

Living Income Webinar Series

The role of professional farmer groups in delivering living incomes for farmers

27th June 2019

The Living Income Community of Practice

Supported by the



Federal Ministry
for Economic Cooperation
and Development

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Deutsche Gesellschaft
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Zusammenarbeit (GIZ) GmbH



Today's webinar facilitators



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Sustainable Food
Lab



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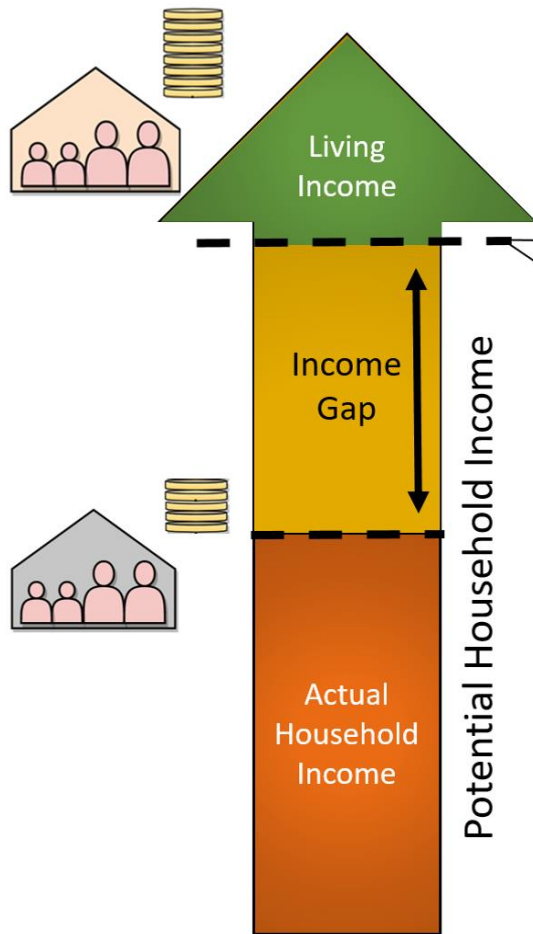


Cocoa, Ghana © Kate Fishpool for
Fairtrade



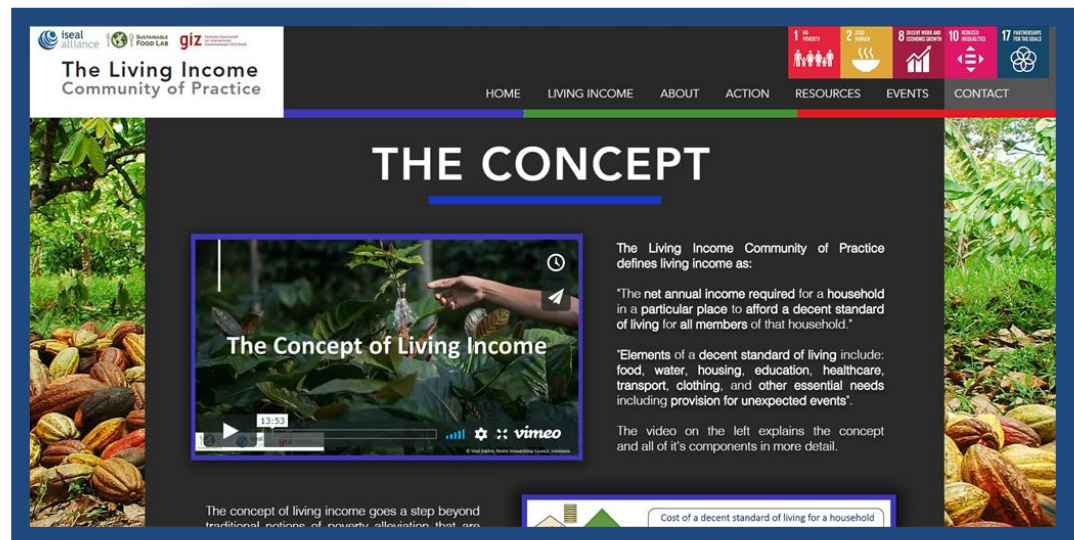
The Living Income Community of Practice

Foster collaboration and support organisations in their journey towards improving farmer incomes, and enabling farmers to achieve a decent standard of living.



