

TRADE

FARM AFRICA'S APPROACH



FARM AFRICA



CONTENTS

- Farm Africa's vision
- Preface
- What's the issue?
- Theory of change
- Farm Africa's approach
- Methodology
- How to use Farm Africa's approach papers



FARM AFRICA'S VISION FOR A PROSPEROUS RURAL AFRICA

Investing in smallholder farming is key to combating poverty in rural Africa. Prosperity depends on making agriculture work better, using natural resources well, creating strong markets for what farmers produce and facilitating access to finance to grow agri-businesses.

Almost half the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. But agricultural yields and profits are a fraction of their potential.

The region is full of opportunities for growth, including much fertile land and water, and millions of smallholder farmers who are eager for change.

Farm Africa works with smallholders to develop practical solutions that work locally and can be replicated elsewhere. Our approach papers set what we aim to deliver, and how, in support of our vision of a prosperous rural Africa.



PREFACE

Farm Africa's approach papers set out what we aim to deliver, and how, in relation to:

■ Agriculture



- technology
- climate-smart agriculture
- land, water and environment

■ Environment



- forests
- rangelands
- landscapes

■ Business



- business development
- trade
- finance



PREFACE

The trade facilitation approach papers outlines how we help smallholders produce what the market needs and get better prices for their produce.

It considers how we assist local businesses, retailers and the food industry in **sourcing produce from smallholders**. It looks at opportunities for inserting new enterprises into promising value chains, and using modern information and communication technologies to link smallholders more efficiently into end markets.

The paper draws upon Farm Africa's growing experience in setting up aggregation centres and cooperatives across the region and builds on recent successes in linking small agribusinesses to smallholders and retailers, including internationally, in Ethiopia, Kenya and Tanzania.



WHAT'S THE ISSUE?

- Smallholders grow most of the food produced in eastern Africa; however, they **generally receive lower returns for their produce**. In a world with **rapidly increasing demand for food**, there is a strong push, including from international retailers and the food industry, to source produce from smallholders.
- Many smallholders **produce crops that have very low market potential** – in contrast, much demand for produce from the growing urban centres is not met by local producers. Smallholders generally lack awareness of what value chains they could insert their production systems in.



WHAT'S THE ISSUE?

- Smallholders and agribusinesses **often do not know what quantities the market needs**, what **product quality standards** to meet and how to achieve them and who the major trading and retail partners are.
- The costs associated with coordinating supply and demand from a large number of farmers, producing small quantities across extensive regions often make it **impossible for agribusinesses to source produce from smallholders**. Furthermore, some value chains lack product bulking, transformation and packaging companies to prepare produce for retailers.

