Improving family farmers’ market positions in Africa

Importance of farmers’ organizations in West and East Africa and policy recommendations

Collectif Stratégies Alimentaires
Brussels, 2014

Produced with co-funding from the European Commission and DGD

Warning: The opinions in this publication are those of its authors and in no event reflect those of the European Commission or DGD.
# TABLE OF CONTENTS

List of acronyms ........................................................................................................................................ 4

A. Introduction ........................................................................................................................................ 5
   1. Context and production of the publication ....................................................................................... 5
   2. Purpose and content of the publication ............................................................................................. 5

B. Family farms versus the market ........................................................................................................ 7
   1. Opportunities for Family Farms ....................................................................................................... 7
      Family farms are vital for the national food supply ............................................................................ 7
      Increasing trade: A challenge for family farms .................................................................................. 7
      The importance of local markets ......................................................................................................... 7
      The challenge of supplying urban markets from family farms ........................................................ 8
   2. Constraints for Family Farms .......................................................................................................... 8
      Low productivity and product valorisation .......................................................................................... 8
      Little market power ............................................................................................................................. 8
      Unstable prices ................................................................................................................................... 8
      Limited access to financing ............................................................................................................... 9

C. Agricultural and Trade Policies and Market Access for Family Farms ........................................... 11
   1. National Policies ............................................................................................................................. 11
      Limited public investment .................................................................................................................. 11
      A privatisation policy with mitigated effects ..................................................................................... 11
      The family farm’s marginal position and access to production resources ........................................ 11
      A strategy focused on agro-industry that undermines rural employment ........................................ 11
      Recurrent land tenure insecurity ....................................................................................................... 12
      Imports at low prices and food aid that upset the market ................................................................. 13
   2. Sub-regional and International Policies ............................................................................................ 13
      Sub-regional markets without border protection ............................................................................. 13
      Weak regional trade policies without instruments ........................................................................... 13

D. Farmers’ Organizations’ Actions to Cope with the Markets ............................................................. 16
   1. Actions in the Area of production and Financing ........................................................................... 18
      Grouped fertiliser purchases ............................................................................................................. 18
      Season credit ..................................................................................................................................... 18
      Inventory credit system or warrantage .............................................................................................. 18
      Provision of seeds ............................................................................................................................... 18
Technical support

2. Actions in the Area of Processing
   Establishment of processing units

3. Actions in the Area of Marketing
   Collective marketing
   Agricultural commodity exchanges

4. Actions in the Area of Sub-regional Policies

E. Recommendations
   R1 ‘Recognise and support family farms’ potential to feed the nation and its cities’
   R2 ‘Increase the participation of family farmers’ organizations in policy-making’
   R3 ‘Invest in family farming’
   R4 ‘Support FOs to improve producers’ market power’
   R5 ‘Improve family farms and FOs’ access to financing’
   R6 ‘Facilitate family farmers’ access to productive and natural resources’
   R7 ‘Regulate the markets and food aid’
   R8 ‘Support the sub-regional integration effort’

Annex: examples of FOs’ actions to improve market access
I. ACCESS TO INPUTS AND FINANCING
   Group purchases of fertilisers
   Inventory credit systems or warrantage
   Seed supply

II. PROCESSING
   Setting up processing units

III. MARKETING
   Collective marketing
   Agricultural commodities exchanges
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPU</td>
<td>Agricultural produce processing unit</td>
</tr>
<tr>
<td>CDE</td>
<td>Centre for the Development of Enterprise (ACP)</td>
</tr>
<tr>
<td>CET</td>
<td>Common External Tariff</td>
</tr>
<tr>
<td>CSA</td>
<td>Collectif Stratégies Alimentaires</td>
</tr>
<tr>
<td>DGD</td>
<td>Direction générale Coopération au développement et Aide humanitaire (Belgian overseas development &amp; humanitarian aid office)</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ECOWAP</td>
<td>Acronym used in all of ECOWAS’s official languages to refer to ECOWAS’s agricultural policy</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EDF</td>
<td>European Development Fund</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreement (EU)</td>
</tr>
<tr>
<td>ETLS</td>
<td>ECOWAS Trade Liberalisation Scheme (SLEC in French)</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>FO</td>
<td>Farmers’ organization (see also: PO)</td>
</tr>
<tr>
<td>HA</td>
<td>Hectare</td>
</tr>
<tr>
<td>IADF</td>
<td>International Agricultural Development Fund</td>
</tr>
<tr>
<td>IGO</td>
<td>Intergovernmental Organization</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro-finance Institution</td>
</tr>
<tr>
<td>NAIP</td>
<td>National agricultural investment plan</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PO</td>
<td>Producers’ organization (see also: FO) (EU)</td>
</tr>
<tr>
<td>RAIP</td>
<td>Regional agricultural investment programme</td>
</tr>
<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union (UEMOA in French)</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
A. INTRODUCTION

1. CONTEXT AND PRODUCTION OF THE PUBLICATION

This publication is the fruit of work conducted under the EuropAfrica Consortium’s third programme\(^1\) (2011-2013). EuropAfrica is a consortium of sub-regional platforms of African producers’ organizations (POs) and European NGOs built around a campaign of information, awareness raising and advocacy.

The aim of this programme, which is supported by the European Commission (EC) and co-financed by Belgium’s Directorate-General for Overseas Development and Humanitarian Aid (DGD), is to ensure the coherence of European policies with regard to the sustainable, fair development of family farming and food security in Africa.

This publication was drawn from the report entitled “Analysis and proposals of building local, national, and regional markets in Africa”,\(^2\) that Collectif Stratégies Alimentaires (CSA) commissioned under EuropAfrica’s ‘Towards Food Sovereignty’ programme. Information was also taken from the report on African sub-regional capacity building and food security\(^3\) that CSA produced under the PRO€INVEST programme.\(^4\)

The work to pull all this information together and produce this publication in its final form was done within CSA by Nicolas Delille, Julie Flament, and Daniel Van Der Steen. The English translation was done by Gabrielle Leyden externally.

2. PURPOSE AND CONTENT OF THE PUBLICATION

The smallholder farmers of West and East Africa and agricultural commodities' processors have been seriously side-lined by States’ and intergovernmental organizations’ (IGOs) policies for several decades. Given a context of new opportunities, linked in particular to the growth and diversification of the urban demand for food, it is thus capital to help these producers set up and improve instruments that are indispensable for their development through programmes that are in line with their actual situations and challenges.

The participation of farmers’ or producers’ organizations and other forces of civil society in designing and implementing agricultural, economic, and social policies from the village to the national level is a guarantee that the entire population will be involved in pursuing a common goal. The active

\(^1\) More information about this programme is available on its website: [http://www.europafrica.info/](http://www.europafrica.info/).


\(^3\) This report is entitled in french: « Sécurité alimentaire et organisations intermédiaires: évaluation et identification des besoins de renforcement des capacités des organisations paysannes dans six pays de l’Union économique et monétaire ouest-africaine (UEMOA) et de la Communauté économique des Etats de l’Afrique de l'Ouest (CEDEAO)».

