beneficiaries of whom 70% are farmer groups and 30% are traders. So far 6000 farmers have been trained in the use of commodity exchange system.

Government should get involved with private sector through PPP to address these challenges that cannot be implemented by the Government alone. Harmonizing policies within East Africa is crucial, *inter alia*, to facilitate the movement of goods beyond borders.

4.4 Tanzania Warehouse System

The participants were informed that Tanzania Warehouse System was started in 2000 to address, *inter alia*, high rate of post-harvest losses, lack of proper weighing mechanism, lack of loan accessibility by small holder farmers, low prices of crops, lack of quality crops and high risk on buyers' side.

It started as a pilot to implement two crops which are coffee and cotton. This project was funded by CFC and supported by the Government of Tanzania. The Warehouse Receipt Act number 10 was passed by the parliament in year 2005 and its regulation in year 2006. It was the Warehouse Receipt Act that established the Tanzania Warehouse Licensing Board.

In January 2009, the Warehouse Inventory Credit Project was started which took account of maize and paddy/rice as a pilot study under the Grain Farmers' Access. This project is funded by the AAACP through CFC with an objective to support the development of a Warehouse Receipts System for Grains. The focus for this pilot study is crop production potential, accessibility of warehouses and readiness of farmers to grasp the opportunity. Achievement has been recorded as of now, more than 1000 Mt of grains deposited and more than US\$ 500,000 of loan accessed by farmers.

4.5 Testimony – Rural Chairman Cooperative Society in Tanzania

A farmer from Moshi in Tanzania Mr. Elinami Y. Mtei gave a testimony on how the Warehouse Receipt System under the AAACP has improved farmers' livelihoods and now they are able to live in good houses and take their children to schools.

Mr Mtei leads an association which has 1100 registered members. They cultivate paddies and started with 3000 hectares with the support from JICA. Now they have 6000 hectares. More farmers have engaged in growing paddy after realizing the profits it brings and the assurance of the market

through the WRS. Mr. Mtei described the difference before and after the support. He outlined benefits as a farmer but also being the chairman of that society has witnessed the improvement in the life of other farmers. The WRS has enabled them to be secure from the post harvest loss but also guarantees their income, storage of commodities and assurance of markets.

4.6 Contributions from Participants

One participant from Zimbabwe Commodity exchange (COMEZ) appealed to others who are implementing commodity exchanges in their respective countries to learn from COMEZ. They were advanced before, but they made mistakes that should not be repeated by others; because of those mistakes there are now bearing the consequences. Policy inconsistencies and changes have led to where they are now. It is therefore urged that the private sector leads the process; but it needs to be supported by the Government to ensure its success. Tanzania was commended for the effort made so far in starting the commodity exchange and for the support the Government is providing.

It was also noted that the Warehouse Receipt System (WRS) approach taken in Tanzania is different from that of Malawi. In Malawi, the process is Private-sector led while in Tanzania, it is Government led. WRS is incorporated within rural based system where members are able to discuss how the system should work. The process has benefitted the small-holders farmers; however, the enforcement of policy for the grain market is very crucial especially in addressing the food shortage. It is threatening when the Government intervenes and ban exports, resulting in farmers being adversely affected. In order to update activities in commodity exchange, concept papers need to be discussed at the national level and implemented partners level. UNCTAD assisted in developing road map and the World Bank in procurement

4.7 Lessons Learnt

- promoting policy dialogue in the cereals sector is very crucial especially given that the unpredictability of trade policy use is undermining required private sector investment;
- Establishment of Warehouse Systems (WRS) as a vital role towards establishment of commodity exchange;
- Establishment of relevant structures for commodity exchange;
- The importance of funding for the establishment of commodity exchange;
- National Governments in partnership with the private sector need to come up with clear road map (frameworks) for the establishment of Agricultural Commodities Exchange Markets;
- Agricultural marketing and price stabilization instruments such as the warehouse receipt system and agriculture insurance products facilitate farmers' access to credit finance from the bank sector. These initiatives reduce farmers' dependence on the fiscus and allow Government to direct resources towards social service delivery programmes; and
- Warehouse receipt systems are beneficial to the cassava sector for both farmers and buyers because this would increase quantities in the required amounts to benefit the buyers.

