

# VICE VERSA LEERT

ON FOOD CHAINS

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# VICE VERSA

WEET WAT ER SPEELT

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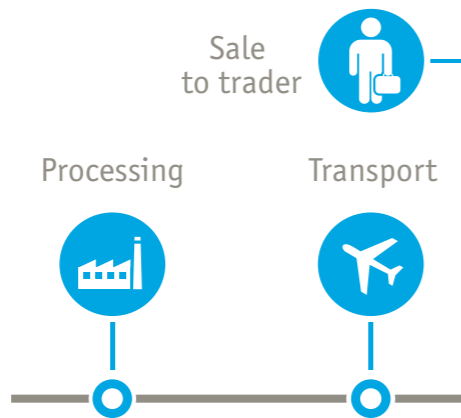
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## On food and trade

In our grandparents' time you could only buy food from your own country at the grocer's. Nowadays, beans, mangos and pineapples from the tropics are available all year round.

Much agricultural produce comes from small farmers in developing countries. Not only the traditional commodities such as coffee, cocoa and tea, but increasingly often fruit and vegetables. But do the Kenyan beans in Western supermarkets really contribute to the development of those who produce them or not? In this special edition of Vice Versa we look at the effect of agricultural value chains on the development of farmers, on their incomes and the economy. We also look at what the development cooperation sector is doing to make those value chains more efficient or more inclusive. As most farmers don't produce for international trade, but for local value chains, we've included reports from the field, from a number of countries including Haiti, Kenya, Mozambique, Mali and Uganda.

Trade offers opportunities in developing countries, but there are risks associated with the inequality of power between producers and buyers. How do we go about understanding these? This edition contains many stories from those involved: on the French beans from Kenya, for example, that don't live up to the strict European requirements; DADTCO's mobile cassava processor; and local processing of Ethiopian coffee. We end this special edition with lessons on how to move forward, including the division of roles between government, business and NGOs. As Ruerd Ruben puts it in the closing round table discussion: perhaps it's time for more mandatory requirements concerning fair production and trade.

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# From farm to fork

In the field of agricultural development within international cooperation, the attention of government, NGOs and businesses is focused on the chain of producers, processors, traders and consumers. But what are these value chains? And why all the interest in them?

by **Joris Tielens**

When a product is traded, a chain of people and businesses is involved. Classical economists assumed that chains function in a free market: the actors in each successive link weigh up the economic alternatives that affect them. Institutional economists were the first to conceptualize a chain as a network of people with mutual relationships, who are dependent on each other, make deals and draw up contracts. The next term to be introduced was 'value chain' – addressing the issues of who controls a chain and how added value is distributed within it. In other words: which activity or form of product processing yields the most added value and who makes the most profit? Who decides what is produced and when, and who determines the quality requirements? Strictly speaking the term value chain only applies if there is just one company in control and one specific market. If a company controls many of the links, as Chiquita does from its banana plantations to supermarkets, then this is called an 'integrated chain'.

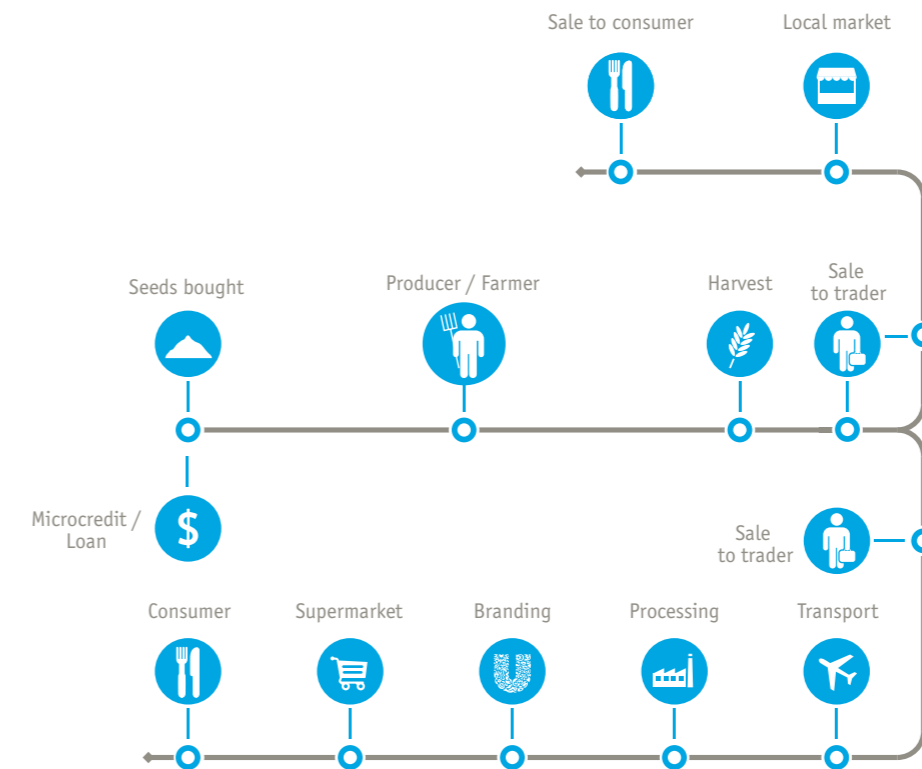
## Chain thinking mainstreamed

In the field of Dutch development cooperation, it was Nico Roozen and Frans van der Hoff who introduced the notion of more equitable distribution within chains when they established the Max Havelaar Fairtrade certification in 1988. Fairtrade guarantees farmers in developing countries a minimum price, which works to their advantage when world market prices are low, and

an additional premium over and above the price to invest in their communities or businesses. Coffee was the first product and since then many others have been added. Later certification labels, such as UTZ-Certified or Rainforest Alliance, do not intervene in the market by paying higher prices, but offer farmers training in farming methods or in how to comply with environmental standards and social criteria. The resulting increase in production and quality improvements mean the farmers earn more for their products.

A number of policy changes in the last decade have resulted in value-chain thinking becoming mainstream within agricultural development. The World Bank put the subject of agriculture on the map in 2008 with the publication of its *World Development Report* on agriculture and development, in which it mentioned export chains as a development opportunity for agriculture. In the same year, the Dutch ministers of Development Cooperation (Bert Koenders) and Agriculture (Gerda Verburg) responded to this by making extra investments in agriculture in developing countries. In a joint memorandum they highlighted the combined interests of the Dutch agricultural sector and the development of this sector in developing countries. The ministers declared that they not only sought productivity growth, but also 'sustainable chain development' and 'improved market access'. Since then the Ministries of Economic Affairs and Foreign Affairs have worked together on these issues.

In recent years, high food prices and the



need to feed 9 billion people in 2050 have kept agriculture on the agenda. Economics and private sector development have become increasingly prominent themes in the policies of the Directorate-General for International Cooperation (DGIS, part of the Dutch Ministry of Foreign Affairs). Emphasis on supporting and developing agricultural value chains has been the logical outcome, and is clearly visible in the aid and trade agenda of the current Minister for Foreign Trade and Development Cooperation, Lilianne Ploumen. Funds for public-private collaboration are focused on this; in particular the Facility for Sustainable Entrepreneurship and Food Security (FDOV), which in 2014 was worth 40 million euros, but also the Dutch Good Growth Fund.

## Considerable amounts

Meanwhile, the business community's awareness of dwindling natural resources has been growing. Companies increasingly source their raw materials globally and demand a guaranteed supply of primary products such as coffee, tea, cocoa, palm oil, wood and soya. It is therefore in their interest to ensure that production in developing countries flourishes and is sustainable, and businesses are willing to invest in this.

When he was Minister of Development Cooperation, Bert Koenders was willing to contribute government money to this and out of this emerged the public-private Sustainable Trade Initiative (IDH). From 2008 to 2015 the IDH received 123 million euros, which had to be matched by the private sector. In addition, Soli-

daridad and other NGOs received considerable amounts from the Dutch government to train farmers so that they could comply with quality requirements, standards and certification demanded by international importers. The purpose of this was to enable small producers to participate in international value chains, a process that is referred to as making value chains inclusive.

According to the 2014 *African Economic Outlook*, a joint report of the African Development Bank, the OECD Development Centre and the United Nations Development Programme UNDP, value chains can provide an important impetus to African economies. Nevertheless, export-oriented agriculture is of relatively little importance for small farmers in developing countries. The figures in the *African Economic Outlook* show that the continent's share of world trade, measured in terms of its added value, was 1.4 percent in 1995 and had grown to 2.2 percent in 2011. Africa earns little from world trade because it exports mainly raw materials and agricultural produce, to which little value has been added. Millions of farmers are unable to comply with the quality requirements stipulated by international chains. The majority of agricultural production is still geared to the local market, which is why the Dutch government (DGIS) and NGOs place more emphasis on developing local chains and improving farmers' access to local or regional markets or to cities.

For example, DGIS finances the 2Scale programme making 42 million euros available over a five-year period, the aim being to get Dutch or

international companies involved in developing local and regional food markets. The International Fertilizer Development Center (IFDC) is the lead partner in 2Scale. As in the IDH, businesses have to match the funding put up by the government.

## Attention shifted

Whereas the focus in agricultural development used to be on increasing production, the chain approach has shifted attention to demand-oriented production: if farmers can't sell their produce, it makes little sense to increase production or produce more sustainably. The chain approach has brought more attention to processing, storage and transport, all areas where Dutch agricultural logistics companies can contribute.

Many Dutch NGOs have projects aimed at improving farmers' access to markets or helping farmers to grow products that will earn them more cash. In practice this often comes down to agricultural training, but also includes strengthening farmer organizations, building up loyalty and improving negotiation skills. To this end, DGIS funds organizations such as Agriterra. In addition, the use of ICT and greater access to financial services play an increasingly important role. NGO projects often only reach some actors in the chain, such as producers or processors. And sometimes it's a question of old wine in new bottles, where 'value chain' is merely a label that has been added.

## Control within the chain

Because of the multitude of parties and activities involved, not everyone has the same understanding of the term value chains. For some it is first and foremost a framework of analysis, a way to understand the relationship between farmers and buyers. For others it has become an intervention model, an approach to introducing change. For some it means local markets, yet for others it refers solely to world trade.

Whatever it is taken to mean, it is also about control within the chain: how parties work together, the agreements that are made, for example through contracts. It is also about how money and power are distributed among producers, traders, manufacturers and retailers. In addition, there's the important question of how changes in one chain – involving a single product and a single lead company – lead to broader market transformation and changes in the whole economy, as a result of which other companies and producers change. And last but not least: what impact these changes have on development.

Special thanks to Sietze Vellema, Ruerd Ruben, André de Jager

# A desirable business partner: the small farmer in Africa

Many companies are becoming more interested in small producers in developing countries as a way of ensuring their supply of raw materials. Participation in international or local chains also has advantages for farmers, but it doesn't just happen, and some believe the opportunities are overrated.

by **Joris Tielens**

One thing is absolutely clear: the Netherlands is at the forefront of efforts to make chains sustainable and we can be proud of that,' said Ted van der Put, programme manager at the Sustainable Trade Initiative (IDH), which organizes cooperation between multinationals, governments and NGOs with the aim of making chains more sustainable all the way from producers to consumers and helping more producers in developing countries to profit from the trade. Initial support came only from the Dutch government, but now the Swiss and Danish governments are also contributing. Contributions from businesses account for at least 55 percent of the IDH programmes, in which farmers receive training in improved cultivation methods so that they can obtain certification, increase production and make it more environment-friendly, and earn more money with their produce. Buyers, in turn, have a more reliable supply of raw materials of an acceptable quality. It's a large-scale undertaking: the IDH cocoa programme, for example, has trained nearly 170 thousand farmers, and the tea programme in Kenya nearly 350 thousand; 12 percent of the world market.

The most important achievement, in van der Put's view, is that sustainable production has become mainstream, at least for those at the forefront of developments. Small-scale farmers and sustainability are no longer confined to a company's corporate social responsibility department; they are now the subject of discussion in

the boardrooms of multinationals.

Van der Put thinks companies opt for sustainability 'because they have their eye on the big picture: the big issues like climate change, poverty, deforestation, hunger. Of course, companies have an interest in certainty and agricultural commodities are in short supply, and that's a reason for them to ensure their own supply.' That's why they are dependent on small-scale producers, as these are responsible for most production in many countries. 'Those private interests match perfectly with the public interest in sustainable development. We dovetail the two.'

If it is in companies' interest to make value chains sustainable, why should the government invest money in these? Van der Put: 'Companies want to invest in safeguarding their sources of raw materials and in building up a healthy sector in the producing country. We extend this investment to include public interests, so also broader poverty eradication, climate, deforestation. This justifies public spending. In addition, government money is needed to accomplish more than the easily achievable objectives. The first ten percent of producers obtain certification without difficulty; they are already implementing good practices. Public money is needed to help less well-organized small farmers participate. We have to prevent sustainability from becoming an elite affair.'

Besides investing, companies can also bring pressure to bear on local governments to improve their policies. 'If we, IDH and six big mul-

tinational that together purchase all the coffee produced in a country approach a government and ask it to change its legislation on pesticide use, it's going to be more effective than if an NGO does so.' In the Netherlands companies engage in dialogue with politicians and NGOs. CEOs have been meeting with the Minister for Development Cooperation under IDH's initiative for the past five years: discussions are held yearly together with NGOs on aid and trade policy.

Van der Put regards NGOs as important partners, not only because of their expertise, but also because of their watchdog role. The Centre for Research on Multinational Corporations (SOMO) discovered sexual harassment and bad working conditions on Unilever's tea plantations in Kenya. 'They were shocked; but half of the managers who had broken rules are now in prison. That wouldn't have happened without SOMO's intervention. NGOs are no longer enemies of business, even those that campaign actively.'

'I'm not saying it's time to celebrate,' added van der Put. 'A lot has been done, but we're not there yet.' The way in future, he believes, is to involve the governments of the developing countries themselves. They have to improve the business climate so that there are opportunities for more entrepreneurs and farmers. At the same time, van der Put expects less money to come from donors and that more will have to be done with loans and banks. In addition, the chain approach itself needs to be broadened. Van der Put: 'Much can be achieved with certification, but a lot cannot.' Someone who buys tea, coffee or cocoa is not traditionally concerned with water use, deforestation or the landscape. These issues are included in the landscape approach, in which a company invests in the local environment. IDH also has a programme for this (see the insert 'Linking landscape to business' on page 13).

'Until now the emphasis was on certification, but the new way of making supply chains more

sustainable focuses on strong farmer organizations and networks,' said van der Put. Hedwig Bruggeman, director of AgriProFocus, agrees. AgriProFocus supports cooperation between farmers and processors, between exporters or banks and AgriProFocus' local networks, which ensure that professionals come in contact with each other and that representatives of all links in the chain can meet. Bruggeman: 'Many chain programmes place emphasis on training farmers. Too little attention is paid to capacity-building and schooling of other professionals in agricultural chains, as is done in the Netherlands.' Fertilizer companies, for example, need to know what kind of fertilizer farmers need. And a packaging company has to be able to manufacture a box that's the right size for the farmer's produce. 'Thinking in terms of value chains makes our work more target oriented by offering support where it's needed.'

Tea pickers in Kenya; small-scale farmers are now the subject of discussion in the boardrooms of multinationals



## 'Businesses opt for longer-term benefits, not better prices in the short term'

### Strong farmer organizations

But is it in the interest of multinationals to have farmers with a stronger bargaining position? This might mean that corporations have to pay higher prices. 'That's an outmoded notion,' said Ted van de Put of IDH. 'If farmers need to be better organized in order for farming systems to become more efficient, then it's in the interest of companies that that happens too. Training can be provided more efficiently, loans can be obtained more easily and technology introduced. Businesses opt for longer-term benefits, not better prices in the short term.'

Harold Poelma is general director of the oils and fats division of Cargill. Until two years ago he was general director of Cargill's cocoa division, together with Mars one of the largest cocoa processing companies in the world. 'If we had to rely on marginal farmers we wouldn't survive,' he said. 'That's why we invest in strong cocoa farmer cooperatives and offer support in the form of training.'

Cargill purchases agricultural commodities from all over the world, such as grain and oil seeds for a wide range of products, but is also involved in energy, transport and metals. Poelma: 'Cargill buys a lot from large farmers in America, with whom we have a professional relationship. They deliver quality and are traceable. That's the direction we need to go in Africa too.' The farmers in the cocoa chain are in a weak position, according to Poelma. 'A few years ago, we, and Mars too, realized: if we continue to act as we are now, soon there will be no cocoa producers left, so no cocoa either. That would make chocolate into an exclusive delicacy like caviar, and we don't want that to happen.'

Cargill participates in IDH's programme for sustainable cocoa, which together with NGOs works on making cocoa farming an attractive way of earning a living. The programme includes training for farmers and support to farmer organizations so that farmers' yields increase and with them their incomes. Poelma: 'We've still got a long way to go. Local governments have limited means available, there are few schools and roads and infrastructure are often bad. Our stake in farmers' organizations is that they enable us to work directly with farmers, thus shortening



A market woman at the central market in Maputo, the capital of Mozambique

the chain. This way, farmers' incomes rise and we get higher quality cocoa.'

Kees Blokland, director of the NGO Agriterra, is pleased with the enthusiasm for farmer organizations shown by companies and IDH. 'It's only recently that companies have wanted to have closer contact with small farmers and their organizations. Two years ago IDH hadn't got that far.' Traditionally companies have preferred to choose a local middleman, someone who speaks good English and has standing in the local community, good connections with the government and able to get things done by handing out money, said Blokland. 'The more progressive companies want to get away from this way of working; they want more connection with farmers.' Blokland expects that smaller producers will gain popularity rapidly in Africa. 'As the African economy becomes an increasingly important global

player and there's high demand for agricultural commodities, many companies are starting to go in search of small farmers. The farmers must be able to deliver produce of the required quality and that's a problem. Cooperatives and farmers' organizations are needed to create bulk storage facilities for produce, to train farmers, build capacity and gain access to banks.' The inevitable next step, said Blokland, is that farmers' organizations will become shareholders in the companies that buy the produce, or that the farmers themselves will become members of cooperative companies, in the way their Dutch counterparts are members of, for example, Friesland Campina (one of the world's largest dairy cooperatives) or Flora Holland (the Dutch plant and flower auction which is owned by 5,000 cooperative member growers).

### Too weak

Harry van Neer is looking to do the same with his company AfricaJUICE, but it's not easy. A Dutchman, Van Neer bought an old 16,000-hectare state-run plantation, which his company rehabilitated. AfricaJUICE, which employs 2,500 people, makes mango juice for the local market and exports passion-fruit juice to Europe. One of the intentions was also that AfricaJUICE would buy passion fruit from local farmers. A team was set up with support from ICCO, Rabobank Foundation and the German GIZ, which works with the farmers on a daily basis sharing knowledge on cultivation techniques and farmer organizations. But so far few farmers are actually supplying AfricaJUICE.

Van Neer: 'We work with very small-scale farmers, who lack food security and who we want to turn into professional growers. But that

doesn't just happen. We are not yet in the hearts and minds of the local people; some say we want to take their land away from them. But some farmers have started supplying us and have seen their annual income jump. So it is possible.' That's why van Neer is sticking to his aim to buy much more from local farmers in the future.

'We want to build up a good long-term relationship rather than buy cheap fruit in the short term. Africa is an important producer of food ingredients, and that's only going to increase in the future. If you learn to work well with farmers, many possibilities open up.'

In order for farmers to become shareholders in the future, Rabobank Foundation and ICCO have bought AfricaJUICE shares via Fair & Sustainable Participations. If everything goes well, these will be transferred to a farmers' organization, explained Gerrit Holtland. Holtland was in-

### Towards a food policy

It is a good thing that public-private partnerships are working on making chains more sustainable and on improving the management of natural resources in developing countries, says professor Gerard de Vries, editor-in-chief of the report by the Netherlands Scientific Council for Government Policy (WRR) *Towards a Food Policy*, which was published in October 2014.

But de Vries believes that the Dutch government could do more to support these partnerships. The WRR report states that the Netherlands is becoming increasingly dependent on basic raw materials imported from abroad and that the division of roles in food provision is changing. Whereas previously governments, agricultural organizations and knowledge institutions determined much of what happened, now supermarkets, seed suppliers, the food industry and NGOs are increasingly taking the lead. The report states that chain-management is the private sector's answer to the risk of loss of reputation, growing competition and the increasing scarcity of raw materials. Certification and standards play a major role in this, but these are double-edged, according to the report. They can be an expression of corporate social responsibility, but they take power from suppliers and place it in the hands of the buyers.

The government should address these buyers, the dominant stakeholders in the chain, said de Vries. 'Governments are limited in their room to manoeuvre through World Trade Organization (WTO) treaties on free trade. They can only stipulate requirements for product characteristics and not for product processes.'

This situation needs to change. 'The Dutch alone can't change WTO agreements, but the Dutch government could formulate a clear position on them and also act on this.' In addition, the WRR argues that the government should unravel for consumers the current confusion of certificates and standards. It suggests making it compulsory to put two 'traffic lights' on food packaging: one that indicates how healthy a product is; the other indicating how sustainably it was produced.



Hugo Steenkamp (left) of AfricaJUICE shows some of the harvest to the Netherlands ambassador to Ethiopia, Lidi Remmelswaal (centre right)

**‘The complexity of collaboration between companies and small farmers is severely underestimated’**

involved in AfricaJUICE and now works for Fair & Sustainable Advisory Services in Ethiopia, a consultancy established by ICCO. ‘The farmers’ cooperative that is linked to AfricaJUICE is not yet in a position to take over the shares,’ he said. The plantation provides employment and essential hard currency, but so far contracting small farmers to supply produce has not been a success in Holtland’s opinion.

AfricaJUICE is no exception here. From the evaluation report of the Programme for Cooperation with Emerging Markets (PSOM), it is clear that in Ethiopia none of the four Dutch companies that received funding to set up a system for large-scale purchasing from small farmers has been successful. Holtland believes the complexity that collaboration between companies and small farmers entails is severely underestimated. ‘Ethiopian farmers are poor and have little education. Foreign investors and donors often have little understanding of the farming systems and means of livelihood of small farmers. That often results in too optimistic an assessment of the opportunities. This has been reinforced by the hype within the development cooperation world, where expectations of the private sector are high.’ Donors require companies to co-invest in small farmers that are suppliers, said Holtland, and companies pledge investment because they need the money from the donors.

Holtland’s conclusion is that Dutch politicians, policymakers and donors have far too high expectations of the smaller companies in particular. ‘You can’t seriously expect individual SMEs to finance the setting up of a sustainable supply chain. They have to receive financial sup-

port from public funds, which must be disbursed through independent and professional channels. Unfortunately, in the Netherlands there seems to be a taboo on doing a proper business analysis of these things. The strong policy message currently emanating from The Hague about the positive role of the private business sector forces all stakeholders to exaggerate about their performance. But turning words into deeds, and these into long-term economic relationships, takes a very long time.’

### Encouraging examples

André Vording of ICCO and Fair & Sustainable Advisory Services would agree that sustainable chain development is not something that just happens. Nevertheless he is aware of examples where things are going well. For example, the development of the shea nut chain in West Africa. The nuts can be pressed, producing oil that is much in demand for beauty products, if it is of high enough quality. Vording: ‘Harvesting and processing these nuts provides tens of thousands of women in West Africa with an income. Collaboration between ICCO, its partners and the Burkinabé-French company Olvea has resulted in an improvement in shea quality. The women now select better quality nuts when picking and receive a better price. The development of local cooperatives also helps strengthen the women’s position in the chain and within the community.’

The Fair Economic Development programme, for inclusive value chains, is ICCO’s largest programme. ‘It is better to start with existing producer organizations and chains, and to strengthen these,’ said Vording. ‘Setting up completely new chains or producer organizations is expensive and ineffective. It can only be done with large amounts of money from a company or donor.’

In Vording’s view, the chain approach means that efficiency and effectiveness are now top priority in agricultural development. ‘Previously there was more focus on increasing production, but without always considering whether there was a market for the produce.’ When it comes to finance, efficiency must have first priority in Vording’s view. ‘It’s better to extend the services of a bigger, stronger microcredit organization in the city to cover rural areas than to try and strengthen a small, weak, rural-based organization.’

The challenge, according to Vording, is to show that a project or programme has a broader impact than simply on one group of farmers or one small factory. ‘To do that you have to get the market to work for the farmers, the M4P-approach: making markets work for the poor. The idea is that other farmers and suppliers of services copy what they see.’ The approach starts with gaining an understanding of the chain, said Vording, to then be able to train the existing

parties to do their work better. This involves, for example, building the capacity of agricultural extension workers and company trainers, but not providing a subsidy for giving training sessions.

André de Jager also thinks that interventions should build on companies or farmers groups that are already there. De Jager is the director for North and West Africa of IFDC, an international organization that focuses on soil improvement and agricultural development. Together with local partners, the organization trains farmers in agricultural chains in developing countries and is the principal contractor of 2Scale, a large programme for developing local agricultural chains financed by the Dutch Ministry of Foreign Affairs. ‘The advantage of adopting a chain approach is that you look at the whole picture. All stakeholders have to benefit, but the whole must also be competitive. Many NGOs see market opportunities, but don’t pay enough attention to whether the chain is competitive with regard to production elsewhere.’

Each value chain needs to have a driving force, said de Jager. Usually that’s a processor, but it could be a financier or insurer. ‘That company has the most say in the direction taken and determines a lot. That’s why farmers need to be

well organized and resilient, and that’s what we work on too.’ But even the lead company in a chain sometimes needs advice, said de Jager. ‘We try, for example, to make it clear to companies that they mustn’t force their wishes on others. That might work in the short term, but it won’t in the long term. It’s better to convince each other.’ It is important to create trust, said de Jager, and that’s what 2Scale is trying to do by bringing stakeholders together and making clear agreements. 2Scale works a lot with small, local companies, but also with bigger players such as Heineken and FrieslandCampina, both of which buy from local farmers. ‘But it’s the smaller local companies that are playing a big role in the rising agricultural economy in Africa,’ said de Jager. An example is AACE Foods, a Nigerian food company that processes locally produced herbs, fruit, vegetables and grains into affordable and healthy products for the Nigerian market.

### Analysis

Hedwig Bruggeman of AgriProFocus is keen on the idea of short local chains. ‘In the Netherlands and Europe, bringing farmers and consumers closer is popular. In the way that landline telephones were skipped over and everyone im-

**‘Africa could leave out long industrial chains, as it has done with landline telephones’**

A Ghanaian cocoa trader notes information given by farmers on their farm and the transactions, which Solidaridad in turn uses for training courses



mediately adopted mobile phones in Africa, they could also leave out the long industrial food chains and the certification merry-go-round. With our expertise, knowledge and ICT we should be able to help the existing chains in Africa to modernize, so that farmers and consumers there remain connected and are not first separated from each other.'

Monique Calon is a senior policy adviser at the Department of Sustainable Economic Development at the Dutch Ministry of Foreign Affairs, which funds de Jager's 2Scale programme. 'It's still too early for results from 2Scale, but it's an important programme because it supports local chains; these are far more important for food se-

also helps to reveal the weakest link or bottlenecks, said Calon. That could be finance for farmers for example. If fresh produce is involved, the issue could be ensuring that conditions are cool enough during storage and transport, in which case it's important that agro-logistics are improved. 'For instance, it might be better to already package fruit salads in Ghana rather than in the Netherlands, thus saving on transport and labour costs.' Bottlenecks in the chain may be due to environmental factors, such as government policy.

Chain thinking is therefore not only important in terms of investments made by companies or NGO programmes that are specifically target-

It is important, however, said Calon, to be aware of the risks in collaborating in a chain. 'Take the consequences for power relations. Farmers can become too dependent on one buyer. Who determines the prices, and do farmers have a sufficiently strong negotiating position? In the cotton sector in some West African countries, for example, this was not the case.' If done well, a chain analysis can provide transparency on this matter. 'Who earns what here and who is an impediment? Who bears risks and what are the stakeholders' costs? This requires transparency from companies and from farmers.'

market to some extent, but often through informal channels. A chain approach sometimes tends to simplify matters rather, in Panhuysen's view. 'It tends to miss the complexity of the mixture of and interaction between formal and informal markets.' In their research, Hivos and IIED are trying to gain more understanding of the complex reality of small producers (see a field report on the study done in Uganda on p. 26). 'Farmers usually have reasons for growing particular products and also for selling them on the local market: for example to ensure some cash income or because the crop is important for their food security. An intervention that places emphasis on an export crop may ignore these reasons and the farmers' own knowledge and skills.' Better understanding of farmers as active participants in markets, who make their own strategic decisions, would contribute greatly to better policy and programmes, according to Panhuysen.

Panhuysen's views are shared by Joost Guijt, advisor on inclusive agro-markets at CDI, the Centre for Development Innovation, part of Wageningen University and Research Centre. Guijt also relativizes the importance of a chain approach, emphasizing that it is not relevant for subsistence farmers. Guijt provides slightly less dramatic figures, saying 60 percent of farmers are subsistence farmers. However, a chain approach doesn't necessarily just have to focus on the 10 percent of farmers who are already market oriented, but should also take into account the 20 to 30 percent who are not yet working in a structural way in chains, but would be capable of doing so.