\(^4\) PRO€INVEST is a programme established by the Group of ACP States and European Commission to promote investment in the ACP States. It works by strengthening regional organizations and private sector intermediary organizations in the ACP States. Its management has been entrusted to an independent unit within the Business Development Centre (BDC) under the supervision of the European Commission’s Office for Co-operation, EuropeAid.
participation of farmers’ organizations and their members in designing policies, making decisions, and implementing the policies and decision is also primordial to combat corruption. It creates a useful counter-power to defend the rural population.

Their participation in the various agricultural commodities’ value chains alongside the other players in the sector enables smallholder farmers to be included in and have access to heretofore inaccessible markets and to become more actively involved in increasing the value of their produce. Smallholder farmers produce a large share of the food in Africa and account for the bulk of the sector’s workforce. Their participation in the value chains is thus conducive to changing the agrarian system from subsistence farming to an activity that is run like a business. The increase in revenue that is generated enables the small farmers to contribute much more to the national economy.

On the other hand, the populations in Africa’s urban areas and the urban middle class are increasing. They are thus becoming richer and richer and demanding new types of food. At the same time, the rural areas are handicapped by an ageing agricultural population and young people’s rejection of farm work. Rising food prices intimate that productivity is not keeping up with the demand for food. The sector must thus change.

Agricultural commodities’ value chains can play a vital role in such a transformation. Many farmers’ organizations thus step in, in an often unfavourable economic context, to help their members to get market shares in more lucrative parts of value chains. Beyond the initiatives and solutions taken and found by the FOs and their partners, the main factors of success are linked to the types of action chosen, how the actions are implemented, how the FOs are organized, and political support.

This publication will thus tackle the ways in which these producers and their organizations are organized, the implementation of appropriate public policies, the implementation of targeted public investment, and the members of civil society’s involvement in designing and carrying out programmes, policies, and investments. Finally, it will make some recommendations for the European Union (EU) regarding its support for family farming in West and East Africa.
**B. FAMILY FARMS VERSUS THE MARKET**

**1. OPPORTUNITIES FOR FAMILY FARMS**

**Family farms are vital for the national food supply**

Family farms produce the bulk of the food supply in West and East Africa. According to the FAO, smallholder farmers effectively account for up to 80% of food production in Asia and Sub-Saharan Africa. Family farmers thus play a vital role in food security. The market context in which they operate is characterised by increasing trade volumes, due in particular to rising urbanisation.

**Increasing trade: A challenge for family farms**

Whilst many African family farms continue to consume their own produce, the national food supply is being ensured increasingly by trade in commodities. Indeed, a rising proportion of produce for human consumption is being sold on markets, in particular due to growing demand for foodstuffs in the urban centres. This trade takes place above all on the level of national and cross-border markets. It is usually informal as well, which makes the amounts involved difficult to ascertain. However, such trade has become strategic for the food security of the entire population and improving it through better market access is considered more and more to be a necessary factor for the development of agriculture in Africa.

**The importance of local markets**

Typically, the food trade on Africa’s national markets can be represented by a spider’s web. The wholesalers in each country’s major centres are the web’s starting point. They extend their web toward the rural areas to collect cereals and other produce (fruits, vegetables, and livestock) via buyers to whom they entrust a certain amount of money to buy produce on the local markets or directly from the farmers.

The local markets are thus at the start of the chain. Their purpose is to centralise the supply and demand of the parties involved (farmers and buyers) in farm-side sales in order to reach a threshold at which trade becomes possible. The decision to sell belongs to the farmers, but their position vis-à-vis the merchants is often weak, for they run the risk of returning home with unsold merchandise and must meet their families’ financial needs.

The local markets are both production and consumption markets. At harvest times, their main functions are to collect local produce and to sell imported or manufactured goods to the population. In the lean (pre-harvest) periods they take on a different role, essentially one of supplying households with food.

The local markets are thought to handle approximately 80% of the produce marketed in Africa, but this trade is difficult to quantify and few investigations have established clearly the volumes that

---

producers put on the market. Depending on the commodity and country, the estimates differ. In West Africa, an estimated 30-40% of the cereals harvest is put on the market, with the rest being eaten by the farmers themselves. For cash crops such as nièbé and groundnuts, the share of the harvest that goes to market is much higher, although reliable statistics are lacking.

The foodstuffs that are sold in rural areas thus pass from collecting markets to wholesale markets, from which they are shipped to the urban markets that are their main outlets.

The challenge of supplying urban markets from family farms

Whilst the towns and cities are the main sales outlets for local produce, local produce has to compete increasingly with the imported processed foods that are sold in supermarkets and small food stores. This reflects the townsfolk’s changing eating habits in favour of processed and diversified foodstuffs.

Boosting the processing of local produce in order to meet the rising demand for processed foods that is currently met by imports is thus a major challenge for family farms and their organizations. It is also a challenge for society, for processing and packaging local produce can be a source of employment downstream from production as well as increasing the family farm’s profits.

2. CONSTRAINTS FOR FAMILY FARMS

Low productivity and product valorisation

The farmers are handicapped by their farms’ low productivity levels. Yields in Africa are effectively lower than those of other regions with similar agro-environmental potential. This is often due to an inability to get access to land and uncertain land tenure, to a lack of access to inputs, machinery, and financing, and sometimes to a dearth of technical supervision. The growth of agriculture in Africa stems to a large part from the opening up of new land for agricultural use to the detriment of biodiversity, the forests and the soil.

Post-harvest losses are substantial and the proportion of the added value that goes to the farmers is very small. This is often linked to the collection link’s lack of organization; to poor access to storage, packaging, and processing machines and facilities; and sometimes to poor knowledge of the technologies involved.

Little market power

The possibility for family farmers to set their selling prices above their production costs so as to reap a profit is vital for their subsistence and growth. And yet, because of their unfavourable positions on the markets, family farmers have little market power. Most family farmers are effectively isolated and small in comparison with the buyers. This situation leads them to sell their harvests without having any true bargaining strength and, consequently, ability to influence price levels.

This unfavourable position on the markets is compounded by other problems for farmers wishing to set prices that will yield a profit, namely, the volatility of commodity prices and market deregulation.

Unstable prices

The supply on the local markets goes up and down. These fluctuations are linked to the seasonality of production (especially when it comes to perishable fresh produce) and variability of yields, but also to the farmers’ financial needs. The latter likewise vary in the course of the year, high needs for cash at harvest time (to repay loans), at the start of field work (need for inputs), and when the school year begins and religious festivals, christenings, and funerals occur, as these occasion major expenditures. At the end of the chain, demand is more stable, since it corresponds to a need to eat that must be
met every day (although some fluctuations do occur in connection with social events such as religious feast days and family gatherings, the lean period, and the different social classes’ variable purchasing power).

This gap between fairly constant demand and irregular supply leads to very large price variations, whether from year to year or over the year, that are amplified by the players’ balance of power. A narrow market, low storage ability, high transaction costs between countries, poor transport infrastructure, and a lack of information about the market reinforce this instability.

All the above gives rise to major produce losses that discourage farmers from increasing their output, even though the markets could play a greater regulatory role in a context in which the States have pulled out after implementing privatisation policies.