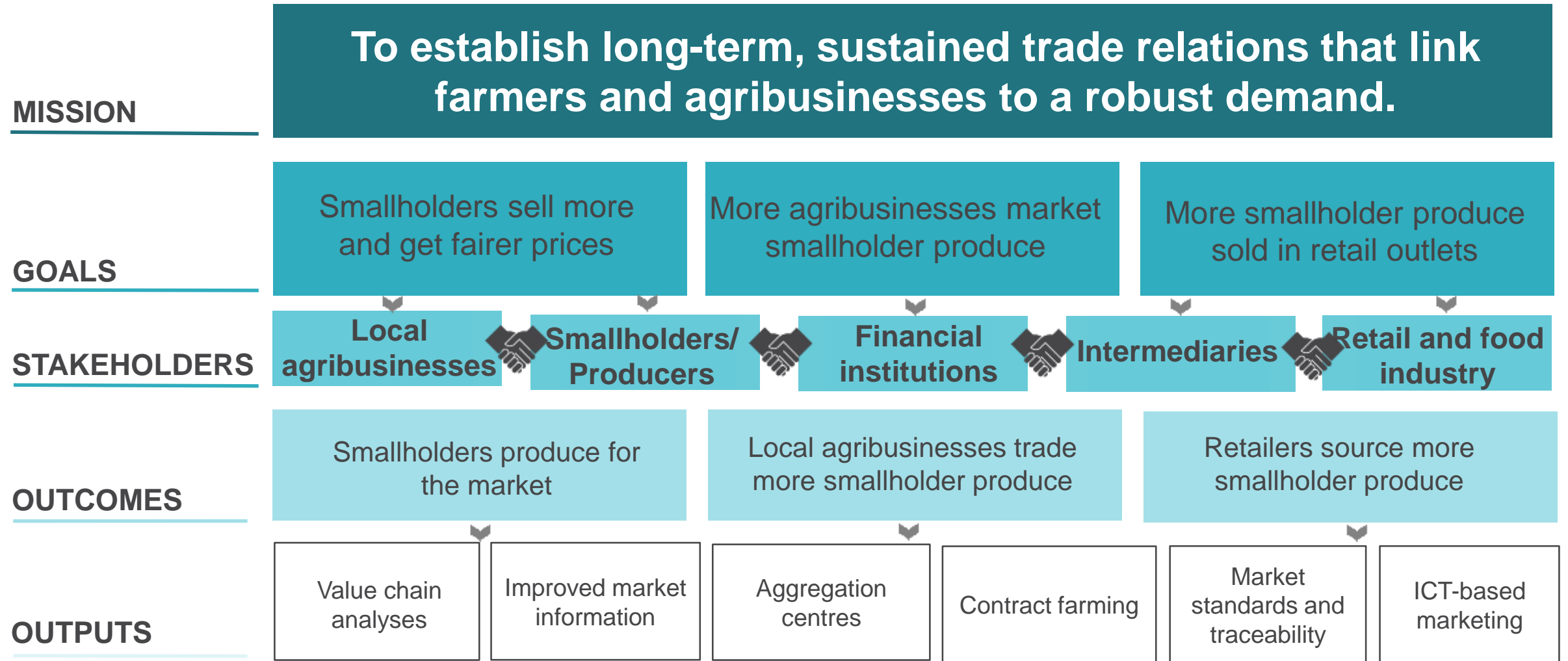


WHAT'S THE ISSUE?

- Agribusinesses, retailers and the food industry lack the experience and systems to link them in **sustainable working relationships with large numbers of suppliers** who often need increased capacity, including working capital, to produce what the market needs.
- There is a general **lack of market information** across the value chain, including information about where produce is sourced from, as is increasingly demanded by retailers and consumers.
- Modern **information and communications technologies** are transforming trade worldwide and have the potential to link smallholders directly to end markets at much lower transaction costs than ever before.



THEORY OF CHANGE



APPROACH

We work with smallholders, agribusinesses and retailers to strengthen their ability to trade with each other



FARM AFRICA'S APPROACH

We work with communities, local enterprises, retailers and other companies in the food industry to evaluate the potential and risks of promising value chains

We analyse the needs of retailers and the food industry on quality, quantity, corporate social responsibility, traceability and marketing and use this information to strengthen selected value chains

We build the capacity of smallholders, cooperatives and producer organisations to produce and trade product to required quality standards

We build the capacity of local enterprises, retailers and the food industry to source produce from smallholders, including through mutually beneficial contractual arrangements

We establish cooperatives and aggregation centres and insert new enterprises in the value chain to build sustainable market systems that link production with trade and retail

We explore and test the potential of innovative information and communication technologies to help smallholders trade into profitable markets, and vice versa

METHODOLOGY

1. Mobilisation and planning

A. Appraise the value chains smallholders could trade into and agree priority value chains to develop with communities and key market actors

B. Identify opportunities to improve trade across the selected value chain including, but not exclusively, through the insertion of new commercial service providers



METHODOLOGY

2. Implementation



A. Deliver training in market standards, establish traceability systems and obtaining certification where needed

b. Strengthen and/or establish producer organisations, cooperatives and aggregation centres

C. Strengthen the capacity of other businesses and/or establish new businesses that were identified as essential to bridge gaps in the value chain

