



Workshop Report

FAO-NAMC Expert Consultation

on the Role of Commodity

Associations in Agricultural

Supply Chains

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Food and Agriculture Organisation of the United Nations
(FAO)

National Agricultural Marketing Council of South Africa
(NAMC)



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TABLE OF CONTENT

OBJECTIVE OF THE WORKSHOP.....	1
RECOMMENDATIONS OF THE WORKSHOP.....	1
1. WELCOME, INTRODUCTION AND KEYNOTE ADDRESS	2
1.1 Welcoming note: Ms Ntombi Msimang, NAMC	2
1.2 Introduction to the workshop: Experience with commodity value chain associations around the world: Mr Andrew Shepherd, FAO, Rome.....	2
1.3 Keynote address: Commodity supply chains to unlock agricultural potential in South: Mr Andrew Makenete	4
2. COMMODITY ASSOCIATION EXPERIENCES.....	6
2.1 Milk Producers Organisation (MPO): Dr Koos Coetzee	6
2.2 Field Trip to BKB Ltd. organised by Capewools	7
2.3 Inter-professional associations in France and Francophone Africa: Mr Jo Cadilhon...	8
2.4 The wool supply chain: Mr Andre Strydom	9
2.5 Botswana Horticulture Council (BHC): Mr Michael Diteko.....	10
2.6 South African Poultry Association (SAPA): Mr Kevin Lovell	11
2.7 National Wool Growers' Association (NWGA): Mr Leon de Beer	11
2.8 Red Meat Producers' Organisation of South Africa: Mr Gerhard Schutte.....	12
2.9 Malawi's Grain Marketing Advisory Council: Mrs Grace Majiga Mhango	13
2.10 Zambia's Stock Monitoring Committee: Mr Jacob Mwale	16
2.11 South Africa Horticultural Growers: Mr Louis van Zyl	18
2.12 South African Mohair Association: Mr Deon Saayman	21
2.13 The role of the public sector in association development: Mr Pearson Jasi-Soko....	23
3. WORKING GROUPS	25
3.1 How can the expertise in associations, forums and other consultative mechanisms in South Africa be used for the benefit of other African countries? Moderated by Prof Andre Jooste.....	25
3.2 Are value chain associations relevant to other Southern African countries and, if so, how can they be promoted? Moderated by Mr Jo Cadilhon.....	26

4. CONCLUSIONS – WORKING TOGETHER: HOW CAN LINKAGES BETWEEN ASSOCIATIONS IN THE REGION BE DEVELOPED? Moderated by Mr Andrew Shepherd 28

LIST OF ACRONYMS

ACE	- Agricultural Commodity Exchange
AGRA	- Alliance for Green Revolution in Africa
AFMA	- Animal Feed Manufacturers' Association
AISAM	- Agri-Input Suppliers' Association of Malawi
AMDP	- Agricultural Market Development Plan
ARC	- Agricultural Marketing Council
BAZ	- Bakers' Association of Zambia
BEE	- Black Economic Empowerment
BHC	- Botswana Horticulture Council
COMESA	- Common Market for Eastern and Southern Africa
DFTS	- Dried Fruit Technical Services
DTI	- Department of Trade and Industry
FAO	- Food and Agriculture Organisation
FAM	- Fertiliser Association of Malawi
FEWSNET	- Famine Early Warning Systems Network
FIPA	- French Inter-Professional Associations
FUM	- Farmers' Union of Malawi
GDP	- Gross Domestic Product
GLA	- Grain and Legume Association of Malawi
GMO	- Genetically Modified Organisms
GTAZ	- Grain Traders' Association of Zambia
GTPO	- Grain Traders' and Processors' Association
GPTA	- Grain Producers' and Traders' Association, Malawi
HODOM	- Horticulture Development of Malawi
MACE	- Malawi Agricultural Commodity Exchange
MDG	- Millennium Development Goal
MALEZA	- Malawi Enterprise Zone Association
MAZ	- Millers' Association of Zambia
MPO	- Milk Producers' Organisation, South Africa
NASFAM	- National Smallholder Association of Malawi
MMA	- Malawi Milk Association
NAMC	- National Agricultural Marketing Council, South Africa
NWGA	- National Wool Growers' Association, South Africa
PAMA	- Paprika Association of Malawi
RATES	- Regional Agricultural Trade Enhancement Support Programme
PIAM	- Poultry Industry Association of Malawi
PPSA	- Pear Producers of South Africa
RPO	- Red Meat Producers' Organisation, South Africa
RSA	- Republic of South Africa
SAAPPA	- South African Apple Association
SADC	- Southern African Development Community
SAHTA	- SA Honey Bush Tea Association
SAOLIVE	- South African Olive Industry Association
SAPA	- South African Poultry
SIT	- Sterile Insect Technique
SMC	- Stock Monitoring Committee
UFH	- University of Fort Hare
STAM	- Seed Traders' Association of Malawi
WFP	- World Food Programme
ZNFU	- Zambian National Farmers' Union

OBJECTIVE OF THE WORKSHOP

The objective of this workshop was to get a good understanding of the role of commodity associations in agricultural value chains. In particular, the workshop aimed to share experiences of South African associations with value chain actors from southern African countries. In efforts to achieve these objectives, commodity association representatives were invited to make presentations, as were a number of government officials.

By “commodity association” in this context, the FAO refers to associations that represent all or several stages of a particular commodity chain, such as farmers, traders, processors, importers or exporters.

RECOMMENDATIONS OF THE WORKSHOP

Recommendation 1: *It was strongly recommended that contacts developed during the workshop should be consolidated and extended, and that sub-regional organisations should be promoted for particular commodities.*

Recommendation 2: *Commodity association representatives should collaborate more closely, both nationally and internationally. Such collaboration offers potential for mutual benefit. The South African commodity associations can learn how to successfully integrate smallholder farmers while advising the other African value chains of suitable models for such associations.*

1. WELCOME, INTRODUCTION AND KEYNOTE ADDRESS

1.1 Welcoming note: Ms Ntombi Msimang, NAMC

The chairperson of the National Agricultural Marketing Council (NAMC), Ms Ntombi Msimang, officially opened the workshop and welcomed all the delegates to the workshop. She expressed her sincere gratitude to all participants, especially to those delegates who had come from other countries to be part of the workshop. She went on to highlight the theme the workshop.