The price instability that results from the variations in supply and demand for agricultural commodities and balance of power amongst the players around the table usually leads to prices that generate very little profit for the producers. Consequently, these low and/or unstable prices do not motivate producers to run the risk of investing in farming. This price instability also affects consumer prices and consumers’ purchasing power, and not just in the towns. It is a factor of overall instability for the country as a whole.

**Limited access to financing**

Access to financing is a meta-constraint on farming because farmers are often shut out of the banking systems and unable to finance their operations. To meet the growing demand, they need more and more financing, not just to enlarge their farms and invest in machinery, but also to finance the selling of larger and larger shares of their output, whereas the exceedingly high interest rates that the banks apply (10-30% per annum) are major disincentives.

As the figure below shows, suitable financing can remove certain major constraints, of which we can highlight access to land and water, access to inputs and machinery, haphazard collection and a lack of storage and packaging facilities, the producers’ weak market power, and price instability.
Figure 1. Field-to-market financing cycle for farmers

- Better agricultural productivity
- Less post-harvest loss and better value
- More reliable repayment of loans
- Higher income for farmers (la figure)

Financing for inputs (fertilisers, seed) and machinery
Financing for storage and packaging
Reducing the risk of financing and increasing agricultural financing
Financing market release (operating fund for grouping harvests, etc.)
C. AGRICULTURAL AND TRADE POLICIES AND MARKET ACCESS FOR FAMILY FARMS

1. NATIONAL POLICIES

**Limited public investment**

According to the World Bank’s report for 2008, African countries devote only 4% of their national budgets, on average, to supporting agriculture, whereas the target announced by NEPAD (New Partnership for African Development) for the past few years is 10%. When it comes to accessing public resources and production resources (land, water, financing, and technology) alike, there is often glaring inequality between family farmers and other types of farmer. What is more, this agricultural budget does not go to family farms as the priority category; it goes mainly to farming operations that are turned primarily toward the export market.

**A privatisation policy with mitigated effects**

Another policy area that affects producers’ interests is privatisation. The privatisation policies that were promoted under the structural adjustment policies of the 1980s remain a strong current today, despite their mitigated results.

The States pulled out less from the areas in which the stakes were high, such as the fertiliser markets and control over or regulation of trade in the major agricultural export crops, *i.e.*, sectors in which the regulatory authorities are institutionalised. Moreover, the riskiest and/or least profitable activities, such as seed production, phytosanitary products, animal health, artificial insemination, and so on, do not seem to have mobilised the level of private financing expected by these privatisation policies’ promoters.

The processing and marketing of produce were usually transferred to private entities in different proportions depending on the country, aside from a few exceptions, such as Kenyan coffee, where the coffee growers’ federation remains in control of operations from planting to exporting the beans.

**The family farm’s marginal position and access to production resources**

Public policies in West and East Africa support the development of family farming only when the activity has to do with a traditional export crop (coffee, cacao, etc.), although, since the crisis hit, there has been renewed interest in some subsistence crops such as rice. Moreover, these family farming operations are usually ‘informal’, without legal status or social protection, and thus unrecognised. We can also discern in some elite groups a sort of ‘agribusiness complex’, which is reflected in the fact that the vision of agriculture that is promoted is that of agriculture dominated by sophisticated techniques and capital.

Under the heading of agricultural policy, a considerable share of the subsidised inputs and equipment distributed by the State is mobilised first and foremost by the largest entrepreneurs and/or most influential groups. This unequal treatment by public policies is totally out of step with the social and economic importance of family farms and their potential to take up the challenges of the new urban markets. The same applies to their access to natural resources (see below).

**A strategy focused on agro-industry that undermines rural employment**

A wealth of studies reveal the great vulnerability of large agricultural concerns, which as a rule have not survived an unfavourable economic and institutional context, and, on the contrary, the great
adaptability of small farms, which reacted to improved economic incentives when the latter proved fairer. The strategies that family farms use to stave off risks enable them to rebound more easily in situations where other structures that commit more means and, in particular, capital, to their undertakings, and thus become more cumbersome to manage, have more problems coping with risks.

Government strategies that focus on such agro-industrial operations thus often undermine rural employment, especially as they rarely take account of its importance for family farms. Ignoring this can only lead to a massive rural exodus and increased unemployment.

**Recurrent land tenure insecurity**

Among the natural resources, land is the primary production factor for which family farms are demanding secure tenure or ownership. The land-tenure systems in many countries are still very shaky. The laws often recognise customary rights with a right of usage alongside modern property law. These legislative weaknesses put smallholder farmers in a very insecure situation, one that is worsened by increasing pressures on the land that result from the following factors:

- Population growth, leading to the farming of marginal land and a constant decline in soil fertility.
- Global population growth, with a corresponding increase in food needs.
- The tendency of foreign countries or enterprises to buy land in order to guarantee their food supplies or to produce biofuel.

Competition for land has become one of the major causes of uncertain tenure and conflicts between players (sedentary farmers vs. pastoral communities, field crops vs. forests vs. pastures, and family farms vs. new investors).

What is more, the worsening of soil quality and drop in fertility that are induced by cropping without means to restore soil fertility are worsening the conflicts. Near the towns, agricultural and urban land uses (for dwellings, roads, industrial areas and shopping facilities) are competing with each other.

The issue of the land’s distribution is being raised, especially in areas of high potential. Despite the laws on the books, public policies are tending to cater to a concentration of the land to benefit capitalistic farming and to help such farmers more to get more value out of their land. More than 7 million ha and close to 1 million ha of land have thus been granted to foreigners in West and East Africa (in Tanzania for the most part), respectively. Expropriation for public purpose or necessity is now being extended to expropriation for private purpose and insufficient attention is being paid to the risks of social destructuring and impoverishment that often accompany expropriation.

**Limited access to natural resources**

Similar problems exist with regard to access to natural resources. This is the case in particular of water, another strategic resource for production that is even more an object of desire today because it is becoming a rare resource at the same time as water needs are rising and competition amongst urban water supplies, mining activities, and industrial activities has increased. However, family farms are handicapped by unequal and insufficient access to water (for irrigation, using wells, paying fees to use water, etc.) compared with the other types of agricultural operation such as capitalistic agricultural enterprises.

**A lack of technical support**

Although technology and technical assistance are vital, family farmers have limited access to them. The States’ withdrawal from the sector has led to the dismantling of government support and
advisory schemes for farmers (research, agricultural extension services, etc.). This pull-out has had major consequences on their productivity and ability to react to market forces.

**Imports at low prices and food aid that upset the market**

Subsidised imports from Western countries – sometimes even under cover of food aid – that are resold on African markets are upsetting the market and thwarting farmers’ organizations’ attempts to market their commodities collectively. So, in Burundi, for example, some ‘charities’ NGOs, operating with the consent of the poorly informed government, were recently financed by stores of Western rice that were resold without considering their impact on local farmers. The same problem had already arisen with a donation of 5,000 tonnes of rice from Japan in 2009. The lessons learnt from such dumping appear to have been ignored in Burundi, where the press recently reported the arrival of two donations of 3,000 tonnes of rice from China and Brazil, which have joined the circle of international rice exporting countries.