4.8 Outstanding Gaps

- Lack of efforts to come with a regional commodity exchange, inadequate storage facilities and lack of accessing credit blocks;
- Inadequate allocation or surplus towards capacity building for sustainability;

- Need for a wider and in-depth capacity building Programme to address information gaps about Risk Management tools;
- Major gaps of data need to be improved to allow better policy reviews;
- Construct and equip more warehouses as demand is high; and
- Develop models, when successful to be replicated somewhere else.

5. SESSION FIVE: INNOVATIVE FINANCING AND RISK MANAGEMENT

It was noted that the AAACP has supported supply chain in ESA with partners implementing agencies working with the national banks to develop financing models to be customized to specific sectors. With respect to risk management, the programme has covered in the region the following: risk assessment, training in Risk Management tools and transfer of capacity

5.1 Transfer of Capacity as a Strategy to increase use of market-based risk management tools In Africa

The participants were informed that the College of Insurance (CoI) of Kenya is the only college in East & Central Africa that trains Insurance courses. However, recently CoI has diversified to accommodate other programmes including the agricultural risk management courses. Through the AAACP, the WB-ARMT has trained the staff of CoI so that the college could subsequently offer the training on an ongoing basis throughout East Africa. Following the training COI confirmed their interest in receiving technical capacity building in the subject, with a view to offering the training on an ongoing basis as part of their existing program of training in the region.

The college of insurance has been able to do Capacity building on Weather Index training of trainers to the diversified groups including Insurance companies, insurance broking houses, financial institutions, meteorological department and banks with the guidance of two World Bank consultants in order to transfer capacity to the smaller groups. The knowledge gained will enable farmers to venture into more risky crops that will lead to food security in the region and curb rural urban migration hence less stress to cities since there will be rural employment.

The knowledge will increase exports of agricultural products to the world market hence stabilize global economies as a result of commercialization of agriculture. Through capacity building the following can be achieved:

- increase growers income through production of certified coffees;
- Local and regional insurance market needs to be strengthened;

5.2 Index-Based Weather insurance

The Kenya Financial Sector Deepening (FSD) programme was established in early 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises. It operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC).

Among the projects that the FSD is supporting is an Index-based weather insurance (IBWI) pilot project which started in 2009 and expects to end in 2011. The project is implemented in partnership World Bank -CRMG as the technical partner and Rockefeller Foundation. The project's objective is to develop and demonstrate the market viability of index-based insurance products to reduce the impact of weather risk on smallholder farmers and pastoralists in Kenya.

Through the AAACP, the programme is intervening in the following areas:

- Developing index-based weather insurance contracts using the Water Requirements Satisfaction Index (WRSI) models have been developed with technical assistance from the World Bank and currently launching the satellite based initiatives to improve on scalability potential and reduce basis risk.
- Weather index based insurance is a viable tool that gives farmers the ability to mitigate drought risk, protects both producer and loan provider from weather-related production risks and allowing banks to expand their lending portfolios in a managed way but also gives insurers the opportunity to re-enter rural markets;
- Assisting the local underwriters in international risk transfer market
- supporting development of an enabling environment for development of index-based weather insurance
- Knowledge on Weather Risk Management should trickle down to grass roots (small scale farmers or producer organizations) where there are more risks;
- Capacity building through training on technical contract design for Weather Risk Management: this needs to be reviewed to supplement with on-job training Including climate risk mapping as a tool to aid in scaling up

5.3 Testimony from a coffee trader in Tanzania

The coffee trader from Tanzania was thankful to the World Bank, European Union and EAFCA who facilitated several training opportunities.