Guijt indicated that the chain approach arose as it became increasingly clear to more stakeholders that change would not come about if each link in the chain only felt responsible for their own product or part of it. 'The trading conditions for a whole chain should create space for change at the producer level.' For this to happen, in Guijt's view, it's essential to acknowledge that not every party has an equal amount of power and that the party that has the power to influence the system should take responsibility. 'Chain thinking has firmly put the powerful party at the helm: this party sets conditions and determines the terms of trade. But this only works if the farmers and other stakeholders in the chain have enough reason to participate. For a chain to work there must be something in it for everyone,' said Guijt.

He cites Hindustan Unilever Limited as an example. The Indian branch of Unilever always imported tomato puree for making tomato ketchup, although it wanted to source it from within the country. There were problems with the quality and the unreliable availability of local tomatoes, which Unilever purchased via Varun Agro, an Indian food company that bought tomatoes

### Linking landscape to business

'A tea, coffee or cocoa buyer is generally concerned with a product and not with the impact that the particular production chain has on aspects such as land and water use. But the spatial impact is central to the landscape approach,' explained Cora van Oosten of the Wageningen UR Centre for Development Innovation (CDI). The landscape approach should be seen as complementary to a chain approach in van Oosten's opinion. A company that operates from a landscape perspective not only derives products from an area, but also invests in the landscape or in the preservation of its natural resources or its specific identity. Cultural identity can also be used for marketing products from a particular area, as happens with the *appellation contrôlée* for example. Various organizations have projects in this field, such as IDH's Sustainable Land and Water Program.

In addition to consultancy work and supervising projects, van Oosten also runs courses on the landscape approach and, together with international partners, has set up a learning network on landscape restoration (see [www.forestlandscaperestoration.org](http://www.forestlandscaperestoration.org)). In the summer of 2014 she helped organize a conference in Nairobi, which was attended by parties including the Netherlands Ministry of Economic Affairs and European rose growers with businesses around Lake Naivasha in Kenya. These representatives made agreements with local stakeholders on an approach to water management in the area.

Van Oosten: 'Companies are increasingly adopting the landscape approach. The first ones to do so are those whose value chain is under threat, for example as a result of bad land or water management, or social unrest. They perceive the need to invest in the landscape from which they obtain their products. But the companies that recognize opportunities in restoring the landscape itself are more innovative. They are investing, for example, in the restoration of degraded peat bogs in Indonesia so that these can be restored to multifunctional production areas, economically, ecologically and socially, in a way that fits in with the cultural identity of the region.'



A small-scale woman farmer in Kenya; in Africa, 90 percent of farmers are small-scale and do not supply produce to formal chains

curity than international chains.' The aim of 2Scale is not only to help farmers participate in lucrative markets, but to increase the availability of food in urban areas and to create more employment opportunities in the food processing industry. The role of the government, in Calon's view, is not only to fund interventions in the value chain or help a farmer organization; government bodies such as embassies play an important role in economic diplomacy.

Calon stresses that chain thinking is above all useful as a method for analysis. 'If the path from product to consumer is complex, a joint analysis of the value chain can help to gain an understanding of each other's role.' Based on this, parties can negotiate on what is whose responsibility. 'It also increases the commitment of the different actors, because the common interest in working together is clear.' An analysis of a chain

ed at production within the chain, Calon made clear. It is also useful to look at investments elsewhere, for example to analyse the effects of investments in infrastructure. 'If you know how trade flows run, you'll know whether putting in a new road will benefit the farmers in the area.' Analysing the chain for strategic crops, such as maize and rice, is important to be able to predict a country's food security.

Development cooperation will look different in the future, said Calon. 'Soft loans, not subsidies, are being extended through new instruments such as the Dutch Good Growth Fund.' Increasing attention is also being paid to exit strategies: 'Foreign Affairs' funding for a public-private partnership in 2Scale must only last five years. By then, the relationship between a company and farmers must be strong enough to continue without needing government money.'

### The other 90 percent

Sjoerd Panhuysen has fundamental criticism of the idea of integrating farmers into formal chains. Panhuysen works for Hivos together with IIED on the knowledge programme known as Small Producer Agency in the Globalised Market. 'The government and companies are investing a lot of money in programmes to make chains more sustainable, such as those of IDH, and that's fine. But it's only part of the story and only part of the solution, and it's not clear whether it's efficient.' A market approach like this only reaches about two to ten percent of the farmers in developing countries, said Panhuysen. 'And those are the farmers who are already well organized and already taking part in formal markets.'

The other 90 percent are partly subsistence farmers and partly farmers who do supply the

from farmers. Guijt: 'In a chain like this it's important to find a proposition that's attractive to the farmers and profitable for the company. What does each party need and how can the needs of one be met without compromising the position of the other?' In this case, the solution was for farmers to sell three-quarters of their tomatoes to Unilever on the basis of a contract that gave them the security that Unilever would continue to buy in the long term. 'They were able to sell a quarter of their tomatoes on the local market, where they could sometimes get a higher price.' This gave the farmers a good combination of stability and an attractive day price. The company had a guaranteed supply and were able to stipulate their quality requirements.

The conclusion is that for a chain to function well as a whole, stakeholders have to engage in give and take. Many companies are not willing to

do this. If the buyers in a company – a supermarket for example – are only rewarded on the basis of price, there's no space for any responsibility being taken outside the company itself. If the buyer is also the most powerful stakeholder in the chain, it is unlikely that producers will have much chance of achieving a more equal income distribution within the chain. If companies indeed start to show more interest in the products of small entrepreneurs and farmers in developing countries, this issue will become increasingly important. The at times enormous difference in power between the stakeholders makes it difficult to establish chains that are fairer. Stories of the synergy between companies and sustainable development sound attractive, but for the time being the question of power differences, and how to deal with them, is still not being raised explicitly enough. ■



Dennis Mwangi shows his ripe tree-tomato fruits



Mount Kenya, Kenya

191 km

Nairobi, Kenya

# From aid to trade near Mount Kenya

Strawberries and tree tomatoes result in better prices for small-scale farmers in the Mount Kenya area than the maize that they customarily grow. This opportunity is being offered by a processing plant that constitutes a new market for the farmers. With the support of ICCO, the factory is developing from a subsidized NGO into an independent company.

by Joris Tielens

Only twenty years old but self-assured, Dennis Mwangi points to the fruit hanging on the man-sized trees in his field in the northern part of the Nyeri district at the foot of Mount Kenya. Although the semisweet fruit resembles a tomato, it tastes more like something between a strawberry and a plum. It is a tree tomato, also called a tamarillo, and the young farmer grows peppers and beans as well.

'I planted these trees seven months ago, so the fruit is still green. The first harvest is in just a few months.' Then Mwangi will easily pick three hundred kilos of fruit from the trees in this small field. He is sure about this because his father, the local chief, has been growing tree tomatoes for some time. And fortnightly this can lead to a monthly harvest of a thousand kilos per acre, which is 50,000 shillings or 450 euros. A tremendous yield from such a small field. 'The advantage of this crop is that you don't have a harvest just once each season, but that you can continually pick and sell the fruit. The trees live for seven years.'

## Tree tomato on the radio

Many Kenyans would agree that a meal without *ugali* made from maize flour, brown beans and white cabbage isn't a real meal. Consequently, many farmers in East Africa traditionally grow large amounts of maize, beans and white cabbage. But because these crops are so widely grown, small-scale farmers don't receive much for them at the market. Especially in areas where there are also large farms.

'Farmers in this area have very little land,' explained Bernard Muchiri, the director of Help Self Help Centre (HSHC), a Kenyan NGO. HSHC is working on the economic development of 5,000 farmers in the region. 'Because the land is divided among all of a farmer's sons, people have less and less land.' In addition, Muchiri stated, climate change has resulted in increasingly less water for farmers whose fields are irrigated by water from Mount Kenya. For these reasons and with the support of the Dutch organization ICCO, HSHC did a study of which crops could be grown on a small area of land so that farmers would still have a reasonable income.

'It had to be a high-value crop,' Muchiri said, 'a crop with a value higher than maize, for example. But there also had to be a market for the crop, fresh or processed, and farmers had to have the capacity to grow it.' One of the candi-

dates was the tree tomato, which grows well in this high and cool region of Kenya. 'Farmers were already familiar with the crop,' said Muchari, 'but it had never been commercially grown.'

All that changed when HSHC was able to offer the farmers a market for their products. With the financial support of ICCO, the NGO constructed a building for a fruit-processing factory on the main road between Nanyuki and Nairobi, close to the farmers. The building houses the newly established processing company Eco Agrobusiness Ltd (EAL). After HSHC had helped EAL to draw up a feasible business case, EAL developed further as an independent company. HSHC is a majority shareholder with 51 percent of the shares of EAL, and ICCO is a minority shareholder with 15 percent. The fruit of the tree tomato is processed in the factory and made into jam and chutney, but the factory also processes other fruit.

Many farmers in the area are now growing tree tomatoes, according to Peter Ngatia, an agronomist at HSHC. Ngatia visits the farmers regularly and trains them in cultivating and harvesting the crop. Anyone who wants to take a look at one of the farms has to travel by car for a long time on poor roads with impossible potholes where you could easily get stuck. 'This is why farmers are organized in groups,' Ngatia continued. On designated days the fruit is harvested and transported collectively to the main road. One farmer has fifty trees, another has a hundred. If everyone has to bring their own crop to the market, it would take too long and cost too much.' So Ngatia trains the farmers as a group.

Michael Baraguj is the chair of a group of thirty farmers. He too has tree tomatoes on his land, which is slightly more than a hectare. 'I first heard about the tree tomato on the radio,' said Baraguj as he sat at the edge of his field under an enormous avocado tree. 'I planted them last August because other crops weren't selling for much anymore.'

A bit further along is the farm of his neighbour, Beatrice Wakiumi. She too began to plant tomato trees after hearing about them on the radio. Wakiumi has carefully removed all of the weeds around her trees. 'I hope I can earn more money with them,' she said about her tomato trees. Both she and Baraguj can now spend more money on food, but also on schooling for the children. Baraguj: 'We can't always pay school fees, especially not for the entire year at once. We have asked to pay in instalments, but even

'Farmers were already familiar with the tree tomato, but it had never been commercially grown'





Strawberries grow all year round in Kenya and Mercy Gathoni earns a good living from them

## ‘People belong on the land where their parents have lived’

then we sometimes don't have enough money. The major advantage of the tomato tree is not only that it is more profitable, but that you can harvest the fruit twice a month all year long instead of a maize crop just once or twice a year.'

In addition to collaborative transport and training, the farmers also receive information via the farmers' group about the price they can get for their fruit, explained Bernard Muchiri. HSHC has an ICT centre that sends relevant information to farmers by cell phone. 'Some time ago, the crops were infected by a disease. We heard about that via the group,' said Baraguj.

### Strawberry pulp

Further down the road and under the African sun are plants that can be found in every European kitchen garden: strawberries. They are not a traditional crop in Kenya, but were introduced to this cool part of the country by Europeans in the 1980s. They have now become commonplace, and every farmer in the area has strawberries somewhere in a corner of his or her land.

What Mercy Gathoni and Evan Wambugu have is more than a corner, however; they have a large field. They can harvest strawberries three times, 120 kilos in total, throughout the year. 'We earn much more than we did before we had strawberries,' said Wambugu. They too spend the extra

income on school tuition, but also on health care. And they're saving for a connection to the electricity net. The couple sell the best strawberries at the local market, but most of the crop goes to EAL. The factory collects the strawberries at certain points in the area where the farmers live and then makes jam or strawberry pulp. EAL also sells some of the strawberries as fresh produce to supermarkets in the region.

The HSHC agronomist Ngatia gives Wambugu and Gathoni advice about their crop. Growing strawberries is time-consuming for the farmers, and the plants have to be watered with a sprinkler-irrigation system. But that investment is certainly worth it, Gathoni said. 'The disadvantage is that the strawberries rot quickly, especially in the rainy season. That's why we pick them when they're still only half-ripe. They can ripen further on the way to the factory.'

Steve Njenga of the EAL processing plant enjoys working with farmers like Gathoni and Wambugu and wants to contract them in the future. 'There are a lot of small growers, but we're looking for farmers who see their farm as a business, the larger farmers,' explained Njenga, a food technologist. The enthusiastic young man is one of the two managers of EAL. The small factory consists of three processing rooms; in one of them, five women are cooking jam and putting

labels on jars. An overpowering smell of strawberry jam fills the air. 'We sell jam and chutney to supermarkets in Nanyuki and Nairobi,' said Njenga, 'but we have high expectations for the strawberry pulp.' Strawberries are mashed in a machine and packaged in vacuum bags. 'Fresh strawberries only keep for a day, but processed strawberries stay good for a year.'

That is handy because the pulp is destined for Nairobi. Dairy factories in the capital city buy the pulp to use in fruit yogurts. The dairy factories buy fruit pulp from India or South Africa at present, but they are interested buying on the domestic market. 'We are a bit cheaper than import, and the dairy industry doesn't have to worry about delayed deliveries because of shipping problems. But our most important selling point is the quality of the pulp,' Njenga added enthusiastically. There are more strawberries in the Kenyan pulp than in the Indian sort. However, the problem is that the dairy company wants to buy sixteen tons a month, but the factory can only produce a maximum of four tons monthly. So Njenga wants to invest in new machines for the company and has sent an investment proposal to ICCO. Currently, the fruit pulp is cooked on a gas burner, which involves the risk of burning and ruining the taste. An industrial cooker can prevent that and can also process many more strawberries. Njenga also wants a packaging machine. At that moment, packaging is done mostly by hand, with the risk of contaminating and dirtying the jam or the pulp.

If the investment is made, the factory then needs the farmers to supply it with enough strawberries. Until then, they are going to hire people to grow strawberries on a field next to the factory. 'We have groups of farmers who grow strawberries and whom we can collectively train in cultivation, the use of pesticides and the quality of the strawberries. The continuity of the supply is also important, so we're going to contract the larger farmers starting in January. Njenga thinks that the demand for jam and chutney from the tomato tree will grow in the future.' Now we only deliver to small supermarkets; we can penetrate the larger chains, but that calls for investing in advertisements, and we can't afford that yet.'

Nevertheless, Njenga doesn't doubt that the company will grow. At the moment, they are operating cost-effectively. 'The obstacle in the strawberry chain is being able to process the fruit with better machines. We have to expand the capacity of EAL as a company and of the farmers who supply us in order to serve the market. That is the challenge.'

### Investors

The ultimate goal of that challenge, explained

David Kamukama, regional advisor in business and economic development at ICCO, is that an external investor will buy the shares of HSHC and ICCO.

Kamukama: 'The strategy of ICCO is to set up

cessarily have to lie with the farmers themselves. A healthy development of the processing company could be a very clever way of creating positive effects for the farmers.' The new market will give the farmers more income and a broader base for



Jam, chutney and strawberry pulp are made in the processing plant

companies in our agrobusiness acceleration programme. We assume part of the risk, and our partner HSHC helps with technical assistance and capacity-building where needed. Our goal is to have the company grow to the level where it becomes attractive to other investors. Once the shares have been sold, ICCO can withdraw and can use the lessons from the company for its future operations. And we draw up specific agreements about the company remaining a social enterprise with a focus on the small farmers. This is our way of working sustainably.'

ICCO's support for its partner HSHC and the technical assistance, capacity-building and market research on new crops came from the second Dutch Cofinancing System (MFS II). But not the investment in the company, Kamukama emphasized. He is optimistic about this way of working, whereby an international NGO such as ICCO no longer gives subsidies but rather invests in social businesses and thus in the economic growth and well-being of small farmers.

HSHC director Bernard Muchiri also believes in this new approach. Muchiri explained that the farmers are not shareholders in the company themselves, but that they are represented via HSHC. 'We believe that if you want to have an impact on the lives of small farmers in this region, the emphasis of your intervention does not ne-

supporting themselves than just by their sales at the local market and their self-sufficient agriculture. 'Agriculture as a business and not as self-sufficiency has truly taken root in this region,' said Muchiri. 'At least in the minds of the people. In practice, it's still difficult because farmers don't yet have the skills or the money to invest.'

'There is good will,' Kamukama added. But is it possible for farmers who have very little land, like the farmers in this area, to produce enough to interest the market? Farmers with very little land should find work outside the agricultural sector, one could argue.

'Aha', said Bernard Muchiri with a wide sweep of his arms, 'that's a very difficult question. People belong in the village and on the land where their parents have lived. Even if you hold an office job somewhere, you'll still want to keep that small parcel of land. It is tradition; Africans are attached to their land.'

That is confirmed by Dennis Mwangi, the young farmer who is the son of the chief and who planted a small field with tomato trees. 'I don't think I'll be a full-time farmer in the future,' he said. 'I'm studying for a degree in business management. But this is the place where I was born.' He points to the surrounding fields. 'Even if it's part-time next to a job in the city, deep inside I'll always remain a farmer.' ■

Sarah Haaij

# Searching for sustainability

We buy the green beans for our meals from Kenya and we eat Costa Rican pineapples for dessert. Dutch supermarkets sell all sorts of fresh fruits and vegetables the year round. The chain-wide initiative SIFAV 2020 wants all these products to be one hundred percent sustainably produced in 2020. Food shopping with a clear conscience?

by Sarah Haaij

It's Monday evening and you pop into the supermarket to buy the ingredients for pasta with tomato sauce. Carrying your empty grocery basket, you walk towards the fruit and vegetable section, but you suddenly have some doubts. What was the problem with Dutch-grown tomatoes? Aren't they from greenhouses with their CO2 emissions? Then just in time, you decide to choose the Moroccan variety, ripened under the sun. But wait, something was wrong with them as well. Oh right! Tomatoes from Morocco are ethically wrong because of the terrible working conditions there.

You hastily search the shelves for something like a sticker, a quality mark that can ease your conscience. Hey, there they are. Red tomatoes, 'Pure and Honest'; those are the ones! But, pure and honest . . . is that a quality mark, or is it just a slogan?

## Covenant

If Sustainability Initiative Fruits and Vegetables (SIFAV) has its way, this hesitation in the supermarket will be a thing of the past in just a few years. As of 2020 we will be able to assume that the fruit and vegetables in the supermarket are sustainably produced. At least, in the supermarkets that have joined this initiative of IDH (Sustainable Trade Initiative).

The two largest chains in the Netherlands, Albert Heijn and Jumbo, signed the covenant in 2012, as did various NGOs and wholesalers. The shared goal of the partners is to reform the

whole fruit and vegetable sector and to guarantee better working and environmental conditions. Not by certifying each product separately, but by setting a minimum standard of sustainability for the entire sector that all parties can agree on.

'That way you can ensure that everyone is talking about the same thing,' explained Leon Mol. As an agronomist with Albert Heijn and chair of the steering group of SIFAV, Mol has been involved in this initiative right from the beginning. 'If all of the partners in the chain work together, you have a maximum impact on the sustainability of the conditions under which fruit and vegetables are cultivated and packaged.'

As the manager of IDH's Fruit & Vegetables programme since 2012, Kebba Colley travels all over the world to get as many partners as possible interested in SIFAV. Colley: 'Many companies see the need for a sustainable chain but they miss the supervision to realize it. This covenant is a direct response to that need.' In principle, the covenant doesn't contain anything new; the sustainability criteria are based on existing quality marks and inspection systems. The environmental requirements were taken from GlobalGap, but other standards were taken from the ILO, the Business Social Compliance Initiative (BSCI), Fairtrade and the Rainforest Alliance. Based on all of these labels and certifications with their diverse requirements, a minimum was agreed upon, the

minimum standard level that everyone has to remain above.

Colley: 'The standard is within a range, and we checked to see if the criteria of all of the important quality marks fall within our range; this is called *benchmarking*.' For example, a supermarket that imports bananas with the UTZ-Certified quality mark can see what this quality mark says about the environmental conditions, wages, working hours and water management involved in producing the banana. So importers can now look for products that lie within the range. A local farmer no longer has to be concerned with diverse quality marks, certificates or processes; he or she chooses one that has been benchmarked by SIFAV.

## Know your chain

Thirty parties have already joined the covenant, as Colley proudly mentioned. And those aren't the smaller players: four of the five large consumer brands, including Chiquita and Dole, have joined. These big five represent 40 percent of the global trade in fruit and vegetables. 'Our strategy is that the smaller companies look up to these big names and become convinced that they should participate as well, Colley explained.

ICCO is also a partner of SIFAV, and, as an economic development specialist at that organization, Jeroen de Vries feels that there is interest in the field. When I talked with him, he was in Ecuador, where he and some of the banana producers were studying how to implement the sustainability requirements.

De Vries: 'You can see the beginning of a movement in the European market. The demand for sustainability will increase as a result of this covenant because the fruit and vegetables that the traders here in the Netherlands ship must meet the requirements. As a result, they'll convince their local producers and other European chains to participate.'

The Dutch vegetable supplier Van Oers United already has experience in this area. Maria Oliveira, the company's sustainability manager: 'We produce on our own farms in, for example, Ethiopia, Senegal and Morocco. To be able to supply vegetables and fruit throughout the year,



we enter into collaborative trajectories with local growers. We make the same sustainability demands of our partners in, for example, Kenya and Zimbabwe as we do of our own farms. We want them to participate in the certificates that the SIFAV has benchmarked.'

When signing the covenant, van Oers discovered that the company 'was already doing well' with respect to sustainability. 'And that is a welcome insight,' Oliveira added. 'We are also asked to structure and report on our data according to other standards so that we can share our knowledge with the rest of the partners.'

Not all of the partners are as active as van Oers in implementing the covenant. To make it easier for newcomers to the area of sustainability, it was decided to take small steps: from 30 percent sustainability for vegetables and fruit bought in 2014 via 50 percent in 2015 to 100 percent in 2020. What van Oers sometimes finds difficult is that many buyers in other European countries work with completely different standards and requirements. Oliveira: 'In an ideal world, everyone would eventually work with the IDH covenant.'

'It's quite a task to meet the requirements,' said de Vries of ICCO. 'A number of importers are making headway and have set an example for others. But there are also importers who, uhm ..., still have a long way to go.' Evidently, it isn't always simply a matter of course in the world of fruit and vegetable chains to know where their own products are grown and under what circumstances. 'Those parties now have a tremendous amount of work in examining their chains and providing insight into their own trade flows. That is the work now being done behind the scenes.'

### Dream for the future

The ideal of supermarkets offering only fruit and vegetables that have been honestly produced still seems like a dream for the future. But last summer the dream was hit hard by reality when the NGO Fairfood issued a report about the distressing working conditions of Moroccan tomato pickers. In the winter many European supermarkets sell Moroccan tomatoes. The thousands of women who pick and package these tomatoes

earn five to eight euros a day, whereas you need at least fifteen euros daily to support yourself in Morocco. Fairfood asked supermarkets to pay the tomato pickers a living wage. The report listed Albert Heijn as one of the retailers that buys its tomatoes in Morocco.

When questioned, Leon Mol said that Albert Heijn's supplier pays more than the minimum wage. Mol: 'But in general, it's clear that, even though you create a broad base, there are still points for improvement. We have to work together on these.'

However, some organizations say that it is exactly this broad base that restricts the SIFAV initiative. The minimum requirements in the covenant are based on, among other things, the working standards of the ILO. The ILO prescribes the legal minimum wage, and that is exactly what the Moroccan pickers are paid. But the problem is that the Moroccan minimum wage falls below the national poverty level. You can't survive on a minimum wage in Morocco, so the SIFAV agreements don't 'help' here.

## 'Importers have a tremendous amount of work in examining their chains'

Such problems have given rise to internal discussions at ICCO about whether SIFAV 2020 reaches far enough. 'Opinions are divided, also within ICCO,' de Vries admitted. 'Nevertheless, we can see that the large companies with a history of less exemplary behaviour in certain areas with certain crops have recently been taking steps in sustainability that go further than what the covenant envisions.' He emphasized that the SIFAV should be seen as an initial standard. 'The fact that the entire sector is going to improve its behaviour along its base and that big players are setting an example, that creates an impact!'

Nor does Maria Oliveira of Van Oers United think that 'one initiative can suddenly solve

everything'. It is work in progress and a matter of increasing awareness, she thinks. 'Some supermarkets remain on the sidelines and make only a few demands of their suppliers. But other supermarkets are becoming increasingly interested in how they can guarantee local sustainability. And they are also increasingly willing to share in the costs for this.'

### Beyond the sticker

Are the covenant's entry standards too low? 'No,' said Kebba Colly of IDH. 'We didn't invent anything new with our criteria; everything is based on existing standards that have been used for years. Now we are asking our partners to certify their products according to the standards. What I hope to see is that we then collectively move beyond certification. For example, that all the links of the chain consider the complex issue of a living wage.' In this way, the covenant can give an impetus for a wider acceptance of social codes and environmental requirements that can be proven not only by a certificate.

A good example of an initiative that could rise above the standard certification is the Sustainability Initiative South Africa (SIZA). Still a quality mark, but one that began 'bottom-up' in the land of production, South Africa, itself. This national standard for the export of vegetables and fruit is based on local values and ideas about sustainability. SIZA meets the SIFAV requirements, so all of the covenant signees can buy products bearing the SIZA quality mark with a clear conscience. The South African farmer who wants to enter the export market now knows how he has to grow his or her product.

'If it comes from South Africa, then it's okay; that's what this quality mark says,' according to

an enthusiastic de Vries. 'And that's exactly the system we want to work towards!' Nevertheless, he also notes that there's still a long way to go before the existing quality marks make way for SIZA and before the farmers with an audit can enter the European market.

To go beyond certification, you'll have to take a look at the local challenges in each production land and in each sector. 'You have the covenant,' Oliveira said, 'and as a company you have responsibility for your people. Certification is just one aspect of your strategy, but it's not the complete solution.' In the high season in Ethiopia, van Oers employs 1500 people. 'Our responsibility certainly goes further than issuing a few social audit reports. We try to see if we can do something extra, but then within what's economically and financially feasible; otherwise, neither party benefits.' Examples of something extra are building a hospital or, as in Senegal, constructing a water facility for the surrounding villages. But it remains difficult, especially in a country like Ethiopia, where there isn't even a national minimum wage yet. 'The minimum wage is a political choice,' according to Oliveira. 'So we pay what we think will work and what is needed.'

### Trust

The man behind Tony's Chocolonely, Teun van de Keuken, recently said in *de Volkskrant* newspaper that quality marks are a thing of the past. 'Quality marks are meaningless. We need a new model based on openness and trust.'

The idea of a food sector in which we can trust that the products have been produced responsibly seems to be in line with SIFAV's motivation to work with the chain on a collective idea of corporate social responsibility. A model by which growers, traders and retailers know where their products come from and under which circumstances they have been produced.

In order to be able to trust, we have to keep an eye on the entire process. How far have the chain partners come? Will 100 percent of the fruit and vegetables be sustainably produced in 2020? The accountant firm PwC has been hired to monitor and measure the progress of the partners in the covenant. A benchmark was made in



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2012, and the results of 2013 were analysed at the beginning of 2014. But the point is that these results are not public. Each covenant partner can decide whether or not to publish its figures.

Why is that so? Mol: 'Within the SIFAV system, we are not concerned about whether I perform better than you do. We don't want to exclude any partners. There are also partners with a complex purchase chain. They work, for example, with many more smallholders, small growers and farms. You have to give everyone on the market time to meet the goals.' Mol added that Albert Heijn supermarket is ahead of schedule: 'Even before 2020 we'll have 100 percent of our fruit and vegetables at the sustainability le-

vel agreed upon within SIFAV.' On Jumbo's website and via the e-mail, the supermarket has made it known that 76 percent of kilos bought in 2013 were certifiably sustainable.

Thus SIFAV is trying to give the first impetus to a chain that, as Teun van de Keuken envisions, is based on trust. But we can't check anything yet; the product information from an Albert Heijn or Jumbo is not made public. Meanwhile, consumers will have to base their trust on the word of the supermarkets and suppliers. So you'll still be in doubt when grocery shopping. Or perhaps just buy a product with a quality mark for the time being? ■



© Kadir van Lohuizen

A cocoa farmer takes his yield to a trader in Ivory Coast: 'That man with that bag of cocoa beans on his bike is not cycling there just by chance'

**D**irk Jan de With travels all over the world for Unilever, 'although it's less than I'd like.' He is Vice President Procurement Ingredients & Sustainability and he sees 'so very many possibilities for making improvements and developments in agriculture. In India I found myself talking with a woman and I asked her how she'd like to improve the farm. That question was translated and answered by a man. I said that I wanted to hear her answer. "Mechanization," she said, "so I'd have spare time to market my agricultural products." It's fantastic that farmers develop that capacity themselves instead of continuing to split up the farm while searching for other ways of earning a living. I consider it as one of the possible directions towards solutions.'