**2. SUB-REGIONAL AND INTERNATIONAL POLICIES**

**Sub-regional markets without border protection**

The sub-regional market is considered to be the number one opportunity for developing West African agriculture. However, it accounts for only 15% of the foreign trade transactions of ECOWAS’s Member States, because it is compartmentalized and lacks sufficient border protection. Similarly, the East African countries are rather lax about protecting their sub-regional borders, e.g., between Tanzania and the most surrounded countries, such as Burundi, where rice imports come in under reduced tariffs without customs checks.

Given the low level of intra-community trade, the farmers’ organizations feel that large market shares remain to be conquered in their respective sub-regions and such a development would help stabilise prices. The very noticeable increase in agri-food imports that has been induced by the sub-regional market’s liberalisation hurts the region on two accounts, for it is increasing its dependency on imported foods and ruining its agricultural sector, which is dominated by small family farms.

The lack of protection at ECOWAS’s borders has pushed some governments, prodded by FOs, to react:

- Burkina Faso has instituted a scheme to protect the poultry market that includes severe restrictions on and the veterinary inspectorate’s approval of all imports (from Brazil and elsewhere). The health measures that were taken in the wake of the avian flu crisis are the keystone of the market’s protection. The latter boosted the development of the farm-raised chicken subsector, in which thousands of small-scale farmers now make a living, and the reconquest of the national and even export markets.

- In Nigeria, aside from ECOWAS’s agreements on opening up markets, the government is showing a strong political will to protect the national market and food processing industries.

- In Senegal, the government, responding to pressure from FOs, has taken measures to protect the onion trade during the production period, with other measures being considered for rice.

**Weak regional trade policies without instruments**

Both East and West Africa lack sub-regional trade policies having a sub-regional vision of increasing trade and endorsed by the Heads of State and Government Conference. Nevertheless, several regulatory texts do concern trade. Examples are the ETLS – ECOWAS trade liberalisation scheme – and the protocol to the ECOWAS Treaty on the free movement of persons and goods.
Despite these texts, economic operators have to grapple with a number of obstacles to trade between member countries of ECOWAS and the East African Community (EAC). These problems increase the prices of local produce and reduce their competitiveness, make the sub-regional market shakier, and discourage investment in regional trade. They are linked to corruption, to poor knowledge of each community’s legislation, to the failure to harmonise national legislation with the sub-regional agreements, and to the operators’ failure to observe the rules. The countries are continuing to implement diverging policies in line with their own interests (security of food supply, tax revenue, etc.).

**Particularities of trade policies in West Africa**

In January 2005, the fifteen countries in ECOWAS adopted a trade policy, the ECOWAS Agricultural Policy or ECOWAP,6 at the end of a long process of consultation and negotiation amongst the Member States and market players. The ECOWAP defines a vision of agriculture based first and foremost on boosting family farming and explicitly subscribes to the goal of ensuring the region’s food sovereignty. It aims to ensure lasting food security in the member countries, decent earnings on agricultural assets, and the expansion of trade on a sustainable basis both within the sub-region and with the rest of the world.

Three major strands were singled out: improving agricultural productivity and competitiveness, implementing a Community trade scheme based on the principle of a free-trade area to be built and adapting the foreign trade scheme to the particularities of agricultural commodities.

The need to create a tariff band above the current maximum rate of the ECOWAS area, i.e., 20%, was recognised, and so a fifth band at 35% was created. Discussions on the tariff to apply to strategic agricultural commodities are continuing.

**Particularities of trade policies in East Africa**

The East African Community (EAC) is younger than ECOWAS, for which the 1999 treaty went into effect in 2000. The protocol on the East African Common Market was signed in July 2010, whereas the monetary union that was expected in 2012 never formed.

The food security diagnosis made in the sub-regional action plan remains too general: instability of production and productivity, volatility of prices and revenue, dearth of services for agriculture, weakness of facilities and infrastructure, weak agricultural organizations, and low participation of women in access to and control over resources.

The solutions advocated in the action plan reveal the importance given to fertilisers (reduce their cost, increase their use, financing mechanisms, tax incentives, sub-regional supply and distribution, and organize the rural community) and to water management. Other aspects are taken up (animal husbandry - which is extensive and thus suffers from low productivity -, the gender issue and sub-regional co-operation to regulate health and plant health). The priorities are those implemented by the States, where financing mechanisms subsidise fertilisers. Irrigation programmes are also foreseen, especially by the national rice-growing development strategies.

The protocol establishing a customs union sets out a list of sensitive products to protect by means of appropriate common external tariffs (CETs). The commodity that is protected the best is sugar, with a CET of 100%, followed by rice (75%), milk (60%), and wheat and cotton fabrics and wrappers (pagnes) (35%). Studies conducted by FAO’s Investment Centre in 2006 concluded that the levels of protection

---

6 ECOWAP is the acronym used in all of the Economic Community of West African States’ official languages to designate ECOWAS’s agricultural policy. (ECOWAS consists of Benin, Burkina Faso, Cape Verde, Côte d’Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal, and Togo)
were sufficient for Burundi and all of the countries in the sub-region, given that their levels of productivity were fairly close to each other.
D. FARMERS’ ORGANIZATIONS’ ACTIONS TO COPE WITH THE MARKETS

As we have seen, despite their importance for the national food supply and potential ability to feed the towns, family farmers are beset by many difficulties when it comes to production (low productivity), the value of their produce (high post-harvest losses, little processing), selling (little market power, unstable prices) and financing (limited access to credit, high rates).

In response to these many obstacles, family farmers and their associations – farmers’ organizations – have innovated successfully in various areas and won market shares in many agricultural commodity value chains. What is more, the farmers’ organizations have also mobilized in order to improve national and sub-regional policies and to make them more favourable for family farms.

Nevertheless, the instruments that the FOs have set up to cope with the various hobbles on family farming require taking account of a series of conditions for guaranteed, lasting success. These conditions include the following:

- **Taking account of the FOs’ members’ needs:** the collective actions that the FOs choose to take must meet their members’ needs and will be lasting only if the members see some value in them for themselves. In actual fact, gaps sometimes exist between the members’ needs and the marketing actions that are put in place.

- **Including the other players:** as farmers are not the only players on the local playing field and in the commodity chain, all collective action challenges well-established balances of power and well-ensconced socio-economic forces. Merchants may thus put up resistance to destabilise the FOs’ collective actions. It will usually be in the FO’s interest to recognise and make use of the other players’ complementary powers and expertise instead of wanting to take over systematically.

- **Structuring in line with abilities and resources:** in wanting to take on too many activities without gauging ahead of time the problems of competition and risks entailed, many FOs have ended up losers. FOs are not necessarily prepared and armed for carrying out any and all new activities (e.g., transport and processing). Taking charge of new activities is realistic for farmers only if the FO is solid enough and used to managing and taking decisions that the group as a whole observes.

- **Having involved members:** farmers may see the FO as just one of many opportunities (cheap purchases) and want to benefit from the FO’s services without feeling that they owe anything in return. In such a case, they are ‘users’ rather than active members of the FO and feel no obligation to heed the collectively reached commitments or to participate in the life of the FO. This will obviously only weaken the collective action and, beyond that, the FO itself.