He outlined benefits achieved from the Risk Management training

- Plugging in knowledge and skills to participants on how coffee price risk is managed;
- Companies, cooperative, associations and smallholder farmer's representative benefited from the training. This is because most of the mentioned institutions are engaged fully in farmer's coffee trading. This will later transfer the skills to the smallholder farmers during coffee procurement operations in the field; and
- Farmers are already benefiting from good results of price risk management after using the skills and tools during their commodities sales.
- Building capacity is also a key factor; hence training in Price Risk Management needs to be reviewed to allow intensive coverage and learning of the modules; and including climatic risks which impact on agriculture.

-

5.4 Cotton Association of Zambia

The association was formed in July 2005 with the objective of strengthening capacity building; continuously engage out-grower scheme promoter and provision of conduit for dissemination of information.

The participants were informed that cotton production in Zambia is facing several challenges; hence the funding from AAACP was welcomed to address them. Main problems that face cotton farmers are common to other commodities i.e. low yields, unattractive returns to labour, and poor resilience of farmers to cotton price volatility, sporadic involvement of Government in maize sector and lack of protective legislation in the Sector.

Through the AAACP the following interventions were undertaken: capacity Building for farmer organizations; increase production and productivity at farm gate; facilitate education and training through tours and exchange programmes; understand and create awareness of the importance of

risk management and understanding the markets along the cotton to clothing value chain and how it works.

The price risk management training is very important to farmers as it enables to address the following issues:

- Better understating of international cotton pricing and trade;
- Understanding of price volatility, risk assessment and management;
- Understanding of other risks like Weather, quality , contract, foreign exchange fluctuations , volume of world stock;
- Understanding cost analysis with objective data;
- Development of trust and transparency in pricing;
- Development and updating of pricing models; and
- How to use physical instruments to manage price risks.

It was requested for more of this training as it has not wide spread and it is really needed by farmers to mitigate the risks.

The sector is anticipating doing the following in order to sustain what has been achieved after AAACP ends:

- Capacity building of the farmer Associations to understand and appreciate Cotton Price Risk Management;
- Regular training of the key stakeholders in cotton production and marketing;
- Encourage regional groupings e.g. Mozambique, Zambia, Zimbabwe and Malawi (MOZAZIMA), Southern African Cotton Producers Association (SACPA) to develop cotton pricing models;
- Improve negotiation skills of the producers;
- Government support along the cotton value chain; and
- Continued collaboration with COMESA to replicate lessons learned in other countries.

5.5 Contribution from the Participants

Government needs to introduce social security to farmers to protect their crops in case of calamities. It was also recommended that Banks and insurance should provide minimum conditions so that farmers can be able to access credits.

High level training is provided but it needs to be integrated to accommodate the interest of small scale farmers. The need should conform to the type of training and the number of farmers insured should be the same as the number of farmers attending training

The impact of index insurance in the early warning system can be addressed as follows: The products designs have the capacity to give real time food production status in the country hence give importance data to feed to the early warning system. Likewise, the models can be extended to include other tools that can predict the outcome of weather (hybrid of forecast) hence make more sense to early warning system. Currently the system is designed for insurance purposes (estimation of risk on a given time) which are correlated to yield on the ground. In phase 2, some of the system

especially the satellite will be designed to act as Early warning system both for food security and for risk management purposes.

The list of insurance companies that are in the Risk Management are UAP, Jubilee, Cooperative Insurance Company (CIC) and UAP insurance companies for maize, wheat, coffee, banana, sorghum and livestock (under a project supported by FSD Kenya, Rockefeller Foundation, World Bank, DFID and ILRI). The criteria of pilot selection were based on value chain financing potential (based on a study by FSD & USAID) and on strategic importance of the partner institutions - mainly banks. It was noted that Private insurance in Europe are being subsidized by their Governments, participants wanted to know if African insurances in supporting farmers are sustainable and competitive. However, it was seen that this is a long debatable question but probably there might be a need to carry out scoping studies to advice on this but while this may strengthen their capacity, it may also distort the market. However, it may be a case to consider and maybe develop a scenario where the market is developed and strengthened.