Ms. Msimang acknowledged the good working relations between the NAMC and the Food and Agriculture Organisation of the United Nations, (FAO). She pointed out that this was the third conference organised by these institutions since April 2009. The first workshop dealt with ***Contract Farming*** and the second covered ***the role of NGOs in linking farmers to markets.***

In an attempt to make every attendee feel welcome and also to break the ice, she asked all participants to introduce themselves. The delegates then introduced themselves to the meeting, indicating the country and the organisations they represented.

1.2 Introduction to the workshop: Experience with commodity value chain associations around the world: Mr Andrew Shepherd, FAO, Rome.

Mr Shepherd introduced the workshop and its theme with a presentation on the work he had conducted with value chain associations in other parts of the world. He stated that commodity chain associations and other organisations bring together a wide spectrum of interest groups related to a particular commodity or sector in a particular country. Such bodies can include individual farmers or their

associations, crop buyers, processors, distributors and exporters, as well as suppliers of support services and, in some examples, government representatives. He went further to outline the potential roles of such associations or organisations as:

- Improving policy formulation and implementation by promoting communication between a sector and government;
- Improving communication within a chain;
- Facilitating contract farming;
- Providing information for chain actors;
- Promoting products.

He added that in Canada and some other countries there are no associations of this type but value chain round tables. These carry out some functions similar to chain associations but primarily function in an advisory capacity to the Ministry of Agriculture, which usually provides the secretariat. The advantage of having a round table is that it provides a voice for commodity sectors without either the need to form an association or to bear the cost of running an association. However, it may not be representative of the entire sector.

The FAO has carried out several commodity association case studies.¹ Membership of the associations studied varied from associations of associations, through associations with individual members, to hybrids with national associations, individuals and government bodies as members.

All these associations carried out product promotion. These promotions were done both locally and overseas. In Mr Shepherd's view, evidence suggests that existing associations have been successful in influencing policy formulation. Some had the foundation to work further with governments to address policy formulation weaknesses and develop necessary enabling environments. Success

¹ see <ftp://ftp.fao.org/docrep/fao/012/i0945e/i0945e00.pdf>

had also been noted in promoting communication within the chain, brokering agreements between chain participants, providing market and other information to members and also improving the quality of members' produce.

Despite the areas of success stated above, a problem with commodity associations as identified by Mr Shepherd was that they faced difficulties in mobilising funds and lacked long-term guarantee of government or other external support.

1.3 Keynote address: Commodity supply chains to unlock agricultural potential in South: Mr Andrew Makenete

Mr Makenete, from Land Bank, South Africa, started by indicating that he was going to speak on policy issues in South Africa in general. Key to his presentation were the following points:

- How industrial policy has failed to deliver in South Africa.
- How policy has failed as an enabler or as a key to unlocking value chains.

He defined value chains according to the definition of Michael Porter, focusing on the relationship between various actors within the value chain as well as the policy environment that dictates the success of the entire value chain. Mr Makenete described failure as a chain reaction; hence there was a need to look at the value chain in its entirety. He reviewed different activities in the value chain, such as generic value, logistics and procurement.

Mr Makenete said the primary role of the Land Bank was to finance agriculture. It invested heavily in co-operatives that were close to the farmers, so as to use them to monitor the farmers on behalf of the bank. Each step along a value chain is considered as a map that the bank uses to determine those points that need intervention.

In that regard, he highlighted what in his view is the strength and weakness of South African agricultural supply chains. On the strength side, he briefly explained the existence of well-established industries such as wine, horticulture, ostrich and wildlife. The old and declining industries were maize, wheat, forestry, cotton, oilseeds, wool and mohair.

He further argued that although the 2007 National Industrial Policy Framework was meant to improve lives of the rural poor, it did not recognise agriculture. According to him, it was necessary to achieve agricultural industrialisation as part of supply chain development. In this case, he focused on cotton, which was a small and declining industry but had a lot of potential. The cotton industry was failing because of poor analysis of the value chain. The South African government focused on the clothing and textile industry instead of the entire chain.

The speaker also touched on a few success stories from abroad which could serve as important lessons for South Africa. In this case, he mentioned the success stories of Chilean wine, Brazilian ethanol development and Kenya's cut flower industry. In his opinion, the success of these value chains from these countries can act as a lesson to RSA as they show that value chains can be started from nothing. The Chilean wine industry, for example, developed a value chain from scratch by identifying a market in the United States of America, together with the exact specifications of the wine required by that market, before starting the industry. With that information they went back to produce the products demanded by the American market.

Lack of collateral is a problem faced by the Land Bank. The Bank has approached the government to ask for guarantee fund schemes. Before funding, the Bank talks to other funders to see what and how much they can fund. It also

tries to involve the departments or organisations that can supply other things besides money, e.g. skills training.

Mr Makenete concluded by saying that South Africa needs a pro-growth legislation and regulation which facilitates the growth of South African value commodity chains.

2. COMMODITY ASSOCIATION EXPERIENCES

2.1 Milk Producers Organisation (MPO): Dr Koos Coetzee

Dr Coetzee, from the Milk Producers' Organisation (MPO) started by describing the role of the MPO, which is to empower and represent milk producers. He then explained the different services offered by the MPO, namely:

- Market protection and expansion;
- Information;
- Technology transfer;
- Communication;
- Member services.

According to Dr Coetzee, the role of the MPO as a market protection guarantor is to monitor all imports. It helps the milk producers expand their market through, for instance, generic advertising and promotion of milk at school. The MPO launched a milk industry information project, which is meant to gather data through news media and press releases, for instance. As part of its technology, development and training programme, it trains workers, farmers and emerging farmers as well as embarking on mentorship projects, initiating conferences and issuing handbooks.