Unilever has been emphasizing sustainability for about twenty years now. The company began by formulating good agricultural practices, and that policy was reinforced when Paul Polman became general director. For years now, the company has been working with the development organization

Solidaridad and other NGOs. De With: 'The reason is that we want to guarantee the long-term supply of agricultural products. Agriculture has to remain an attractive, viable sector of the economy, also for women and young people, as the demand for food continues to grow.' In his opinion, all of the aspects of sustainability play a role: concern about the environment, land ownership, using the right inputs in the right amounts, reducing child labour, stimulating the role of women. 'Unilever can't do this. You need NGOs that have strong ties with governments and communities as well as technical knowhow in the areas of agriculture, crop protection and irrigation.'

His comments underline the accuracy of the viewpoint taken by Nico Roozen, the director of Solidaridad Network. According to Roozen, a sector changes only when companies begin to make themselves felt. 'The economic advantages of becoming sustainable are decisive for change.' Unilever and Solidaridad recently entered into a strategic partnership and have ambitious plans. Together they are going to improve the production

and the well-being of one million farmers and workers in eight of Unilever's supply chains in Africa, Asia and Latin America. The goals are to strengthen the position of women, improve agriculture and working conditions, support young farmers and effect sustainable land use.

'We used to be happy if a programme reached 30 thousand farmers,' Roozen said. 'Up to now, we've reached four million farmers in thirty years, which is of great importance to them, but the process is going too slowly. To transform the agricultural sector we need large-scale expansion. The partnership with Unilever is just one of a series. We're making similar deals with about ten companies, including Cargill and Nestlé.' Once 60 percent of the farmers have been reached, the rest will follow, Roozen believes.

### Robust infrastructure

In addition to fighting poverty, Solidaridad sees new motives for trying a different approach: the global problems in the areas of food security, biodiversity and climate. According to Roozen, we

have to shift to a 'robust, productive agrarian infrastructure'. That means a sector with companies that provide services, such as a contracting firm where agricultural machinery can be rented. 'There is a complete lack of such service providers in developing countries.' Financial organizations are also needed so that farmers can get credit, and knowledge centres that provide relevant information to help improve cultivation. 'Crop breeding can contribute to food security, so I don't exclude genetic modification.' And a government that, in Roozen's view, plays an important role in sustainable landscape management: environmental planning, land consolidation, water management, retaining the main ecological structure. A new system of inheritance law so that parcels of land aren't endlessly divided. A broader development of the economy can absorb the surplus of agrarian labour, giving rise to a sector in which others want to invest.

First and foremost is the viability of a chain in which farmers have a future. Sven Sielhorst of So-

# The next big step

Train farmers so they can make better use of their land, produce more and live decently from their crops. Programmes designed for these goals have already reached millions of farmers in developing countries. Now it's time for large-scale expansion. Solidaridad and Unilever are setting the tone.

by Han van de Wiel

lidaridad explained how that works. Solidaridad's sugarcane programme reached 170 thousand farmers in India this year. The core of the work consists of creating an environment in which farmers can be better businessmen, take better care of the soil and the crops and support their families. 'We create such conditions by working with factories, government bodies, buyers and financial organizations,' Sielhorst said. And he believes that it works: after two years, yields had increased and the input costs had gone down. But even more important, farmers learned to think more commercially about their farms, learned to deal with money, to make a financial plan. They now keep farm records so they can observe the effects of artificial fertilizer, the weather and their efforts. Sielhorst: 'That is the transformation we're trying to achieve. We work with fourteen sugar factories, but we've aroused the interest of many others. We're developing a sort of open-source technology, like the farm records. A simple but crucial means of becoming a good company. You can't expect a company like Unilever to promote this

worldwide. It's now the turn of the sugar factories here. And it's succeeding because they can see that it works.'

There isn't just one model to make modern farmers of small ones because every sector, every region and every time is different. 'You should never want to roll out a model top-down. On the contrary, you have to know the local possibilities, the possibilities of the crop, the local culture. You can change very little in the social structure of a chain,' Sielhorst stated. That's why Solidaridad builds on existing structures when possible. 'Even archaic chains have forms of organization. Ivory Coast is a poorly organized country, but it produces 40 percent of the world's cocoa. And that requires structure. You wonder what that man with that bag of cocoa beans on his bike is doing, but he's not cycling there just by chance.'

### The bar

The sector has to be transformed without making concessions to the level of ambition. Roozen: 'Some organizations do that, however. If they see



that companies find it difficult to keep to their agreements, they place the bar so close to the level of the existing practice that almost all of the companies meet the goals. We want to maintain an ambitious level. If companies who have committed themselves pull back, we put them under public pressure to stick to the agreements. Mainstreaming should never become downgrading.'

In Roozen's view there'll be only 40 million farmers left a century from now, as opposed to the 400 million small farmers there are now worldwide. He knows that such a prediction is asking for trouble. In the developing world, the small farmer has an almost unassailable and romanticized status. But he thinks it's a necessary process. Even with the best agricultural techniques, an Ivorian cocoa farmer with two and a half hectares earns no more than 3,200 dollars a year. Not extreme poverty, but still a poor existence. A sugarcane or soya farm in India of one and a half hectares can't be mechanized so it can't offer decent work and a viable income. 'That's why we have to increase the scale and vary it as well. Vegetable cultivation can

ruined the world in three hundred years, so give us at least thirty to improve it.'

### Harder, faster

Together with Solidaridad, the Sustainable Trade Initiative (IDH) is an important advocate of the large-scale approach to chains. Like Solidaridad, IDH is working on making slightly more than 10 agricultural chains more sustainable, this together with businesses. Unlike the NGO Solidaridad, the 'hybrid organization' IDH is 'just an arm's length' from government, explained Daan de Wit, a communications officer at IDH. Moreover, IDH isn't an implementing organization but rather a 'driver of innovation'.

Since its founding in 2008, IDH, like Solidaridad, has reached several millions of farmers with training programmes that lead to certification; it should be noted that the numbers cited by both organizations partly overlap because Solidaridad implements a number of IDH's programmes. IDH is also convinced that the road to scale enlargement is via companies.



Tea pickers in India

be one on a small scale, but soya has to be large scale. Whoever wants to opt out can sell or rent their land. Ask a farmer if he wants his children to take over his farm and he says "no". It's useless to optimize an agricultural structure that isn't future-proof.'

But the transformation can't be done simply and quickly. Roozen: 'I don't want to create the expectation that we can solve this quickly. We've

De Wit: 'The only thing we know for sure is that you have to work together with businesses and that you have to let them pay and determine a lot. Businesses have to have an economic motive for wanting to change the chain. If the directors can be made to appreciate the importance of sustainability, things can suddenly move quickly.' IDH is working together with businesses that promote change on new models to improve and finance

## 'In the developing world, the small farmer has an unassailable status'

agricultural methods, De Wit stated. If businesses think a profit can be made, they'll work 'much harder, faster, on a larger scale and more intelligently' than most civil society organizations. De Wit: 'They invest their own money and want to see an impact. Why should they invest otherwise?'

So it's not the logic inherent in a programme that sets the pace and the scale, but the needs and input of businesses. De Wit: 'It is much more efficient for Unilever to make all of the sourcing and purchasing sustainable. Take soya, for example. The harbour in Rotterdam is an important soya harbour but only a small percentage of the soya that arrives is sustainable. Separate transport is expensive. By making the entire soya sector sustainable, costs can be reduced.' However, the attention given to the business sector doesn't take away from the fact that IDH's first priority is to combat poverty. 'We are paid with money from Overseas Development; we pull back from a sector only when the position of the small farmers and businesses has been well established.'

### Not high-flown

Solidaridad, IDH and Unilever are striving for viable chains, with a future for farmers, by creating an enabling environment. And the concept of farmers must definitely include women and young people as well, stated Dirk Jan de With of Unilever. 'On most farms women do at least half of the work, but they miss out on so many training programmes. That is due to cultural aspects but also to the time needed to travel to the programmes.'

According to Sven Sielhorst of Solidaridad, women gain extra profit from a flourishing agrarian sector with service companies, transport, contracting companies and financial organizations. 'They're capable of quickly starting up small businesses in the villages because they're often tied to the house with their families. It isn't so high-flown,' he added almost apologetically. Ms X begins to cultivate seedlings from good seed material under a shade net in a village and she sells them at a profit. She might be able to expand her business by selling artificial fertilizer and by giving advice. The first customers will be people from the village, but this can expand to farmers who've never been in our programme.' ■

## IOB-evaluation

# IDH: important player without much impact yet

The Sustainable Trade Initiative (IDH) quickly succeeded in certifying considerable groups of farmers, but the effects on poverty, working conditions and environmental deterioration are 'still very modest,' according to the IOB.

The Policy and Operations Evaluation Department (IOB) of the Dutch Ministry of Foreign Affairs recently sent an evaluation study to Parliament in which they concluded that 'there was absolutely no' sustainable market transformation, the goal of IDH. The reason for the study was the impending decision of Lilianne Ploumen (Minister for Foreign Trade and Development Cooperation) on further financing for the IDH. The IDH programmes have provided hundreds of thousands of farmers with training and certification, but the quality labels used for certification, such as UTZ, Rainforest Alliance and Better Cotton, keep standards low. And this is why they've had only limited positive effects on the farmers' living conditions.

IDH's cocoa programme, for example, succeeded in increasing the production of cocoa farmers in Ghana by six percent in two years. Thanks to their UTZ-certified cocoa, the farmers' net income rose by ten percent. 'Those are positive effects, but certainly not enough to lift these cocoa farmers out of their extreme poverty,' wrote the IOB. In many cases the production volumes increase thanks to the training and good agricultural practices, but the costs of labour and input also increase so the rise in the farmers' net income is actually less spectacular. Moreover, IDH supports farmers in getting certified: free training programmes and better agricultural practices. But the farmers themselves have to pay the recurring costs and they often lose the premium. For example, Unilever cancelled the fixed premium once half a million Kenyan tea farmers had become certified.

The IOB could say little about the effects of certification on the environment or on the social dimension of becoming sustainable because there is not enough evidence yet.

### Low-hanging fruit

According to IOB, the IDH programmes have reached many farmers, but some of the certification efforts were concentrated on low-hanging fruit. Half of the spectacular growth of the Better Cotton production is due to the certification of just one hundred Brazilian cotton farmers. They produced more than all of the 140,000 BC-certified small cotton farmers in Pakistan and India.

To summarize, IOB states that IDH 'probably achieves positive and important results' but that the sustainability improvement is 'superficial'. The current voluntary quality labels are not enough to raise farmers and workers from their poverty. In addition, they are not managing to bring a halt to deforestation and the loss of biodiversity. In short, certification with the present standards will probably not lead to a structural transformation of the raw materials markets, which is IDH's ambition.

IDH realizes the limitations of certification and has expanded its

arsenal of methods. But IOB warns against a loss of focus and claims that IDH is likely to encroach on the field of work of development organizations supported by the Netherlands. IOB is also critical of the recent, exclusive collaboration between IDH and individual companies since this raises questions about the use of public funds and can easily have repercussions on the market. According to IOB, IDH is well positioned to continue its work and would be advised to keep its focus on standards and certification and not to diversify its activities. IDH could work toward strengthening the standards and enlarging the market for certified products. IOB also thinks that the ministry should become more familiar with IDH's activities so that there could be more synergy between IDH and other programmes supported by the ministry.

### New terrain

IDH acknowledges many of the IOB's conclusions, said Daan de Wit of IDH. 'Many of them agree with our own impact studies. We do manage to improve incomes, but we too don't think that this is enough. Our work is a completely new terrain in overseas development cooperation in which there's still a lot to learn. And that's what we're doing, which is why we sometimes have to make adjustments. A number of IOB's recommendations are also in line with our own studies, and we have already set those changes in motion.'

An example of this is that, in addition to training more farmers, IDH wants more attention devoted to the wider network of suppliers of fertilizers, seeds and financial support for farmers. IDH endorses the need to keep its focus and to transform markets via standards and certification while withstanding the temptation to throw all sorts of other issues in the 'Public-Private Partnership machine of IDH'. At the same time, IDH also acknowledges the limitations of standards and certification as a way to realize market transformation. De Wit: 'To create sustainability, you need the chain players to play together, not just a certified farmer.' In a further reaction to the IOB report, he claimed that the exclusive collaborative ventures between IDH and companies were exceptions to the rule and that IDH is certainly not planning to take over the position of other development organizations but that it wants to work with them in coalitions. In conclusion, de Wit emphasized the importance for IDH of achieving public goals with public means. 'We have to remain sharp about this, our additionality in development programmes must be clear.'

IOB, *Riding the wave of sustainable commodity sourcing. Review of the Sustainable Trade Initiative IDH 2008-2013*. Download at [www.iob-evaluatie.nl](http://www.iob-evaluatie.nl).



Fort Portal, Uganda

293 km

Kampala, Uganda

# Uganda's cash machine

They are green, starchy and fairly tasteless the first time you try them, but Ugandans love them: matoke bananas. The Kabarole Research Centre has studied the dynamics of the informal market for the country's favourite food. After all, the vast majority of African farmers don't operate within formal chains, but on local open markets. So how are the 'other 90 percent' doing?

by Selma Zijlstra

'The market wasn't good today.' Joseph Senior Tinkasiimire shakes his head. Fortunately he managed to break even; other market traders sold their bananas at a loss or will have to come back the following day. But Tinkasiimire has ways of distinguishing himself from other traders on bicycles ('bike traders') who like him are present at the market every day. 'I make sure my bananas are good quality and big size. Appearance is everything.'

That morning Tinkasiimire arrived early at the market, his bicycle piled high with five bunches of bananas he'd bought from a farmer up in the hills. If trade is brisk he sometimes goes back and forth four times. 'But once is fine too; then there's time to find good quality ba-

nanas. And there's time to rest,' he grinned, his eyes twinkling from under his cap. Darkness is falling and the last sacks of bananas are being loaded onto a lorry to be taken to the capital Kampala.

Like many others, Tinkasiimire trades on the matoke market. These bananas are used for cooking and are picked when still green, just as they start to ripen; they are either steamed and mashed in a bowl made from banana leaves or boiled and a choice of vegetables or meat added to them. Although the taste is bland and they are relatively expensive – something Ugandans will confirm – no meal is complete without matoke.

Here, in the fertile and hilly Kabarole district of West Uganda, the matoke market has been booming in recent years. While ten years ago

about seven lorries of matoke would leave each week, the number has now gone up to 497. Total annual income has risen from 293 thousand to 26.5 million euros. A couple of years ago most matoke were grown in the centre of the country, but since the dreaded banana wilt wiped out much of the crop there, the industry in the West is flourishing. The opening of the borders within the East African Community has been a stimulus, as bananas can now be exported to Kenya, Rwanda and South Sudan. This has driven prices up, but local demand has also risen: as urbanization has increased, more and more people buy their matoke at the market rather than growing them themselves.

There are hardly any farmers in Kabarole who don't grow matoke. They eat them themselves

and there's always someone who will buy the surplus. Because these cooking bananas can be harvested all year round they have earned the nickname 'our cash machine'. For most of the small farmers, whose average plot size is one to ten hectares and who grow crops like beans, maize and coffee, matoke is their main source of income. The same is true for the many traders and middlemen who earn a living from the bananas. 'It might look like dirty work,' said Tinkasiimire pointing to his muddy clothes, 'but I earn more than in my other job at the tea factory. It's not much, but I get by.' Today was a bad day, but on a good day he earns up to 10,000 Ugandan shillings (3 euros) for each bike load, which amounts to about 400,000 shillings (114 euros) a month.

## The 90 percent

Traders like Tinkasiimire are not part of any organized networks and find their own way around on the informal market. The Kabarole Research Centre (KRC), a Ugandan NGO, has studied the autonomy of traders and small farmers under the joint knowledge programme of the Dutch NGO Hivos and the International Institute for Environment and Development.

In the western town of Fort Portal, Lydia Muchodo, who carried out the field research, explains how the study was done: 'The donor community focuses mainly on formal systems: farmers are supposed to be organized in cooperatives and produce for formal value chains. But this ignores the 90 percent of farmers who are not part of these chains and who trade through informal channels. What choices are they faced with? Instead of as development workers thinking we know what farmers should do, we started from the questions of what are they doing and what are their own goals?'

Formal markets, such as those for high quality products like coffee and tea, work in a different way from informal markets, Muchodo explains. 'Formal markets are governed by rules and requirements. The informal sector is about individual initiative, relationships and trust.' Her colleague Medius Bihunirwa, who also took part in the study, adds that it is important to gain an understanding of how this works: 'Then we can understand how farmers can turn themselves into entrepreneurs and offer them relevant assistance.'

So how does this market work exactly? The Wednesday market in Mugusu, near Fort Portal, gives some insight. Thick bunches of fat green bananas lie in rows on the ground or are still tied to bicycles. They are passed from hand to hand, examined critically, prodded, cut open and then sold, after which strong young men load them onto lorries. Along the small red-earth roads that connect the market with the surrounding villages, traders push their old-fashioned bicycles up the hill. They need help for this, as most carry about eight bunches of bananas at a time.

The Mugusu market functions in the same way as markets all over Uganda. In the morning the bicycle traders arrive in the villages. Then the farmers hurry to their fields to cut bunches of matoke, or they may be standing ready if they've called their contact men beforehand. They have to decide fast whom to sell to and the price, as their matoke are ripened to perfection and the fruit will perish within a few days. Everyone sells at their own pace: some sell once or twice a month because they are saving money; others have a permanent cash flow problem, so they prefer to sell two or three times a week.

Bananas being traded at the market in Mugusu, Fort Portal. Most small-scale farmers in Uganda trade through informal markets



© Selma Zijlstra

On average a bunch of bananas changes hands five to seven times: from the farmer to the bicycle trader, from the bicycle man to the trader or one or more middlemen, and from there on to the market seller who ultimately sells to the consumers. The chain can be shorter: if a farmer has tens of hectares of land and can sell enough bunches in one go, a lorry will come up to his farm and be loaded up. This is better for the

pala. He's not worried; he knows she'll come. They've been working like this for eight years already. Although many transactions take place with all sorts of people, most farmers and traders have regular contacts, as does Sebuwa. 'Relationships are extremely important,' explained Muchodo. This way you can buy credit and command a better price. Trust is what makes the market thrive.'

them a better bargaining position. They are less likely to be cheated by the 'Baganda', the ethnic group to which the traders from Kampala belong. 'They always say that the price in Kampala is lower than it really is,' comments Stephen Kamanyire, who is at the market with a bicycle-load of bananas. He has no family in Kampala himself. 'I ask my neighbours how much they sold their bananas for, or I ask around among the

send money in advance through 'mobile money' so that the bananas are collected,' said the trader with the lorry, pointing to his phone. Going by his appearance it's clear that he earns the most of all people in the chain. He can transport about four to six thousand bunches in his lorry, which earns him two to three million shillings. 'It sounds like a lot, but I always pay a fair price,' the trader claimed.

Not all farmers would agree with him. Many feel that they are on the bad end of the deal when it comes to negotiating with the Baganda. 'They squeeze us for all they're worth. On the way here they agree on a price. And at the end of the day we're forced to sell the bananas, otherwise they'll rot,' said a farmer. The traders don't agree. 'I'm not just paying for the bananas, I also have to pay the people who do the loading, the petrol, the driver and for accommodation over-

ter the market. Everyone has their own contacts, and it's not easy to get a foothold there.'

### Collective forms of trade

A recurring theme in every chain is that of the power relations between traders and farmers. Donor agencies like to work with cooperatives to strengthen the farmers' position. This way the farmers can sell larger quantities and it's easier to retain a fixed price. But at most markets in Uganda it's difficult to find farmers who are members of a cooperative through which they sell bananas collectively all year round. 'We've tried to work through our maize cooperative, but people don't want to collaborate,' said one farmer. 'Everyone wants to harvest at a different time: they usually need money immediately for direct needs.'

Kazigati Grace, the district coordinator of



Mugusu market, Fort Portal. A young man helps a woman farmer (not in photo) to push bicycles heavily laden with bananas uphill

farmer and the trader, as it cuts out anywhere between 2,000 and 3,000 shillings a bunch that goes to the bicycle trader. Roles are flexible: many farmers are also bicycle traders, and many bicycle traders turn into sellers if they manage to sell bananas directly to customers or restaurants on their way to the market. If they do so, they don't have to pay the 200 shillings tax per bunch to the market organizer who in turn passes this on to the local authorities.

At the edge of the Mugusu market bicycle trader Moses Sebuwa is leaning against a wall. He sold his bananas last Saturday and is now waiting for his money from the trader from Kam-

At the market in Mugusu you can see the law of supply and demand in action with your own eyes. Today not many lorries have shown up: production is better in neighbouring districts a farmer says. So the banana sellers – and there are many of them – know that they'll have to sell their fruit for a low price. But if there are lots of lorries and fewer bananas on offer, for example because it's the rainy season and fewer bananas are being harvested, the price can rise as high as 20,000 shillings for a bunch.

Mobile phones play an important role in price negotiations. Farmers call family in Kampala to find out what the price is there, giving

traders from our area who sometimes go to Kampala. They don't lie because they have a reputation to maintain.'

He has to move his bicycle quickly as a lorry wants to get past to load up banana bunches. The trader who has hired the lorry is gesticulating wildly, like nearly all traders at the market he's from Kampala. A couple of times a week they drive to the districts where the price of matoke is lowest at that moment – they've probably phoned ahead to find out from fellow-traders where that is. Sometimes they make use of middlemen if they can't be bothered to negotiate with all farmers or bicycle traders individually. 'I



Matoke are loaded on to a truck for the journey to Kampala, where most bananas end up

night,' added Abidjan Harmony, a trader. 'I don't even make a profit every time. Because we trade large quantities we earn more, but we also take bigger risks.' He may have to pay off policemen on the way, his lorry might get stuck in heavy rain and then his bananas will rot.

Nevertheless, most farmers' ambition is to take their own produce themselves to Kampala to get round the middlemen. When asked what assistance they'd like most, an often-heard answer is 'capital to buy my own truck'. The government has tried to help farmers with this, but it's still not easy to break into the Kampala market. Muchodo: 'Middlemen control who's allowed to en-

the National Agricultural Advisory Services (NAADS, the government organization for agricultural development) knows all about this. 'We have tried to establish cooperatives so that farmers can get a better price. But it hasn't worked; as soon as we left the cooperative disappeared. Now we only work with groups that have been formed by people themselves.'

At KRC they are not surprised that top-down attempts to form groups have not worked. 'Cooperatives are always promoted as though they are the only system. But a formal group approach is not suitable for all products,' said Muchodo. 'Bananas are perishable and big: they are difficult

## Mobile telephones give farmers more power

to store, unlike coffee for example. If you grow coffee you can plan to some extent and hold onto your product until prices go up. But everyone in the matoke chain wants to get rid of the produce as quickly as possible; otherwise it loses its quality. No one is prepared to take the risk.'

On top of this, coffee cooperatives have a direct advantage: 'They command a far better price than an individual who tries to sell his or her own produce on the local market. When it comes to bananas everyone has access to the same market,' explained Muchodo. 'There's less need. There are costs involved in belonging to a cooperative: you have to go to meetings, you have to pay the chairman, you have to buy shares. On top of that you have to wait for others to sell your bananas and to get your money, while a bicycle trader is always easy to find and pays directly.'

But what about the power that the traders wield? 'Farmers always have the feeling that they are being squeezed, but they are actually the ones in the chain who earn the most for each bunch,' said Bihunirwa, one of the researchers. 'If prices fluctuate there will always be days when you can make up the loss. In this way bananas are different from seasonal crops. If something goes wrong with them you have to wait another six months for the next harvest.'

Unless something happens in the way of adding value, formalizing things will not be of much use Bihunirwa and Muchodo believe. Value adding has already started in the form of the government-run pilot project Presidential Initiative on Banana Industrial Development (PIBID). The plan is to process bananas into flour, the idea being that this could be a substitute for

lectively. Busaiga is only six kilometres from Fort Portal, but over the bumpy unmade road the journey takes a good hour. Heavy rainfall the previous day has left a deep puddle that is difficult enough for cars to get through, let alone a lorry full of bananas. Here you experience first-hand the biggest problem that the banana market faces in this district: bad roads. These cause prices to fall, because when it rains the lorries

own network in Kampala to get price information and to choose the right trader. The decision on who to sell to is taken jointly.

The will to save jointly is the glue that holds the collective sales system together. Groups are sometimes formed along ethnic lines as well. In Kasenda the cooperative of the Bakiga, immigrants from southern districts, is based on trust rather than rules, and this works – social cohe-

only 121 of the 882 members of the Busaiga-SACCO have joined the collective. Helen Tinkasimire lives close to the SACCO office, but is sceptical. 'The cooperative sells to exactly the same traders as I do and for the same price. I've never noticed that they do anything special for their members, otherwise I would join.' But Peter Tusiime Kalija, who has joined, sees it differently. 'We get a fixed price – at the moment that's 12

themselves and are unwritten. The chair does not receive a salary, decisions are taken jointly and there are no fixed agreements on the number of bunches to be sold. In Kasenda there are no fixed dates, but bananas are sold three or four times a month depending on when someone is ready to harvest. This flexibility makes these groups different from formal cooperatives where obligations are more formally organized.

### Wine

Muchodo thinks that a group can derive most profit not from selling bananas but by creating added value, and that's exactly what happens in a small building on a hill near the SACCO office in Kasenda. Here banana juice is fermented into wine in fifteen large black containers. It would not be possible to do this individually, because the process is very labour- and capital-intensive. Wilber Byamukama, who's in charge of the wine production, says that the returns are double the earnings gained from a 'straightforward' banana.

Byamukama himself is also a farmer. Only 24 years of age, he has managed to expand the amount of land he farms in the last few years from one to ten hectares. 'Most young people want to go to the city to sell shoes or become a *boda-boda* driver [scooter driver, Ed.]. But you can earn a lot more money from farming. I have ten hectares now and business is going well.'

The view from the wine office is beautiful: as far as the eye can see the landscape is green. The leaves of the banana trees follow the slopes of the hills. Maize, beans, coffee plants and avocado trees also flourish. No artificial fertilizer is used; the black soil is fertile enough as it is. 'Why does everyone go on about bananas?' one farmer wanted to know. 'Look at the real problems for a change: education for our children, for example.'

The message is clear: the banana market works fine. Hence, Muchodo concludes in her final report: 'The informality has transformed the once cheap matoke industry to a booming industry.' Demand for fresh bananas is so high that the need for formal interventions such as creating cooperatives or the PIBID initiative has become less urgent in Muchodo's opinion. Moreover, growth has accelerated as a result of modern ICT technology, which enables people to keep in touch and obtain price information through the phone, and to make mobile transactions.

That doesn't mean that things can't be improved in the chain. Informality also has disadvantages, such as the monopoly position of the middlemen at the Kampala markets. Farmers who are not organized into groups find it difficult to be heard by the government and are often not reached by NGOs. Bihunirwa: 'But we shouldn't

force them into formal cooperatives: we should start from what already works. We could give information on prices so that farmers have a stronger bargaining position. KRC does this via the radio, for example. Traders tell us that we are making trade difficult because farmers now hold out for the price they want – well that's progress. And NGOs would do well to look beyond the fixed relationships and groups and offer agricultural training to farmers that are not members of cooperatives.'

'And even though it's an obvious point,' she continued, 'roads are really important. You've seen the road to Busaiga: if a bunch of bananas fetches 15 thousand shillings in Fort Portal and it has rained, the price in Busaiga is five thousand. Those six kilometres on the bad road cost a farmer 10 thousand shillings. That's what the government needs to do something about.'

Muchodo summarizes it succinctly in her final report: 'Agricultural development organizations and projects need to check the indiscriminate push for cooperative ventures, but they should first engage in analysing the value to identify which activities are most likely to prosper through group approaches. The question is how do we maintain rather than destroy the dynamism of informal arrangements that spur such growth and at the same time address the negative elements that work against the farmers' interests.'

### Last stop

Cars are honking on Gayaza Road – it's just another traffic jam in Kampala, the last link in the chain and the main destination for most bananas: about 5 percent continues its journey to South Sudan or Kenya. The strong morning sun has dried up some of last night's rain, so the Kalerwe market isn't too muddy. Even so, everyone's wearing boots, including Jackie Namulindwa who looks pretty cool standing next to her merchandise in black boots, denim skirt and purple shirt. She earns about 600 euros a month from her business. She doesn't have much time to talk – she's busy bargaining. A woman buys a bunch of bananas, but not before she's made a hole in the banana peel to check that the banana is yellowish and not too white: otherwise they won't be sweet. Checking the quality of bananas is something that consumers are perfectly capable of doing themselves.

Somewhat concealed behind the wall of Jackie's bright green bananas lurks another pile of bunches. These bananas are already getting black spots. 'I sell them for almost nothing, otherwise I can't get rid of them,' smiled Jackie. After all, they're still perishable goods. ■

## 'A formal group approach is not suitable for bananas'



Jackie Namulindwa sells on average two hundred bunches of bananas at the market in Kalerwe. Her earnings mean she can afford to send her children to school.

don't come for days and the traders pay less.