5.6 Lessons Learnt

- Inadequate allocation or surplus towards capacity building for sustainability making plans in place to ensure Price risk management training program is progressive, sustainable and enable much more trading societies are capacitated;
- Regular dialogue between producers, processors and government is critical for the future development of the cotton sector;
- Risk is real, farmers need to enhance their capacity to manage it;
- International cotton prices affect the farm gate price farmers get, thus it can be used to negotiate farm gate prices;
- Government support to the producers is essential to stabilize the prices;
- Cotton Ginners and Merchants must understand Risk assessment and management;
- Consistent education and training in price risk management is necessary at all levels;
- Strengthen farmer organizations is important in order for the producers to appreciate the broader issues of improving production, appreciate price risk management and producing cotton as a business;
- Government support to the producers and other key stakeholders and at various stages of the cotton value chain including infrastructure development, regulation and international trade support; and
- There is a need to support initiatives to promote local cotton consumption and value addition in order to create more wealth for the farmers, ginners and lint processors.

5.7 The following outstanding gaps were identified

- The program is meant to be rolled out in the Eastern and Southern Africa region; however, this is yet to be fully achieved due to budget constraint;
- Price Risk Management training needs to be conducted for the future development of the cotton sector in Zambia;
- Increased farm productivity and Investment to enhance local Cotton value addition;
- Reduction of cotton contamination;
- Upscale and cascade price risk management training in the region;

- Poor or low understanding of cotton price risk management; and
- Enhance value chain transparency.

CROSS CUTTING ISSUES

Lessons Learnt

- There are solutions for the region within the region;
- More communication and coordination between Government and other actions of the region is needed (South – South Cooperation);
- Regional perspective and harmonization of procedures among countries should be strengthened, in order to increase the attractive of the region for international trade partners (private enterprises);
- Sustenance issues relating to the initiatives on the ground are not being clearly articulated and this poses as a threat to continuity of these initiative once donor support is withdrawn; and
- Contextualization of various initiatives within national policy frameworks seem not be coming out strongly and yet that is critical for future sustenance of these initiatives.

6. SESSION 6: BRIEF PRESENTATION BY DEVELOPMENT PARTNERS:

The intention for this session was for other development partners to link their own commodity related programmes with AAACP work.

6.1 Australia – Africa Partnership Facility

The participants were informed that the Australia-Africa Partnerships Facility (AAPF) is part of the Australian Government's broader commitment to increase engagement across Africa. The Government of Australia established the Australia-Africa Partnerships Facility (AAPF) to support capacity building efforts of partner governments and institutions in Africa.

The AAPF's goal is to develop partnerships between Australian and African countries and institutions that contribute to achieving African development objectives.

AAPF has three focus areas with agriculture and food security being one of them, under the Australian government Africa Food Security Initiative. A fundamental characteristic of the Initiative is that it aligns with and supports African-led development strategies under the Comprehensive Africa Agriculture Development Program (CAADP).

The AAPF responds to requests from African governments and others across the continent and takes advantage of opportunities to leverage links between Australia and Africa. The Facility seeks to do this through a flexible suite of capacity building options including:

- › The placement of short-term Australian specialists and volunteers to work alongside and mentor African officials;
- › Partnerships and exchanges between Australian and African organizations, both government and non-government;
- › Short-term professional development programs including those delivered by international financial institutions (IFIs), public sector and private sector bodies;
- › Workshops and training;
- › Grant funding for capacity building activities implemented by other organizations; and
- › Joint research

Applications for AAPF support are made by African and Australian organizations through a formal process to AusAID. In responding to the demands, the AAPF strives to maximize coherence and synergies with other programs. From the application process, potential applicants are asked to provide information about related donor funded initiatives. If similar requests are received from a number of countries there is the possibility to address them with a regional or multi-country activity.

6.2 Technical Centre for Agricultural and Rural Cooperation (CTA)

CTA is an ACP-EU institution working in the field of information for development. It operates under the ACP-EU Cotonou Agreement. Its mandate is to improve the flow of information among stakeholders in agricultural and rural development in African, Caribbean and Pacific (ACP) countries. It has a budget of €16 million annually. Its main work focuses on three key areas:

- providing information products and services (e.g., publications, question-and-answer services and database services);
- promoting the integrated use of communication channels, old and new, to improve the flow of information (e.g., e-communities, web portals, seminars, and study visits);
- Building ACP capacity in information and communication management (ICM), mainly through training and partnerships with ACP bodies.