The main actions taken by farmers’ organizations in West and East Africa are listed in the table below. Many of them are described in more detail in the paragraphs that follow the table, whilst real-life examples are provided in Annex.
<table>
<thead>
<tr>
<th>Stage</th>
<th>Constraints</th>
<th>FOs’ actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>i. Access to land, security of tenure</td>
<td>✓ Drafting of recommendations for property laws</td>
</tr>
</tbody>
</table>
| | ii. Access to inputs and financing | ✓ Group purchasing  
| |  | ✓ Warrantage  
| |  | ✓ Advances on harvests  
| | iii. Access to tools & machinery | ✓ Promotion of Farm Machinery Co-operative  
| |  | ✓ Operation of agricultural banks  
| | iv. Cropping practices | ✓ Creation of school fields and designation of relay farmers |
| Post-harvesting and processing operations | i. Organization of collection | ✓ Guidance for contract farming and signing of contracts  
| |  | ✓ Development of collection co-operatives  
| | ii. Access to storage facilities | ✓ Creation of storehouses and cereals banks  
| | iii. Packaging facilities & equipment | ✓ Creation of marketing offices  
| | iv. Processing facilities & equipment | ✓ Creation of processing units  
| | v. Technologies | ✓ Organization of exchange trips |
| Marketing | i. Market power of producers | ✓ Collective marketing of produce  
| | ii. Uncertainty about demand, price volatility | ✓ Conclusion of contracts  
| |  | ✓ Organization of farm commodity exchanges and markets  
| | iii. Surges in (or competition from) imports | ✓ Drafting of trade policy recommendations  
| | iv. Movement of goods | ✓ Drafting of national and sub-regional policy recommendations |
| Financing | i. Interest rates and financial guarantees | ✓ Warrantage  
| |  | ✓ Advances on harvests  
| |  | ✓ Cereals banks  
| | ii. Prefinancing of selling | ✓ Negotiations to lower interest rates |

Table 1. FO actions to cope with markets
1. ACTIONS IN THE AREA OF PRODUCTION AND FINANCING

Grouped fertiliser purchases

Grouped purchasing of fertilisers consists in grouping the members’ needs and issuing a call for tenders on the national market or signing individual contracts with suppliers. As a rule, the FO negotiates with a bank to get a credit line to have an operating fund for making group purchases. After that, either the farmers buy and pay cash for the inputs at the start of the planting year or the FO provides the farmers with the inputs on credit, to be paid back after harvesting.

Season credit

The season credit combines the provision of inputs and grouped marketing of the produce. In this case, the FOs strive simultaneously to ensure credit for the farmers and to increase the value of the farmers’ crops. The input credit is accompanied by a commitment to deliver all or part of the crop to the FO, which then stores and sells the produce. Both the type of contract that is entered into by the FO and farmers and the terms that apply (interest rates, deadlines and terms of payment) vary greatly.

Inventory credit system or warrantage

Warrantage is a system that enables the farmers to store their freshly harvested produce in a reliable (licensed or bonded) warehouse and keep it there until the prices rise whilst having access to cash immediately from a lending institution that recognises the warehousing firm. The produce thus serves as collateral (the ‘warrantee’) for this credit.

Provision of seeds

Seeds are supplied either from outside the organization (via a group purchase) or internally. In the latter case, the FO may propagate seeds itself or contract out this work to some of its members, who according to the terms of the contract, must meet very precise specifications. As a rule, the national seed quality offices inspect the plots and are responsible for certification. There are various ways of handing over the seeds to the farmers, basically, either on credit that is paid back in kind or cash sales.

Technical support

In reaction to the dismantling of public advisory and technical support schemes for farmers, many FOs have developed working relationships with research institutions or are conducting projects (variety testing, manuring trials, irrigation techniques, etc.) under various R&D programmes. Management advisory schemes to improve commercial prospects have also been set up in some areas. These measures ensure the technical and economic monitoring of the members’ farms and give advice on cropping techniques and economic management.

2. ACTIONS IN THE AREA OF PROCESSING

Establishment of processing units

Farmers’ organizations in many agricultural areas are either equipping themselves with small processing units or contracting with small private operators to provide such services. These small undertakings out to conquer the domestic market are often taking over from the failed large state processors. Through their actions, they are incorporating the organized small-scale producers into the value chain.
However, moving onto a market of processed products that is diversified and adapted to the various demand-side segments’ specific requirements (those of consumers, processing SMEs, and industries) creates many challenges for the FOs regarding:

- the quality of the products (which is generally not uniform);
- storage (with moisture levels that are sometimes too high for good processing);
- packaging (lack of appropriate packaging materials and facilities and equipment such as sorters and cold rooms).

Meeting this demand effectively means ensuring the quality and safeness of the products for human and animal health, good storage conditions and a variety of packaging options (for example, suitable package sizes for the various consumers’ purchasing power).

3. ACTIONS IN THE AREA OF MARKETING

**Collective marketing**

The FOs can organize the collective marketing of their members’ produce. This involves two main steps: assembling the supply (harvesting and collection may be done collectively or individually) and marketing the produce, that is to say, the technical operations (weighing, quality control and packaging, if necessary) and selling *per se*.

The farmers’ collective organization may, of course, be broadened to include production activities (grouped purchasing of inputs, pooling of equipment) and/or post-harvest activities (storage and processing using common facilities).

Clustering the supply and marketing it collectively have the following advantages:

- a **better sales price** through collective negotiation of the terms of sale, which reduces the imbalance of the seller’s and buyer’s respective weights in the market transaction;
- a **higher margin** for the farmers through fewer middlemen (fewer transaction costs) and/or produce of higher quality and added value thanks to various collective actions facilitated by grouping the supply (sorting to harmonise quality, more possibilities to clean, dry, and package the produce, etc.);
- **better market access** thanks to the larger amounts sold (for example, access to ‘wholesale’ markets that were previously inaccessible) and/or the produce’s higher quality and added value.

Buyers can also see advantages for themselves in this system. These include access to large volumes of produce without middlemen, a certain guarantee of supply, and greater ease in ensuring the produce’s uniformity and effecting quality control.

**Agricultural commodity exchanges**

The FOs can set up agricultural commodity exchanges in order to increase market transparency and allow more effective competition. The idea is to bring all the market players – farmers, FOs, wholesale merchants, processing businesses, and institutional buyers – and representatives of government technical services, NGOs, banks, savings banks, and lenders together. These exchanges give all these forces the opportunity to get in touch with each other and get information about the supply, but above all enable the merchants and producers to come together and engage in more transparent and competitive market transactions.
4. ACTIONS IN THE AREA OF SUB-REGIONAL POLICIES

The FOs are in favour of instruments to protect the local commodity chains, including the institution of customs levies and the introduction of special safeguard mechanisms to cope with price fluctuations. They are thus advocating such measures from their governments.