The chairman of the cooperative, Clovis Makune, has already hung up his spreadsheets. He explains how the banana trade serves the credit cooperative. 'The money that the trader pays is transferred to the account of the SACCO member. We can use the savings in his account to extend loans and the member can also pay off his or her debts. In this way matoke trade keeps our credit cooperative functioning.' On the 15th and the 30th of every month, bananas are sold to the traders from Kampala, who drive their trucks to the members' farms to collect the harvest. The chairman does the negotiations, but the other members are also responsible for phoning their

sion within the group is strong. The chairman, an elderly man with an air of authority and suit trousers tucked into his boots, is a respected member of the community. They trust him to collect the money from the traders and to share the cash out among the members. The members see him at weddings, at the market and in the neighbourhood: the social contract makes a written agreement unnecessary.

So does a group get a better price for its produce? 'Yes,' answered the chair of the Kasenda-SACCO firmly. 'We can sell two hundred bunches in one go: in this case a dealer is much more likely to agree to your deal.' But not all farmers have faith in this, which probably explains why

wheat. Peeled and vacuum-packed bananas are destined for supermarkets and export to Ugandan expatriates in Europe and the US. Because there has to be a guaranteed constant supply of bananas, contracts are signed with farmers. During the dry season around July, when large amounts of matoke are harvested and the market price is low, it's worthwhile for the farmers to sign because they get a fixed and higher price than they do at the market, but the quality requirements are high. Muchodo is sceptical. 'I can't see them catching on for the local market. People prefer fresh matoke, and the fresh market is big enough. That's why the government is pinning its hopes on selling processed bananas internationally, but I doubt whether this is a viable option.'

Nevertheless, some farmers sell their matoke jointly. This usually involves farmers who have formed groups for reasons other than banana selling and who then use the existing structure to sell their bananas collectively. An example is the Busaiga SACCO, a savings and credit cooperative that markets maize, honey and matoke col-



# Thick borders, thin people

Regional trade in Africa has enormous potential. African heads of state are hoping to triple the volume in ten years, which is good news for producers, food security and the professionalization of the agricultural sector. The Netherlands supports regional initiatives.

by Han van de Wiel

It's best if African truckers are resigned types; they spend more time standing still than driving. Through roads (*corridors*) are interspersed with blockades. If it isn't the police, then it's Customs, or the military police, labour unions, the forestry service, health services or a local chief. Who it is makes little difference to the drivers: everyone wants money. In West Africa, the West Africa Trade Hub keeps track of the number of roadblocks on the international corridors, the amount of the bribes and the average delays. Their information comes from the drivers themselves. The 23rd and thus most recent *Road Transport Governance* report contained an overview of the situation from

1 January to 31 March 2013. A colourful map in the report – each type of delay has its own colour – almost hurts your eyes.

There is a great amount of distress behind all of those colours. The coastal road from Ivory Coast to Nigeria is nearly impassable. Nigeria works on everyone's nerves, with 16.2 checkpoints per 100 kilometres. The value of a load of perishable goods in a container without temperature control decreases with each roadblock.

Checkpoints and 'thick borders' are only two of the many obstacles to regional trade in West Africa. A number of countries impose export restrictions at the first notice of a disappointing harvest in order to protect the food security of their own people. However, the effect is often

just the opposite: without the stimulus to produce, process and trade food, farmers and traders have to sell their products in their own countries, even if the price is higher on the other side of the border.

According to Jeske van Seters of the Food Security Programme of the European Centre for Development Policy Management in Maastricht, intraregional trade is good for food security. 'It increases the possibility of transporting surpluses to areas with food shortages. It stimulates a

scale-up in the agricultural sector, more diversification and more added value. It also allows producers to serve the market that they want to serve.'

## Wish lists

Africa has the least intraregional trade of all of the continents except Antarctica, which is not surprising. The roads, if they exist, are often poor, and the bureaucratic and other sorts of barriers are large. Africa annually imports billions of euros of food that it produces or could produce itself.

Improving trade in Africa has long been an item on many wish lists. The potential for trade in food crops is enormous. According to Africa expert Monique Calon of the Dutch Ministry of Foreign Affairs, 60 percent of the agricultural land is unused or not used efficiently. And very little investments are made in value-adding. At the same time, urbanization is increasing, and there is now a middle class that has some money to spend.

This potential is also acknowledged in Africa itself. Late last June, the African heads of state met in Malabo (Equatorial Guinea) for a session of the African Union. One of their intentions is to triple the intra-African trade in agricultural products and services by 2025. Africa no longer wants to be dependent on processed or final products from abroad, and it wants to expand the opportunities for its own farmers and industries.

Africa's colonial history is one of the reasons behind the problems of intraregional trade. Prior to independence, raw materials were only produced for the colonial powers, and the infrastructure was geared towards their export. Calon: 'The idea that export markets are more important than internal trade is still alive among many Africans.' In addition, there is a lack of competitiveness, and a small elite is trying to protect its own (import) interests by frustrating the development of domestic markets.

The Ministry of Foreign Affairs supports trade in Africa because this increases food security. Calon: 'There is enough proof that crises such as those in the Sahel or the Horn of Africa would have had less serious consequences if the

regional markets had functioned better. The problem is that food doesn't reach those who need it.' If regional trade works, countries don't immediately close the borders when their harvest is disappointing. 'You can then profit from the agricultural products from other climate zones and you don't have to store your own supplies. Those are so expensive and they have a negative effect on prices.'

The ministry also considers regional trade a major opportunity for millions of small farmers and businessmen. 'We advocate inclusive growth so that small farmers and businessmen won't be left on the sidelines. For small farmers who are unable to work more commercially, you could create other job opportunities in the rural agricultural chains. More regional trade gives rise to an industry that creates employment opportunities outside of agriculture.'

## Agrologistics

Encouraging regional trade goes further than removing physical and mental obstacles on roads and in people's minds. It also involves improving efficiency and dealing with agrologistics: the transport, storage and distribution of agricultural inputs and products. 'If you think from the viewpoint of the chains, then you couple supply and demand, production zones and their connections to markets,' Calon said. 'Border problems are part of this.'

The Netherlands is specifically looking at the obstacles in a number of corridors in West Africa. Calon: 'Trying to improve the infrastructure and agrologistics on the one hand and, on the other hand, trying to remove the men in official uniforms.' The company Ujuizi, a spin-off of Twente University, developed Cheetah, a smart phone app that provides transporters, growers and traders with relevant satellite information to help to prevent food loss. In Africa, a third of the annual amount of fruit and vegetables is lost after the harvest, usually during transport (through lack of cooling, poor roads, delays). The damage is estimated at 48 billion dollars. Using Cheetah, drivers can report roadblocks and poor roads almost in real time. Calon: 'By making obstacles public, you can combat them.'



Trucks with coffee in Ethiopia. Many truckers are affected by roadblocks, bribery and delays, and spend more time standing still than driving

### Computerization of export certificates

Together with a number of African countries, the Netherlands is working on computerizing export certificates. A government that exports agricultural products has to submit phytosanitary, veterinary and health certificates. These certificates give importing countries certainty about the quality, source and safety of the cargo. As everywhere else in the world, these certificates are an infamous source of delay and fraud.

The first trial took place between Kenya and the Netherlands. 'This was due to the export of Kenyan flowers to the Netherlands, understandably in our own interest,' said Frederik Heijink of the Ministry of Economic Affairs. The next step is that Kenya imports supporting systems for the electronic mail exchange between the inspection services of the importing and exporting country, Customs and the business sector. The major advantage of computerization is that it almost completely excludes fraud. Heijink: 'Computerizing processes and replacing data on paper can only be successful by first making everything open and transparent and, where necessary, dealing with organizations, their way of working and their processes before you begin to computerize. A computer isn't bothered by corruption. In Kenya people often didn't know what was being imported because the paperwork wasn't in order.' That problem has now been taken care of.

The effect of electronic certification and the resulting direct exchange of information among competent authorities such as the veterinary and phytosanitary services and Customs is more far-reaching than it might seem at first glance. Heijink: 'You really get down to the core of the country, even if this doesn't take care of everything. Reporting a theft in Uganda is still a hassle, I know that from my own experience. But you have to begin somewhere. Import and export are processes that the government has a grip on, and we make those transparent.'

### Customs union

East Africa has taken a dynamic step in regionalizing trade with its TradeMark East Africa (TMEA), which receives financial and other sorts of support from the Netherlands. In this organization, which is under the auspices of the East African Community (EAC), six countries are working towards removing trade barriers by, among other things, establishing a customs union.

Three years ago it took an average of 18 days to transport a container from Mombasa to Kampala,

with piles of papers and stamps at the borders – first in Kenya and then in Uganda – has been replaced by a one-stop border post. The only complaints now come from the women in the border city of Malaba who live from informal trade and prostitution: the drivers hardly have to wait at the border anymore.

'The aspect of gender is extremely important for us', said Henny de Vries, a policy-coordinator at the Directorate of Sustainable Economic Development at Foreign Affairs. 'Those women sub-

pared with total exports from the region. The time needed to transport a container from the port of Mombasa to Kigali in Rwanda has been shortened by 16 days. And the transaction costs for cargo transport have gone down from 800 dollars to 400 dollars per container.

The work of Mozes Sabiti, programme manager at TMEA in Uganda, has changed considerably. 'Each working day used to begin with going through an enormous basket of customs papers for trucks waiting to cross the border: I had to



Goods are cleared through customs at the port of Tema in Ghana. Administrative procedures sometimes take a very long time

a trip of 1,173 kilometres. The problems began in the obstructed port of Mombasa, Kenya. On the way to Kampala the trucker encountered ten weighbridges, all of which led to delays. On the intensely poor sections of the road, he had to drive at a snail's pace. The border at Malaba, which 600 lorries cross each day en route to Uganda, was a total nightmare and a 24-hour delay.

Nowadays, a trucker drives to Kampala in three or four days. The port at Mombasa is being modernized. Poor sections of roads are being given new asphalt. Of the ten weighbridges, only two remain; and they have been digitalized so that lorries no longer need to stop. All the fuss

mitted a complaint to TMEA, who then set up a special programme for other sorts of employment. At the same time, that's our concern: are people trying to do too much? But it's good that TMEA recognizes this problem.'

### Transaction costs

TMEA spent 100 million dollars on modernizing all of the border crossings in the region in order to make the customs union possible. And the results are impressive. Lorries now spend 30 percent less time at the borders. The export value of the EAC countries has grown by 10 percent. And intraregional trade increased by 25 percent com-

distributed them in the office to organize the needed approval. That basket weighed a ton! It took an incredible amount of time to finish the work. What's happening now is really progress for the transport sector and for the country.'

On Africa's west coast, there is growing interest in the results of TMEA, which could serve as an example for a similar initiative in West Africa, adjusted to the situation there. It is of great importance to Ecowas (15 countries that together constitute the Economic Community of West African Nations) and the African heads of state to stimulate regional trade in West Africa. ■

### Postharvest Network addresses food waste

Picture this: a lorry with a load of tomatoes in crates. The trucker drives for hours on bumpy roads filled with potholes. He is constantly stopped in the heat for some inspection or other. When he finally reaches his destination, part of the load has been lost and the quality has deteriorated.

In developing countries and emerging economies in particular, much of the fruit and vegetables produced never reach consumers. According to the FAO, one-third of all food produced worldwide is lost. And in some supply chains, that loss is as high as 50 percent.

This is worrisome news since the global population is growing at such a rate that 70 percent more food will probably be needed in 2050. Another figure that gives rise to concern: in 2050 about 70 percent of the world's population will live in urban areas, which will create challenges for the production and logistics of fresh produce. 'How are we going to supply those cities with food?' asked Mireille Boshuizen at the Ministry of Economic Affairs. 'We expect that the incomes in urban areas will rise and that consumers' food preferences will change: more animal proteins, fresh products and better hygiene.'

Boshuizen and her colleague at the ministry Daphne ter Braak, together with the Ministry of Foreign Affairs, Wageningen University & Research Centre, BoP Inc and the private sector, are closely involved in the Postharvest Network. Boshuizen: 'That will be one service point that will study questions about obstacles in fresh goods chains in developing countries and new economies and that will try to find tailor-made solutions.' The service point should be fully operative by next summer.

Increasing agricultural production is one way of meeting the growing demand, but the existing agricultural acreage can hardly be expanded. Another part of the solution lies in preventing post-harvest food loss. If one-fourth of the food that is now lost remains available for human consumption, it would be enough to feed all of the hungry people in the world. The Postharvest Network is hoping to realize this.

'Becoming aware is to reducing fresh-food losses,' ter Braak said. 'Many small changes can contribute to quality maintenance, like not storing fresh products in the sun and making sure that the products aren't bruised. We want to know which triggers can change people's behaviour; that makes investing in hygiene, cooling, storage and transport more effective. People often can't imagine that things could be done differently. In some countries, for example, people don't even count that part of the harvest that rots on the fields because harvesting or transport to the market is too expensive.' So much is being done to prevent food loss, but an integrated chain approach is needed so that the investments at the beginning of the chain aren't lost further along.

The Netherlands is good at chain collaboration and efficient logistics. For years, we have ranked among the top countries on the Logistics Performance Index of the World Bank. And it is precisely in the area of perishable agricultural products that the Netherlands has earned a reputation. 'We distinguish ourselves by our expertise in the fresh produce market,' Mireille Boshuizen said. 'We want to make that potential available to and suitable for developing and new economies so that the quality of the produce remains in the chain.'

The Postharvest Network's priority is dealing with local chain problems. These situations are often too complex to resolve themselves. Boshuizen: 'The Postharvest Network's primary role is to clarify the question. Then we look for parties who can help answer the question. The network contains both technical and practical expertise; sometimes knowledge is needed and sometimes practical solutions. This also offers opportunities for the Dutch business sector. There are two sides to the coin.'



Nyeri, Kenya

10,684 km

Amsterdam, The Netherlands

Supermarkets in Europe reject Kenyan-grown French beans that are not straight enough or are too long. The result is food waste and worse: farmers lose out on income. Nevertheless growing beans for export is still good business for smaller farmers in Kenya, even though they are constrained by the demands imposed by the companies they supply.

by **Joris Tielens**

**R**ows of women are sorting huge piles of French beans, mange tout and sugar snaps at long metal tables in a large packhouse, which is open on one side. Beans, mange tout and sugar snaps that are not straight but curved, or are too long or too short or discoloured are thrown into crates on the ground. These ones are not attractive enough to be exported to western supermarkets. The beans that meet the requirements are placed in neat rows in plastic trays and then wrapped in cellophane. Some of the beans

are trimmed first. A sticker, which the women cannot read as it is in Dutch, is fixed to the packages: *'fine French beans, haricots verts'*. Further along, avocados are being packaged. After packaging the beans are put into cool storage next to the packing space, awaiting transport to the nearby airport.

About a quarter of the beans in the warehouse are rejected for export, says a bean exporter who prefers to remain anonymous. He looks on as small trucks deliver their loads and his people package the goods. He explains that he is a fairly

small exporter, supplying on average ten tons a week to customers all over Europe, including the Dutch supermarket Albert Heijn. 'Up to half of the beans can be thrown away in the rainy season because they get wet and have black patches on them. Not that they are unhealthier or less tasty, but importers don't want ugly beans.' He says he has no choice: he has to supply what the customer wants. 'Competition is fierce. If I tell my clients that their requirements are unreasonable, they go to someone else, here or in Ethiopia or Morocco.'

Appearances are not the only issue: pesticides count too. If farmers use too much or the wrong type of pesticide the levels of residue in the beans is too high. Both the Kenyan government and the EU carry out random checks. If residue levels are too high the whole batch is rejected and dumped. Early last year the EU blacklisted Kenya and as a result the Kenyan government made it compulsory for all exporters to comply with the guidelines; otherwise they lose their licence. But the exporters say that they are not treated equally: products from Kenya must contain less pesticide residues than products grown in Europe.

Many importers also demand Global GAP certification: a 'Good Agricultural Practices' standard. These include guidelines for cultivation methods, pesticide use and for the health and safety, and welfare of employees and farmers. It's a waste of time in this exporter's opinion. 'I'm perfectly capable of checking my farmers and deciding how much they earn. It's not necessary for someone else to supervise this. It just costs money and the only ones who benefit are the certification bodies.'

#### No contract

The exporters in the packhouse never know what, how much or when they'll be able to supply produce. The importers in Europe, who are the ones supplying the supermarkets, have no contracts with the Kenyan exporters. They send an order each week for the following week. One week they might order five tons of extra fine French beans; the next week ten tons of fine beans. Requirements for length and circumference (to the millimetre), colour and shape are described in great detail. If only extra fine beans are in demand, anything that is too long or too fat is thrown away. It is not unusual for an order to be cancelled at the last minute.

The women and a couple of men who work in the packhouse have no contract. They turn up in the morning and the exporter chooses a group for the day depending on how much work there is. They are paid five hundred shillings a day, about 4.50 euros. That is the rate for eight hours' work, but the women often work twelve hours. During peak periods they sometimes work up to 24 hours



at a stretch, the packhouse manager says. Even so, he stresses that it's a good job and that women queue up for the work. Although it is fifteen times less than the minimum wage in the Netherlands, the salary is above the minimum wage for Kenya.

Built by the Kenyan government Horticulture Crops Development Authority, the packhouse is in a fairly deserted area located strategically close to Nairobi airport. Small and medium size exporters can rent part of the space and cold storage here. 'Small exporters don't have money for their own packhouse. The idea is that they can build their business up in this one until they earn enough to build their own factory,' says the coordinator.

Jane Maina has managed to do this. She and her husband own a small export company, Vert, and employ over one hundred people. Half of them work in the company's packhouse, a short ride away from the government packhouse. Things are different here. The packhouse is a closed building and it is cool inside. The beans are graded in a cooling room, where the men and women wear thick sweaters. Before we enter, like the workers inside, we have to put on a white coat, a cap and wash and disinfect our hands – all hygiene measures. Most people have a contract with the company; day labourers are taken on when it's busy. These women also earn five hundred shillings a day.

'If we are to stay in the business we have to fulfil the market requirements,' said Maina, who is responsible for the company's marketing. 'The competition is tough. We've created a niche for ourselves by focusing exclusively on the premium segment of the European market.' This means that the company observes strict hygiene rules and only supplies top quality produce. 'And, indeed, that includes the appearance of the beans. If that's what the customer wants, that's what we supply.' Maina has no contract with the buyers either, but sometimes she gets more notice for orders – at times as much as six months in advance. This means she can offer more security to the small farmers who are her suppliers.

### Discussion on waste

'What's the use of rejecting vegetables because they don't meet cosmetic requirements while there's nothing wrong with them?' asked Amos Thiong'o, the coordinator of AgriProFocus in Nairobi. AgriProFocus stimulates and promotes farmer entrepreneurship in Africa. In Kenya, as in eleven other African countries and Indonesia, it has a network of organizations, businesses, government representatives and professionals aimed at farmer entrepreneurship and agribusiness. The Kenyan network has more than a hundred organizations and over a thousand individual members. One of AgriProFocus's activities is to organize a monthly agricultural fair, attended by various parties involved in agribusiness.

Food waste is an outrage, says Thiong'o, who has already done a lot in Kenya to raise awareness on the subject. The discussion on waste that he started on the AgriProFocus website provoked many reactions from farmers, businesses and organisations, acknowledging that there is a problem. The difficulty is that there are few alternative markets for vegetables that don't meet cosmetic requirements, because Kenyans are not used to eating fresh French beans. Or as exporter Jane Maina put it with a broad grin: 'We don't like to eat these beans as much as we like to sell them.'

Thiong'o: 'In Nairobi it's only the middle class and expats who eat them.' To raise awareness

## The packhouse manager swears that women are queuing up for this work

terms of waste and the strict requirements imposed by the importers. Farmers are paid less because of the wastage, and the land and water they used to grow the beans could have been used to grow other vegetables. The farmers are also the victims of stricter pesticide regulations. In an attempt to impress the EU, the Kenyan government imposed a tight deadline for introducing a ban on the use of excessive amounts of pesticide. Many small farmers hadn't even heard about the measure, let alone had the time to learn how to do things differently, and lost their business.

This didn't happen to Muthomi Maringa, a well-off farmer with eight hectares of land, above the average landholding. He has been growing

than from growing maize. 'A kilo of maize sells for 25 shillings (23 eurocents); a kilo of beans goes for 50 shillings (45 eurocents). And beans grow much faster. They ripen in eight weeks. After harvesting I can sow a new crop and I can harvest four times a year.' He has to invest more in irrigation, fertilizer and pesticides for beans, and they require more labour. But for each twelve-week growth cycle the farmer can earn 50 thousand shillings (455 euros) per acre minus costs. Despite this he rotates beans with maize and other vegetables. 'I grow maize for my own consumption and to sell on the local market. And there's not enough demand for more beans.'

who explains as we walk around Maringa's farm that the exporter estimates how much he can sell to the European market. Twelve weeks in advance he gives a farmer exactly enough seed to be able to produce that amount. The costs of the seed are subtracted later from the payment the farmer receives. If demand is high the farmers plant more, if demand is less they plant less.

On one field things have gone wrong. Maringa points to a patch with dry, sorry-looking beans. It turns out that the seed that was used did not come from a seed company, but had been produced by someone locally. The supplier was not reliable and Maringa got the wrong seed. The beans did grow, but were not of the quality that

'but the focus is on ensuring productivity and being able to supply on a long-term basis. We raise standards in an area: if we don't empower people now, we'll have a weak and poor community and there'll be no good farmers who can grow our beans.' The other way for exporters to work, said Ojepat, is to buy a piece of land or lease it and start their own farm. 'But that is expensive.' According to Ojepat, the higher income enables farmers to send their children to school and to buy more nutritious food.

The exporter has also built a shed with tables on Maringa's farm. Once a week a vehicle comes from the exporter to buy up the harvest, and smaller farmers in the area can sell their beans here too. A preliminary selection takes place in the shed: 15 to 20 per cent of the beans are rejected said Ojepat, either because they are not straight enough or too long, or damaged. And in the packhouse in Nairobi they are graded once again. Ojepat: 'If the farmer follows our instructions, he'll produce nice straight beans and we don't have to reject much. But if he gives the beans too little water or harvests too late, we may even have to throw everything away.'

It is clear that exporters, by training, advising and controlling farmers, try to ensure that they can deliver beans that live up to the European requirements. Yet Bernard Muchiri, who as the director of the local NGO Help Self Help Centre knows the region well, is not so convinced that the exporters are a blessing for the smaller Kenyan farmers. 'Farmers can earn more through them. But it has happened in some regions that traders suddenly stopped coming to an area to buy because they found an easier source elsewhere.' Home Grown, a big fair-trade certified exporter that supplies British supermarkets, did this. Farmers who had got used to being able to sell their beans woke up one day and found themselves without a buyer.

We drive on and see farmers growing beans, but this time the farms are much smaller, less than a hectare of land. To be able to fill an exporter's truck fifteen farmers work together in a group and share a collection point. 'I like to grow beans because they ripen fast and I can harvest all year round, instead of once a year like maize. And I earn more money,' says Sospita Muguera, a farmer.

Further along two women are picking beans. Mama Murimi said that selecting beans is a problem: 'Often it's only the very small beans that are wanted.' She holds a bean up. 'This is too big. And we are not paid for what they don't take, so we lose income.' About a quarter of the beans she can't sell, she said, but the beans don't end up on the compost heap either. Kenyans in Nairobi may not eat beans, but these people do. 'And we give them to the cows.' Nevertheless these farmers would like to grow more beans too. 'But there are not enough orders from the company.'



In a packhouse near Nairobi women sort mange tout by size

### Tight control

Maringa has a contract with an exporter and is only allowed to sell to that company. The export company employs agricultural experts to train the farmers in cultivation methods and to check that they are meeting standards. In this way the exporter keeps tight control over what the farmers grow and the methods they use. To avoid the risk of farmers using forbidden pesticides the exporter sends a spraying team along regularly. The farmers are not allowed to spray themselves.

One of the agronomists is Okisegere Ojepat

the company wants to buy. 'This whole field will be lost,' said Maringa.

The export company has built a new toilet block and storage unit for fertilizer and pesticides on Maringa's farm. There's a bucket and soap next to it with a sign: *wash your hands*. According to the Global GAP guidelines there must be a toilet on the farm, a bathroom in the farmer's house, a good waste disposal system and a first aid kit. The farmers get training – not only in how to grow beans but also in hygiene. 'They are taught how to grow hygienically,' said Ojepat,

among politicians he organized, together with the famous UK food waste campaigner Tristram Stuart's Feeding the 5000, a dinner for MPs, exporters and international guests at the UN Environmental Programme UNEP headquarters in Nairobi. At these events the menu consists entirely of food that would otherwise be thrown away.

A number of exporters have their own farms where they grow vegetables for the export market. But 95 percent of the beans come from the hundreds of thousands of small farmers in the Kenyan highlands. They are the biggest losers in

French beans for a small export company for a few years. As we arrive at his farm in the green hills he's talking on his mobile phone. We walk with him through fields of bright green beans. Here in Kagio, not far from Mount Kenya, the upland conditions are ideal for growing beans. It's exactly the right temperature for growing beans all year round. Irrigation is used to water the plants – the water is piped along channels. Each plot has a board with the name of the variety and when it was sown.

Maringa said he can earn more from beans

## Mutual dependence

According to Ojepat the agronomist, the solution to the problem of food waste is simple: if farmers follow the export company's instructions to the letter they will produce nice straight beans and they won't have to throw much away. But according to Alphonse Muriu, who works for SNV in Nairobi, it's not that simple. In the SNV office he discusses possible solutions with Amos Thiong'o

from AgriProFocus. 'I think exporters could do more,' said Muriu. He says that many exporters do not train the farmers well. 'And they could also pay the farmers for the lesser quality beans: they make enough profit.'

Together with Solidaridad and AgroProFocus, Muriu is working on the Kenyan Horticulture and Food Security Program, which brings farmers in contact with vegetable exporters. Under the pro-

try, which could mean an alternative market for the lesser quality produce. 'We try to increase sales by offering reject vegetables to hospitals, schools and prisons. Local demand can increase, it's healthy food.'

Muriu adds that pineapples started off in Kenya as an export crop grown by Delmonte. But when world prices fell, attention turned to the domestic market. 'Now more pineapples are sold



Mama Murimi picks French beans in the highlands near Mount Kenya

## 'We are not paid for what they don't take'

gramme farmers get training, inputs and finance. In the follow-up project, the Kenya Market-led Horticulture Program which starts in 2015, attention will also be devoted to food waste. Both programs are funded by the Netherlands embassy and AgriProFocus is in charge of knowledge development and exchange in both programs. Muriu says that there is mutual dependence between exporters and farmers. Amos Thiong'o added: 'Exporters are companies. Some behave ethically, others less so. Some do their best to build up a good long-term relation with farmers. Others are less concerned with their well being.'

Some of the less attractive vegetables already find their way to Dubai in the Middle East. Thiong'o says there are opportunities to create more demand for French beans within the coun-

try, which could mean an alternative market for the lesser quality produce. 'We try to increase sales by offering reject vegetables to hospitals, schools and prisons. Local demand can increase, it's healthy food.'

But Jane Maina of Vert doubts whether this is a feasible option. 'The product price isn't the biggest cost along the chain. It costs the same to transport beans by aeroplane, whether they are straight or not. In that case I'd rather supply straight beans to the European market.' She also admits that it would be more complicated to have to sort and package beans into two different quality classes. Maina is more convinced that it's



In export company Vert's packhouse the temperature is cool and hygiene is strict

## About a quarter of the beans in the packhouse are rejected for export

worth building up a good relationship with the farmers from whom she buys. 'Farmers are our partners from day one, and it's a long-term relationship. Providing good training and support to farmers, and the mutual trust between us means I can count on my suppliers, and I can teach them how to sow and harvest so that we get the beans we want.'

## Supermarkets

Marc Jansen, director of the Dutch branch organization for supermarkets, Centraal Bureau Levensmiddelenhandel, said that quality requirements are a matter for supermarkets and their suppliers. 'It's not our business. What I can say is that of course there's nothing wrong with vegetables that are not straight and it's a crying shame that

they are thrown away. One solution might be to cut up these beans for use in ready-to-eat products, or to look for a local market for them. I can imagine people are loath to transport curved beans by plane, because you'll be transporting more air and thus increasing CO2 emissions.'

Albert Heijn supermarket said that the exporter mentioned in this article is not one of their suppliers, although the exporter himself said he is. Albert Heijn said it only buys from three other companies in Kenya, and that for this reason it was not prepared to answer the question of why the beans it buys have to comply with cosmetic standards. Jumbo supermarket has replied to questions that its beans must meet requirements for shape, length and colour. 'The reason for these requirements is that Jumbo wants to offer

its customers consistency, in terms of cooking time, shelf life and quality.' According to the Jumbo spokesperson, curved beans are stringier and contain more seeds, which makes them less edible and reduces their shelf life.