Cost of a decent standard of living for a household

Cost of decent food + Cost of decent housing + Cost of other essential needs + Provisions for unforeseen events



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Learn more: www.living-income.com

The Living Income Community of Practice

Fostering collaboration and support organisations in their journey towards improving farmer incomes, enabling farmers to achieve a decent standard of living.

Facilitate learning and exchange around measurement

Understand the gap between actual and living income

Identify and discuss strategies to close the income gap

Learning across sectors
and helping organisations realise SDG commitments

Open community of practice

Sharing information about the efforts of different actors in this space

Learn more: www.living-income.com
Contact: adam@isealalliance.org

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Today's guest speakers on our Topic: The Role of Professional Farmer Groups in Living Income

Mark Blackett



Mascha Middelbeek



Dieter Fischer



Presentation Overview

AMEA: Why Professional Farmer Organizations?



SCOPE Insight: Measuring Professionalism and Linking Farmer Organizations and Living Income



Case study 1: Rikolto/SCOPE experience: East Africa



Case study 2: IFC/SCOPE Experience: Cote D'ivoire



The Way Forward



Discussion: Q&A

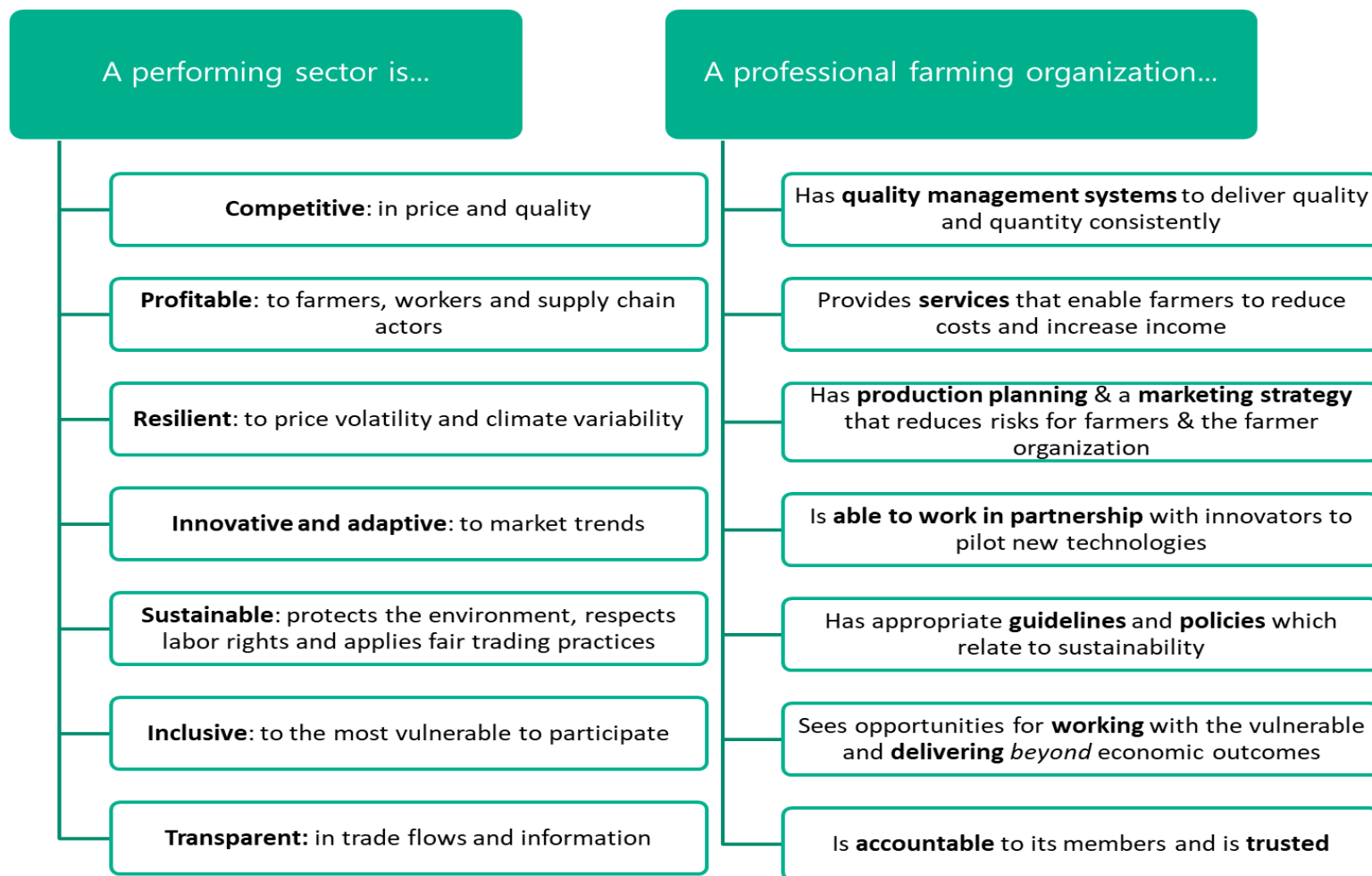


AMEA: Why Professional Farmer Organizations



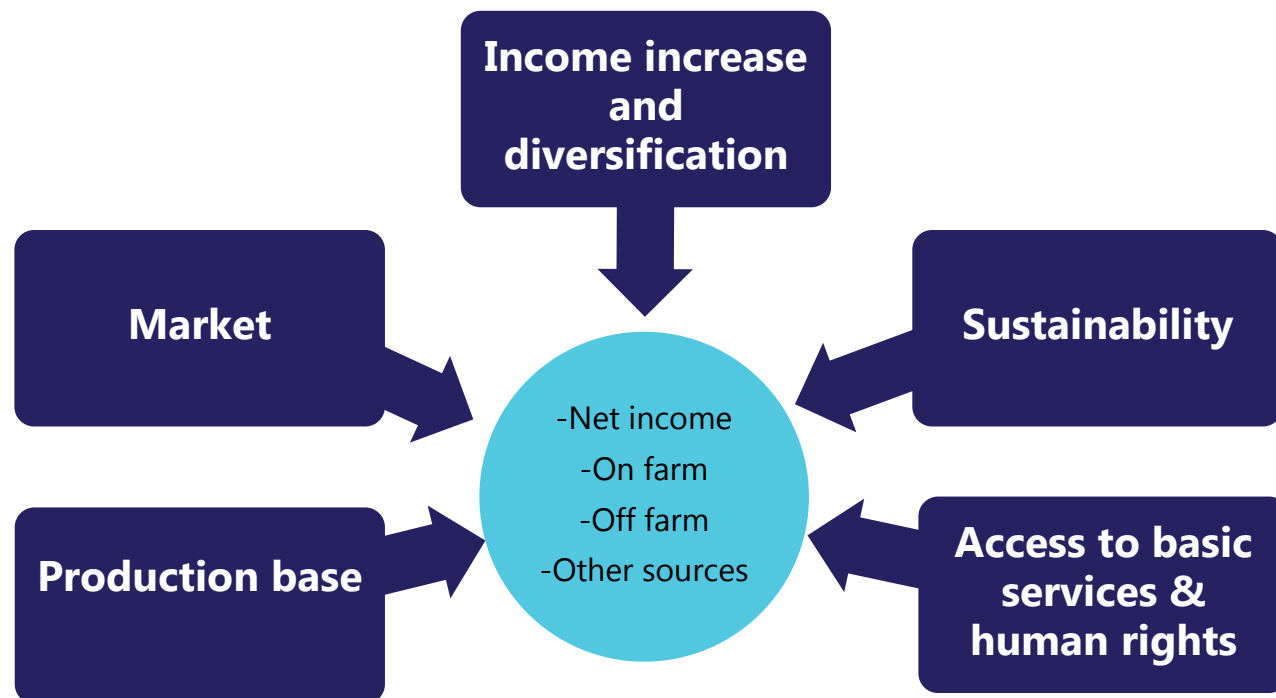
There is a clear relationship between professional farming organizations and a high performing agricultural sector

Why professional farmer organizations?