Print media such as the *Dairy Mail*, which covers issues of interest to milk and juice retailers, is used for purposes of communication. Dr Coetzee mentioned

that the MPO has also begun using the radio as part of its communication and advertising strategy. With regard to member services, Dr Coetzee explained how his organisation liaises with provincial and municipal structures within the region. The MPO is also represented in international forums, national forums, and organised agricultural bodies/unions such as the National Agricultural Marketing Council (NAMC).

2.2 Field Trip to BKB Ltd. organised by Capewools

As part of the workshop, the delegates were taken on a tour to the BKB Ltd. wool auction, organised by Capewools. The aim of the visit was to see how the wool auction is run and to see the processes involved before the wool is exported.

- The presentation showed that wool is one of the best examples of a product for small-scale farmers;
- The prices of the wool for small-scale farmers have improved over time;
- The total value of wool from small-scale farmers has increased and this can be attributed to the Livestock Improvement Scheme.

It was also indicated that most wool is exported in raw form. China and Italy are the main destinations of exported wool, accounting for more than 85 % share of the total value of wool exports.

The preparation of wool for export is a long process that involves among other things:

- Classification of the wool;
- Verification and approval for export by a State Veterinary staff member.

2.3 Inter-professional associations in France and Francophone Africa: Mr Jo Cadilhon

Mr Cadilhon discussed the model of French Inter-Professional Associations. He also illustrated how the model had been adapted in some French-speaking African countries. He explained the legal framework for inter-professional associations as recognised by the French law of 10 July 1975 that focuses on the objectives and missions of such associations. Some important aspects of the French agricultural sector were also explained. For instance, much of French agriculture is household or family based and 80 % of farms do not have paid employees.

Mr Cadilhon stressed how associations vary according to the crops covered. He gave examples of “GNIS” and “Inter-cereals”, the French inter-professional associations which deal with seeds and seedlings, and cereals respectively. With regard to how French inter-professional associations operate, Mr Cadilhon indicated that this usually follows a system of “colleges” where all the members of one particular profession take decisions first before going into negotiation with the colleges of other chain stakeholders within the inter-professional association assembly. To date, there are 74 inter-professional associations recognised by the French government. Some essential features of inter-professional associations are that they must be representative of all professional stakeholders in the chain, they must ensure parity for all members in the governing body, the association must take unanimous decisions and they should only cover areas of interest to the entire chain.

The inter-professional associations in Francophone Africa have been mainly promoted by the national government or French-funded technical assistance. The countries where such associations are found include Burkina Faso, Madagascar, Côte d’Ivoire, Cameroon, Mali and Senegal.

In response to questions, Mr Cadilhon clarified that unanimity in the decision-making process means that only decisions that are approved by all the professions represented in the association are adopted.

He stressed that inter-professional associations act as facilitators in the negotiation process between chain stakeholders and the government. With regard to the subject of the financing of associations, he indicated that the associations can request the government to “extend” an inter-professional decision to all stakeholders involved in the respective industry, whether they are members or not. If approved by the government, a compulsory contribution is also paid by all the stakeholders in the industry to fund the activities of the inter-professional association related to the decision that has been taken. This “extension” mechanism allows the inter-professional associations to collect funding from industry stakeholders who are not members of the association, thus solving the problem of potential free-riders who would enjoy the benefits of the association’s activities without participating in funding them.

2.4 The wool supply chain: Mr Andre Strydom

Mr Strydom, from Capewools, started by stressing that wool is not a man-made fibre. He went on to deal with a number of issues regarding the wool industry. In his presentation, he stressed that wool has a lot of uses. South Africa currently exports the bulk of its wool in unprocessed form to China (the largest importer), Italy, the Czech Republic, India, Germany and the United Kingdom, among other countries. Exportation of processed wool is very low and declining.

According to Mr Strydom, there are quite a number of factors constraining the wool industry, namely:

- Wool is a discretionary product and consumer purchase is linked to economic growth;

- Wool is mainly traded as a commodity and mainly at auction.

Mr Strydom concluded his presentation by focusing on the industry's opportunities. He said that wool is in short supply worldwide. It is natural, biodegradable, and renewable. In addition, sheep produce both meat and fibre which provide a source of income diversity.

2.5 Botswana Horticulture Council (BHC): Mr Michael Diteko

Mr Diteko, from the BHC, started by giving a historical overview of Botswana, which has semi-arid subtropical weather and poor soil conditions. It is considered an upper-middle income country. The cattle industry is the main sector of the economy.

He gave a general overview of the Botswana Horticulture Council (BHC), which is managed by an executive committee elected biannually. He stressed that although the council is supported by the Botswana Government, it is an independent body. Currently, the council has 500 members and 90 % of these are small-to-medium-scale producers (1 ha to 10 ha). Large-scale farmers contribute the remaining 10 % of membership.

The entire agricultural industry in Botswana meets only 30 % of national needs and the rest is imported from South Africa. In 2008, for instance, the industry contributed just 2 % of the Gross Domestic Product (GDP).

Mr Diteko also described the Botswana Horticultural Value Chain from producers to consumers. There are different types of traders in this value chain, namely, wholesalers, independent retailers, markets and vendors. Markets are 51 % owned by the BHC. He also touched on the success and challenges faced by BHC, as well as the way forward.

2.6 South African Poultry Association (SAPA): Mr Kevin Lovell

Mr Lovell indicated that the poultry industry consumes 25 % of locally produced maize. Furthermore, for the period 2008/2009, approximately 900,000 metric tons of soya meal was used for poultry diets. The poultry industry thus continues to be the main customer of the animal feed industry.

The SAPA consists of four separate sections, overseen by a management committee. These are the Broiler Organisation, Egg Organisation, Chicken Producers' Organisation and the Developing Poultry Farmers' Organisation.