Consumers may have other reasons for not buying beans from Kenya – a journey by air of over six thousand kilometres produces a lot of greenhouse gases, and those who want to reduce climate change are better off buying vegetables in season that are grown locally. Yet for many farmers in Kenya, growing beans for export to western supermarkets is still good business, even though they are constrained by the demands imposed by the companies they supply. ■



N'golobougou, Mali

206 km

Bamako, Mali

# The traders of southern Mali

'Access for small farmers to markets' is a goal in many chain projects. To understand how trade is organized without that external help, Ellen Mangnus (of KIT) wrote a dissertation on how a group of traders bridged the gap between the rural area of southern Mali and the market in Bamako.

by Ellen Mangnus

Lassina Cisse has been a grain trader for six years; before that, he worked for five years as a 'collector' for his older brother, the trader Amadou Cisse. Every day, Lassina rode his scooter for miles over the sandy roads of the Cercle N'golobougou in southern Mali. In the rainy months, he had to manoeuvre his load around the pools of mud, and in the dry season he struggled through the shifting sand. He visited tens of farmers weekly to buy maize and sorghum, and he earned a small margin per kilo. By saving this margin for years, Lassina was able to buy a pair of scales, and now he has a storeroom in the main village, just like

all of the other traders in the Cercle.

A storeroom is a strategic necessity because of the large market held every Monday. From far and wide farmers arrive on their scooters and bicycles to trade and to meet one another. The first wooden carts appear at dawn around the big baobab in the village centre. Donkeys are leashed, and the women prepare their small stoves and enormous pans to begin baking beignets.

On market day, the collectors give the trader they work for the grain that they have bought during the week. Lassina now has collectors of his own, five young men who travel for him to

village markets and farmers. When he receives their grain on market day, he gives them money for the following week. They often drink tea together and one of them helps him weigh the bags throughout the afternoon.

As evening sets in, the visitors to the market head home. Men with wheelbarrows, the so-called *pous-pous*, bring the bags of grain from the storage to the lorries parked at the entrance to the village. These lorries are rented to the traders each week by three wealthy traders from N'golobougou; the others pay them a certain amount per kilo for transport. Warmly clothed against the cold and the dust, Lassina travels on top of the load together with 20 other traders. They'll arrive early the next morning in Bamako to sell their goods to the large traders there.

## Trade in West Africa

Trade has always been important to the people of the Sahel. In the fifteenth century, trade there first expanded beyond the village boundaries, and people began to trade in their own regional products: salt from Lake Chad, dried fish from the Niger Delta, cola nuts from the woods of present-day Ivory Coast and Ghana and livestock, which was raised throughout the Sahel. In the beginning, people travelled to the boundaries of

their own region, where they met traders from adjacent regions. A Tuareg trader travelled to the edge of the desert to trade salt for grain, slaves or textile with Hausa traders from Niger. In the sixteenth and seventeenth centuries, the population increased as did trade. People spread throughout West Africa and developed trade networks; they were connected by a common language, the Dyula or Hausa identity and often by marriage ties. Islam later played a large role since whoever failed to observe the codes of behaviour or religion didn't belong to the community of traders.

Even today traders continue to connect isolated rural areas with trade centres and cities in the rest of the country. I researched one such trade network, spending three months with the traders of N'golobougou. In addition to Lassina Cisse and his brothers Amadou and Adama, I interviewed 22 traders and about 50 other people active in the market.

## Trade network

Although the swarming market in N'golobougou may give another impression, trade is a strictly organized activity. The traders' network in N'golobougou consists of collectors, traders, *pous-pous*, *chargeurs* and *convoyeurs*. There are

all sorts of traders: big and small, those who work seven days a week and those who work less because of their own farm work. Every trader has a storage space in N'golobougou and a pair of scales. The traders often visit a number of rural markets and travel weekly with their fully loaded lorries to the capital city, where they sell the grain to a larger trader. With this money, they finance the other actors in N'golobougou.

The lorry is rented to the smaller traders by the larger ones. They pay a *convoyeur*, whose job it is to have the lorry loaded with grain and to collect money from the traders. The *convoyeur* hires a group of *chargeurs*, young men who lift the bags into the lorry. In Bamako many of the traders have a regular buyer, and they spend the night with this family. Other traders have a brother or father with storage space in Bamako. They stay in Bamako for just one day in order to sell the grain, hear the latest news and arrange credit for the next week. The major traders in Bamako are themselves in contact with traders in other West African countries.

## Learning by experience

You don't just suddenly become a trader. There are no courses, and my research has shown that none of the traders in N'golobougou had spent more

You only become part of the network if others think that you're capable



Traders return home at the end of the day from the N'golobougou market in Southern Mali



Traders on market day

than 12 years at school. Half of them are illiterate. Although many development projects are designed to make a trader from a farmer in just four years, the people of Mali consider trade to be a profession that demands years of experience. Most of them start as a trader's helper or a collector. A few of them raise and sell chickens or trade in cigarettes. In the low season, many young men go to Ivory Coast to work on the plantations and slowly build up some capital. After a few years, they can buy a pair of scales (for 350 euros). And when someone can finally buy up so much grain that it's worth travelling to Bamako, then he's called a 'trader'.

The trip to and from Bamako is tiring and filled with risks. Traders are sometimes robbed; to start up again, they have to depend on other traders for loans. And this means that they have

to build up a network, which costs time. It takes perseverance to become a trader.

In addition to trade, there are other ways of being a profitable part of the network. For my research, I spoke with two traders with their own lorry with which they earned money from the transport to Bamako. Another important figure is the owner of the village shop. He doesn't travel to Bamako to trade in large amounts of grain, but he does play an important role in the network: since he receives a lot of cash each day, he's a source of credit for the traders.

### Selection and behaviour

You can also consider the market as a bundling of specialties in which everyone does what they're good at or what best fits their situation. In order to fulfil their role, people depend on one ano-

ther. There are no written rules or statutes; everything is coordinated by a series of implicit behaviour codes.

In the past few years, many development projects have focused on improving the access of small farmers to the markets and on chain development. In the projects' attempts to contribute to this so-called 'inclusive development' participation is open to anyone who's interested. That's not possible in a trade network; you can become part of the network only if others think that you're capable.

Traders test this capability with all sorts of tricks. A new collector often first works as an assistant to the trader to see if he can use the scales and can calculate. The roles of family ties and 'social capital' are also limited; even a family contact or an acquaintance from the village or via the mosque will have to prove himself. Diakarida Cisse, a trader for 12 years, put it nicely: 'I have four collectors. I give three of them 100 thousand CFA francs a week and the other gets 25 thousand. This is my nephew. I hired him as a favour to my sister, but he doesn't have any talent. As soon as he gets a piece of land, I'll let him go.' Some traders consciously avoid working with relatives because, for example, it can be difficult to discuss outstanding loans with them. As one trader told me, 'Relatives eat money.'

### Credit

Capital is needed in order to trade. Formal credit isn't always available in the rural areas of Mali, something that is often pointed to in reports of development projects as being a barrier to economic development. However, the practice in N'golobougou shows that considerable sums of money are in circulation.

Sitting in their dusty jackets in front of their clay storage huts, the traders at the market give the impression of being small-scale actors. But the biggest traders buy goods for about 1,200 euros weekly, which is 12 times the average monthly salary in Mali. Most of the traders get

credit via informal routes, for example from their circle of acquaintances, but even more often via the trader they sell to. Large traders finance the small ones who, in turn finance the collectors.

That isn't just a matter of course: to get credit you have to prove that you're trustworthy and skilled. A trader will first give a collector a small amount of money. If the collector returns the next week with more grain than the credit he was given, the trader knows that the collector also borrowed money elsewhere. This means that people trust him. 'He trades correctly' or 'he doesn't waste' is what the traders say about a collector like this.

The trader will increase the weekly credit a bit at a time, *petit à petit*. Consequently, it can take years before someone has amassed a large amount of capital. This requires expertise, a positive reputation and the ability to manage your relations. The informal credit market is not at all inefficient, but is based on a clever selection of capable people and on recognition of the fact that it takes time to learn to deal with money and risks. It is questionable if such a system can be imitated by banks, which give formal loans and demand security as proof of being creditworthy.

### Local roots

The trade network is intertwined with the local structures and daily practices in N'golobougou. Of the 24 traders in N'golobougou, only three are fulltime traders who live from this profession. The other traders and all of the collectors are farmers as well. The amount of time they can spare for trade depends on the size of their land and the number of brothers and sons who help them work the land. The farm has priority, but a part-time trader or even someone who trades just one day a week can still be part of the network. In fact, because trade is so anchored in the local situation, this guarantees the success and the sustainability of the trade network.

The traders of N'golobougou are specialized

in grain: sorghum, maize and millet. But this doesn't impede trading in other products. When it's the season for tamarind, this fruit goes via the same channels to the market in Bamako. With the money earned on this transaction, grain can be bought. The traders easily navigate in the diverse chains.

The traders respond accurately to changes in supply and demand. Other than in many chain development projects in which products move via a number of links from the producer to the consumer in return for money, the trade flows between N'golobougou and Bamako work in two directions. If there is a period of scarcity in N'golobougou, the chain flows in the other direction. The major traders in Bamako send lorries with grain to the traders in N'golobougou. And they use their collectors to sell grain to the farmers.

### Lessons

What sort of insights does the working of the trade network offer us? First, it shows that trade requires experience, sometimes years of experience. I would therefore advise development programmes aimed at supporting farmers in the market to do so for a longer period. It takes about seven years for a collector in N'golobougou to become a trader, and some of them never do.

The trade network also shows that having a specialty and being able to collaborate are crucial. Not everyone can do everything, and there is no leader. The network is composed of numerous tasks that have to be done in a coordinated fashion. I would advise development organizations to study the local situation well; what does trade mean here, what capacities are needed and who has them?

The study also shows that new participants are selected with extreme care. In that sense, the network is 'exclusive' with an eye to its own sustainability: people who aren't reliable or capable will ruin it for the others, and no one wants to take that risk. I advise development interventions aimed at setting up cooperatives to

## To get credit you have to prove that you're trustworthy and skilled

determine what the most important goal is. Is it carrying out trade, guaranteeing the sustainability of the cooperative and, as the traders do, strictly selecting new members? Or is it inclusivity by means of membership for everyone? Those goals can't always be reconciled.

A final insight is that trade networks may be successful because they are anchored in local life: trading and agriculture go together. In many development projects, farmers are joined together to outplay the trader, and participants have to choose between the two.

### Assumptions

I would like to conclude with two comments about assumptions in many studies and documents on market development in Africa.

Firstly, the idea that farmers would have a better position in the market if they held power and the middleman were removed doesn't apply to the case of N'golobougou. Almost all of the traders in the rural areas of Mali are farmers as well and they greatly contribute to the well-being of their families and the quality of rural life. Even major traders are expected to help on the farm. In answer to my question of whether he still helps his brothers with the annual harvest, Lassina Cissé responded, 'Yes, to keep everyone happy. A peaceful family is the priority of every Malian.'

Secondly, something with regard to the widely heard buzzword 'upscaling'. To answer the increasing demand of the cities, trade must be carried out on a larger scale, something that the informal trade networks aren't capable of. In my opinion, the traders of N'golobougou are logistics geniuses. For a number of years, the UN World Food Programme has been buying grain from N'golobougou for areas in northern Mali where there are scarcities. That traders can barely meet the demands of the World Food Programme has nothing to do with their trading capabilities but with the fact that the supply is insufficient. The problem is not the scale of the trade but rather the scale of production. ■

# Enough calories but still underfed

Malnutrition and not hunger is the biggest problem in the rural areas of many developing countries. This insight has become increasingly prevalent in the past few years. The energy intake of small-scale farmers and plantation workers who primarily produce for export chains is usually enough, but they suffer from distressing levels of vitamin and mineral deficiencies.

by Marc van der Sterren

**W**e do not certify poverty.' This standpoint has made the confectionery manufacturer Mars a forerunner. The company wants the suppliers at the beginning of the chain to also earn a decent income and it recognizes the usefulness of and need for good health.

As Jordy van Honk knows, there are more big businesses that want to invest in the companies where their raw materials come from. Van Honk is the programme manager of Tea in Africa at the Sustainable Trade Initiative (IDH). 'More and more often, companies are focusing on issues that do not have a direct link with the product or the consumer,' Van Honk said. 'They really want these sorts of problems to be solved.'

Together with chain parties, the IDH works on the principle of match-funding: private companies pay at least half of the costs involved in making the chain sustainable, and IDH pays the rest. 'If we draw attention to a large problem such as malnutrition, a coalition will soon form that is willing to tackle that problem,' van Honk stated with satisfaction. An example is the malnutrition at the tea plantations in Malawi. The IDH works there together with the Global Alliance for Improved Nutrition (GAIN). 'GAIN has extensively discussed the problems in the chain; together with chain partners within the Ethical Tea Partnership, like Tesco and Unilever, we are now going to investigate how we can tackle that malnutrition.'

## Forty thousand cocoa farmers

What is most needed is food that is rich in nutrients. 'And that is exactly the food that is perishable,' explained Marianne van Dorp, the programme coordinator at CDI, part of Wageningen UR. Fruit and vegetables and animal products like meat, fish, dairy and eggs contain more vitamins and minerals. Consequently, the intervention of the Sustainable Cocoa Production Program (SCPP), a project of the development organization Swisscontact, focuses primarily on these products.

As a technical advisor to the SCPP, van Dorp has worked for two years to improve the living conditions of cocoa farmers on Sumatra and Sulawesi. In the next four years, the SCPP wants to increase the level and the quality of the cocoa production of 60 thousand cocoa farmers in Indonesia. And with training programmes on good nutrition, they also want to improve the eating patterns of 40 thousand small-scale cocoa farmers within three years. After the first two years, Van Dorp can already see that the production of vegetables and knowledge about good nutrition have improved considerably.

## Women

The Indonesian cocoa sector doesn't consist of large-scale plantations; small farmers grow cocoa either for a cooperative or for sale. In their vegetable patches, which are two to four hundred square metres, they now also grow fruit and vegetables. Van Dorp has noticed that it is primarily the women who grow the food. 'Men work in the cocoa production and women take care of the food, and thus fruit and vegetables.' But the production isn't limited to one's own family. No matter how small the scale, it is a commercial venture. They sell vegetables to the neighbours or in a nearby village. 'The women sometimes earn more than their husbands,' van Dorp added.

Success depends entirely on the involvement of the people and the extent to which people recognize the importance of a varied diet. This is what the training programmes of SCPP aim at. Van Dorp: 'Of course, they are told about cultivation, but this runs parallel with training programmes on the importance of good nutrition.' That importance has often not registered with the local inhabitants. And that is perhaps the biggest stumbling block because the consequences of a one-sided eating pattern are disastrous. Globally speaking, 53 percent of child mortality is the result of being underweight. In some cases over a quarter of the children of primary producers for international export chains are too small for their age as a result of a one-sided diet.

## Not automatically

The problem seems so simple to deal with. But just adding some fruit, vegetables and animal products isn't enough, warned Yuca Waarts of LEI Wageningen UR. At the request of the IDH, Waarts studied the possibilities of diversification among small-scale tea producers in Kenya.

'Economically, these farmers are dependent on tea,' said Waarts. Via projects at farmer field schools, the IDH tried to increase their economic strength by having them work with other products as well, for example, growing maize or rai-

there is a real causal connection.' Nevertheless, the correlation also exists in the cocoa regions in Ivory Coast and Ghana. Van Dorp: 'And studies done in three important tea and coffee regions show the same high malnutrition figures.'

The areas are strongly focused on monocultures. Although the financial yields provide enough buying power to purchase food, usually only basic foods are available. Rice in the case of Indonesia. Enough food, but not enough nutritional value.

Small farmers' produce is sold via coopera-

There is a clear correlation between monocultures and malnutrition



Farmers are taught how best to prune tea at a farmer field school in Kenya

sing chickens. 'We didn't research the question of whether that led to better food security,' Waarts stated. Although it seems like a logical assumption, Waarts emphasized that you couldn't take it for granted. 'Perhaps they sell their chickens and vegetables at the market. Or perhaps they also ate eggs before but now they just don't have to buy them anymore.'

It is clear that there were positive effects on income, but that didn't automatically lead to a different diet. 'Perhaps the extra money is spent on school tuition. Or they buy a TV.'

## Monocultures

Marianne van Dorp is very diplomatic in her remarks about the causes of and the responsibilities for the chronic malnutrition at the beginning of export chains. 'There's a clear correlation with monocultures, but we didn't look at whether

ties or traders to multinationals like Mars, Cargill and Nestlé. Yet these companies also profit from the small farmers and plantation workers having a better diet because good nutrition increases productivity: workers and small farmers become both physically and mentally stronger. Chronic malnutrition among children can lead to mental impairments. 'One-sided diets can decrease intellectual capacity by 13 to 15 IQ points,' Van Dorp pointed out.

## SUN Movement

The multinationals that purchase the raw materials don't only profit from better eating patterns; as the most prominent partners in the chains, they also bear responsibilities, which they can assume by joining programmes like that of the IDH, Swisscontact, GAIN and CDI.

There is now so much attention on malnutri-

tion that 2014 may go down in history as the year in which the nutrition debate erupted. It became clear this year that two billion people are underfed and just as many suffer from obesity. Not only is hunger a major problem, but especially one-sided diets.

A certain hope has been vested in 99 multinationals in the food industry that will form an alliance against malnutrition in 2015. This alliance has emerged in the context of an initiative that started this year: the SUN Business Network, which is part of the Scale Up Nutrition (SUN) Movement. SUN advocates for the heads of national governments to put the fight against malnutrition at the top of the agenda. Their countries will draw up policies to implement programmes together with partners that focus on good nutrition, with a core focus on women. We'll undoubtedly be hearing more... ■





○ Ribaué, Mozambique  
147 km  
○ Nampula, Mozambique

# A bridge between cassava farmers and industry

With the invention of a mobile factory, DADTCO has linked small-scale cassava farmers to the industrial market in one go. However, winning their trust and transforming them into commercial farmers costs time. And the Dutch company has also encountered opposition from powerful wheat importers.

by **Andrea Dijkstra**

Farmer Violet Nahura with a cassava plant



© Jeroen van Loon

NAMPULA – A bright yellow, throbbing container stands on a parched field outside of Ribaué, a village in northern Mozambique. Men and women are loading crates of cassava onto the conveyor belt, which then moves the twisted tubers into the mobile factory, where they're chopped and shredded by a machine and reappear on the other side as kneadable cake. *'Impala, from the cassava from our fields'*, is written in Portuguese on the side of this 'AMPU' (Autonomous Mobile Processing Unit), in which the Dutch company Dutch Agricultural Development and Trading Company (DADTCO) transforms raw cassava into a cassava cake in just a few minutes. Cervejas de Moçambique, a subsidiary of SAB Miller, the second largest brewer in the world, uses the cake to make Impala beer.

## Train cassava farmers

Cassava is one of the most widely grown crops in Sub-Saharan Africa. Nevertheless, it was rarely used for commercial purposes until recently because the roots begin to rot 48 hours after being harvested. Farmers grew cassava for themselves and to make dried chips, which they sold on a small scale. DADTCO, established in 2002, began using the AMPU to make cassava cake, which can be stored for six months; the cake can be used to manufacture such products as flour, starch, glucose syrup, sorbitol (used in sweeteners, toothpaste and cosmetics) bio-ethanol (a bio-fuel) and beer. And since three times as much cake as tubers fit into a lorry, transport costs have also been reduced.

In Mozambique, DADTCO works with the International Fertilizer Development Center (IFDC), an international organization that gets financing from the Dutch government via the 2Scale-project. 'We train the cassava farmers to increase their harvests; using shorter cuttings and putting them closer together means that they can plant more cassava per hectare and thus increase their yields,' explained the IFDC agriculturalist Angela Vicente.

But winning the trust of the predominantly illiterate farmers proved to be an enormous challenge. If we take the AMPU to the next location, the farmers are afraid that we'll never come back,' said Hubert van Melick, the director of DADTCO Mozambique. He understands their distrust. 'Many companies and NGOs made attractive promises, but they never returned.' So the company tries to present itself transparently. They explain to the farmers what the AMPU is and what it makes from their cassava. The farmers are paid immediately in cash, and DADTCO guarantees its purchases by contract while leaving the farmers free to sell to others. 'We don't want to make farmers dependent on us,' Melick explained, adding that this construction is some-

times a bit frustrating for DADTCO. 'Sometimes we train farmers and give them improved cassava cuttings, and then they sell the harvest to someone else.'

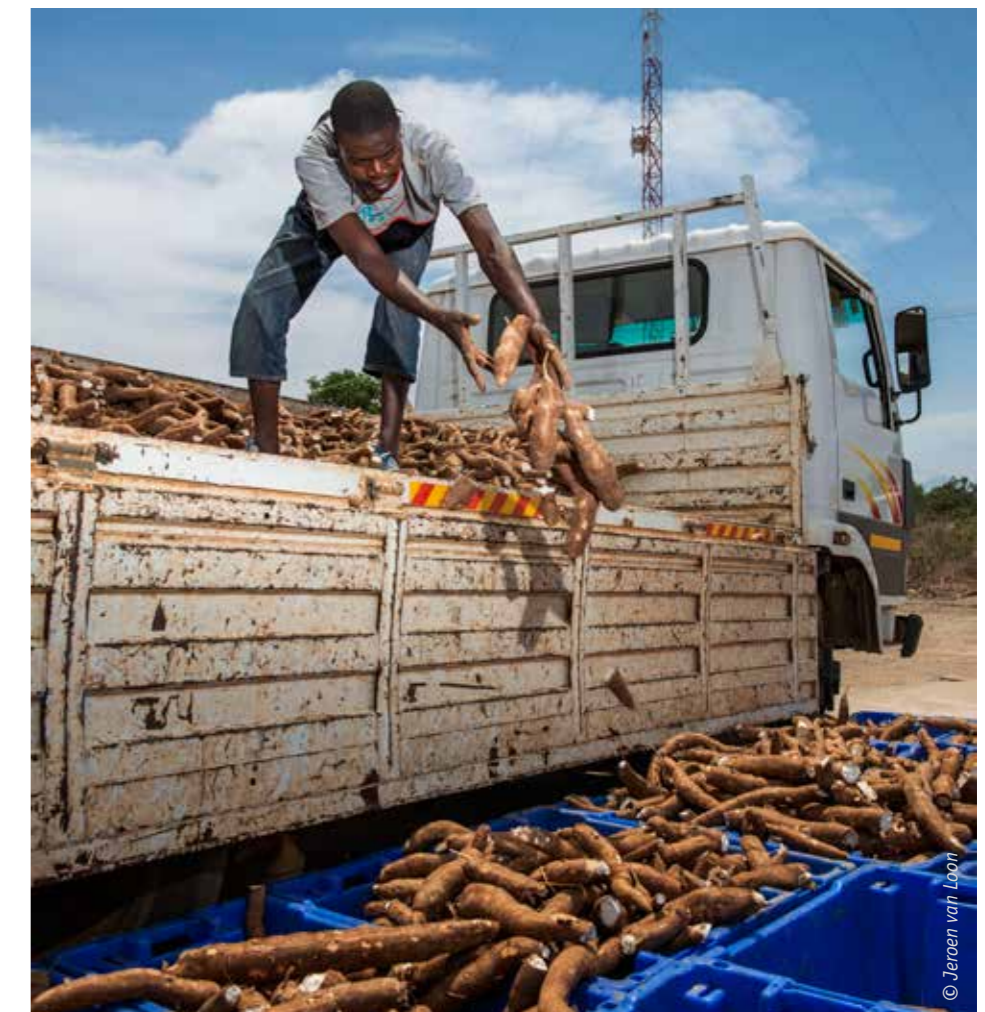
Because of many diseases, such as the cassava brown streak disease, farmers can be wary about growing the crop on a large scale. This is why DADTCO and IFDC are trying to increase the use of improved, disease-proof cassava cuttings. This isn't easy. Because there was never a commercial market for cassava, there was a shortage of improved cuttings – they had to be specially produced by a commercial company. These cuttings are now being given to the farmers selected by DADTCO and IFDC, who in turn must give 40 percent of their improved cuttings to other farmers the following year. 'But farmers refuse to do this in the areas hit by disease,' said Alexander Fernando, the director of IFDC Mozambique. He added that, in the future, farmers will have to pay for the improved cuttings. 'Free distribution just isn't sustainable.'

## The bigger picture

Although more and more farmers are growing cassava on a larger scale thanks to DADTCO, many of them still don't sell all their cassava tu-

## Winning the farmers' trust was an enormous challenge

A farmer unloads his cassava in Ribaué, where a mobile DADTCO factory processes the roots into cassava cake



© Jeroen van Loon

bers to the company. They keep part of the crop in the ground for their own food and to make chips for the market. 'That's fine with us since they certainly have to have enough food,' said Van Melick, who nevertheless thinks that some farmers don't yet see the bigger, commercial picture. 'They think our price is too low, even though it's higher than the market price, and they don't sufficiently understand that dried chips aren't the solution – the market for chips is very small. They can sell enormous amounts of cassava to us and earn much more.' In addition, DADTCO can't raise its price much higher because that would make the cassava too expensive in relation to the barley that SAB Miller uses for its other beers.

The 54-year-old Abilio Nahura, who received improved cuttings from IFDC two years ago, seems to understand the principle of being a commercial farmer. His harvest jumped from two to thirty tons per hectare, and his crop is no longer subject to disease. He proudly pulled a cassava plant out of the soil to show that it has much bigger tubers than do traditional cuttings. Nahura used the money to buy a corrugated iron roof for his house and he's now going to buy extra land and hire help.

## The Nigerian government will see that it's better to produce its own cassava flour

Despite this, Nahura isn't completely happy. He said that he had to wait for six months before DADTCO arrived with the AMPU. The farmer hopes that other companies will start to buy cassava because he thinks that DADTCO currently has a monopoly. Van Melick denies that there was a delay and emphasizes that the company tries as often as possible to inform farmers about when they can expect the AMPU to arrive. 'But we can't be everywhere at once.'

### Opposition from importers

DADTCO now has two AMPUs in Mozambique, and they are supplied by 6,000 farmers. In 2014, SAB Miller produced about 250,000 hectolitres of Impala beer with the cake and will probably produce twice that amount this year. DADTCO is already looking for a second buyer. The company now also has an AMPU in Ghana, where SAB Mil-



Above: Two DADTCO employees tip cassava roots onto a conveyor belt, which carries the roots into the mobile factory  
Below: Dutchman Hubert van Melick – director of DADTCO Mozambique – stands in front of one of DADTCO's mobile AMPUs in Ribaué

ler uses the cake to manufacture Ghana's Eagle beer.

In Nigeria, the biggest cassava-producing country in Africa, DADTCO is having much more trouble trying to start up a cassava industry. 'We don't have a guaranteed market like there is with SAB Miller in Mozambique and Ghana, and we're facing a lot of opposition from powerful wheat importers,' explained Suzanne Vlakveld, the chain manager at DADTCO. As a result, DADTCO couldn't keep its promises with the farmers, and the project fell still. Since wheat can hardly grow in Africa because of the climate, the continent would be much less dependent on imports if it reverted to cassava flour. But exporters of wheat from America, India and Greece are doing all they can to prevent this from happening.

Fortunately, the Nigerian government is beginning to see that it would be better not to im-

port 3.5 billion euros of wheat annually but to produce its own cassava flour. The government recently declared that flour must now contain ten percent of cassava flour. This opens a market for DADTCO. The company now runs six AMPUs that buy cassava from around 12,000 farmers and supply to two cassava flour factories, run by DADTCO as well.

DADTCO is still looking for new ways to use cassava. The company wants to produce cassava crackers, and cassava flour can replace ten percent of the flour in bread; it's also suitable for gluten-free products, packaged seasoning, sauces and soups. DADTCO also plans to expand to Angola, Cameroon, Rwanda, Zambia, Indonesia and Colombia. Vlakveld: 'We want to build a bridge between tens of thousands of cassava farmers and the large-scale processing industry and contribute to the development of these regions.' ■

# Beer brewer offers rice farmers certainty

Tens of thousands of farming families in Congo have both more income and more food security because Bralima beer brewer is now buying domestic rice for its beer. Cordaid hopes that this stimulus for rice production will help trigger larger developments in the rice chain.

by Yvonne de Hilster

Since 2008 Bralima, a subsidiary of Heineken International, has been buying increasingly more rice for beer production in Congo. Whereas Bralima previously imported rice, it now buys 79% of this product on the domestic market. By purchasing 40 thousand tons of rice between 2009 and 2012, Bralima pumped USD 26 million back into the Congolese economy. This boosted the incomes of more than 58 thousand farming families.

Bralima's switch is partly in its own interest. The brewer is ensured of a constant supply of raw materials, transportation costs are reduced and the company is less vulnerable to changes in the exchange rate and import duties. Moreover, it helps to stimulate the local economy – and people who earn money can buy beer. As the largest company in Congo, Bralima has long been a major employer: three thousand jobs at its own operations and, via suppliers, farmers and sales channels, another 174 thousand positions.

### Significant volumes

Paul Stanger, Heineken's Local Sourcing Director for Africa and the Middle East, explained that the purchase of rice for all of the six breweries takes place via selected intermediaries. 'In 2014 purchasing was done in the areas around Lumbumbashi, Boma, Bumba, Kinshasa and Bukavu.' Bralima has annual agreements not only about the amount of rice to be bought from agricultural cooperatives but also about when and at what price; they also ensure the farmers' access to improved seed and better cultivation methods. Consequently, rice production has increased by more than 50 percent. 'We do not hold a monopoly position, and an impact study has shown that rice production has not been at the expense of other crops,' Stanger stated.