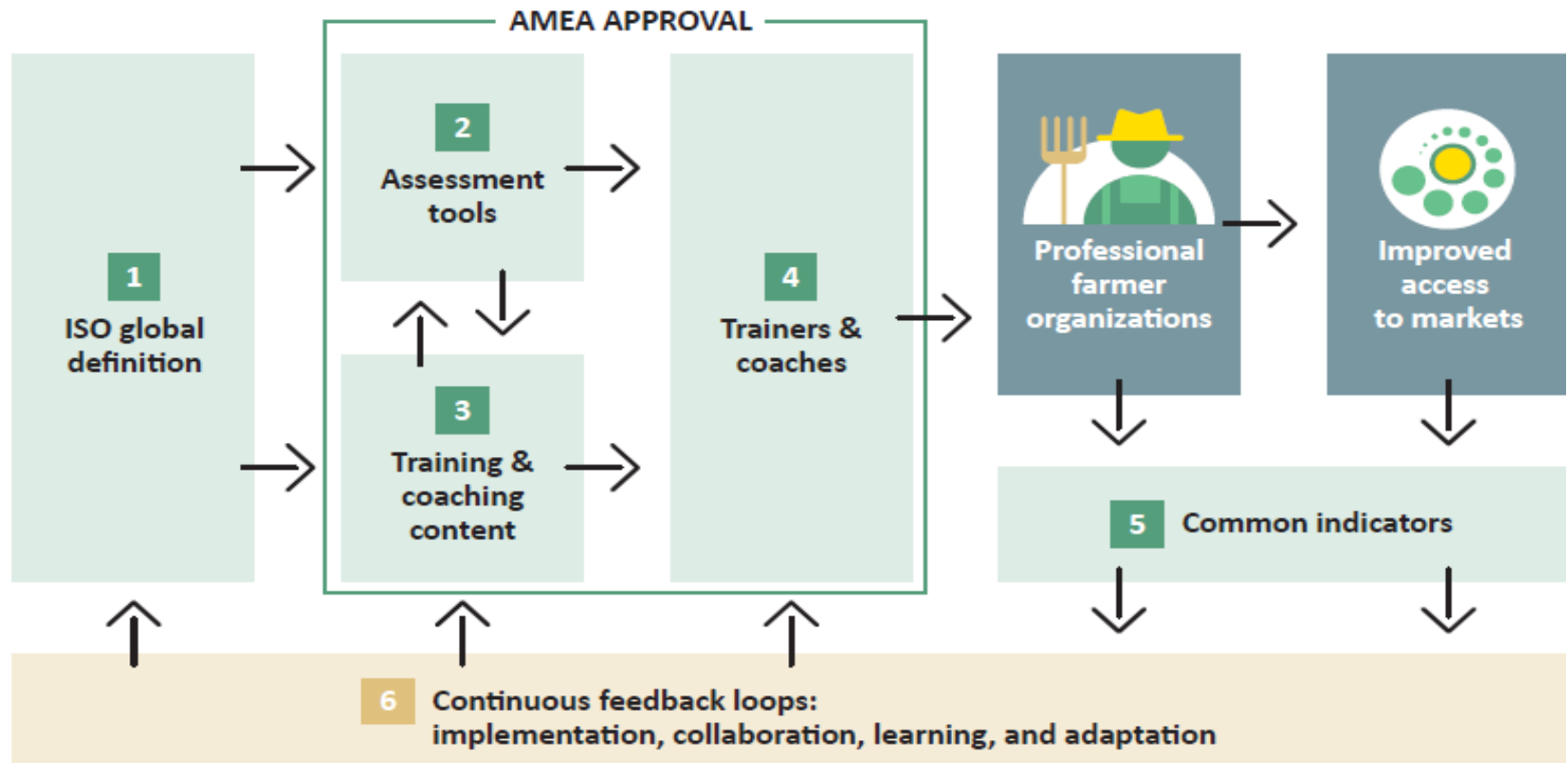
And there is a clear link between how farmer organizations contribute to living income for farmers