He stressed that South Africa's industry constitutes more than 85 % of the Southern African Development Community (SADC) poultry industry. If the South African industry suffers, the effects will be felt throughout the region.

The SAPA covers a whole range of activities relating to:

- trade,
- food safety,
- veterinary matters,
- feed matters,
- training and technology transfer,
- statistics,
- organising meetings,
- member liaison and information dissemination,
- generic advertising of eggs,
- codes of practice, and
- increasing participation of emerging farmers.

2.7 National Wool Growers' Association (NWGA): Mr Leon de Beer

Mr de Beer, showed a video to illustrate the structure and linkages within the NWGA. The main mission of the NWGA is to direct and coordinate the wool

industry. The NWGA was founded in 1926 and it represents more than 10,000 farmers. The Eastern Cape Province is the largest producer of wool, followed by the Free State, Western Cape, KwaZulu-Natal and Mpumalanga.

In his speech, Mr de Beer touched on how the shearing of sheep is done badly by poor farmers. He also highlighted contractual arrangements with Woolworths to enable farmers to have more of a role in the supply chain. This project has been funded by embassies from overseas and is for emerging farmers.

The NWGA represents all farmers. The wool forum is a forum for everybody involved in the industry, from the farmer to the end of the chain. This forum focuses on priorities needed in the industry for development.

2.8 Red Meat Producers' Organisation of South Africa: Mr Gerhard Schutte

According to Mr Schutte, the South African red meat industry is dualistic in nature, with both formal and informal sectors. The Organisation represents the needs of commercial goat, beef and sheep farmers. The industry is divided into a number of different farmer groups. At the top of the supply chain are the 2,500 seed stock beef farmers. These have a total of at least 500,000 beef animals. Commercial farmers are second and consist of 50,000 farmers, with 6.67 million beef cattle. Part of the 6.67 million animals in this group comes from the 87,000 farmers who are classified as having the potential to commercialise. At the bottom of the supply chain are small-scale farmers, who are divided into emerging and subsistence farmers. The former group has 240,000 farmers whereas the latter group consists of three million. Together, these small-scale beef farmers have 5.69 million beef cattle.

There are 13 participants that make up the Red Meat Forum. The Red Meat Producers' Organisation (RPO) has two seats in the forum, one for beef and the other for small livestock. The industry faces a lot of animal health challenges. There have been a number of serious animal diseases, such as foot and mouth and Johne's disease. The damaged fences between SA and Zimbabwe have made it even more difficult to stop foot and mouth disease from spreading into SA from Zimbabwe. Since SA poultry is facing similar challenges, Mr Schutte proposed that RPO works hand in hand with SAPA to try and combat the spread of some of the diseases.

2.9 Malawi's Grain Marketing Advisory Council: Mrs Grace Majiga Mhango

Mrs Mhango introduced her presentation by giving a brief background to the Grain Traders' and Processors' Association (GTPA) in Malawi. She stated that the association was created and registered in March 2006. Funding for the GTPA comes from three main sources, namely, membership subscription fees, a grant from the Alliance for Green Revolution in Africa (AGRA) for two years, starting from 1 February 2010, and another grant from RATES, which facilitated the setting up of the secretariat.

She went on to highlight the GTPA's three key roles as Advocacy, Facilitation of Trade and Capacity Building for its membership. However, despite having these three key roles, its overall goal is to act as a focal point for dialogue with other stakeholders and to lobby for better policies and practices. The GTPA has a responsibility to advocate for a more conducive business environment for grain trading in Malawi. It also represents the interests of its members in dialogue with its principal stakeholders, that is, the government of Malawi, non-governmental organisations, donor and development agencies, other private sector representative bodies and private sector businesses.

The Facilitation of Trade role is aimed to regulate the conduct of members of the association in grain trading. According to Mrs Mhango, the association facilitates trade by collecting, organising and disseminating market information through partnerships with other local organisations such as the Malawi Agricultural Commodity Exchange (MACE) and Agricultural Commodity Exchange (ACE). Regionally, the GTPA has a network of linkages with the Common Market for Eastern and Southern Africa (COMESA), Zambia's Grain Traders' Association, the East African Grain Council, and the Regional Agricultural Trade Intelligence Network, which provides market information. This promotes more transparency in the marketplace. Apart from information dissemination, the association has a duty to source new and good markets for its members.

Thus far, Zimbabwe is Malawi's largest export market for its grain. Since the establishment of GTPA, the marketing opportunities for locally produced grain have greatly improved. However, the biggest stumbling block identified by Mrs Mhango was the shortage of warehousing facilities. The GTPA wishes to pilot a warehouse receipt system in order to facilitate easy access to finance for both traders and farmers. On the capacity-building side, members receive training in areas where they lack skills and understanding, e.g. how to use a commodity exchange.

In her presentation, Mrs Mhango explained the membership structure of the association. She said that farmers, individuals, firms or organisations that are active traders and/or processors of grains and other agricultural commodities are eligible to become members of the association. There are three categories of membership;

- Gold Members – these have the capacity to mobilise grains above 1000 mt;
- Silver Members – minimum 50 mt and maximum 1000 mt and;

- Affiliate Members – which are organisations that are in the area of service provision, e.g. ACE, MACE and NASFAM.

Membership of each of the three categories has been moving up and down over the last few years. This is because some of the people that join the association are what Mrs Mhango termed “opportunists” in the sense that they participate only when the markets exhibit signs of good performance. When the markets look weak, such members usually distance themselves from the association.

Since its establishment, the association has had a number of achievements. First, it has obtained Good Stakeholder Recognition by successfully positioning itself as the main voice of the grain traders and processors in the country. One of the reasons for such recognition is its involvement in the Grain Marketing Advisory Council (GMAC) in Malawi. As a second achievement, the GTPA has increased market access and market opportunities for its members. In addition, members have benefited from coming to know each other’s businesses and this has resulted in new business agreements being conducted between the association’s members.