To implement its activities, CTA works in partnerships with ACP national and regional bodies as well as of ACP-EU public and private sector bodies, and international organisations around the world.

The overall aim of CTA is to better serve the ever-changing information needs of all stakeholders in ACP agricultural and rural development. CTA is working together with their partners and stakeholders to achieve the goal shared by the whole development community – poverty alleviation and sustainable development.

Through this Programme, CTA has been collaborating with AAACP in some of its activities. It has been working closely with UNCTAD in Warehouse Receipt System and Commodity Exchange. CTA focuses on Value Chain Development and is willing to help and assist farmers on the value chain issues. Its programmes focus on the following:

- Food and Nutrition security
- Information and knowledge
- Facilitate policy dialogue at national and regional level
- Strengthening capacities of Institutions at the ACP level

CTA assists the CAADP process and is engaging stakeholders in different forums. It also works on Market Information System and has organized Warehouse and Commodity exchange study tours in South Africa and Tanzania in order to share experiences and encourage ACP stakeholders to learn from each other.

6.3 USAID COMPETE

The Competitiveness and Trade Expansion Programme (COMPETE) was described as a regional program that is working to improve trade in 15 countries of East and Central Africa by harmonizing regional trade and transit policies and procedures, developing financial markets, supporting private sector trade associations, developing value chains in staple foods, cotton/textiles, and coffee and building capacity of regional businesses to take advantage of preferential trade opportunities. Its main focus is to reduce barriers to trade and increase regional integration. COMPETE is funded by the US Agency for International Development (USAID) under the East Africa region.

COMPETE pursues an African, private-sector led reform agenda and works with regional trade associations and regional economic communities, USAID Bi-lateral missions and other donor initiatives and private sector partners both regional and international.

USAID COMPETE is currently supporting (i) the African Cotton and Textile Industries Federation (ACTIF) to Promote trade in African cotton, textiles and apparel and to expand market access; (ii) East Africa Fine Coffee Association (EAFCA) to enhance coffee quality and to encourage product, trade and market expansion, market linkages and business relationships, but also domestic coffee

consumption and institutional strengthening; and (iii) East African Grain Council (EAGC) to promote and support the establishment of a structured grain trading system.

It aims at resolving challenges of accessing markets by *inter alia* reducing trade barriers, building capacity and reducing the cost of transport. Equity bank is assisting to lend money with soft collateral.

6.4 Contribution from the Participants

The participants expressed their appreciation for support provided by Australia – Africa Partnership Facility (AAPF). However they wanted to know if the Facility is planning to cover Francophone countries. The participants were informed that the Facility has already started to support activities in Senegal, Mali and Burkina Faso in water management.

The AAPF is demand-driven and the response is rapid from the time the application is requested. However, the turnaround time depends on the quality of proposals and the time the applicant takes to submit the application. Normally the support is co-financed but there are some exceptions, for instance, support to study tours is fully paid.

It was observed that the USAID Compete provides support to Eastern Africa only and participants wanted to know if there are any plans to support the Southern Africa. The representative for USAID Compete informed the meeting that the Finance component is limited that is why the focus is in the Eastern Africa to start with. However, the structure for trade has been done in Zambia and Malawi. The need to support Southern Africa is there and when finances allow the support will be spread across and the models used in the Eastern Africa will be tested to see if they can be rolled out to Southern Africa.

The USAID compete is also addressing the domestic and regional markets by reducing barriers to trade and focus on regional integration. These include cost of transportation, access to finance, access to markets (structured trade). It promotes regional integration through traders association such as EAGC but also funds annual summits to share experiences and knowledge. The area of support provided by USAID Compete is in the value chain development.