Linkage between Farmer Organization and living income



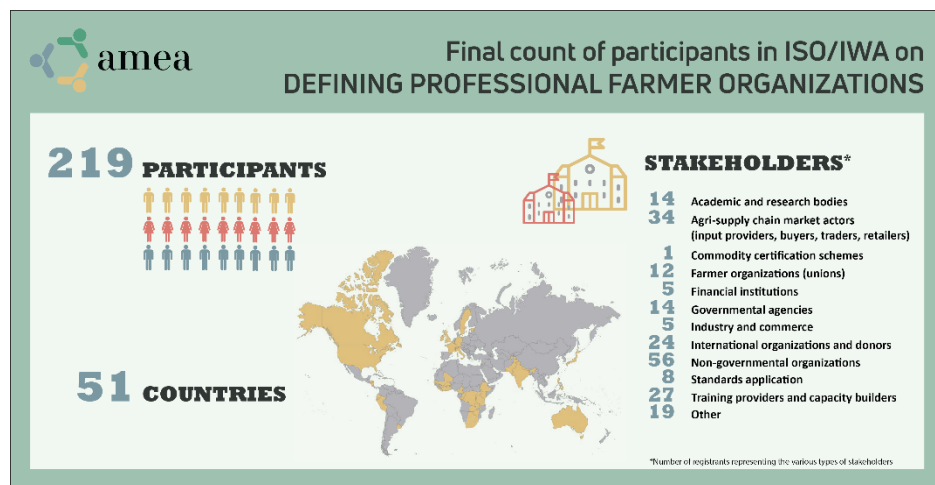
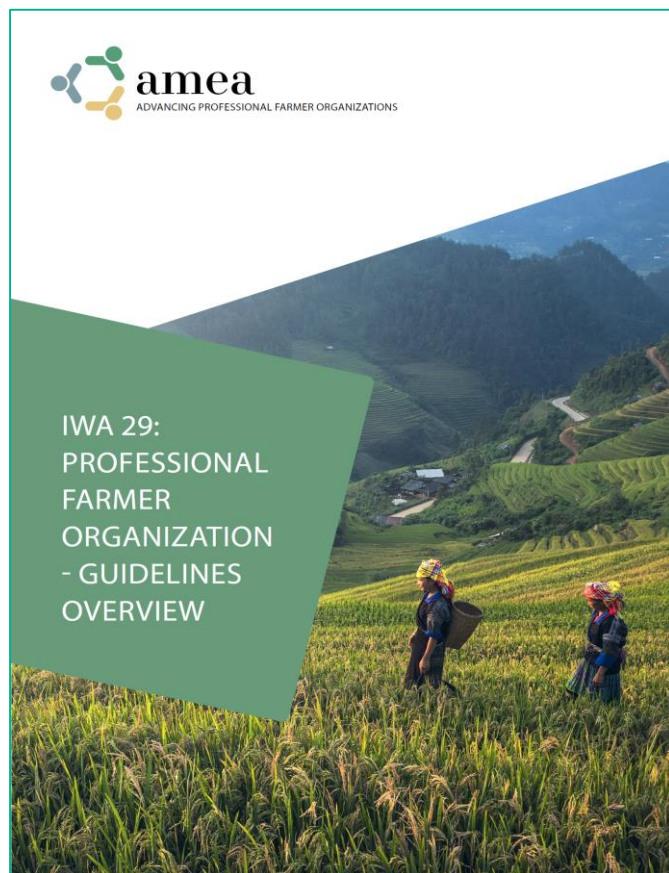
AMEA was established to transform the agricultural system in emerging markets so that farming organizations receive the maximum benefit from capacity builders

The AMEA Framework



AMEA played a catalytic role in gaining consensus on an international guidelines for Professional Farming Organizations

IWA29 – an international definition for professional farmer organizations



1. **Organization Purpose and Governance**
2. **Business Management**
3. **Human Resources Management**
4. **Finance Management**
5. **Community and Stakeholder Engagement**
6. **Member Services and Business Activities**

AMEA is one of the fastest growing networks in the agricultural development sector and includes private and public organizations

AMEA members - First movers



Measuring Professionalism and Linking Farmer Organizations and Living Income

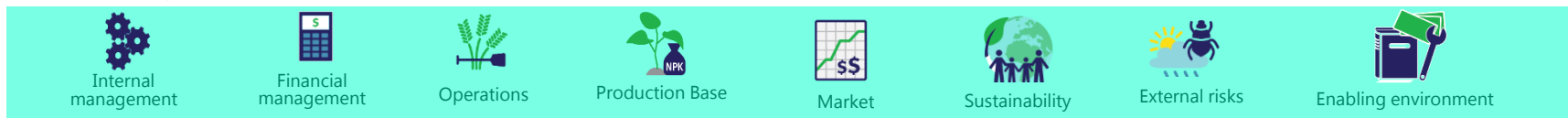


SCOPE*insight*

To transform the agricultural sector, large scale professionalization of farmer organizations and SMEs needs to happen