The association has facilitated healthy business networking within its membership. For instance, small traders have successfully worked together to help fulfil large trading orders. In addition, the association has successfully lobbied and worked towards creating a fair and level playing field for all traders, small and large, local or foreign. Such efforts by the association resulted in the lifting of the export ban in 2006-7, the same ban that led to the establishment of GTPA in the first place.

There have also been a number of attempts by the association to enhance the capacity of its members by facilitating a number of training workshops and capacity-building initiatives for its members. Focus is currently on grain traders,

but Mrs Mhango stated that if it continues to do well then it might be upgraded into the Agricultural Marketing Advisory Council and attend to all stakeholders and not grain traders alone.

Even though the association has been doing well, as indicated by the above-mentioned achievements, it still faces a number of challenges. The first is that of unpredictable policy shifts such as import and export bans. At times there is a lot of surplus but due to excessive political interference, such as international bans, the surplus grain cannot be exported. Farmers at times are therefore left with produce that has no market.

In terms of the possible solutions, Mrs Mhango suggested the formation of a Value Chain Round Table that is not government led (the GMAC is a form of a round table approach but is government led).

Mrs Mhango stated that GTPA had decided to initiate a pro-active media strategy to disseminate information to members in order to overcome the negative effect of any misinformation from the media, which commonly adopted an anti-trader stance

2.10 Zambia's Stock Monitoring Committee: Mr Jacob Mwale

Mr Mwale, representing Zambia's Grain Traders' Association, introduced his presentation by stating that Zambia's Stock Monitoring Committee (SMC) emerged in 2007, through partnership of both the public and private sectors. This partnership was guided by the Agricultural Market Development Plan (AMDP) of 2004, which put agriculture as one of the priority sectors of the economy.

The Grain Traders' Association has 20 members (11 large, 5 medium, 4 small traders, with 2 of the 20 traders being women). Out of these 20 members, the large traders handle at least 5,000 mt of grain each year, the 5 medium traders

between 2,000 and 5,000 mt while the small traders handle from 1,000 mt p.a. Most of the small-scale members are “opportunistic” but are allowed into the association through the open-door policy. Commercial farmers produce a total of 300,000 mt and a total of 700,000 mt is marketed in Zambia each year. This means that the remaining 400,000 mt comes from both the medium and small-scale farmers. Around half of the country’s maize production is consumed by the producers.

There are three associations in the maize chain. Both small-scale and commercial farmers are represented by the Zambian National Farmers’ Union (ZFU). The second group of participants are the traders, who operate under the Grain Traders’ Association. The third group are the processors, such as those represented by the Millers’ Association of Zambia (MAZ) and the Bakers’ Association of Zambia (BAZ).

The Stock Monitoring Committee (SMC) has five groups of stakeholders, namely:

- Government – the government participates in the activities of the SMC through its various structures such as the:
 - ✓ Ministry of Agriculture,
 - ✓ Disaster Management Unit,
 - ✓ Food Reserve Agency, and
 - ✓ Central Statistics Office;
- Private Sector – this sector consists of the following members:
 - ✓ Zambian National Farmers’ Union (ZNFU),
 - ✓ Millers’ Association of Zambia (MAZ), and
 - ✓ Grain Traders’ Association of Zambia (GTAZ);
- Zambia Agricultural Commodity Exchange;
- NGOs – such as Famine Early Warning Systems Network (FEWSNET);
- Other Stakeholders invited when the need arises.

The objectives of the committee include holding monthly and ad-hoc meetings in order to ensure the monitoring of country's stock position, mainly for maize, wheat and soya beans. Crop forecasting is carried out during these meetings, together with development of advice to the government on market-related issues for relevant and timely decision-making. One of the challenges faced by the Zambian grain traders, as in Malawi, is uncertainty caused by poor policy.

On the positive side, the committee has helped create a platform through which all stakeholders can have constant dialogue. Due to the impact the committee has had, it is now recognised at the highest levels of Government, thereby enabling it to further influence policy decisions. Consequently, the policy decisions of late have been taken in the best interests of a sustainable commodity value chain.

2.11 South Africa Horticultural Growers: Mr Louis van Zyl

A presentation on South African Horticultural Growers was given by Mr Louis van Zyl. He began his presentation by giving a brief historical overview of HortGro Services. The Deciduous Fruit Producers' Trust (DFPT) was an umbrella service organisation established in October 1997 (at deregulation) by the then three primary fresh deciduous fruit producer associations, to protect their common interests. HortGro Services effectively took over the operational functions of the DFPT from 1st October 2009.

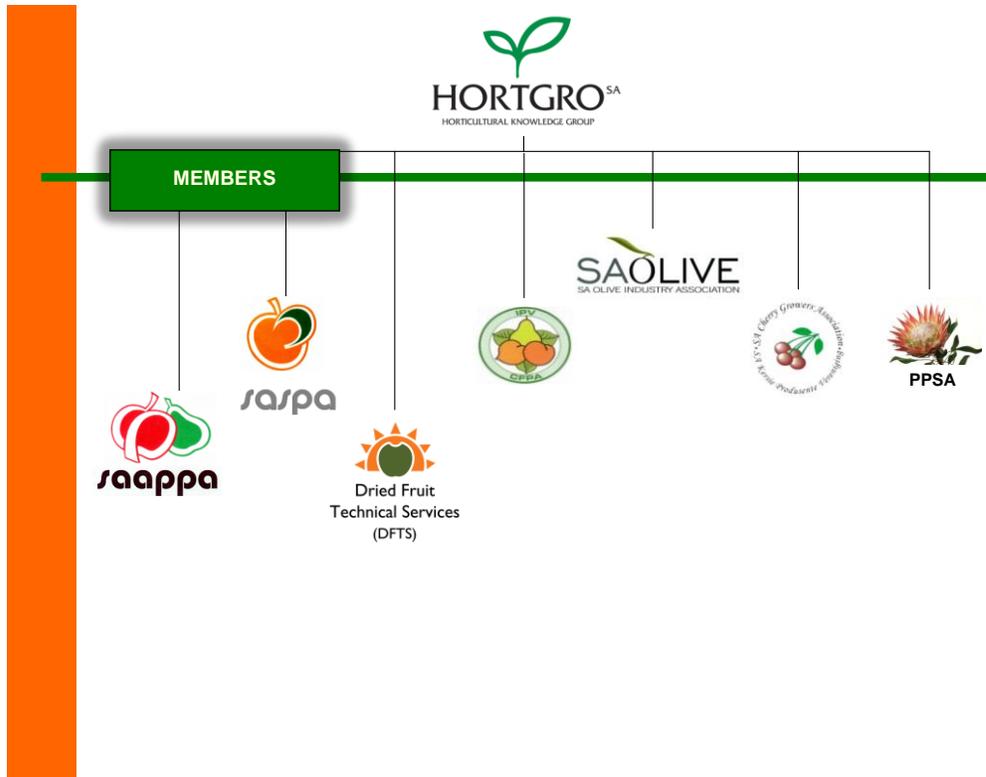
This industry focuses on deciduous fruits such as table grapes, stone fruit, and pome fruit. The entire horticulture industry represents 77 % of the total value of agricultural exports, and deciduous fruits alone contribute 60 % of the horticulture industry's export value. In terms of job opportunities, Mr van Zyl said that the horticulture industry creates at least 83 jobs for every R1 million increase in the final demand.