The support provided by the development partners has the monitoring component that enables it trace both the process and the results. For instance CTA has pool of 40 advisers under the Africa Support Programme who cover a range of discipline, assist in recommending activities that need value chain development, to ensure that support is being provided professionally and strategically. This contributes to the sustainability of the activities implemented after the support ends.

Co-funding is part of donor policy and sign of synergy rather than duplication. CTA welcomes implementing partners and international organizations to co-fund their activities as its annual budget is limited. The CTA aims to develop new strategy to focus on regional trade as it is less profitable to export in the EU market because of standards which at times are difficult to adhere to.

CTA is supporting value chain development and the selection of activities to be implemented is done by regional committees selected by CAADP. Once the list of activities is approved, then the support is provided and it has to be demand driven.

ICT is being mainstreamed to the mobile phones so that people can consult users' mobile phones. There is a special agency that has been set aside to respond to customers' request. It has been done in Cameroon as a pilot and has been successful. Plans to roll out are underway.

Participants also recommended having series of meetings on policy dialogue with participation of farmers to build capacity at producer level. ICT value addition and knowledge is the key to local farmers. Ways should be done to ensure the language is simplified and understood at farm level.

7. POTENTIAL FOLLOW-UP ACTIVITIES BY THE INTERNATIONAL ORGANISATIONS

7.1 Food and Agricultural Organization (FAO)

- Continued support to the process of promoting dialogue on trade and related policy interventions in cereals' markets, specifically in supporting the EAGC to develop a "policy advisory committee" which will serve as a forum for public-private sector dialogue, a repository for research output and as a platform for capacity development in policy analysis;
- Promotion of greater understanding of the determinants of smallholder farmer participation in staple food markets as a basis for improved policy and institutional innovations to facilitate their integration. This would be achieved primarily through research and dissemination activities;
- A technical cooperation project with FAO and EAFF on strengthening the agribusiness capacities of farmer organization in the region will build on the lessons and training materials developed under the AAACP;
- FAO will start a series of scoping exercises to understand how the organization can contribute to WFP's P4P initiative and will build on the lessons identified under the programme on warehouse receipt systems;
- The business model approach has been built into FAO farmer-market linkages projects.
- Funding from the Dutch government is being requested to appraise some of the business model cases supported under the AAACP to identify lessons for further project development on the topic; and
- The training material developed for farmer associations on commodity specific agribusiness will be published (possibly in partnership with CTA).

7.2 World Bank

Support to countries to undertake broad sector-wide risk assessments in agriculture, to enable Ministries of Agriculture and the private sector to identify and design an Agriculture Risk Management Strategy for the agricultural sector. This will be strengthened by building public-private partnerships between public and private sectors, with clear roles and responsibilities in mutually beneficial programs. Countries will benefit by stimulating discussion at the Government and Private sector levels on the implications of adopting risk management strategies and in the transfer of capacity to stakeholders in the relevant areas.

The World Bank will assist Ministries of Agriculture in setting up Risk Management Departments in their Ministries, transferring capacity to those Departments, and strengthening their capacity to manage risks.

AAACP funding has helped in improving the understanding of agricultural risks, and in the piloting of risk management solutions. However there remains a large gap in fully cementing knowledge, in up-scaling pilots, in sharing knowledge transfer from experiences to date, and in transferring capacity to many countries of the region. This gap becomes more evident with recent increases in the volatility of weather and agricultural commodity markets. Specific gaps to mention include:

- **Price Risk Management Training**

While the cotton and coffee price risk management training is still available to interested parties via internet and CD ROM, additional funding would enable continued delivery of this training on an ongoing basis.

Additional funding would enable price risk management training courses to be developed, and delivered, for other key commodities for ESA that also face significant price volatility and price risk.

- **Weather Risk Management**

Demand for index insurance training continues to be extremely high across the region. There are many insurance companies and related institutions eager to receive technical assistance. While the College of Insurance will seek to deliver this training on an ongoing basis, additional funding would enable a larger program of delivery to occur, greatly expanding the audience receiving such capacity building. Piloting index insurance contracts is still required, as is further technical assistance for up-scaling existing and future pilot initiatives.