Our Theory of Change links the farmer organization professionalization to outcomes and impact

Farmer Organizations which implement these:



Improvement leads to:



Leads to these outcomes:



Leads to this impact:



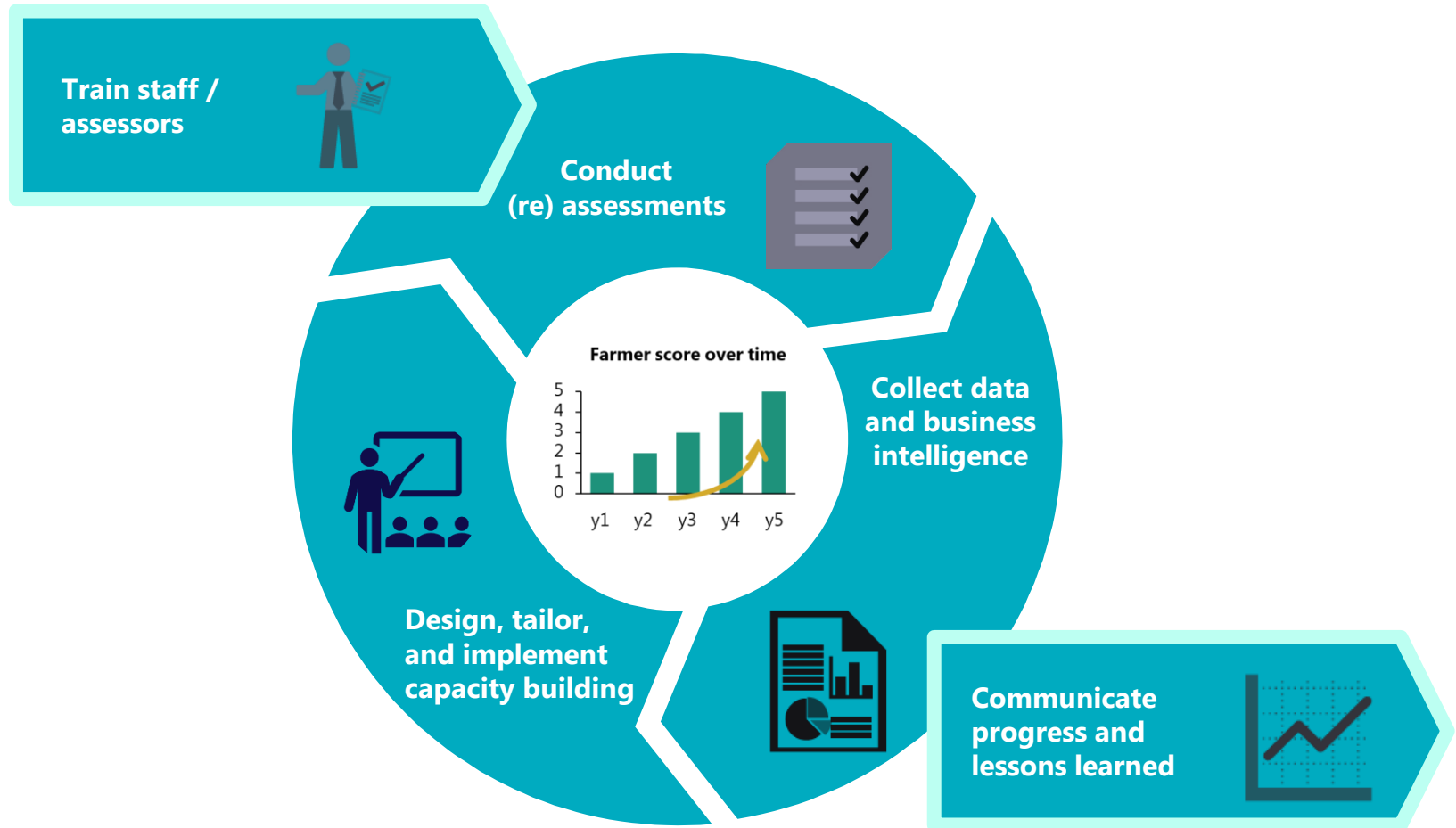
Our assessments measure the eight areas of professionalism which impact farmer livelihoods, agricultural value chains and resilient farming systems