Ron Delnoije, programme manager of food security at Cordaid, is pleased with the policy followed by Bralima (in this case Heineken). Cordaid supports two rice farmers' cooperatives in the Ruzizi Valley south of Bukavu. 'For decades this area has been the scene of ethnic tensions, and harvests were stolen. Because the Bralima factory is now buying local rice, including rice of a lower quality, and this in significant volumes, farmers have more certainty about their incomes and more confidence.' As a point of criticism, Delnoije points to the fact that the farmers' cooperatives cannot usually deliver directly to Heineken, which would give them a better price. This is partly the consequence of Heineken's strict policies on quality and food safety and partly the result of the banks' refusal to give loans to the cooperatives so that they can buy the rice from their members.

### Higher yields

According to Delnoije, the real opportunities lie in the local consumer market. 'Farmers can produce much more rice. The production for the beer bre-

wery is an important first step towards this.' The brewery in Bukavu needs about 2,400 tons of rice annually, whereas the South Kivu region already produces about 7,000 tons annually. 'Better management could increase yields threefold even if half of the 7,000 hectares for irrigated rice farming is now not productive and harvesting is done only once rather than twice a year.'

In addition, the region now imports 90% of the rice it consumes. Delnoije expects that a better functioning rice market would reduce this



In the Heineken brewery in Congo

amount by half. 'There is a demand for rice, and the rice from the lower lying, irrigated fields is certainly of high quality. However, there are too many links in the rice production chain, and both production and quality must improve in order to compete with imported rice. Better collaboration among producers, buyers and sellers, a shorter chain and a less fragmented market could open the consumer market to farmers. Momentarily, the Heineken brewery in Bukavu is the only organized market for rice, but it should be a niche market.'

To take advantage of the opportunities, farmers need to become better organized and young people need to become interested in rice production, Delnoije said. 'Young Congolese men now often work in the mines. In addition, women would have increased opportunities. If they could lease and cultivate more land, they could keep the income for themselves.' ■

Land grabbing at the expense of farmers has to stop, and the Netherlands, a dominant player in global agricultural value chains and agribusiness, can help. Lilianne Ploumen (Minister for Foreign Trade and Development Cooperation) has decided to draw international attention to this issue. In late August 2014, the first meeting of the Land Governance Multi-Stakeholder Dialogue was held in the Netherlands.

by Hans van de Veen

# Land rights prominent on the food agenda

Controversial land deals in countries like Sierra Leone, Uganda or Brazil, or the production of bio-fuels for the European market at the expense of local sugarcane growers. Land grabbing and land rights are frequently recurring problems, and there is a growing international consensus about how to deal with them. NGOs such as ActionAid and Both Ends have long been calling for a multi-stakeholder dialogue, a proposal supported by the Dutch Parliament. Such a dialogue was also an important recommendation in *Voluntary Guidelines on Responsible Governance of Tenure of Land* from the Committee for Global Food Security, the UN organization chaired by Gerda Verburg, former Dutch minister of agriculture, since 2013.

## Experimental approach

'We are the first OECD country to organize something like this,' said Frits van der Wal, senior policy officer at the Ministry of Foreign Affairs. 'It's

part of our ambition to raise the standards for this issue. We want to help implement the guidelines and make them more concrete.'

This will have to be done by an experimental approach in which participants learn from one another's experiences. More attention for land rights is welcome, the minister stated at the beginning of the dialogue, but we now want to find concrete solutions. Participating parties were asked to submit cases involving incidents in which they or their partners were confronted by land grabbing or by vague land rights. Such cases will be analysed during a series of meetings scheduled for the next few years.

Van der Wal said that the first cases have already been submitted by NGOs as well as by companies and knowledge institutes. Companies themselves desire more concrete guidelines. Where can things go wrong? How can we foresee this? Are there checklists that help to avoid making mistakes? The government also hopes that this approach will show them what can be done

differently or better. Van der Wal: 'Do we need additional rules or regulations? Should they get more attention from trade missions or during our policy dialogue with the World Bank?'

## See which way the wind blows

With respect to industry, the financial sector has shown the most interest so far. Pension funds and banks have invested in companies involved in the large-scale production of palm oil, soya or sugarcane, activities that regularly violate the land rights of a region's original inhabitants. This also holds true when mining activities or cities are extended, or when roads, ports or dams are constructed. The dredging firm of Van Oord, long active in harbour construction in Mozambique, was present at the first multi-stakeholder dialogue. But most companies are still waiting to see which way the wind blows.

Van der Wal: 'We'd hoped to involve a number of chain partners of financial companies, parties who work directly with producers or invest in land

A member of the Guarani-Kaiowá Indian tribe in Brazil looks at land that has been cleared for sugarcane cultivation

# Ploumen: better international guidelines and concrete action

The international guidelines for preventing land grabbing are not concrete enough to be effective. But Lilianne Ploumen (Minister for Foreign Trade and Development Cooperation) promised the Dutch Parliament that things are going to change.

The OECD guidelines for multinational companies, the cornerstone of the International Corporate Social Responsibility policy of Minister Ploumen touch only indirectly on land acquisition. But there's now a draft for OECD guidelines in agricultural chains, the *Guide for Responsible Business Conduct along Agricultural Supply Chains*. This document contains a more explicit passage on land rights and is intended to better protect the rights of landowners and land users. The text also suggests ways of talking with investors and governments about their responsibilities.

The *OECD Guide* is in keeping with the *Voluntary Guidelines on Responsible Governance of Tenure of Land* (UN Committee for Global Food Security, 2012) and the *Principles for Responsible Agricultural Investments* (UN Food and Agriculture Organization FAO, 2014). The Netherlands helped to pay for the creation of the Guide – which is widely supported by member states, NGOs and companies – and which is expected to become effective in early 2015. As the Minister wrote in recent letter to the Dutch parliament, then 'there will be no more doubt about what is expected from companies from OECD countries in the area of land rights.'

Better international policy should lead to concrete actions and structural improvements. The Netherlands is a major donor to the two most important networks in this area, the International Land Coalition and the Global Land Tool Network. They assist countries in translating land rights and land-use rights into practice. According to the latest report of the Ministry on the results of 2013, this approach, together with the support of the embassies in Benin, Burundi, Mozambique and Rwanda, led to about 1.6 million land titles being issued, a quarter of which were for women farmers.

Until recently, the ten largest food companies were hardly concerned with land grabbing and land rights. Things are changing quickly, though, and Oxfam's campaign Behind the Brands has greatly contributed to this.

Marita Hutjes, Oxfam Novib

## 'Transparency in the chain is essential'



Oxfam Novib ambassador Dolf Jansen during an action against land grabbing outside the head office of Coca-Cola Nederland

Not one of the ten biggest food companies in the world scored well in its responsibility to people and the environment, according to Oxfam at the start of its campaign Behind the Brands. After analysing the operations of the ten giants, the international development organization found that only Nestlé and Unilever were making somewhat satisfactory efforts.

All ten of the companies scored poorly on the theme of Land. Wealthy parties buy up enormous areas in order to build plantations. In places where local food used to be grown, sugar is produced for soft drinks or palm oil for cookies and chocolate. Small farmers – many of them women – are the losers.

Oxfam asked the companies to implement a zero-tolerance policy in which land rights held a central position. It seemed to be a far-removed ideal. But now, only two years after the start of the campaign, Coca-Cola, PepsiCo and Nestlé have implemented such a policy. And other companies have increased their attention to land rights, Oxfam claims. That can have major consequences for improved standards in the entire industry and the global protection of land rights.

'We continue to check whether companies keep their promises,' said Marita Hutjes of Oxfam Novib. 'But we're happy with the progress so far.' Hutjes leads the Oxfam food campaign Grow, which Behind the Brands is part of. 'The private sector has an important role to play in improving the food chains. These ten companies have a lot of influence; when they implement changes, that has a much wider impact than only in their own chain.'

### **You work in the campaign together with the companies, but you also mobilize consumers. Can you do both?**

'The underlying idea is that we see food products from these large companies daily. You can find these brands almost worldwide, but the companies' policies on themes such as land, farmers and women's rights are invisible. That's why we ask people to look at the brand that they buy and take action

to force the companies to adopt a better policy. Then you'll know it's okay when you buy a Milka bar, a can of cola or Kellogg's Corn Flakes. We share our information with the companies from the start. They have every opportunity to add to or correct it. And we speak with each other frequently.'

### **Until a couple of years ago, there was little attention to land grabbing. Were companies aware of it?**

'Our first rankings showed that it clearly wasn't part of their system. But we could point to international agreements such as the CFS Voluntary Guidelines and the performance standards of the World Bank. We said: look, this already exists. It's your turn to take the next step in your own chains. Introduce the guidelines into your own supply chain guidelines. And investigate the situation in your chains. Where can you expect problems? That's what they're doing now. Coca-Cola and PepsiCo are also now involved in the international discussion about guidelines. That puts pressure on other companies, which makes us happy.'

### **Transparency is also a criterion in your list of scores. Why?**

'Transparency in the chain is essential for dealing with problems. We asked the companies who the most important suppliers of raw materials were and in which countries. The answers were almost completely unknown. And because the chains aren't transparent, it's difficult to follow what's happening. So we told them that we were going to use their information, but that it had to be accessible to everyone. They now make more information public themselves, and this is important for people in the production countries and for consumers worldwide. But the companies themselves now have a better idea of where their products come from. By the way, we too are fully transparent; information about us can be found via [www.behindthebrands.org](http://www.behindthebrands.org).' ■

Together with Oxfam, Coca-Cola is working on an action plan for respecting land rights, including a zero-tolerance policy on land grabbing. How difficult is it for a company to make its agricultural supply chains transparent and responsible?

Jan Burger, Coca-Cola

## 'Healthy agricultural chains are in everyone's interest'

'Consumers who drink cola shouldn't have to worry about whether or not it was responsibly produced.' That's the basic assumption of the sustainability policy, explained Jan Burger, Sustainability Manager at Coca-Cola north-west Europe. For years, the company has been paying attention to human rights and the environment when buying its agricultural raw materials. In fact, Coca-Cola's ambition is to buy only sustainably produced agricultural ingredients by 2020; these ingredients include sugarcane, sugar beet, maize, tea, coffee, palm oil, soya, pulp, paper fibres and oranges.

Until recently, the multinational had little interest in land rights. Burger: 'That was what the headquarters in Atlanta immediately said when Oxfam came to us with their campaign. We didn't exactly know, but we planned to investigate it.' This proved easier said than done because Coca-Cola itself doesn't own any plantations or farms. It also doesn't buy directly from farmers; all of its agricultural ingredients are bought from traders, including cane sugar, the product that, according to Oxfam, is the most to blame for violations of land rights. In the end, the company screened the complete production chain, especially the network of suppliers.

For many years Coca-Cola has been a member of Bonsucro, the initiative in which companies, sugarcane producers and NGOs like the WWF are working on certified cane sugar. Consequently, Coca-Cola last year published its *Sustainable Agriculture Guiding Principles*, intended for suppliers of agricultural ingredients. This was shortly after followed by an action plan, drawn up together with Oxfam, to protect the land rights of farmers and communities in the most important sugarcane-producing areas, and it included Oxfam's requested zero-tolerance policy on land grabbing.

### **How much of the plan has been implemented a year after publication?**

Burger: 'We agreed with Oxfam to make public the top three suppliers of cane sugar and the most important production countries, and we've done

so. We also promised independent evaluations in about 30 production countries between now and 2020. Countries with numerous conflicts over land ownership will have priority. The studies of Guatemala and Colombia are nearly finished; we'll discuss the results with Oxfam and then publish them. We're also holding discussions with sugar suppliers about our rules for primary production and how they can include them in their chain. A chain consists of a lot of links before you reach the farmer, so our supplier has to go to his supplier, etc. This is time-consuming, but we're working on it.'

Burger emphasized that it's important for the industry to act collectively as much as possible. 'Sugar traders deliver to us, but also to other companies. These suppliers should hear about sustainability demands not only from Coca-Cola but also from Unilever, Mars and Nestlé so that they realize that the demand is being made by the entire sector.'

Everyone benefits from healthy supply chains. 'We want to eliminate abuse, primarily for the people and communities who are directly damaged. But the supplier is damaged as well, and so are we since our reputation is at risk.'

### **What does Coca-Cola think about working with Oxfam? Do you feel pressured?**

'No, we think it's fine. We've had good experiences working with NGOs because you can learn from each other, which gives an extra dimension. Oxfam has a lot of information that we don't, so we can profit from this. And we have information about chains that's useful to them. We're at the end of the chain and we know where we can influence it, something we can do with our purchasing power. In the end, it's in our mutual interest to improve people's living conditions.' ■

# Tools to improve relations and

More and more NGOs, businesses and researchers use tools to improve the business operations of small farmers or collaboration in agricultural chains. The methods have a low threshold and are both inexpensive and popular. Five examples.

by **Alexandra Branderhorst**

Farmers have to meet increasingly higher demands from their buyers with respect to the quality and amount of their products and they way they're produced. Development organizations, knowledge centres and businesses often use tools with which farmers, with or without the support of a coach or consultant, can improve their business operations and the relations with their buyers.

Lisette van Benthum is a coordinator of Access to Finance at AgriProFocus, an organization that helps stimulate entrepreneurship among farmers in developing countries. AgriProFocus has developed diverse tools, such as 2-2 Trade and Gender in Value Chains. Van Benthum: 'The credo of the Dutch agenda for development cooperation is "not aid but trade", so there's more attention

to value chains, the position of small farmers and the opportunities for producers' organizations.'

## DIY approach

'We develop only the tools that are requested by participants in the local networks of AgriProFocus,' Van Benthum emphasized. The tools are tested and used in these local networks of businesses, knowledge centres, NGOs and producers' organizations in developing countries. 'They're practical tools that don't necessarily involve the help of consultants. It's better to give people local tools with which they themselves can begin to work towards sustainability.'

Pieter Sijbrandij, programme coordinator at Solidaridad, agrees. The development organiza-

tion wants to expand the Rural Horizons tool and include an audiovisual component for farmers with little or no formal education. 'All too often, white, highly educated men come to tell farmers what they're doing wrong,' Sijbrandij commented.

Wageningen UR Centre for Development Innovation (CDI) develops new tools such as 2-2 Trade and Chain-Wide Learning or it makes adjustments to existing tools. These are then used in chains or for complex projects with many stakeholders. 'We especially use them for international training programmes, research and projects that we facilitate,' explained researcher Annemarie Groot Kormelinck. 'The tools are adjusted to the local context and needs, which is how you gather relevant information. In the end,

# sustainable production

you can learn something at a higher level about relations between farmers and businesses.'

That reality sometimes differs from assumptions is illustrated by Solidaridad's Rural Horizon tool. This tool is focused on small farmers who find it difficult to meet the certificate requirements, and not on the 5 percent of the 'good' farmers,' explained Sijbrandij. 'The tacit assumption of the EU that small farmers work more sustainably isn't always true.' Bigger farmers are often more cost-aware. Small farmers don't receive the financing for investments or don't have the knowledge needed to obtain the best results with only a small amount of fertilizer or pesticides. 'You can achieve greater results among small farmers and in less productive areas,' Sijbrandij added.

## 2-2 Trade

For: farmers, producers' organizations and businesses

By: external coaches or the parties themselves

Goal: improve cooperation between farmers and businesses

'There is often little trust between farmers and businesses. For example, farmers think that companies pay too little, and companies think that, contrary to the agreements made, farmers sell their products to others,' said CDI researcher Annemarie Groot Kormelinck.

CDI, KIT and AgriProFocus developed the free online tool 2-2 Trade to improve these relations. Interviews and discussions make evident the perceptions and expectations of the parties, and the results are discussed together. 'This leads to an open dialogue in which farmers and businesses better understand each other's way of working and problems,' Groot Kormelinck said. Then a plan of action can be made. The online tool is in great demand, especially in East Africa.

See: [www.agriprofocus.com/organised-farmers](http://www.agriprofocus.com/organised-farmers)

## Gender in Value Chains

For: farmers and businesses

By: local coaches, businesses and NGOs

Goal: strengthen the position of women

'If you take stock of the contributions made by men and women, you can create a more efficient chain and see where the opportunities for women lie,' said Lisette van Benthum of AgriProFocus. The Gender in Value Chains method offers six different strategies to accomplish this. In Nicaragua, for example, men are usually members of dairy cooperatives, whereas women play an important role in milk production. Efforts to increase hygiene led to better results only when the wives of the cooperative's members were addressed.

Local coaches are trained in the use of the Gender in Value Chains toolkit, which was developed by AgriProFocus and some of the member organizations in the network. There is widespread interest. Van Benthum: 'This tool provides insight into the improvements in quality, supply and continuity that can be realized if companies involve women in the right way in the production.'

See: [www.agriprofocus.com/gender-in-value-chains](http://www.agriprofocus.com/gender-in-value-chains)

## SCOPEinsight

For: farmers' organizations

By: SCOPEinsight

Goal: help farmers' organizations obtain credit

SCOPEinsight, an independent rating agency, studies how credit-worthy farmers' organizations in developing countries are. 'Producers' organizations often have no access to external financing. This is an enormous obstacle. Without credit, they can't invest in agricultural machinery, fertilizer or better seeds,' said Lisette van Benthum of AgriProFocus.

SCOPEinsight developed a methodology to test the professional level of agricultural cooperatives, such as their organizational structure, customer contracts, risk assessments, sustainability and reinvestments in the business. NGOs including Solidaridad, ICCO, Hivos and Agriterra have embraced the method.

'Many producers' organizations don't score well enough to be eligible for financing,' van Benthum explained. 'But SCOPE shows what the state of an organization is and gives information focused on improving the weak points and becoming financially independent and mature.' SCOPEinsight has also developed a self-assessment tool.

Zie: [www.scopeinsight.com](http://www.scopeinsight.com)

## Rural Horizons

For: farmers and businesses in sugarcane, soya, cocoa, cotton and livestock farming

By: farmers themselves or consultants

Goal: support farmers in making the production process more sustainable

Solidaridad and the farmers developed Rural Horizons to be able to guide more efficiently unorganized and small farmers in making their production more sustainable. After entering information, the farmers receive a work plan that meets their priorities, online instructions and technical assistance

'For example, a surprising number of farmers don't keep track of their costs, so they learn financial management skills,' said Pieter Sijbrandij of Solidaridad. The tool has been made for various sectors in, for example, Brazil and Bangladesh and it helps improve the relations between farmers and their customers. For example, there's a joint cooperation agreement between the cocoa company Cargill, a municipality and poorly educated cocoa farmers in the Amazon. There's also a project with the sugar manufacturer Raízen and more than three thousand sugar cane producers around São Paulo.

See: [en.ruralhorizon.org](http://en.ruralhorizon.org)

## Chain-Wide Learning

For: local agrifood chains

By: businesses, NGOs, governments

Goal: enhance local economy and food security

In Kenya, there was little coherence between actors in a local tomato market. No one knew, for example, that a large tomato processing company was located only twenty kilometres away. The Chain-Wide Learning tool exposes these sorts of problems in the chain. On the basis of a chain analysis and a workshop with stakeholders, future scenarios and a subsequent plan of action are drawn up.

'When local fresh chains function better, the costs are lower. The money saved can then be spent locally,' explained chain expert Jan Helder of CDI, the developer of the tool.

The tool is now being improved and used in training programmes and test cases; it was recently used to prepare a Vietnamese top-sector project in growing mushrooms. The tool focuses on local food production, not on crops such as coffee, cotton or cocoa. 'We want to strengthen food security and sovereignty,' Helder added.

See: [pubs.iied.org/16502IIED.html](http://pubs.iied.org/16502IIED.html)

# The long road to fair trade

A coffee grower in Uganda

Fair trade is the subject of much discussion. Professor Ruerd Ruben has spent many years studying its effects on farmers and explains the most important aspects of the debate for Vice Versa. 'In practice, still no more than 25 percent of produce is sold under fair-trade conditions.'

by Ruerd Ruben

'Pure coffee – 100% honest quality' was the slogan that the Dutch 'World Shops' (the Dutch equivalent of the Oxfam shops in the UK, Ed.) used at the beginning of the 1970s to promote coffee beans imported directly from Guatemala. 'Komitee S.O.S.' (Steun Onderontwikkelde Streken, Support to Underdeveloped Areas) – established by Paul Meijs and forerunner of what is now Fair Trade Original – set up its first central depot in Kerkrade, in the south of the Netherlands. About 14 years later, in 1988, Nico Roozen of Solidaridad and Frans van der Hoff, a missionary working in Mexico, created the first Fairtrade certification initiative 'Max Havelaar'. The aim was to guarantee a minimum price for coffee farmers by eliminating middlemen and doing business directly with coffee importers and roasting companies. Certified coffee became a familiar item on supermarket shelves and in the period up to 2,000, coffee farmers received over 26.3 million euros in extra premiums.

## New initiatives

In the next decade the Fairtrade product assortment increased rapidly to include tea, cocoa, bananas, rice, cotton, wine, honey, herbs, flowers, peanut butter and clothing. Certification at the European level was subsumed under Fairtrade Labelling Organizations (FLO Cert), which carries out inspections and value-added administration. In 2005, Tony's Chocolonely launched the first 'slavery-free' chocolate bars. Oxfam Novib's 'Green Saint Nicholas' campaign in 2009, which called on the public to boycott non-Fairtrade chocolate letters (given as presents in the Netherlands in December), boosted flagging Fairtrade chocolate sales.

In the meantime, the big producers and supermarkets had not been idle. Coffee brands such as Starbucks and Nespresso developed their own certification for sustainably produced coffee. Unilever (Lipton) joined forces with Rain-

forest Alliance (RFA) for tea production, and the banana multinationals launched products certified by Rainforest Alliance. Sustainable production in the coffee sector was eventually unified under the 4C code: Common Code for the Coffee Community.

Towards the end of the 1990s, Solidaridad started to distance itself from Max Havelaar and launched a new initiative, UTZ Certified, under which chain stakeholders made agreements on investments and training aimed at increasing productivity and improving product quality. The goal was to involve the big coffee roasting companies as a way of up-scaling fair trade from a 'niche' to a 'mainstream' activity. UTZ offered purely market-based prices, but farmers could earn more by meeting higher production standards. So it was no longer higher prices that were the advantage, but increased productivity and quality led to better rewards. UTZ Certified was quickly embraced by the food industry and supermarkets because it operated according to market principles. However, the proliferation of (quality) certificates resulted in confusion for consumers, whereas many cooperatives went over to multi-certification.

## Less optimistic

In its first years the fair-trade movement got by on the basis of its appealing stories about men and women farmers whose standard of living had improved. But after a while the results of more systematic measurement of the effects became available, especially for coffee, tea and cocoa. These painted a less optimistic and more nuanced picture.

A number of field studies indicated that the income improvements of certified farmers were quite limited; higher prices were mainly obtained for organically produced crops. This was partly due to high world market prices, but also because of the considerable costs involved in obtaining a certificate. Certification encouraged

farmers to devote more land or time to a crop, but this was often at the cost of other activities, such as growing food crops for domestic consumption or off-farm wage labour. Net family income hardly rose at all, even though income from the certified crops had risen. These 'substitution effects' absorbed part of the potential fair-trade returns.

While farmers expected to be able to sell all of their produce under the certified label, in practice only 25 percent at most was sold under Fairtrade conditions. This is largely attributed to over-certification: supply consistently outstrips demand (except for organic produce). As a result, farmers have to sell a large portion of their certified produce to local traders at lower prices. Fairtrade producers of higher quality coffee then tended to go over to delivering coffee to private labels of better qualified market segments for Gourmet and Premium coffee, which paid between 20 and 30 percent more. That could be regarded as a success, but it also led to tensions between the holders of different certificates.

## Future oriented

Another point emerged from field studies: although certified farmers' incomes are hardly higher, they do spend that income differently. They invest substantially more in upkeep of their house, their children's education and improving their soil quality and cultivation systems. And because they have better access to credit (from banks and other sources), they are more willing and able to make these investments. Income level is less important than the fact that certified farmers enjoy income security – because of the assured outlet for their produce. This encourages a more future-oriented pattern of expenditure. Above all, investments in more sustainable forms of production result in greater continuity guarantees for farmers.

By far the most important effect of certification has been the contractual guarantees to sell

## Coffee growers still only receive 6 to 8 percent of the final price



A Rwandan woman on a tea plantation

the harvest at a reasonable price. These offer farmers a way out of the traditional pattern of having to sell their yield to local middlemen even before it has been harvested. Liquidity in particular is of vital importance to small farmers; they need cash for their family, for seeds and fertilizer and for paying day labourers. Traditionally farmers were obliged to use their yield as collateral for loans, for which they were then charged usurious interest rates. Certification is a way of avoiding this, especially when banks accept trade contracts as sufficient security against loans at the market interest rate.

A vital part of the Fairtrade concept is negated, however, because there is virtually no compliance with the obligation to provide upfront funding. One of the basic principles of the Fairtrade contract is that the importer or coffee roaster pays part of the price before delivery. Many do not do this, and much of the current pre-funding comes from ethical banks and development organizations. There is thus absolutely still no shared responsibility within the chain, whereby trade and industry contribute to financing primary production.

### Broadening or deepening

While various brands are doing their best to increase their market share, an underlying heated debate continues on the subject of whether certification actually provides sufficient benefits. Improvement in the position of small farmers within international chains is limited and the search is on for different forms of collaboration between the stakeholders within these chains.

Those working from the Fairtrade side especially advocate strengthening farmers' and workers' organization at the grassroots level. Better functioning cooperatives and more powerful unions give farmers a stronger bargaining position. In addition, efforts are being made to increase

brand loyalty, as farmers tend to sell to other buyers if they are offered a slightly higher price. Fairtrade continues to adhere to the system of paying a (now higher) minimum price and premiums. The FLO certification for cooperatives has been simplified, but the costs remain relatively high. The over-certification in the fair-trade sector mentioned above is also a cause for concern. Fairtrade farmers benefit most from increased income in the early stages, but this effect largely disappears after a few years.

UTZ's strategy focuses more on helping coffee, tea and cocoa farmers to make productivity and quality improvements. Support is offered for introducing improved farming practices and cultivation methods, enabling farmers to supply market segments that require a higher level of skills. They don't receive more financial support for doing this; rather the expectation is that the higher market prices will cover investments in quality improvements. This focus on Good Agricultural Practices (GAP) is in line with the trend towards standardization among European supermarkets (EurepGAP). Recent research on the effects of certification in East Africa has shown, however, that it is fairly easy for non-certified coffee growers to adopt these improved cultivation techniques, thus reducing the head start that UTZ certification provided.

Private label activity is most noticeable in the chains where there is a threatened scarcity in the short or middle term, such as for cocoa, where older trees necessitate investing in planting new trees. Cocoa farmers in Ghana and the Ivory Coast do not have sufficient capital to do this, and an additional impediment is uncertainty surrounding land ownership rights. In the meantime, chocolate manufacturers have undertaken joint initiatives to improve cocoa quality and productivity by providing planting material, fertilizer and training to farmers.

All labels are looking for ways to increase their social-responsibility impact. Wages and labour conditions are an important point of attention. Labourers, male and female, have gained little from certification. While the issues of child labour and protective clothing have been addressed, the regulation of working hours and wage rates has been virtually ignored. Research done by the British School of Oriental and African Studies (SOAS) on wage labourers in Ethiopia and Uganda has highlighted the lack of job security and low wages that women face when working for fair-trade companies. The ISEAL Alliance has therefore initiated international discussions on including a 'decent wage level' as a criterion for certification.

One of the most important limitations of nearly all certification systems is that little or no change has occurred in the distribution of value added within chains. Coffee growers still only receive 6 to 8 percent of the final price that consumers pay for coffee. For cocoa and cotton, the percentage is even smaller. More than three-quarters of net profits go to traders, processors and supermarkets. Certification labels have brought about no change in this.

### New paths to sustainable trade

In recent years, several new initiatives aimed at enhancing the effects of fair and sustainable trade have arisen. These have taken different directions. A number of countries (India, Brazil, Indonesia, Vietnam) are working on introducing national standards with minimum criteria for sustainable production methods, environmental care and labour conditions. One example is that of Tata Global Beverages and Unilever; they jointly initiated the Indian 'trustea code', which has been supported by the Dutch Sustainable Trade Initiative (IDH) and Solidaridad. In Vietnam and Brazil, similar work is being done on a

National Sustainability Curriculum (NSC). Sector-wide agreements such as these help create a level playing field for the private sector and make inspection simpler and cheaper.

Other initiatives seek ways of opening up opportunities to process agricultural produce locally. An increasing number of local companies are starting to roast coffee or ferment tea and offer (vacuum) packed products for export. Examples of successful initiatives include Coo-cape in Costa Rica and Star Café in Uganda. Moyee has recently started to offer locally roasted and packed FairChain coffee, where 50 percent of the added value stays in Ethiopia, the country of origin. These initiatives, however, run up against the higher import duties levied on processed products by the European Union. While raw coffee beans are exempted from import duty, roasted coffee is subject to 7.5 to 9 percent import duty and all sorts of certificates are required. This 'tariff escalation' is an indication of the lack of coherence between trade and development policies.