- **Supply Chain Risk Assessments**

Whereas WB-ARMT is aiming to develop materials to educate governments and agricultural stakeholders on conducting supply chain risk assessments, further funding could enhance this training of government and stakeholders. The aim would be to facilitate the understanding of risks along supply chains in critical agricultural commodity sectors which would incorporate hands-on training of NGOs, agencies, ministries and other stakeholders.

7.3 UNCTAD

UNCTAD will continue to support the work done in Warehouse Receipt System, Commodity Exchange and Supply Chain Finance. The programme will also address agricultural price volatility which is being supported by the French Government.

7.4 Common Fund for Commodities

CFC participates in the Programme by identifying projects in its project portfolio, where co-financing from AAACP strengthens the contribution of the projects to the achievement of the common goals of both CFC and AAACP. The areas of intervention include:

- Cotton – credible for certification on international markets
- Warehouse Receipt, where a number of warehouses have been built and rehabilitated.
- Coffee production

CFC will continue to select activities within the selected projects in order to make an impact. So far working is progressing well in Malawi and Tanzania on WRS. The work in Ethiopia has not yet started but the preparations are underway and it will soon start.

Activities supported will be commodity related, dealing with all aspects of value chain, including commodity production and trade ; and it will focus on small scale also.. It also intends to use successful models to upscale to other potential areas

Summary from COMESA Representative

To ensure cohesion, COMESA has been developing regional strategies for various value chain products including leather products, cotton-clothing strategy which is being done on tripartite (COMESA, EAC and SADC), agro food strategy and metallic and non-metallic products. It has been involved in the entire value chain from production, process, marketing and consumption. The objective is to develop competitive advantage to add on comparative advantage. Efforts are being made to identify issues and action plans that can be done at the National, Regional and enterprises level to avoid duplication of efforts in terms of funding but also repeating implementing same activities. COMESA is also addressing value addition in order to increase returns. Other policy issues to be addressed include: (i) knowledge sharing, information, standards and non-tariff barriers, food security, agribusiness.

COMESA will continue to use resources to sustain the work that has been done by AAACP in collaboration with International Organizations.

8. CLOSING REMARKS AND CONCLUSION

The head of the AAACP Coordination Unit thanked the participants for their contribution throughout the workshop, sharing success stories, experiences, lessons learnt and outstanding gaps that need future interventions. He also thanked COMESA, the EU Delegation in Kenya, partner international organizations, resource persons and Cardno-Kenya for their collaboration in various aspects of the workshop. Participants were informed that the ESA dissemination workshop was the first of the four series workshops with the following objectives:

- To share results that have been achieved
- Share broadly various results,
- Assess what has to be done after the AAACP ends
- Lessons learnt and outstanding gaps those need to be done.
- Dissemination process is starting now but it should be a continuous process

An exhibition complements the workshop in disseminating programme achievements. It was emphasized that it is important for the implementing agencies to ensure that the good work that has commenced is sustained beyond the AAACP.

The dissemination workshop was then closed by the Head of Rural Development in the European Delegation in Kenya who thanked the participants for their fruitful discussion and valuable contribution to ensure the agriculture sector as a whole in ESA region is moving to another level. In his closing speech, the EU Representative underlined the importance of continued focus on Trade Development and of strengthening the intermediary and apex bodies through capacity building. Market analysis should be conducted frequently to ensure value chain stakeholders are following the market trends. Rules of origin should also be borne in mind when seeking value addition. Enhancement of south-south trade development should be strengthened and different issues at farm level should be addressed, including stronger linkages to markets..

He thanked the organizers for a successful meeting and wished participants a safe journey back home.