D. Strengthen trade and payment modalities between producers, traders and financiers

E. Strengthen market information systems and develop opportunities for digital technologies



METHODOLOGY

3. Learning and adapting

1. Agree indicators of success and process for progress review
2. Collect data and analyse
3. Collate feedback to and from local communities and incorporate lessons into project activities
4. Consolidate learning and share with the public and private sector



HOW TO USE FARM AFRICA'S APPROACH PAPERS

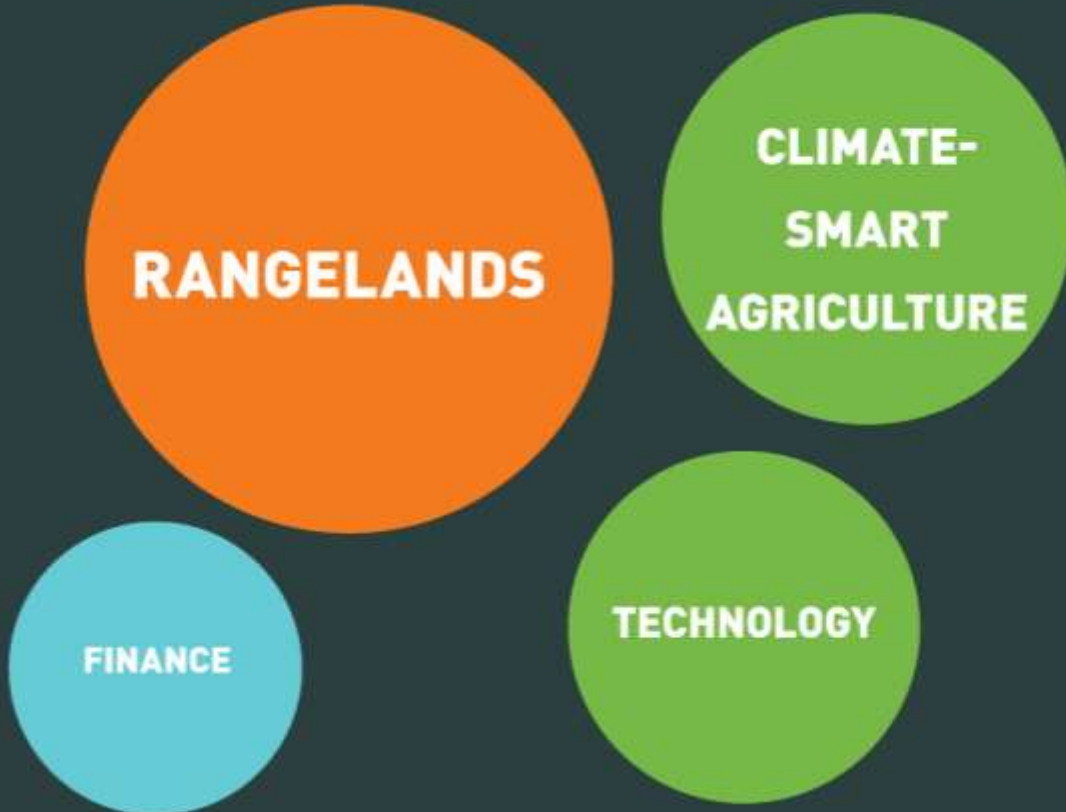


What the approach papers are for:

- Provide clarity to the communities we work with and those who support us about what we do, and how
- Build coherence across our operations
- Ensure each project is based on our experiences, lessons learnt and consolidated knowledge

HOW TO USE FARM AFRICA'S APPROACH PAPERS

A typical natural resource management project



How to use the approach papers in project design:

- The structure of our approach does not mirror the organisation of our individual interventions. The latter are constructed by combining elements from the approach papers – as illustrated in the diagram to the left
- While the approach papers give detailed guidance about how to do things, this will not always be followed to the letter in all projects. Local context and needs will continue to guide Farm Africa's project design and implementation.

We continuously learn and adjust our approach. The approach papers are regularly updated to reflect the dynamic nature of our experience.