Within the Dutch sustainable trade initiative IDH, thoughts have turned to deepening activities in the direction of more structural market transformation within chains. In addition to providing training and guidance on improving production methods, attention is also being paid to new finance mechanisms that enable farmers to invest in fertilizer, improved seeds and tree renewal. Local banks are still reticent here, but the introduction of blended finance – mixing loans and gifts – and guarantees from public and international financial institutions mean these risks can be hedged.

Working towards international harmonization and uniformity is helping to introduce structure in the multiplicity of labels and standards. Fairtrade-certified farmers would then be able to obtain UTZ or RFA certification

more easily. The validity of certificates should also be extended and might cover several products. But certification is a lucrative source of income for the agencies involved, so there is little incentive for them to work towards these changes.

While Fairtrade started with agricultural products, there are now also promising initiatives for mobile telephones (Fairphone), tourism (Fair Travel) and transport (Faircar). All these ventures involve the responsible purchase of raw materials, working with local suppliers and a more sustainable use of the environment. Some of these initiatives are still in their infancy, but should be regarded sympathetically.

### Blind spots

While the – sometimes heated – arguments between certifying bodies continue, increasingly critical voices are being heard in the areas of the effectiveness of certification and the need for more collaboration with private companies.

Organizations such as IDH and Solidaridad have shifted to a 'mainstreaming' strategy, in which collaboration with market leaders within the chain (e.g. Unilever, Nestlé, Mondelez) is oriented toward sustainable production of raw materials. Here the focus is on improved cultivation methods, enhanced productivity and quality, and long-term security of supply. This strategy certainly ensures that more farmers can be reached, but it is not always clear whether the use of public funding results in the achievement of extra effects. Development assistance funding might of course not replace private investment, and it should be the farmers who ultimately benefit from these projects.

On the other hand, organizations such as Fair Trade Original, Max Havelaar and UTZ are aware of pressure from the general public to increase the meaningfulness of certification. In response to this, the organizations are resorting

## While raw coffee beans are exempted from duty, roasted coffee is subject to 7.5 to 9 percent import duty

to new concepts such as 'true price' and 'decent wage' in an attempt to provide more clarity on the effects of certification on welfare. The subordinate position of women is slowly but surely being raised too, although little progress has been made so far on this front: few women own land and few are members of cooperatives, as a result of which most benefits of certification accrue to men.

A hitherto unexplored area is that of promoting 'sustainable production' and 'fair trade' via government legislation. Whereas the Dutch government previously set an example by serving only certified tea and coffee in public buildings (including the House of Representatives), EU food-safety regulations mean that imported products have to comply with a wide range of quality requirements. This hinders the processing of coffee in the countries of origin. OECD agreements tie international companies to corporate social responsibility criteria, but these are mostly confined to a few basic requirements. And initiatives within the European Parliament to subject imports to 'fairness' criteria have so far made little headway. NGOs are now placing emphasis on up-scaling and sector-wide agreements on market transformation. The private sector is even ahead of the public sector in some areas: McDonalds and Starbucks serve only certified coffee, giving their customers no choice in the matter. The market for sustainable and fairly produced products can only really grow if businesses and governments join forces. Open trade and financial credit mechanisms must be simultaneously and coherently combined with substantive ways of helping small farmers to achieve growth in productivity and organizational development.

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Addis Ababa, Ethiopia  
8,872 km  
Amsterdam, Netherlands

Two years ago the coffee company Moyee announced a revolution in the coffee industry. By roasting coffee beans in their land of origin, local farmers could earn more. The media were enthusiastic about these idealists. Now, two years later, has Moyee succeeded in realizing the ideal of an honest coffee chain?

by Sarah Haaij

## Coffee revolution: farmers roast their own beans

When you step over the threshold of Moyee coffee-roasting company in Addis Ababa, you enter a new world. Heavy exhaust fumes are replaced by the tantalizing aroma of roasted coffee beans. This interior, which might also even be found in an espresso bar in Amsterdam, is the home of what Moyee calls an 'Ethiopian coffee revolution'. The beans here aren't exported while still green, as are 99 percent of Ethiopia's coffee beans, but are first roasted. These roasted beans are fortunate enough to be part of what Moyee refers to as 'the first fair-chain cup of coffee'.

With the enthusiasm of someone who's already had quite a few cups of coffee, Ahadu Woubshet, the manager of Moyee Ethiopia, welcomes us to 'his' coffee-roasting company. 'The idea is simple,' he immediately explained. 'All of the beans are usually exported and roasted in Western factories. By roasting them here in Ethiopia, we ensure that the additional value doesn't leave the country right away but that it remains here.' The retail trade price of a roasted coffee bean is about seven times higher than that of a green coffee bean. In the present chain, that profit goes straight to the big coffee companies

and not, as Moyee would prefer, to businessmen in the coffee-producing countries, thus making them less dependent on development aid. The company is a 50-50 partnership between Ethiopia and the Netherlands.

Woubshet: 'It's complete madness that coffee beans are now often bought in Ethiopia by a company like Nestlé, taken to the port in Djibouti, exported to Hamburg, transported to France to be roasted and processed and then shipped to consumers all over the world. Including Ethiopia!'

### Coffee chain turned around

With his rapid gestures and intonation, it doesn't come as a surprise to learn that Ahadu spent part of his career on the floor of the American stock exchange. But a few years ago he decided to return home and use his work experience to help develop his native country of Ethiopia. He met the Dutch businessman Guido van Staveren at an international congress. Their mutual indignation about how coffee multinationals work plus their economic skills brought the men together. 'I didn't start selling coffee just to sell coffee; there are easier ways to earn money,' said van Staveren. 'What we want to do is change the coffee chain.'

Those are resounding words for what appears

to be the company's very small roasting machine. Can you storm the coffee market with this weapon? 'It's a beginning,' Woubshet agreed, 'but don't forget that we can process 60 thousand kilos of coffee beans a year with this equipment.' Real local roasting started only three months ago. In the two years prior to that, the coffee men contacted farmers, started a crowdfunding campaign and did some market research. 'The taste of the coffee has to be well attuned to the Dutch consumer.'

Van Staveren: 'We're beginners too, and it was quite a problem to get the right machines in Ethiopia. The country is no stranger to certain forms of bureaucracy,' he added with a laugh. 'Now we've finally started, and in the next few months we'll import the first shipments of roasted beans from our Ethiopian coffee-roasting company. Of course, we're just peanuts compared to the big coffee boys. But we believe that we're on the right road and that this approach deserves a place in the world of coffee. We also see this reflected in the big customers who join us.'

### Better wage for farmer Najief

Together with the one hundred small farmers he represents, farmer Najief from Jimma, the cradle of coffee, was the first of Moyee's suppliers. The first 25 thousand kilos was recently purchased from them, and that volume will quickly increase. Moyee is, in the words of van Staveren, 'one of the last of the chosen' that get a subsidy from the Private Sector Investment Programme (PSI) of the Ministry of Foreign Affairs, a programme aimed at stimulating Dutch businesses to invest in developing countries. With its own investment of 450 thousand euros and a PSI subsidy of 400 thousand, a new coffee-roasting facility will be built in Addis Ababa with five times more volume capacity.

So the brand of coffee that claims on its website that it wants to make development aid



Ahadu Woubshet, the manager of Moyee Ethiopia, in his coffee-roasting plant

history is itself dependent on subsidies? Woubshet continues to smile. 'You know, we could also have done it without that help, but then it would've taken much longer. We're competing with companies worth millions. My concern is that the farmers here quickly profit more from the coffee they grow. To begin with, we do that by paying 20 percent more for their beans than the market does! That extra money can be invested in the community.'

Just when I wanted to ask van Staveren again about the importance for the small farmer, he anticipated me: 'Of course journalists always ask how that extra money gets to the small far-

mer. Well, we're working on it. Of the 20 percent additional cost, farmer Najief can show that 10 percent was for the higher price he paid for to the other farmers for their coffee berries. The other 10 percent goes into investments like drying beds. That's more difficult to trace.'

The businessman in van Staveren is wary of getting too involved in how the farmers spend their money. Van Staveren: 'Before you know it, you're suddenly also responsible for the question of whether the money is being well spent. My fear is that Dutch customers are going to ask us to set up a school or dig a well, that classic NGO stuff.' That certainly isn't his point of departure

'What we want to do is change the coffee chain'

because farmers are also mini-businessmen, according to Van Staveren. 'Those men know themselves what they have to do with that money. Why should I have an opinion? Buy a flat screen, it's up to you!' But don't you have any extra responsibility as an investor in a developing country? 'Of course I understand that this is a shady area. But I'd rather work on this aspect with a good NGO.' He thinks that the real impact of the Moyee strategy on the farmers and on the country itself will be visible in about three years.

Back at the coffee-roasting plant, the most important moment has arrived: coffee time. But it's not that simple. Moyee is a high-end brand for the true coffee lover, and you have to find the right balance in the blend of berries, bitterness, earthiness, honey flavour and the at least 24 other taste nuances. Master taster, or cupper, Ashenafi demonstrates how serious coffee drinking is. The coffee is stirred, smelled, slurped and carefully tasted. With his eyes closed, Woubshet takes a sip and dreams about his future plans. 'Sure, we're raising the standards for coffee from Ethiopia, but everyone can follow us!' ■





Goyavier, Haiti  
99 km  
Port-au-Prince, Haiti

# Without her, Port-au-Prince doesn't eat

They're noisy, they carry bags filled with local products and they travel many kilometres each day: the 'Madames Sara', Haiti's travelling market women. Buyer, transporter and distributor all in one. How does their informal and organically rotating market system work? Eva Huson went to the Caribbean to find out.

by Eva Huson

'No, I won't go any lower. Not a cent'. 'Those heads of cabbage are pretty small. Come on, lower your price.' Two large women are standing straggle-legged opposite each other. In Creole, they loudly negotiate the merchandise on the ground between them: twenty heads of cabbage. It's Tuesday morning, and the regional market on the high plain of Goyavier, a village tucked into the green mountains of West Haiti, is in full swing. Farmers are sitting criss-cross throughout the marketplace. Beans and avocados lie on grimy mats or on the ochre-coloured earth. While the cassava snacks softly sizzle in their deep-fry fat, the air is filled with a cacophony of shouting sellers, bleating goats and the cackling of chickens tied to their cages. Most of the market is in the open air, where the Caribbean sun burns hotly and people sweat profusely. But, despite any discomfort, negotiations continue.

'Voila, I'll only buy a dozen from you and not one more,' decides Frederique Yolene, one of the women standing near the cabbages. The farmer opposite her, a steady business partner, nods her head in agreement. Yolene quickly grabs the cabbages and shoves them into a beige bag. It's already 11 o'clock, and she has to hurry.

Yolene is a Madam Sara, a travelling market seller who buys, transports and distributes agricultural products from the Haitian countryside. Just like the Haitian bird of the same name, the

Madames Sara are industrious, noisy and an ingrained part of the Haitian countryside. No one knows exactly how many Madames Sara there are in Haiti, but their activities are good for more than eighty percent of the extensive informal economy; they're the heart of the Haitian food system. Whereas a farmer often never goes further than the local market on the next hill, a Madam Sara easily transports crops ninety kilometres further to the capital city of Port-au-Prince. The women connect Haiti's 700,000 small-scale farmers with the consumers in the city. They form the central nervous system of Haiti, the backbone of the economy, the essential link.

Madames Sara can differ greatly from one another. The size and sort of their goods varies; some of them trade in seasonal vegetables, others sell separate products such as bags of rice. And the lengths of their work routes also differ. One woman crosses through a number of provinces with her merchandise, whereas the other prefers the market in the valley below her village. And while one operates her trade with just a handful of dollars, another may have donkeys or a piece of land where she raises crops.

'This is just the beginning,' says Yolene, pointing to the beige bag of cabbage heads. She first has to finish making her purchases at the market here on the mountain at Goyavier before descending with her heavily burdened donkeys. Not an easy journey because the path to the val-

ley is steep and bumpy. Halfway down the mountain, where the terrain levels out, there is always a group of boys with flashing sunglasses and bleached jeans: the motorcycle taxis. Yolene then writes her name on her merchandise and walks home while the young men tie the lumpy bags to the motorcycles and head down to the lower plateau. If everything goes well, the products arrive before 4 pm at a location where the road is paved and wide enough to support heavy trucks and where a truck driver takes charge of the goods. While the truck carrying Yolene's merchandise winds its way along Haiti's curving roads to Pont-Sondé, Yolene will wake around midnight and take another truck heading north. When she arrives at the market in Pont-Sondé,

her goods will be waiting for her, ready to be sold.

But back to the present. Yolene quickly notes down her telephone number for me on a slip of paper and disappears into the market crowds at Goyavier. Just above the noise of the blaring megaphone, her words float back to me: 'Call me if you're in Pont-Sondé tomorrow and I'll tell you more.'

## Designated a farmer

'Without the Madame Sara, the Haitian farmer would be at a loss', said Jean Levêque Beaulieu. He is an economist and the regional coordinator of ITECA, a Haitian farmers' organization that works to promote development in Haiti's rural

areas by, for example, training farmers in trade and agricultural techniques. Since 2012 ITECA has been a partner of the Dutch Cordaid in the area of food security. Beaulieu's words resonate through the upper storey of the regional office, a white villa just outside of the western city of Saint Marc. The building, with gaudy turrets and a wide circular staircase, belongs to a friend of Beaulieu and is now ITECA's temporary headquarters. Beaulieu's team of seven staff work and live here because it's too far and too expensive to make the daily commute home.

At the moment, ITECA is setting up a training programme for Madames Sara. This is an obvious step, Beaulieu explained, because the travelling saleswomen are crucial to the three thousand

Women farmers at the Goyavier market. They sell their produce to the Madames Sara, who then bring the goods to Port-au-Prince



© Jého-Nephitey Abraham

## Madames Sara are good for about eighty percent of the extensive informal economy



Madame Yolene has several donkeys that help her along the first, steep part of the journey from market in Goyavier

farmers whom he tries to support here in the province of Arbonite.

These farmers have a hard life. About 88 percent of Haiti's rural inhabitants, which is about half of the Haitian population, has to survive on less than two dollars a day. Just as paltry is the city dwellers' appreciation of the rural areas, according to Beaulieu: 'Farmers are shown little respect and are often considered ignorant. We even used to stamp the word 'farmer' on the birth certificate of rural inhabitants, which was crazy because you aren't born as a farmer but you become one. This stigmatization led to shame and taunting.' Even though former president Aristide did away with the farmer birth certificates in 1995, the consequences of this second-grade citizenship are still tangible. Basic facilities such as electricity or drinking water are hardly, if at all, available in the interior, and politicians still pay little attention to this region. 'And Haitians still use the word 'farmer' as an insult for someone who does something stupid.'

Nevertheless, Beaulieu prefers not to speak about a 'gap' between the city and the countryside, but rather 'a big difference'. 'There are more opportunities than before. The facilities in the city are still much better than here, but today's farmers can send their children to the city for a good education or for work.' That chances like this exist and that you can grab them is what Beaulieu is trying to make clear to the farmers in Arbonite via ITECA's programme aimed at making people more aware of their citizenship. 'Agricultural knowledge isn't enough. We're making farmers aware of their rights and duties as citizens so they can defend themselves and create opportunities.'

But such a campaign isn't enough for the farmers. In addition to the political and economic neglect of the rural areas, Haiti's agricultural

circumstances are very difficult ones. Half of Haiti's land is more than 40 percent steep and only a third of it is suitable for agriculture. 'And the fertile land is often covered with illegal houses,' Beaulieu sighed. Moreover, because of the lack of land and the need for charcoal, many hills have been laid bare, resulting in erosion, flooding and failed crops. Plus, many farmers lack the right techniques and the money needed to produce more and better. 'Some areas are as dry as a bone. With a good irrigation system, you could improve this and raise crops, but there's no money.'

In addition, Haiti seems to magnetically attract natural catastrophes. Besides the major earthquake there on 12 January 2010, for decades the country has been plagued by tropical hurricanes, floods and epidemics, all of which have led to the destruction of many hectares of

agricultural land and economic chaos. On top of all this, the Haitian market has been in stiff competition with its neighbours since the World Bank and the IMF stimulated liberalization in the 1990s. Cheaper Dominican vegetables and American rice flood the market of a country where the population is largely dependent on small-scale agriculture. Beaulieu regards this as a serious threat.

Nevertheless, he sees enough ways of improving agriculture in Arbonite. 'We work in a demand-driven way. At the request of the farmers, we give technical instructions on improving their production and we've also distributed good seeds.' But even though the farmers are now producing more, another problem has arisen. 'Access to the market is a critical issue. Harvests are better, but farmers literally can't get their products to the consumers.' This is partly

due to Haiti's poor and often unpaved roads, which make transport slow and costly. ITECA has therefore set up a road improvement project. But to really support the farmers in Arbonite, Beaulieu and his team are focusing on the farmers' biggest customer: the Madames Sara.

'Farmers can't bring their crops to the consumers themselves, and there are really no formal transport services here. The Madames Sara and their organically rotating trade system are crucial to them. ITECA thus wants to support the Madames Sara in Arbonite by building multifunctional centres along the national road where the Madames Sara can be instructed on how to better treat the crops. Beaulieu: 'During the trip, the Madames Sara often sit on top of their own merchandise or the products lie outside for hours in the hot sun. Neither factor helps the fruit and vegetables, which arrive at the customer's either

misshapen or rotten. Customers then pay less, and the Madam Sara consequently has less purchasing power for the products from our farmers. If we ensure that they can do their work better, faster and more cheaply, they'll eventually be able to buy more products from our farmers at a better price. It's a win-win situation for the whole food system.'

In addition to the training programmes, the Madames Sara can also rent storage space and a bed in the centres. The latter gives these women a place to rest and helps prevent them from becoming victims of sexual violence during their travels at night.

The project is still in its infancy. With Cordaid's support, ITECA has just purchased the first piece of land for the construction of its first centre. Beaulieu is ready: 'We're in the test phase now, but I hope that these centres will eventu-

### Cordaid Food Security

Cordaid's Food Security programme is specifically aimed at fragile states like Haiti. In such a fragile setting, the market is often disorganized, rural communities lack the basic facilities and the agricultural system has reverted to subsistence farming. With its 'From Conflict to Markets' approach, Cordaid tries to create economic opportunities for the local community.

For example, the NGO works together with a local farmers' organization to restore production and integrate farmers into the local and national economies. Trade relations are crucial to this because although they can sustain conflicts, they can also serve to build bridges. Precisely by working with various parties in a trade chain on common interests, mutual trust can grow. In Haiti, Cordaid Food Security works together with local partners, including ITECA. To make the food chain more efficient, this collaboration focuses on, among other things, strengthening the Madames Sara, who rule the local food trade and are big risk takers in the fragile Haitian economy.

ally be found all along the national road. In the end, the farmers cannot do without the Madames Sara.'

### Safety and finances

The ITECA centre still has to prove itself, but it's clear that, just like the farmers, the Madames Sara, don't have an easy time of it. Madame Yolene prefers not to discuss this. After a long night, she's arrived at the market in Pont-Sondé and is busily selling her goods from Goyavier. Here there are no breath-taking mountain views like yesterday's; this crowded market lies right next to Haiti's national road. No mountain breeze today, but rather the smell of waste and exhaust fumes.

This seems to make no difference to Yolene, dressed in the same clothes as yesterday. She's standing in the midst of a group of chattering



Above: Madame Yolene sells cabbages to Madame Jeune, with whom she had made a deal by phone  
Below: Two Madames Sara wait for transport. 'Sometimes you end up spending the night by the roadside, where bad things can happen.'

Madames Sara, and her voice can be heard above the noise of the pick-up trucks. 'It's a good day. I've just sold a bag of cabbage heads to Madame Jeune. We made a deal yesterday by phone,' she said with a wink. She was able to get six bags from Goyavier to Pont-Sondé last night. At ten o'clock this morning, there are only two bags left. While Madame Jeune's carrier boy sews shut the heavy bag of goods, Yolene counts up her profit aloud. 'The purchase and transport cost me about 33 dollars. I think that I'll go home later with 45 dollars. A 12-dollar profit.' And those at home will be happy: 'I have five children, one at university and four at secondary school. With this money I can pay for my transport home and buy some things for them.'

With her three donkeys, a piece of land and a large loan from the micro-financing bank, Yolene is a relatively successful Madame Sara. However, this doesn't protect her from the dangers of life as a Madame Sara. Although she thinks that everything is going 'fine' and that she doesn't need the facilities at Beaulieu's centres, many other Madames Sara feel differently. A forty-year-old Madame Sara elsewhere in Arbonite talks about the difficulties of transport at night: 'I often travel with a group of Madames Sara. But sometimes the truck doesn't arrive or it breaks down on the way. And bad things can happen, just like at police inspections. They often demand your money or your body.' And there's no assurance of safety at the markets either. 'Sometimes you arrive early and take a nap on top of your merchandise until the market begins. Robbery and sexual assault aren't uncommon,' added another Madame Sara, who sells tomatoes and papayas. A centre where the women can spend the night doesn't seem like too much of a luxury.

Financially speaking, many of the Madames Sara have problems. 'When you travel, you have to make a lot of payments,' the woman said. 'To the carrier boy, the truck driver or the market guards. That can go wrong. They suddenly ask much more than agreed upon. You can't really object because you're dependent on them.' The incomes of the Madames Sara vary, but the average is definitely lower than 13.9 dollars, which is Haiti's average weekly income. It's by no means a gravy train.

Yolene is relatively successful because of her

mother. 'At thirteen I was already working with her. She taught me how to work hard and keep your customers satisfied.' But like many other Madames Sara, Yolene hopes that her daughters won't have to follow in her footsteps. 'You do this work because you don't want any work that's even worse. But it's hard: lots of carrying and lifting. You work in the hot sun or sit on top of a truck in a tropical rainstorm. This isn't what you wish for your daughter.' But Yolene is also quite proud. 'As Madame Sara I can take care of my family and myself. And, together with the others, we're important for the Haitian economy. We ensure that everyone everywhere has a varied choice of food. I'm proud of that.'

Yolene's commercial trip ends in Pont-Sondé. But while she'll spend the afternoon looking for

a truck that will take her back home, other Madames Sara elsewhere will be getting ready for their long trip at night. First, they'll collect products from their own gardens, at a farm or, like Yolene, purchase goods at a market. Via other donkeys, motorcycles and trucks, it will be their turn to transport Haitian merchandise further away from the interior. Some of these goods will finally arrive on Saturday morning at the informal economic heart of Haiti: the Croix-des-Bossales market in the capital of Port-au-Prince.

### Croix-des-Bossales

'Do I earn enough? Not to feed five children,' stated a small Madame Sara. She refuses to give her name and tries instead to sell me a lumpy bag of avocados. It's nine-thirty on Saturday

morning and immensely busy at Croix-des-Bossales, Haiti's biggest market in the notorious slum of Cité Soleil. In Port-au-Prince, the market at Croix-des-Bossales is of great importance since two-thirds of what is eaten in the capital city comes from here. In addition, the prices at Croix-des-Bossales set the prices at the other markets in the city. It isn't unusual that this Madame Sara, with her stall at the edge of the chaotic market, doesn't want to give her name. This market isn't everyone's favourite. Croix-des-Bossales, once the centre of the slave trade, still occasionally functions as the battleground of aggressive gangs.

Nevertheless, Cité Soleil is now much safer than it was ten years ago when former president Aristide was deposed and a period of brutal killings and kidnappings followed. The current president, Michel Martelly, previously known as the kompa musician 'Sweet Micky', has made the capital city a bit safer again. The authorities are more visible thanks to agents patrolling the streets. But in addition to being dependent on development funds, Haiti's political stability also leans heavily on foreign powers. To combat brutal violence and threatening demonstrations, for example, Martelly still depends on MINUSTAH, the UN peacekeeping mission that has safeguarded peace and order in the country since Aristide was removed. Martelly hopes to soon make the peacekeeping mission unnecessary, but this is difficult because one of his predecessors disbanded the army in 1995 after the last of a number of coups d'état.

That Martelly's government lacks full control over its territory and that safety remains fragile were proven by, among other incidents, the recent armed attack on some Madames Sara in the

### Political fragility

The current president of Haiti, Michel Martelly, came to power after the 2011 election. Since then no elections have been held, and a considerable number of municipal councils and mayors have been replaced by acquaintances of the president. The parliamentary elections planned for 26 October 2014 were postponed and demonstrations protesting this were violently put down. Martelly's cabinet was dissolved in January 2015 after which he formed a new consensus government.

Croix-des-Bossales. 'I've been robbed before, but I'm not afraid, even though I prefer the market in Pétiion-Ville', said the small Madame Sara with the avocados as she pointed to Port-au-Prince's expensive neighbourhood in the hills. 'But you need transport to get up the hill, and I can't pay for that.'

That she and many other Madames Sara travel to the capital despite the safety risk is understandable: the market is bursting with potential customers. The city was once built for 300 thousand people, but Port-au-Prince has merged with the surrounding neighbourhoods to become one large urban area. From the biggest villas in Pétiion-Ville to the slum huts on the boulevards below, the city is filled with houses. Although the government is trying to implement decentralization programmes and thus remove the pressure on the capital city, about three million people, nearly one-third of the Haitian population, live in Port-au-Prince. So it isn't strange that the Madames Sara also know their way to this hilly city.

### Colourful fruit juices

'If something bad happens at Croix-des-Bossales, I notice it immediately,' said Katleen Jeanty, the 36-year-old owner of Haiti's first and only fruit bar BelFwi. 'Then the Madames Sara can't sell their fruit to the smaller Madames Sara who work in the neighbourhood's market and streets. And that's a problem because then I have no fruit.' For the past year, Jeanty has been serving colourful fruit juices, fruit salads and pancakes with fruit in her shop in Pétiion-Ville.

Jeanty and her shop are the last link in the Haitian food chain, but she hopes that her business will also support the preceding players in

the value chain. 'The fruit in Haiti is delicious, but it doesn't get to market without the Madames Sara. So I want to buy my fruit directly from the farmers and invest in up-scaling and improving their production. That way you can create a market and a qualitatively good agricultural sector,' she explained with a big smile.

Although Jeanty eventually wants to open more shops and stalls in Haiti, all of her attention is currently focused on BelFwi's first and only shop, which has been open for about a year. It's not easy to run a business in Haiti. Even though the basic facilities are much better in the city than in the countryside, it's still a struggle for Jeanty. 'I've been without electricity for four days now because the government is doing construction. They don't warn you, they just start to work. I have a generator, but it's broken. It's a challenge to invest in Haiti. You have to have a back-up of your back-up.' When her tablet, a Haitian brand, begins to ring for the umpteenth time in an hour, she sighs deeply. 'Personnel who you have to explain the same thing to over and over again are also more trouble than I'd thought.'

And the delivery of a strong pick-up van keeps getting delayed. This means that BelFwi still can't work directly with the Haitian farmers because there aren't any affordable formal services to get fruit from the rural areas. In short, until the van arrives, Jeanty has to depend on the informal services of the Madames Sara. Jeanty would, of course, prefer to formalize their task and do it herself, but that doesn't decrease her admiration for these women. 'If these women went on strike, Port-au-Prince would be crippled. They're crucial to the Haitian economy.' ■

# Crickets for cash and nutrition

The Flying Food project is building a livestock reserve in the form of crickets in Uganda and Kenya. The idea is to provide farmers with an income, and at the same time these insects are a cheap source of protein. But how do you go about setting up a new value chain?

by Selma Zijlstra



Farmer Siraje Kiyimba (left) and Natasja Gianotten (third from left) with farmers from the cooperative who show how they rear crickets

Eating insects is cool. Mealworm sandwiches were served at music festivals in the Netherlands last summer and Jumbo supermarket recently decided to include insects in its selection. Whereas in the Netherlands eating insects is still something for foodies, it's a common custom in Uganda. White ants and locusts in particular, deep fried and eaten whole, are a delicacy in this East African country.

The Flying Food Team (see photo) decided to elevate this tradition and started a project focusing on crickets in 2013. Crickets are easier to rear than locusts, which can only be caught twice a year in the wild. Small-scale farmers in Uganda and Kenya attend the cricket-week training, during which they learn how to rear the insects for their own consumption and also for selling. Food security specialist Marijke de Graaf of ICCO-Cooperation: 'The diet of the average Ugandan consists mainly of starchy products, and is therefore fairly one-sided. Protein-rich products, such as meat and fish, are expensive.' Flying Food's

**'In the future there won't be enough meat for everyone; insects are the solution'**

idea is to use crickets to create a reliable supply of a cheap protein-rich product. To do this the team is setting up a completely new value chain: the cricket chain is the first of its kind. Crickets not only need to be reared, they also need to be processed and marketed. The aim is that by 2017 two thousand farmers in Uganda and a similar number in Kenya can supply a domestic market of one million consumers.