Until now, however, some States have managed to maintain the status quo and government leaders have not taken up the FOs’ proposal to use the criteria chosen for drawing up the sub-regional sensitive products lists in EPA negotiations as a way to reclassify products.
E. RECOMMENDATIONS

R1 ‘Recognise and support family farms’ potential to feed the nation and its cities’

Findings
Family farms play a vital part in the food security of West and East African countries, where they account for between 60 and 80 percent of the national food supply. They are the source of the national food supply’s growing exchanges on the market, resulting in particular from growing urban demand. However, the demand for diversified and processed food products on the urban markets is being met increasingly by imports.

Recommendations
Family farms’ vital role in food security must be recognised. Given their importance, family farms must be supported appropriately. That means national, (sub-)regional, and international policies that are propitious for their development, but also strengthening their organizations.

More specifically, family farms and their organizations need true market studies, investments in equipment and training for the FOs’ members, and control over the amounts and quality of the cereals that are produced (for processing) in order to be able to continue fulfilling their role in supplying the nation’s food. Harmonising quality standards and being able to conduct good quality tests and inspections affordably (laboratories and certification bodies) are important issues requiring the States’ and sub-regional institutions’ attention. Marketing produce requires infrastructure in the areas of transport, energy, electricity, water supply, and telecommunications. It is important to support farmers in such undertakings.

Through its national and regional overseas development programmes, the EU can contribute to support for family farms and their organizations. The EU can also facilitate their access to the markets by supporting the various actions that that requires: market studies, capital investment, training for members, control over cereals processing, harmonisation of quality standards, laboratories and certification bodies for quality control and testing, and infrastructures in the areas of transport, energy, electricity, water supply, and telecommunications.

R2 ‘Increase the participation of family farmers’ organizations in policy-making’

Findings
Farmers’ organizations must take the initiative to be seen publicly and heard in the democratic debate. The demographic and political weight of the group that they represent is an opportunity, not a threat. A methodical approach and determination can change current trends. Spontaneous transfers of power are rare and even ‘enlightened guides’ meet society’s demands. The relevance of future policies will depend on the various parties’ abilities to reduce collusion amongst government, civil servants, the military and the industrial and merchant elite in their dealings with the rural population.

Recommendations
The States must provide the negotiating forum that is necessary for the vital agents of civil society, and FOs in particular, so that the parties concerned are systematically consulted on agricultural
support programmes. Consultation is also a must for all decisions that affect family farms and rural populations in general.

The EU could systematize consultation of the actors in civil society and FOs in designing and implementing all of its agricultural and rural co-operation programmes.

---

**R3 ‘Invest in family farming’**

**Findings**

African governments are investing very little in agriculture and privatisation has concerned only the most profitable sectors, thus leaving some other sectors without resources.

**Recommendations**

*Recognise and bolster the family farm’s position*

Defending family farming is a struggle for more institutional recognition along with demands for the right to more transparency in the distribution of public resources and for better access to these resources in order to correct the current inequalities.

Agricultural policies’ and investment programmes’ recognition of the role of family farming and farmers’ organizations must not remain merely formal. The farmers and their organizations must be considered full-fledged partners, especially when it comes to the frameworks of trade, which must not be limited to mere transmission belts. Major efforts remain to be made, all the more so as the FOs are assets for their countries, regardless of the form (co-operative or other form) that they take.

Agricultural and overseas development policies, which were long in thrall to negative visions of family farming, must help to bolster the positions of family farms and their organizations and rely on experts who are sensitive to the particularities of family farming. Until now, the autocratic and bureaucratic approaches have at best evolved one case at a time and as a result of a subtle complicity between political decision-makers and technical and financial partners.

*Revise rural and agricultural development policies to support family farms*

All rural development policies and government strategies should give priority to rural employment as their main criterion. This should lead to policies, strategies, and programmes that prefer family farms, which are major sources of jobs, whereas governments as a rule have preferred agro-industrial programmes. Allowing for the importance of family farms’ contributions to employment is the only way to avoid a massive exodus of small farmers to towns and cities and the worsening of unemployment that will accompany such an exodus.

All programmes should thus allow for the particularities of family farms. They can do that through fairer economic incentives that family farms and small-scale farmers will be able to take up.

The EU can help to promote these priorities (recognition of family farms and support policies/programmes that are in their favour) in all its agricultural and rural co-operation programmes, in those of the Member States, and via the strategies that it wages in the multilateral co-operation sector via international governmental organizations (World Bank, OECD, FAO, IDAF, etc.).
**R4 ‘Support FOs to improve producers’ market power’**

**Findings**
Family farms’ limited presence in value chains is linked to their weak market power. Reinforcing their organizations, which set up a series of collective instruments to improve this market power, is the only way to enable them to correct the situation. Besides providing instruments that are not available to family farmers individually, stronger FOs are also necessary to be able to collaborate better with the other operators in the value chain.

**Recommendations**
The States must provide the necessary space, especially political space, to improve family farmers’ market power and support the strengthening of FOs. The EU can help support the FOs’ organization via its co-operation programmes and those of the Member States as well as by giving FOs a place in the political dialogue and the work of designing and implementing its programmes.

---

**R5 ‘Improve family farms and FOs’ access to financing’**

**Findings**
The financing of family farms and the marketing of their produce is subject to many constraints, to wit:

- for the banker: geographical enclaves, high operating costs of the structures, lack of guarantees and unreliable legal structures to deter delinquent payers;
- for the producer: repayment dependent on unpredictable weather conditions, volatility and weakness of agricultural commodity prices and exorbitant interest rates.

The risks that are inherent in agriculture are the main enemy of credit. Consequently, some financial institutions prefer to tie the granting of loans to the existence of contracts between various parties (farmers, processors, and merchants).

Over the last decade a number of instruments set up by farmers’ organizations have come on the scene, namely, season credits, warrantage, advance payments and collective marketing, as described in the preceding chapter. These instruments have effects on the distribution of added value, usually to the producers’ benefit, and major impacts on farmers’ earnings and productive investments. Nevertheless, these instruments need appropriate financing schemes. They also rely on the seasonal fluctuations, which is not without risk.

**Recommendations**
Family farms and their organizations’ access to the banking system must be improved by setting up a systematic financing scheme to remove the major constraints on their activity (access to land and water, inputs, and equipment; unorganized collection; lack of storage and packaging facilities; the farmers’ weakness on the market; and unstable prices). There is need in particular:

- to improve the credit environment by tools such as insurance, disaster funds, price-regulating instruments, and making tenure secure;
to institute import control policies that will increase the competitiveness of local commodity chains and better secure the agricultural credit (see national/sub-regional policies, etc.);

to subsidise agricultural credit, in some cases, such as is done in a number of countries (China, Vietnam, Brazil, but also Senegal). In fact, the ECOWAP (West Africa) provides for softer loans.

It is also important to develop financing schemes to support producers’ instruments by supporting the implementation by family farmers and their organizations of instruments that affect the distribution of added value (for producers) and have impacts on revenue and investment, i.e., season credits, warrantage, advance payments and collective marketing.

The EU can help to eliminate the major constraints on smallholder farmers’ access to agricultural credit by supporting the establishment of financing systems that are suitable for family farms and FOs’ needs via its – and its Member States’ – co-operation programmes with African States and FOs.