Pears and apples are produced in SA throughout the year, while peaches, nectarines, plums and white grapes are only available for a period of five months each year, from October through February. On their own, apples contribute 748,699 tons, while peaches have a total output of 182,633 tons, grapes 436,841 tons, pears 342,143 tons, and plums 61,323 tons. From this total output, 60 % is sold as fresh produce, 29 % is processed and the remaining 11 % is dried.

There are 2254 producers, as follows;

	Grapes	Stone Fruit	Pome Fruit
Grapes	855	71	5
Stone Fruit	71	506	456
Pome Fruit	5	456	233
Grapes, Stone & Pome fruit	25	25	25
TOTAL	954	1058	719

Horticultural Growers (HortGro) is an umbrella association. Its members are the South African Apple Association (SAAPPA), SASPA, Dried Fruit Technical Services (DFTS), the South African Olive Industry Association (SAOLIVE), the SA Cherry Growers' Association and Pear Producers of South Africa (PPSA). Affiliated members include the SA Honeybush Tea Association (SAHTA), SA Rooibos Council, SA Table Grapes and Cape Flora.



HortGro works hand-in-hand with other entities to assist the industry. SAPO Trust is one such entity and its responsibilities include offering virus testing and quarantine services for plants, maintenance of nurseries and certification of output. There is also the DFPT Research entity, which handles the research aspect of the industry.

In conclusion, Mr van Zyl acknowledged that South Africa is a country with unique challenges and must therefore manage change continuously to ensure competitiveness, sustainability and profitability. The industry must strive to establish effective partnerships with government agencies and adopt world-class technology, R&D and technical knowledge and skills, if it is to grow. Such technology should include new systems to support fruit movement and logistics and the production of a wide spectrum of products over a long period of time. He further proposed the establishment of focused industry structures that would

concentrate on tackling the key strategic imperatives to give RSA the ability to conform to all market requirements.

2.12 South African Mohair Association: Mr Deon Saayman

According to the South African Mohair Association's representative, Mr Saayman, the Angora goat originated in the Tibetan mountains. It was one of the first goats to be imported into South Africa, from Turkey, in 1838. In South Africa, this breed of goats prefers the warm dry climate of the Cape Province. Mr Saayman clarified that Mohair is the technical term for the fleece of the Angora goat and this type of goat is shorn twice a year.

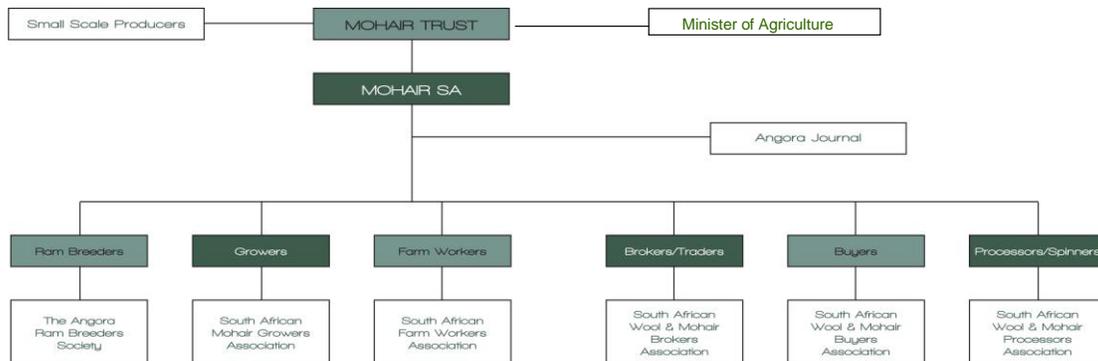
Mohair SA is a non-profit organisation that is an income beneficiary of the Mohair Trust. It was established in 1998, upon the dissolution of the Mohair Board, to represent the entire Mohair Industry from farm worker to semi-processor. Mohair SA consists of six other associations that act as the arms of the entire industry, but each of these represents a specific sector within the industry. These six are the Ram producers, represented by the Angora Ram Breeders' Society; Growers represented by the SA Mohair Growers' Association; Farm workers, represented by the SA Farm Workers' Association; Brokers/Traders, represented by SA Wool and the Mohair Brokers' Association; Buyers, represented by SA Wool and the Mohair Buyers' Association and, lastly, the Processors/Spinners, who are represented by SA Wool and the Mohair Processors' Association.

The main focus of Mohair SA is on marketing, research and product development, both locally and internationally, and on compiling industry statistics. Currently, there are 865,000 Angora goats in SA, with a total wool production weight of 2,600,000 kgs.