## In a hurry

It's still early days, and this becomes clear during the Flying Food Team's field visit to Masaka in Central Uganda. Right now thirty farmers have started rearing crickets, and they still need to learn how to do this. One of the farmers is Siraje Kiyimba. He's growing the bugs in eleven different containers. As they grow, they are moved into different containers: babies are kept with babies, adolescents with adolescents, until they reach adulthood. Kiyimba opens the containers one at a time. But the older the crickets, the fewer of them there are. 'They keep dying, that's the problem.'

Maybe the conditions are too damp in the container; maybe the crickets eat each other up, or maybe they're not getting the right food. Natasja Gianotten of Jagran BV, an engineering consultancy firm that specializes in insects, commented: 'The farmers aren't used to rearing crickets. They're not the same as cows, which everyone knows how to look after.'

That doesn't mean that the farmers are not taking the matter seriously. Kiyimba is very serious about what he's doing. 'My aim is to reduce poverty and ensure there's enough food. In the future there won't be enough meat for everyone; insects are the solution.' He listens attentively to the information that the cricket rearing team provides, studiously making notes. But he's in a hurry: 'Madame Natasja, I have sixty farmers waiting who all want to rear crickets. When are we going to start selling?'

'We have to slow them down a bit,' said Erwin Beckers, the TNO project manager and also team leader of Flying Food, after the training session. 'The breeding process has to be going well first.' Once the frontrunners have got this established and are selling crickets, the rest will follow. 'We work via cooperatives, and from there we let the market do its work. If other farmers see that it works, they'll adopt the practice.'

For the project to be sustainable it's essential that all stakeholders, including farmers, invest in the value chain. Becker: 'We regard them as potential businessmen. That way the project will continue once we leave.'

The Flying Food Team: TNO (coordinator), VENIK, Kreca, NGN Pro-Active, Nostimos B.V., M. Ruig en Zonen B.V., Jagran B.V., ICCO, BoPInc and HAS University of Applied Sciences in the Netherlands; JOOUST University, ADS, MIXA Foods and Beverages and KBL in Kenya; and ICCO, ROCEA and BADDA in Uganda. The project is supported by the Netherlands Ministry of Foreign Affairs.

Column  
Ellen Mangnus

# Unchaining



The European Union blacklisting Kenya because it failed to observe the guidelines for using pesticides on vegetables intended for export. Global GAP that determines the cultivation techniques that farmers have to use. Jumbo and Albert Heijn supermarkets tossing away perfectly edible French beans because they're too long. I'm starting to feel very uncomfortable.

Stimulating development by means of value chains seems very one-sided here. We appear to be pursuing Western interests more than really stimulating the development of farmers and countries. Is this perhaps a modern form of colonization? To answer this question, we turned to two sociologists, Harriet Friedman and Philip McMichael. They claim that food supply has a strategic geopolitical function and in 1980 they introduced the concept of a 'food regime' as an analysis tool.

A food regime refers to a period characterized by fixed methods and ideas about producing, processing, distributing and selling food. In addition, a regime is also characterized by specific policy features, technological developments and broader social trends. It is an ideal that helps to understand changes in food production and patterns of consumption. The transition between two regimes is characterized by economic, social and/or political crises.

The first food regime identified by Friedman and McMichael ran from 1870 to 1930 and was characterized by large-scale importation. The middle class enjoyed tropical products from the colonies. Food production, which until then had been done in Europe, moved to the United States, Canada and Australia. Transportation improved and the vast amount of available land in these countries lowered production costs. The prices of products such as grain and maize decreased enormously. Great Britain was the most important player on the world stage, and colonies were subjected to the wishes of the Western elite.

The economic crisis in the 1930s and the Second World War formed the transitional period to the second food regime, which ran from 1950 to 1970. The population grew, and emphasis was on increased productivity and expansion. Specialization, mechanization and the use of pesticides were the

**Is the large and changeable world market the way to food security?**

results. Companies joined to form an 'agribusiness' that operated internationally. The United States now dominated international trade, and it also exported production methods and food to countries with food shortages in exchange for their support against communism. Developing countries were strongly dependent on the West, both for the export of tropical products like cocoa and coffee and for emergency aid in the form of food during crises. Friedman and McMichael argue that the emergency aid was really a hidden way of dumping surplus food from Europe or the United States.

According to these two writers, we are now in the third food regime, one with a divide. On one side we see movements such as the slow-food movement that oppose expansion, agricultural monocultures and long and complex value chains. This movement emphasizes biodiversity, local products and individual autonomy in food production as the road to food security.

On the other side, we have the increasingly complex food chains that provide the wealthier segment of the world's population with high-quality food. Since government has withdrawn from its role as a regulating authority, international companies have power and can set the production standards and quality requirements. In fact, McMichael argues that the value chains draw farmers, who used to grow for local markets, into competitive markets over which they have no control. With agricultural knowledge subject to intellectual property rights and in exchange for inputs and hybrid seeds, farmers have become the slaves of international companies. He suspects that value chain development projects will lead to the same results as the green revolution in Africa: a small percentage of consumers and producers benefit, but the total amount of hunger in the world does not decrease.

What does this analysis of food regimes tell us? My advice to development organizations is to think carefully about the question of what we intend to achieve with chain-development projects. Do farmers' situations improve when they're involved in a specific value chain? Is the large and changeable world market the way to food security? In some cases, the answer might be: UNCHAIN.

Ellen Mangnus works for KIT and is doing PhD research on small-scale farmers and traders in West Africa.

She and Marc Broere are co-authors of the book *Minder hypes, meer Hippocrates*.

# 10 lessons on interventions in value chains

Despite all of the experience with chain development in the past twenty years, the effect of chain interventions is often too small. In order to give future interventions a more structural chance of having a large-scale impact, SNV and KIT have learned by comparing five cases in which they were involved.

by **Yvonne de Hilster**

**T**he development organization SNV and knowledge centre KIT work together on clever solutions for agricultural development. They do so on the basis of practical, global knowledge and experience and in response to local opportunities.

But what exactly determines the success of chain interventions? Using five projects from their portfolios in which changes in the sector in question had large-scale effects, SNV and KIT distilled the most important elements for successful chain development. They also interviewed various donors, including the IFAD, the World Bank, CFC and DGIS. The five cases were about cocoa in Ghana, oilseed in Uganda, sesame in Burkina Faso, bananas in Zimbabwe and rice in Laos.

## Lesson 1: Make safe first choices quickly

Begin by limiting your project: where are you going to work, with which sector, subsector or crop, with which target group and what is the broader goal of the intervention? You can make these safe first choices quickly together with a few experienced experts on location. 'The first choices are the easiest. It's almost hard to make a mistake,' explained Peter Gildemacher of KIT. He was one of the researchers involved in the comparative study. 'You don't need a lengthy study of the existing situation to define your project.'

## Lesson 2: Identify opportunities, build on what already exists

'What you should realize is that you yourself can't create markets and economic effects,' Gildemacher said. 'Interventions can only trigger and hasten developments, enlarge effects or steer them towards a target group. A chain intervention has the most effect when you can benefit from existing developments in economic, demographic and political areas.' The pre-intervention scan should be a rough identification of opportunities. Only after the first safe choices have been made do you need deeper research to identify which interventions in the chosen sub-sector are useful.

For example, the development of the Ugandan oilseed sector in recent years was triggered by the quickly rising prices of imported palm oil. That made it interesting to locally grow a crop to replace the imported palm oil. The growth of the sesame sector in Burkina Faso was based on the increasing demand and price in the global market combined with poorer prices for cotton and less rain. In Laos, momentum for more of the most widely produced type of rice was triggered by the demand from neighbouring countries and because private parties became interested in selling rice. The controversial land reforms in Zimbabwe caused a shortage of bananas, thus creating space for small-scale banana production.

## Lesson 3: Work with what motivates stakeholders

The core of development is behavioural change. And the most important motivation for this, as the five cases have shown, is a higher income. Chain interventions that don't address the motivations or the need for change are doomed to fail.

In both the cocoa sector in Ghana and the oilseed production in Uganda, risk prevention played a role. Bernard Conilh de Beyssac of SNV in Kampala is involved in the development of the oilseed chain in Uganda. 'Other commodities are less risky than oilseed,' he said. 'If farmers feel supported by affordable agricultural services, they'll be more willing to invest in the production and trade of oilseed because this reduces the crop's risk. Of course, factors such as the availability of land, water, equipment and labour also play a role.'

In Ghana the cocoa buyers wanted to avoid the risks of a shortage of cocoa beans caused by low productivity and old plantations. At the same time, the internationally growing demand for sustainably grown cocoa insured the farmers of a market and income, and growing cocoa became interesting again.

The sesame trade in Burkina Faso was helped by the fact that farmers could grow sesame as an extra crop in addition to food crops for their families. In Zimbabwe the banana sector changed because traders appeared who sold bananas that had previously not been marketed. The farmers had new markets and the traders a new trade.

## Lesson 4: Be aware of the consequences of intervention

Everything that you do has consequences; in addition to positive effects for certain groups – the landless, women, young people, small farmers – the consequences may have negative effects or none at all. Make an overview of the expected effects, and decide what you can do to soften them where necessary and to ensure that they have a wider impact. You don't necessarily have to take those measures, Gildemacher said realistically; you can't always reach everyone. 'Although it's annoying for those not involved, the final purpose is a broad development, a return on the investments in your development efforts measured according to the number of people in your target group who benefit.'

The analysis of the successful cases yielded no ready-made answers about how the less gifted actors in the sector can also benefit. It appears that poor or unorganized farmers, young people and women don't always benefit directly from the developments. Sometimes because investments in, for example, new cocoa or banana plantations are needed, sometimes because a farmer has to have enough land to be able to produce enough to market effectively. And women often have less access to land, labour and capital.

Thanks to the transition from a monopolistic situation to a very competitive market in Uganda, the farmers in remote areas have become more dependent on middlemen, said Conilh de Beyssac from Uganda. 'Buyers and processors stay away because they have to offer competitive prices to buy as much as possible and buying in remote areas costs too much. And they no longer invest in production, whereas they used to provide inputs under the cost price. Such situations offer new opportunities for farmers' cooperatives, but those are slow developments.'

### Lesson 5: Reflect and react

Circumstances change during interventions, and sometimes the results change as well. Gildemacher of KIT: 'Take the case of bananas in Zimbabwe. Banana farmers were directly and successfully linked to a company that bought the bananas via a supply contract with possibilities for credit. But the success of the pilot gave rise to competition among the buyers; various companies started bidding on the bananas from small farmers. Contract-based agriculture could no longer be maintained, and the value chain development had to be supported by other activities.'

What works in a trial period may not necessarily work when applied on a larger scale. So allow yourself time to react to your surroundings and continue to ask yourself if your plan or design is still the right one. Gildemacher: 'Think permanently about the need for change. Is the goal still a good one? Are the activities suitable? What has to be adjusted? A chain intervention shouldn't be about whether or not you carry out your original plan or do exactly what you'd promised. It's about achieving your goal. Working and reflecting like this is bothersome for many executing organizations, which is why it's good to include reflection in the design of a project.'

This can be done by, for example, appointing someone to be responsible for organizing internal reflection. In Uganda, this is one of the roles of the oilseed platform. 'They bring together important information and knowledge and they voluntarily keep an eye on developments in the sector. The platform also stimulates policy discussions, enables collective actions and functions as a network for businesses,' explained Conilh de Beysac.

### Lesson 6: Steer straight away towards a large-scale effect

If you don't immediately begin by steering towards a large-scale impact, you might realize a small success but never one that will contribute to a bigger, future success. Pilot projects should therefore take place under realistic conditions.

Gildemacher: 'Let's say that you're doing a project with four groups of farmers. You achieve success by using a lot of means, and then you want to apply this method to a hundred other groups of farmers. That's going to go wrong. As soon as you begin working with the first four groups, your plan has to take an eventual upscaling into consideration. The real impact will be made elsewhere, beyond the first four groups of farmers. Organizations sometimes seem to almost marry the people they work with. But for an intervention with a large-scale impact, you should be able to say that it's time to move on.'

### Lesson 7: Combine various activities

Analyses have shown that, unfortunately, changes made by just one silver bullet are the exception and that a successful chain intervention isn't a chronological process. 'For permanent results, things have to change at the level of the farm, the chain level and the institutional level. In other words, the enabling environment,' said Gildemacher. 'And you have to start with all of these levels simultaneously.'

Change at the institutional level is often the most difficult; examples are setting quality standards, reaching a public-private cooperative agreement and policy changes like market liberalization. In Laos, for example, the institutional activities were focused on creating more opportunities to export rice, and cooperation within the rice sector was stimulated.

In the activities, it's important to find a balance between those with a direct impact, such as training programmes to raise the farmers' productivity, and activities that have a more long-term influence on the system, including improving the cooperation among diverse agricultural advisers. Gildemacher: 'The focus of interventions in value chains often lies on the actors in the chain, that is the farmer and the supermarket. But that only results in market security. It's better to simultaneously also focus on cultivation techniques and commercial problems; those are more important for achieving strong results for farmers.'

You can bring about large-scale changes at the business level particularly via good supporting services that provide access to inputs, information, research and financial services. Gildemacher: 'Those services are really the link to the large scale because one day you'll be leaving the location.' During the development of the banana chain in Zimbabwe, there was a conscious mix of local advisors from the public information organization, local NGOs and companies. This provided the best guarantee of long-term services and the opportunity to benefit from existing networks and knowledge.

### Lesson 8: Find the right partners

For widespread impact, alliances need to be created between public and private parties, farmers' organizations and civil society, i.e. NGOs, each with their own strengths and opportunities. Public parties, for example, are the ministry of agriculture and organizations that offer information, research, certification and quality control. Gildemacher: 'You can't operate without the right partners, preferably all of them being organizations that will remain available to provide services to the sector.'

There may be reasons for choosing to run a pilot with more parties than strictly necessary, said Gildemacher. 'Via a temporary intervention, you try to convince an organization with a permanent mandate to continue along your trajectory and you do this by involving them right from the start. Those who were part of the learning process internalize the experience. This is how you sow change. In addition, this is in keeping with steering towards large-scale impact: if you start working with only four groups of farmers, then strictly speaking you don't need anyone else; but in order to upscale, you need a coalition of strong and diverse parties.'

In the pilot phase, which is often pre-competitive and thus serves a wider general interest than only that of the economic actors involved, a broad coalition is logical. That changes when you upscale; the accent shifts to permanent, cost-effective services and production under competitive circumstances.

In the case of bananas in Zimbabwe and oilseed in Uganda, the pilots began with one single company. 'Perhaps it would have been wiser to have immediately involved more companies because, if you want to upscale, you'll need them,' said Gildemacher. In Zimbabwe, however, only one company wanted to invest time in the pilot, a trader who bought bananas. In Uganda, the initiative was taken by the biggest importer of palm oil, and logically they had little interest in involving their competitors. The competitors were later brought in by SNV.

### Lesson 9: Don't expect businesses to be philanthropic for the sake of public interest

In both experimenting and upscaling, businesses are essential partners. But their most important role is that they do their work: take market risks and buy, process and sell agricultural products.

'That is the area in which businesses can contribute to large-scale developments,' according to Gildemacher. Don't expect too many extras from companies for the sake of charity. 'They can invest only a limited amount in combating poverty, especially in the case of strong competition among various buyers. In Burkina Faso, for example, the buyers of sesame compete on price. The highest bidder during the collection season has the biggest chance of meeting its market demand. Two companies that invested by giving information and inputs on credits for delivery had to withdraw these services when farmers sold to the highest bidders despite the contracts. Companies can invest in large-scale investments and in expanding and improving their business operations. That's where you should look for the common interests between businesses and small farmers.'

Because the risks in the pilot phase are high, more public investment in this phase is justified. Gildemacher: 'In the innovation phase in particular, you can't expect large private investments in developing countries.' The trial phase needs public investments and public-private cooperation. Building capacity and organizing small farmers is work for the consultants of public and private organizations, NGOs and producers' organizations.

### Lesson 10: An independent party is essential

A successful intervention needs a coordinating element, an independent party that brings together public and private parties, that organizes farmers and links them to input suppliers and to financial service providers, and that improves both market opportunities and information for agricultural businesses. Companies are often suspicious of public parties, and producers often think that a private party is not independent enough. Governments cannot assume the role of coordinator either, Gildemacher added. 'Companies in Africa consider the government to be ineffective. They often say that if the ministry of agriculture is involved, then nothing will get done. So that works against you.'

In the cases studied, NGOs played an important coordinating and stimulating role except in Ghana, where semi-government bodies assumed this role. Nevertheless, Conilh de Beysac of SNV in Uganda cautions about using NGOs in this area. 'They fill the gaps and are an easy channel for donor funds. But, in fact, they play a commercial role and hinder the rise of commercial service providers in the developing sector.' ■

# 'Why are there no mandatory requirements for fairness?'

The development cooperation sector is devoting increasing attention to linking the buying done by companies to economic and agricultural development. For the concluding article of this special edition of Vice Versa we held a round-table discussion with four experts, looking back on trends and developments and the lessons learned. The subjects touched on included corporate social responsibility, trust and dividing up the cake.

by **Joris Tielens**

Four experts, representing the Dutch government, knowledge institutions and an NGO, met up at the Netherlands Ministry of Foreign Affairs to reflect on their experiences with trade chains, agriculture and development cooperation. What general trends and developments are discernible from recent years?

'We have gone from trade chains being regarded as a problem to seeing value chains as a solution,' was how Marcel Vernooij started the session. Vernooij is in the management team of the Sustainable Economic Development Department at the Ministry of Foreign Affairs and thinks that globali-

zation is now conceptualized differently. 'In 1999 there was the "battle of Seattle" anti-globalization protest at the WTO meeting. Now there is more consensus about the fact that we live in one world in which economic globalization needs to be matched by social globalization. Whereas world trade was previously regarded as the bad guy, the approach is now more business-like. Trade leads to economic growth and, with the right preconditions, can also contribute to poverty alleviation.' Attitudes have also changed when it comes to problems in value chains, Vernooij believes, and he cited the example of the article on French beans in

this special edition (see p. 36). 'The sector provides employment and income. When things go less well, it's no good deciding not to sell the beans; it's better to use your influence as an economic player to increase sustainability.'

In line with this, businesses are generally regarded in a more positive light, in Vernooij's view. 'Ten, fifteen years ago multinationals were regarded as the baddies by definition. Whereas there used to be more reason to be critical of companies, now sustainability and responsible buying has become much more their core business. We certainly don't come across as purely naïve and optimistic in our dealings with businesses. We ensure they make binding commitments on corporate social responsibility, but we work from a basis of mutual trust.'

Anna Laven, who works for KIT, asked Vernooij about the role of government. 'I lectured recently to second-year development studies students,' commented Laven. 'They were very critical about the opportunities for accountability in the private sector and asked about the role of the government in directing this process. I notice that tension exists in the appeal we make to companies' shared values: between their intrinsic motivation to change voluntarily on the one hand and the government's desire to impose preconditions on the other.'

Vernooij: 'It's often a matter of upholding

existing legislation and regulations, but governments are not always capable of doing so effectively, as is the case in the textile sector in Bangladesh. At the same time we observe a worldwide withdrawal of government intervention.' Nevertheless, Vernooij does not regard private-sector involvement as voluntarily motivated. 'A company has an economic contract with its customers. You buy something from a company because you are satisfied that it fulfils a number of preconditions you have set. This power is underestimated by civil society. But governments need to be more alert in safeguarding minimum preconditions.'

## Government guidance

'I don't think governments go far enough in this,' said Rued Ruben, an economist at LEI-Wageningen UR. In his view, the process of making value chains more sustainable is not going fast enough. 'We've agreed on all sorts of quality requirements, but now it's a matter of whether the government should be making mandatory requirements regarding fairness. This is a complex issue, but we need to address it. Why shouldn't we have European legislation on the minimum amount of labour remuneration that should be included in the price of a product?' Ruben does not regard consumer freedom as sacred. 'The CEO of McDonalds recently made an interesting statement. McDonalds no

longer leaves all choice to consumers, but makes certain choices itself, in this case, to use sustainable coffee in its restaurants.'

Back to the role of government. This is not prominent in fragile states, where a risky environment means that businesses also invest little, according to Edith Boekraad of Cordaid, an NGO that runs an economic programme directed at fragile states. 'Take Heineken for example: the company has its doubts as to how realistic it is to operate in Congo as a company (see also p. 51). On the other hand, well-functioning markets contribute to increased confidence and stability in a country. Bringing parties together and giving farmers access to markets can restore cohesion.'

Boekraad questions the importance of chain approaches for the issue of food security, however. 'It's suggested in the introduction to this special edition (see p. 4) that the chain approach was inspired by the food crisis, the need to produce more food to feed the world's population. It is questionable however how much effect the chain approach has had on those who are the least food secure.' Value chains are a nice way of conceptualizing things, in Boekraad's view, but we mustn't lose sight of the reality in Africa. 'Participation in trade chains is out of the reach of many small-scale African farmers. Nevertheless, small farmers in developing countries produce seventy percent

'Interventions in chains don't pay enough attention to power relations'





**Edith Boekraad**, director of the Food Security business unit *Cordaid*, one of the major Dutch development aid organizations



**Ruerd Ruben**, economist and programme manager for food security, sustainable chains and impact analysis *LEI-Wageningen University and Research centre*



**Marcel Vernooij**, manager in the Sustainable Economic Development Department (DDE) *Dutch Ministry of Foreign Affairs*



**Anna Laven**, senior adviser on sustainable economic development and gender *KIT*, a not-for-profit knowledge and expertise organization for international and intercultural cooperation

of the world's food. A market approach that is not relevant to this group is therefore not the most intelligent way of contributing to food security.' Boekraad emphasizes that the link with poverty alleviation and food security must remain the prime focus in interventions aimed at chain development.

Nevertheless, Vernooij also believes that small-scale producers stand to gain more and more from supplying new markets. 'There is a growing middle class in Africa, which is starting to buy food in supermarkets. And these supermarkets make the same demands as those that operate in international chains. Then the crux of the matter is that this must work for primary producers in a country, and thus ultimately have an effect on food security. If farmers' incomes rise as a result of urban development, this helps solve food problems in rural areas too.'

Ruben: 'In the development cooperation sector we've been trying to stimulate farmers' production for the last thirty years, and then trying to find a market for the produce. The chain approach has reversed the thinking: where are the consumers, and how can farmers be linked up with them?' Boekraad concurs. 'We've changed how we go about interventions. It's not just about the production level, but how things are arranged further along in the chain. I regard chain thinking above all as an analytical tool. But improving the position of small-scale farmers remains a real challenge.'

The problem, said Ruerd Ruben, is that it's very difficult for small farmers in developing countries to deliver the volume and quality required to secure a good position in the chain. 'This requires more specialized production, which is risky for a small farmer. Market transformation towards more specialized agriculture, the concept that the Sustainable Trade Initiative (IDH) is based on, is very difficult to achieve with small farmers, let's be honest about that.'

'Indeed, it's impossible for some farmers,' added Vernooij of the Ministry of Foreign Affairs. 'It requires competencies that they don't have. You can't blame them for that.'

Ruben: 'Of course not. But it does mean that to some extent we're avoiding the issue. I don't have the answer myself either. We don't pay enough attention to the crops that are most important for food security – grains and root vegeta-

bles. There's been very little market development here either.'

### Negotiate better

The key to a well-functioning chain, in Ruben's view, is trust. 'Politically speaking this creates stability in a country, but is also valuable from the economic perspective. When there is more trust, which has to be built and earned, it's easier for stakeholders to discuss problems in the chain with each other, to talk about prices and quality requirements. And if agreements can be reached on these issues and contracts drawn up, risks for the farmers are reduced.' The essence of chains is trying to build up these kinds of relationships. But many chains in developing countries exhibit nowhere near the level of collaboration we see in the Netherlands, for example between dairy farmers and the dairy industry. This is ultimately because of the conflicting interests when it comes to price.'

The discussion turned to the subject of bargaining position. 'There's still very little happening in this area,' commented Anna Laven. 'Chain interventions are mainly related to efficiency and the end product and far less to do with shifting relations within the chains.' Boekraad protested: 'Cordaid has had a project on pepper, together with IDH and the spice manufacturer Verstegen. One of our roles as an NGO has been to give small-scale producers more say and to equip them so they are able to bargain.' Laven agrees that much attention is being paid to strengthening the position of farmers through organizational changes. 'But looking at the cocoa sector, most of this is

functional. Farmers are being organized so that they can receive a particular service, such as agricultural extension. But that's still not real investment in strengthening farmer organizations and their management.' In the end it still comes down to price negotiations, said Vernooij. 'Maybe farmers need to be equipped with better negotiation skills to be able to do so.'

'You are all far too positive,' responded Ruben. 'The situation is dramatic. There are very few independent farmer organizations in Africa, and the ones there are devote little attention to improving the position of farmers in value chains. Farmers' say and their share of the value that they receive compared with that of the other players in the chain remain extremely low. The article on beans in Kenya illustrates this very well. Within the chain, 40 to 45 percent of the price that consumers pay still goes to the supermarket.' In general, according to Ruben, most improvements in efficiency have taken place within the processing sector. 'But most of the value still resides in the links at the end of the chain: transport, distribution and retail.'

More local processing of products in developing countries would help create employment and value there, in Ruben's view. 'Why don't we have chocolate bars from Ghana and coffee that's been roasted in Uganda or Ethiopia? There are still too many intermediary stakeholders in the chain and as a result the bargaining power of those at the lower end has not increased much. If you look at price distribution, there is no tropical product for which more than 8 or 10 percent of the value remains in the country where it was produced.'

Other sectors, such as transport, packaging and roasting could piggyback on more local processing, all of which would result in more economic growth.

An example of local processing is provided in the article on the coffee that Moyee Coffee roasts in Ethiopia (see p. 62). Laven: 'What Moyee does is appealing. But you have to look closely at the economic feasibility.' Setting up local factories to process products is very expensive, according to Laven, and if it costs more than the value it adds, you shouldn't do it.

## 'You are all far too positive; the situation is dramatic'

Coffee, said Vernooij, is roasted close to the customers because it has to be freshly roasted. 'Of course it's fine that coffee also gets roasted in Africa; it could open up new markets.' But here you're talking about a small number of successful farmers who can supply a high-quality product. 'Not everyone can afford the most expensive Arabica coffee. This won't provide any solutions for the large group of farmers who continue to produce for the lower end of the market. It's not going to the American or European market.'

### Flavour

Anna Laven thinks there's another way of getting more money to farmers: 'You could add flavour to

the sustainability formula. "Fine-flavour" cocoa commands a high price: high-quality cocoa with a special taste. In this case you're not asking consumers to pay more for a process that should already be good; you're asking them to pay more for something tasty, something with more flavour.' Here the farmer still often only gets 4 to 5 percent of the retail price of a bar of chocolate, but because it costs 7 euros instead of 1 euro, the farmer gets more money. Laven: 'The distribution of value within a chain has been a subject of debate for a

long time, but that doesn't mean it just changes of its own accord.'

Laven points to the fact that value chains can include farmers or exclude them. 'Buyers compete for the better-organized farmers – those who can supply quality produce – because of the high demand for sustainably produced and certified products. Farmers have little room for freedom because of the way companies work. A farmer sells to company A, receives training from company B and credit from bank C, but is unable to make informed choices concerning any of these.' On the other side, farmers who are unable to fulfil requirements are excluded from participating in a chain. 'And the more requirements there are, the

more exclusion there is,' said Boekraad. Laven: 'Absolutely. The tendency to exclude actors is an inherent characteristic of chain development, you could say.'

There is also likely to be a shortage of cocoa farmers in the future because farmers earn too little and the new generation sees little future in the sector, Laven added. 'Neither policymakers nor businesses have a vision of the cocoa farmer of the future. A government may say it doesn't discriminate, but people who have no land or women, who are not on the radar, are excluded.'

In Vernooij's view, it's not up to the private sector to solve this problem. In a country like Ghana, the government should create policies that make it attractive to continue farming, in the way the Dutch government's agricultural policy does. 'The absence of decent agricultural policies with a social component is abominable.' As a country's agricultural sector develops, it is normal that some farmers become bigger, that the number of farmers decreases and that more people start to work outside the sector – all present agree on this. 'But without good government policies it becomes a cold-blooded cleansing operation,' commented Vernooij.

Ruben: 'There needs to be good education in rural areas so that people can find other jobs. People need to be able to become bakers or bicycle repairers. That doesn't happen enough in Africa.' In Ruben's view, NGOs sometimes lean too much on projects that encourage very small-scale farmers to continue farming. 'In the short term that's a logical step; people have to eat and live. But it doesn't work in the long term. Companies base their selection on much more. Unilever, for example, chooses tea farmers in Kenya who are likely to be successful'. Nevertheless, Laven observed, companies provide incentives for small farmers to continue producing a certain product, while they might actually be better off if they stopped farming.

The maintenance of an agricultural sector, good education and good policies: an environment in which a value chain can have a positive influence is often absent. Summing up, Ruben expresses an opinion shared by all around the table: 'Despite all the attention that chain development has received in recent years, too little attention has been paid to the context in which chains exist.' ■





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