### R6 ‘Facilitate family farmers’ access to productive and natural resources’

**Findings**

Family farmers’ access to productive resources, especially inputs, and to natural resources such as land and water is more limited than for other types of agriculture because of family agriculture’s marginal position.

**Recommendations**

Given this finding, national and regional policies on access to inputs that include positive discrimination in favour of family agriculture are necessary:

- Policies facilitating family farmers’ access to land, water, and other natural resources.
- Policies to foster secure land tenure for family farmers.
- Agrarian reform policies in areas where the concentration of land in a few hands prevents the development of family farms.
- Policies that prevent land grabbing by foreign enterprises.

The EU can help to improve these policies to facilitate access to inputs through appropriate co-operation programmes with African States and FOs. The EU can also support policies to support secure land tenure and agrarian reform in African States and regulate the purchase of land by enterprises based in Europe.

### R7 ‘Regulate the markets and food aid’

**Findings**

The privatisation and liberalisation policies that were instituted as part of the economic adjustment programmes of the 1980s limited state intervention in supporting production by small producers, especially in the case of food production. In reaction to this disengagement, the small-scale producers organized and created organizations that were independent from the State and cooperatives on various levels in order to overcome the many barriers to their development.
Despite this essential strengthening of their organizational framework, the development of family farms remains handicapped not only by the lack of necessary public support (see below), but also by their having to compete on the national, sub-regional, and international markets with more powerful and better supported operators.

In addition to this unfair trade competition, food aid practices can also be detrimental to family farmers.

We must point out that certain developing countries (in particular members of the G33 under India’s leadership) are trying to get more flexibility within the WTO to implement farmer support programmes that help to bolster food security. Despite the obligation of ‘coherence with development policies’ with which the EU must comply, the EU is not supporting these attempts within the WTO enough.

**Recommendations**

To provide family farms with the necessary protection for their development, revising the various privatisation and deregulation policies is essential. The States must:

- overhaul their trade policies, which are the source of a myriad of problems for family farms;
- ensure the indispensable regulation of their national markets;
- protect agricultural producers – especially family farmers – in rural areas;
- avoid situations in which food aid and subsidised imports upset national and sub-regional markets;
- work to ensure that international trade rules guarantee the possibility to use the various regulatory and protective practices that are indispensable for the growth of family farming and food security;
- support in particular the requests made by the developing countries of the G33 within the WTO.

The EU can help to promote these trade policy priorities in favour of family farms and FOs on various levels, namely, through its free trade agreements (EPAs), co-operation programmes, and strategies within the WTO (Doha Round) and other institutions (World Bank, OECD, FAO, IADF, etc.).

The EU can also help guarantee the (national, sub-regional, and international) rules that prevent food aid and subsidised imports upsetting African markets and thwarting producers’ attempts to market their produce collectively.

---

**Findings**

Africa’s sub-regions are crucial for the development of family farms, for a number of reasons, as follows:

- they enable farmers to sell their produce on markets where they confront types of agriculture with the same order of productivity;
- they are areas that can enjoy controlled protection from an unregulated international market on which the players are very powerful and sometimes supported in various ways. This should make it possible to get prices that enable the majority of agricultural producers to earn a living from their work and to invest;
they are the places where the policies that will decide the fate of family farming are developed.

Still, sub-regional integration in Africa is far from complete. Worse, it could even be threatened by some of the trade agreements that are under negotiation.

Recommendation 8.1: Strengthen sub-regional integration

The following must be done to win over major market share within each sub-region:

- set up a sub-regional policy (beyond the States’ national policies);
- promote the sub-regional market;
- allow each sub-region to build itself and protect itself, including from EU imports; and
- set up sub-regional regulatory policies.

The EU can support the sub-regional integration efforts, especially when it comes to transport infrastructure and the trade rules established in EPA negotiations.

Recommendation 8.2: Set up national policies that are compatible with the sub-region’s integration

- Enforce the sub-regional policies on the national level;
- fight corruption, fraudulent practices, and non-observance of regulations;
- set up regulatory policies.

The EU can help the sub-regional areas to come into being through both its co-operation policies (EDF) and trade policies (EPA, WTO).

Recommendation 8.3: Equip the sub-regional area with effective instruments

After the adoption of agricultural policies in the two sub-regions, implementing effective policy measures that are vital for agriculture’s development and benefit the farmers and FOs in these sub-regions has become the priority. These policy instruments aim to guide and encourage productive investments and to set up agricultural development incentives.

Strong sub-regional policies are not enough. These sub-regional policies (ECOWAP for West Africa) must be operationalised and enforced on the national level.

For ECOWAS, agricultural development policies that piggyback on the National Agricultural Investment Plans (NAIPs) and Regional Agricultural Investment Plan (RAIP) are needed. The NAIPs translate the national stakeholders’ priorities to achieve an at least 6% growth rate in the agricultural sector and to halve the prevalence of poverty by 2015 (MDG). The RAIP federates these national priorities in a spirit of coordination and links the investment-based approach to public policy instruments (regulations, incentives, etc.).

Three categories of policy instrument have been selected for implementing the RAIP: those that step up production (modernization of family farms, sustainable intensification of production systems, transition from subsistence to cash-crop farming, sustainable access to inputs and equipment, production and dissemination of new seed varieties, and secure land tenure); those that regulate the markets; and those that improve vulnerable populations’ access to food. An operational Sub-regional Food and Agriculture Agency and Sub-regional Fund for Agriculture and Food must also be set up.

In the case of the EAC, sub-regional policies that are strong but tailored to the specific situations that have been identified are also necessary. For instance, attempts to circumvent the protection of sensitive products must be prevented (examples: Kenya’s lowering of import duties on rice from
Pakistan to 35% in exchange for reciprocal conditions for its tea exports; Burundi’s reduced duties on a certain number of products).

The EU can help to set up true sub-regional areas for ECOWAS and the EAC when it comes to both co-operation (EDF) and trade policies (EPAs, WTO).
ANNEX: EXAMPLES OF FOS’ ACTIONS TO IMPROVE MARKET ACCESS

I. ACCESS TO INPUTS AND FINANCING

Group purchases of fertilisers

Faso-Jigi’s action in Mali: group purchasing of inputs and advance payment

Access to inputs is one of the services that the co-operative Faso Jigi provides to its members in the area of the Niger Office in Mali. The system combines an advance payment to farmers at the start of the growing year of 60% of their forecast harvest’s worth and a group purchase of inputs by the purchasing union. These advance payments of income are made to the farmers by the union of co-operatives before their cereals has been harvested and sold. The first advance payment is thus made in the first week of June of the ongoing growing season and enables the farmers to finance their agricultural inputs without strain.

The advances are made through loans that the co-operative gets from financial institutions. These loans are made possible by the institutions’ confidence in the co-operative, which manages to pay back the credit that it grants its members. The advances to the farmers are nevertheless a risk for the co-operative. To limit this risk, it has set up a safety fund that enables it to cover losses in the event of accidents, poor cost analyses, storage losses, over-estimation of the prices paid to farmers compared with the market prices at the time of sale, and so on.