South Africa produces 52 % of the world's mohair, and 95 % of all mohair produced in the country is exported through the Port Elizabeth harbour. In addition to being one of the world's largest suppliers of wool, South Africa has two of the major processing plants in the world. Mr Saayman further stated that there are approximately 1,000 mohair farmers in South Africa and these provide employment to approximately 6,000 people.

The processing of mohair is a lengthy and intricate process because its structure is much smoother than that of wool. However, once processed, it tends to blend very well with other fibres, such as wool. The value chain of the mohair industry in South Africa and around the world starts with the farmer and farm worker. These are the breeders of the Angora goats and producers of the mohair. From the farmer the mohair goes in its greasy form either directly to the buyer or via a broker who acts as an intermediary. The buyer then takes the mohair to the top-maker whose role is to wash and comb it before it is sent to the spinners. By the time it reaches the spinners, the mohair is clean and ready to be turned into usable products; hence the spinners make it available to both the knitters and weavers. Designers from various brands acquire the woven or knitted mohair and design their products before sending the designs to the manufacturers to make the final products. The strengths of the mohair industry mainly emanate from the fact that South Africa is the largest producer of raw mohair. This allows the industry to take control of the entire value chain by processing mohair in its early stages so that more value can be added before the product is exported.

To build the capacity of the members of the association, Mr Saayman further highlighted that Mohair SA has a Black Economic Empowerment (BEE) and Skills Development programme. This is intended to improve the skills of the mohair producers and make them become even bigger competitors in the industry. Through this programme, farm workers undergo a three-year practical training course where they are taught how to work with Angora goats.



2.13 The role of the public sector in association development: Mr Pearson Jasi-Soko

Malawi's economy is agro-based and it has four million full-time farmers, mostly smallholders. These smallholders employ 85 % of the total labour force in the country. Mr Jasi-Soko stated that 37-39 % of Malawi's Gross Domestic Product (GDP) comes from the agricultural sector and this sector contributes over 80 % of foreign earnings. Maize is the staple food, but tobacco is the largest cash earner, with a contribution of 65-70 % towards exports. Other products produced locally include tea, coffee and sugar.

The agriculture industry in Malawi is dualistic in nature, with both small-scale and commercial farmers being actively involved. The latter sector concentrates on the

production of cash crops and livestock, whereas the smallholder sector cultivates 80 % of the domestic maize crop. Even though the latter is mostly small scale, commercialisation in the sector is also progressing well.

Most of the associations in Malawi were established in the 1990s, with the exception of the tobacco associations. Some of these have been successful whilst others have not. Prominent associations are the Tobacco Association of Malawi (TAMA – umbrella body), National Smallholder Association of Malawi (NASFAM – umbrella body), Malawi Enterprise Zone Association (MALEZA – general body coordinating both associations and cooperatives) and Agri-Input Suppliers' Association of Malawi (AISAM – Agro dealers). Other associations in Malawi are the Fertiliser Association of Malawi (FAM), the Cotton Association, the Cane Growers' Trust, the Malawi Milk Association (MMA), the Poultry Industry Association of Malawi (PIAM), and Horticulture Development of Malawi (HODOM – umbrella body for some horticulture associations). There are also the Grain and Legume Association of Malawi (GLA), the Paprika Association of Malawi (PAMA), the Malawi Livestock Association and regional livestock committees, the Seed Traders' Association of Malawi (STAM) and the Grain Traders' and Processors' Association.

National programmes in association development are run by the Farmers' Union of Malawi (FUM). According to Mr Jasi-Soko, the motto of this union is “Nothing for us (farmers) without us (farmers)”. Thus, whatever intervention is targeted at farmers should involve the farmers. This helps the farmers get involved in decision-making. The FUM is mandated to coordinate farmer organisation programmes. It also facilitates the formation of commodity specific associations and other relevant farmer organisations.

Mr Jasi-Soko proposed that trust amongst members be instilled, otherwise an association will fail. The gaps in the value chain should also be closed, from

production planning all the way to consumption. Members from stable businesses usually make good associations but their involvement should be coupled with financial discipline. Existing members should make an effort to convince other potential members to join, otherwise few people in an association means less business, which in turn means no tangible benefits. Continuous capacity building programmes should be introduced to keep the members up-to-date with technology. Legal practitioners should also be persuaded to play what is a crucial role in association development.

In conclusion, value chain associations have a big role to play in agricultural and economic development, especially now that the marketing environment has been liberalised. Such associations hold the key to the success of production and marketing programmes but still need external assistance in respect to capacity building issues.

3. WORKING GROUPS

The workshop then divided into two working groups, one for South African participants and one for those from outside South Africa.

3.1 How can the expertise in associations, forums and other consultative mechanisms in South Africa be used for the benefit of other African countries? Moderated by Prof Andre Jooste.

The question basically asked what strengths there are in South Africa's associations that can help other African countries who would like to form similar associations. The group first agreed that South Africa has some experience as far as value chain associations are concerned. The availability of such experience puts the country in an advantageous position over other countries.

Nonetheless, it should be noted that South Africa has a lot to learn from other African countries as well, particularly how they work with small-scale farmers.

The group also identified the following strengths of South African associations:

1. Experience in international trade

As already stated, most South African value chain associations were established many years ago and have been involved with international trade negotiations and promotion. South African associations have also developed capacity on the bio-security of animals and plants and have the ability to assist other countries through negotiations and diplomacy to open access to markets.

2. Willingness to share expertise

A further strength is that the associations within the country are very willing to assist neighbouring countries. Some associations are already involved in a practical way with other countries, such as the NWGA, which works with Lesotho's wool and mohair farmers.

3. Research and development (R&D)

The R&D work of South African associations can be leveraged by other associations to gain more market access. South African associations have strong linkages with higher institutions of education. Most associations also have the capacity to provide extension and training.