**EASTERN & SOUTHERN AFRICA DISSEMINATION WORKSHOP
SAROVA PANAFRIC HOTEL, Nairobi, 19 & 20 September 2011**

WORKSHOP PROGRAMME

DAY 1	
08.00 – 8.50	Registration
09.00 – 09.30	Opening Ceremony: <ul style="list-style-type: none"> - Opening remarks by the ACP Representative - Opening remarks by the EU Representative - Opening Remarks by AAACP Focal Point Representative, COMESA - Opening remarks and official opening by Representative of Ministry of Agriculture, Kenya
9.30 – 10.00	Group Photo and Refreshments
Session 1 10.00 – 10.30	The AAACP: Expected and Actual Results, and Overview of Approach Used By Programme Coordination Unit
Session 2 10.30 – 13.00	<u>Case Story 1:</u> Support to the Cassava sector <ul style="list-style-type: none"> - Presentation (25 mins) by Mr Emmanuel CHILESHE, Chair, Zambia Cassava Coordinating Committee - Followed by panel presentation (3X10 mins) Panel Members: <ul style="list-style-type: none"> - Mr Brighton Mulonga, Facilitator, AAACP ESA Cassava project - Mr Bright Mwaungulu, cassava producer/processor, Zambia - Mr Geoffrey CHIKAONDA, Nkhotakota Cassava Processors Association, Malawi - Plenary debate (60 mins)
13.00 -14.30	LUNCH
Session 3 14.30 – 16.00	Capacity Building of Producer Organisations Panel Members: <ul style="list-style-type: none"> - Mr Steve Muchiri, Managing Director, East Africa Farmers Federation, Nairobi - Kenya - Mr Samuel Kamau, Executive Director, EAFCA - Mr Stanley Mwangi, Programme Manager, Farm Concern International - Mr Ogolla Arim, GM, Horticultural Crops Development Authority, Kenya - Mr Rémi Kahane, Executive Secretary, Global Horticulture Initiative Discussions to cover what has been achieved under the AAACP and what remains to be done
16.00 – 16.30	TEA/COFFEE BREAK

<p>Session 4 16.30 - 18.00</p>	<p>Enhancing the Functioning of Agricultural Commodities Market</p> <p>Testimonials by Representatives of beneficiaries of support to initiatives in the areas of Commodity Exchange and Warehouse Receipt Schemes</p> <p>Panel Members (15 mins each):</p> <ul style="list-style-type: none"> • Mr Gerald Masila, Executive Director EAGC • Mr Kristian Schach-Moller, Principal Adviser, Malawi Commodity Exchange • Mr Alex Rwego, Manager, Uganda Commodity Exchange • Mr Nicolaus Kaserwa, Credit Specialist, Tanzania Warehouse Receipt System • Mr Elinami Y. Mtei, Chairman, Rural Cooperative Society (Moshi, Tanzania) <p>Feed-back from the floor (40 minutes)</p>
<p>19.00 – 21.00</p>	<p>RECEPTION</p>

<p>DAY 2</p>	
<p>Session 5 08.30 – 10.30</p>	<p>Innovative Financing and Risk Management</p> <p>Panel of beneficiaries (15 mins each):</p> <ul style="list-style-type: none"> • Mr Ben Kajwang, Chief Executive Officer, College of Insurance, Kenya • Mr Michael Mbaka, Project Manager, Financial Sector Deepening Trust Kenya • Mr Lazarus Haonga, Coffee Trader, KILICAFE LIMITED, Tanzania • Mr Joseph Nkole, Secretary, Cotton Association of Zambia <p>60 minutes for debate</p>
<p>10.30 – 11.00</p>	<p>Refreshments</p>
<p>Session 6 11.00 – 13.00</p>	<p>Brief presentations by development partners on (i) their own commodity-related programmes (ii) links with AAACP work, and (iii) areas of interest for potential follow up by their organizations</p> <p>About five (5) short presentations of 10 to 12 minutes each, followed by one hour of interaction</p>
<p>13.00 – 14.30</p>	<p>LUNCH</p>
<p>Session 7 14.30 -16.00</p>	<p>Open Session for interaction between funding agencies and development partners</p>
<p>16.00 – 16.30</p>	<p>Tea/Coffee Break</p>
<p>Session 8 16.30 – 17.30</p>	<p>Conclusions and Recommendations</p>
<p>END OF THE WORKSHOP</p>	