Inventory credit systems or warrantage

Mooriben’s action in Niger: warrantage

The warrantage system set up by the farmers’ organization Mooriben provides a guarantee in kind that enables farmers to get loans from financial institutions. It tends to correct for the weaknesses of the season credit system’s financing and enables farmers to defer the moment at which their harvests are sold, so that they do not have to sell when the prices are lowest. The cereals are stored after harvesting and paid for at cost price thanks to a loan from a financial institution that the FO takes out collectively. The cereals remain in the village warehouse, which is double-locked by keys kept by the financial institution and FO. The credit runs from the time when the prices are low (harvest) to the time when the prices are highest (3-6 months after the loan has been granted). The price differential (between the lean season and harvest prices) enables the farmers to pay part of the inputs (or enables the FO to make group purchases for its solvent members) and thus promotes productivity gains in the long run.

This system is well adapted to markets that are subject to great seasonal variations. Despite its positive effects, however, it generates high costs when economies of scale (pooling harvests) cannot be made and is difficult for starting FOs to manage. The technical risks (poor storage conditions) and economic risks (decline in value) must be controlled as much as possible. That entails a clear division of labour between the FO and microfinance institution (MFI) and the reinforcement of each party’s abilities in its respective field.
**Seed supply**

**RNCPS’s action in Senegal: Seed suppliers**

The National Network of Groundnut Seed Producers’ Co-operatives of Senegal (Réseau National des Coopératives des Producteurs de Semences d’Arachide du Sénégal or RNCPS), which is composed of nineteen co-operatives representing some 5,000 certified seed producers, has renovated the groundnut seed sector with the support of ASPRODEB and the government of Senegal.

The seed producers in each co-operative are selected according to the land, agricultural machinery, and labour at their disposal. The co-operative provides additional technical training and organizes the provision of seeds to propagate and fertilisers. These inputs are bought by means of bank loans that are given to the farmer with the co-operative as the guarantor. The co-operative does the technical monitoring of the propagation in order to help the producers comply with the regulations optimally. The co-operative collects the seed groundnuts, deducts from the purchase price the amount lent to the propagator by the bank, and pays the balance to the seed producer.

Thanks to this network, the nineteen co-operative have specialised their operations: one co-operative in northern Senegal propagates the seeds that come from agricultural research and makes its output available to six co-operatives in the groundnut-growing area. The latter sell their outputs in turn to the twelve other co-operatives, which then produce the ‘end-user’ groundnuts for eating or pressing (oil production). In 2009/10 these co-operatives, the oldest of which was only two years old, already controlled 56% of the certified groundnut seed stock.

**II. PROCESSING**

**Setting up processing units**

**UIJAK’s actions in Senegal: processing and marketing of rice**

UIJAK (Union des jeunes agriculteurs de Koyli Wirnde or Koyli Wirnde Young Farmers’ Union) is a farmers’ association located in the Senegal River Valley. It federates twenty-five village development associations representing more than 4,000 members, of which 70% are women.

UIJAK has engaged in an original experience of processing and selling local rice by creating its own agricultural product processing unit. The initiative began by giving women training in rice processing techniques. The first investments were made by mobilising the association’s own resources and topping them up with a loan.

To know what consumers want, the agricultural product processing unit is participating in various agricultural commodity fairs, including the International Agriculture and Animal Resource Fair (FIARA) in Dakar. It is adapting to these requirements by diversifying the processing (whole rice, broken rice, couscous, etc.); packaging the products in different size bags (from 1 to 50 kg), with attention paid to the quality of the packaging; and checking the products’ quality (grading, impurities, and so on).

These adaptations and a constant search for quality have enabled the women rice processors to get decent prices and improve their earnings. Their products have been a great success with consumers. So, at the last FIARA in Dakar they sold their entire stock of 30 tonnes of processed rice.

**CAPAD’s actions in Burundi: rice processing and marketing**

In Burundi, the co-operative CAPAD has taken a similar approach and is setting up, with its members, a joint-stock company consisting of two cassava processing units that will turn the root into flour packaged for the domestic market.
III.  MARKETING

Collective marketing

Muki’s action in Kenya: collective marketing of milk

The co-operative Muki, which is a member of the Co-operative Alliance of Kenya (which itself is a member of EAFF), brings together some 5,000 dairy farmers. It was founded by a dozen farmers in 1989 to create a lending facility for its members (a mutual facility), then rapidly turned to marketing milk to the processing industry.

The co-operative collects the members’ milk, tests its quality, and cools and stores the milk before selling it wholesale to a major processor in the region. A management committee composed of members of Muki who are elected to the committee annually meets monthly to set the price that is paid to the farmers for their milk (and to take other operational decisions for the co-operative). The price paid to its members is between 90 and 95% of the price paid by the milk processors and about 20% higher than the market price.

The co-operative is currently investing in processing plant to be able to process and package milk for direct sale under the co-operative’s label and no longer have to depend on an external processor. This investment should make it possible to increase the price paid to the farmers for their milk. What is more, the milk’s added value should enable the co-operative to mitigate the effects of price drops during boom production periods (the rainy season).

Faso-Jigi’s action in Mali: collective marketing of cereals

The co-operative Faso Jigi centralizes all of its members’ cereals production (basically rice and rain-fed cereals such as millet, sorghum, and maize) and then sells it only during favourable periods. Each member undertakes to deliver a certain amount of cereals to the co-operative, against an advance that varies with the amounts delivered (see the boxed text about the same co-operative’s actions on access to inputs and financing).

The harvests are sold by Faso Jigi only, which does so when it deems the prices most lucrative. More than a decade after its initiation, Faso Jigi’s initiative has yielded very positive results: the price paid to the farmers has increased, its membership has risen (to 4,000 today), and the amount of cereals that it sells has risen from about a thousand tonnes in the early 2000s to close to 8,000 tonnes in 2011.

Agricultural commodities exchanges

Afrique Verte’s action in Mali, Burkina Faso and Niger: cereals exchanges

Afrique Verte is supporting the organization of cereals exchanges in Mali, Burkina Faso, and Niger in order to improve food security and generate additional income for the farmers. Four types of cereals exchange have been set up, as follows:

* mini-exchanges handling a limited number of commodities: rice and onions in Niono, rain-fed cereals in Koutiala, and livestock in Sévaré;
* regional exchanges for all types of cereals that make it easier to supply pockets of cereals scarcity from surplus production areas;
* national exchanges held twice a year in Ségou (Mali), Bobo Dioulasso (Burkina Faso), and Maradi (Niger); and
* an inter-state exchange held in Kayes that draws some 120 cereals operators each year from the Senegal River Valley to foster cereals trading operations amongst the three countries.

These exchanges have enabled large cereals transactions to take place (more than 100,000 tonnes at Ségou between 2001 and 2010). They have also led to a certain standardisation of the commodities and
improvements in quality, as well as monitoring of the contracts and prices, which as a rule are now less unfavourable for the farmers. We must also note better structuring of the farmers’ organizations and the development of dynamic discussions amongst the cereals operators and institutional structures (financial institutions, the offices that oversee the sector, and regulatory and inspection departments).