3.2 Are value chain associations relevant to other Southern African countries and, if so, how can they be promoted? Moderated by Mr Jo Cadilhon

In this group, there were participants from Botswana, Zimbabwe, Zambia, Malawi and Lesotho. Mr Cadilhon started by asking delegates from each of the member countries their opinion regarding the relevance of value chain associations in their respective countries. A strong majority of the participants indicated that they were indeed relevant. Participants were then split into pairs to discuss how value chain associations could be promoted and by whom this might be done.

The general consensus was that a mix of stakeholders should take the initiative to form value chain associations. The following points were made in response to the question:

- Farmers should strengthen their existing associations, while donors should provide technical expertise;
- There is a need for capacity building by the private sector, farmers' unions and government. Stakeholder workshops should be organised to disseminate the concept of chain associations and its applications to all types of stakeholders;
- Local commodity stakeholders should drive the promotion of setting up a chain association;
- Stakeholders should aim for self-financing associations;
- Donors should only provide funding to contribute (on a project basis) to some activities of chain associations.

The following are various activities that should then be implemented by such chain associations in Southern African countries:

- Set objectives for the association;
- Identify and respond to capacity building needs;
- Promote group production by producers, so as to get better bargaining power on markets through economics of scale;
- Provide market statistics;
- Resolve conflicts among chain stakeholders.

The outcome of this group discussion was presented in the subsequent plenary session by Lekhoee Mokhate. The primary question raised was: do we need to strengthen farmers' associations first, or rather concentrate on setting up value chain associations? The group's response was that because farmers are leaders in the process of forming the value chain associations with other chain stakeholders, the strengthening of farmers' associations had to come first, particularly in countries where these organisations were still weak.

4. CONCLUSIONS – WORKING TOGETHER: HOW CAN LINKAGES BETWEEN ASSOCIATIONS IN THE REGION BE DEVELOPED? **Moderated by Mr Andrew Shepherd**

One of the participants commented that there is very little communication going on in the region. A suggestion that arose from this was that the SACU (Southern African Customs Union) should take the lead as far communication was concerned.

Other suggestions were that self-financing was important to raise funds, and that associations should attend annual meetings in other countries regarding respective commodity associations. Direct links have to be maintained with similar associations elsewhere in the region.

It was also suggested that a regional grains association for Southern Africa should be developed along the lines of the East Africa Grains Council. There were several important issues for the grains sector to address in a sub-regional context including periodic shortages and surpluses.

Some South African participants highlighted the problem with GMOs, in that other Southern African countries have to make hard decisions about the issue because they presently ban GMOs, but this will become increasingly difficult.

WORKSHOP PROGRAMME AGENDA

Theme: *The Role of Commodity Associations in the Agricultural Supply Chain*

DAY ONE – 28 APRIL 2010

8.30-09.00 **Registration**

Chair: Ms Ntombi Msimang (NAMC)

Rapporteur: Ms Lungelwa Kuttu

09.00-09.15	Official Welcome – Ms Ntombi Msimang (NAMC Board Chairperson)
09.15-09.30	Introduction to the Workshop – Mr Andrew Shepherd (FAO)
09.30-10.00	Keynote Address – Mr Andrew Makenete (Land Bank)
10.00-10.15	Participants to introduce themselves
10.15-10.45	Photos and Coffee
10.45-11.30	The role of commodity associations in promoting supply chain development – Mr Andrew Shepherd
11.30-12.00	Milk Producers' Organisation of South Africa – Dr Koos Coetzee
12.00-17.00	Field Trip (including lunch) – to the Wool Auction Pans
18.00	Cocktail

DAY TWO – 29 APRIL 2010

EXPERIENCES WITH COMMODITY VALUE CHAIN ASSOCIATIONS AROUND THE WORLD

Chair: Mr Andrew Shepherd (FAO)

Rapporteurs: Ms Yoliswa Hlanganisa and Mr Peter Pote

09.00-09.30	Value chain associations in France and Francophone Africa – Mr Jo Cadilhon
09.30-10.00	Capewools – Mr Andre Strydom
10.00-10.30	Botswana Horticulture Council (BHC) – Mr Michael Diteko
10.30-11.00	Coffee

SOUTH AFRICAN VALUE CHAIN ASSOCIATIONS

11.00-11.30	South African Poultry – Mr Kevin Lovell
11.30-12.00	National Wool Growers' Association – Mr Leon de Beer
12.00-12.30	South African Read Meat Producers – Mr Gerhard Schutte
12.30-13.30	Lunch and Networking

OTHER ASSOCIATIONS AND CHAIN ACTIVITIES IN SOUTH AFRICA AND SOUTHERN AFRICA

Chair: Mr Billy Morokolo (DAFF)

Rapporteurs: Mr Mengezi Tshuma and Ms Lungelwa Kuttu

13.00-14.00	Malawi's Grain Marketing Advisory Council – Mrs Grace Mijiga Mhango
14.00-14.30	Grain South Africa – Dr Kobus Laubscher
14.30-15.00	Zambia's Grain Monitoring Committee – Mr Jacob Mwale
15.00-15.30	South African Horticultural Growers – Mr Louis van Zyl
15.30- 16.00	Tea
16.00-16.30	South African Mohair Association – Mr Deon Saayman
16.30-17.00	Ministry of Agriculture and Food Security, Malawi – Mr Pearson Jasi-Soko

19.00-21.00 GALA DINNER

DAY THREE – 30 APRIL 2010

Rapporteurs: Ms Lungelwa Kuttu and Mr Mengezi Tshuma

08.30-10.30

WORKING GROUPS

1. **For South Africans:** How Can the Expertise in Associations, Forums and Other Consultative Mechanisms in RSA Be Used for the Benefit of Other African Countries?
2. **For Non-South Africans:** Are Value Chain Associations Relevant to Other Southern African Countries and, if so, How Can They Be Promoted?

10.30-11.00

Coffee

11.00-11.30

Working Groups report back

11.30-12.30

Plenary session “Working together: how can linkages between associations in the region be developed?”

12.30-14.00

Concluding remarks and farewell lunch

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