The Eight Dimensions of Farmer Professionalism



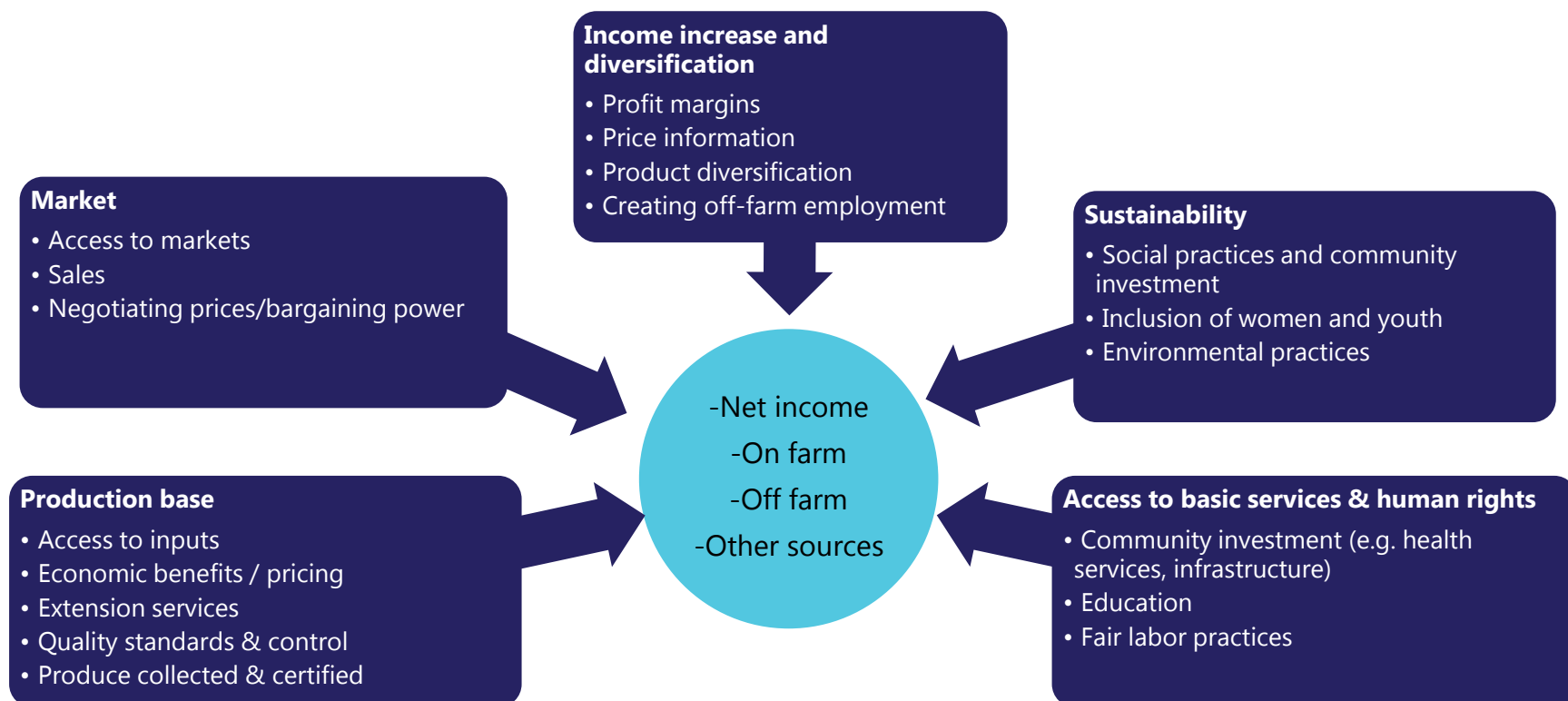
We believe professionalism is the key to transformation of farmer organizations and small enterprises which benefits all stakeholders

Our Approach



Our assessments capture the key elements of how farmer organization contribute to farm income

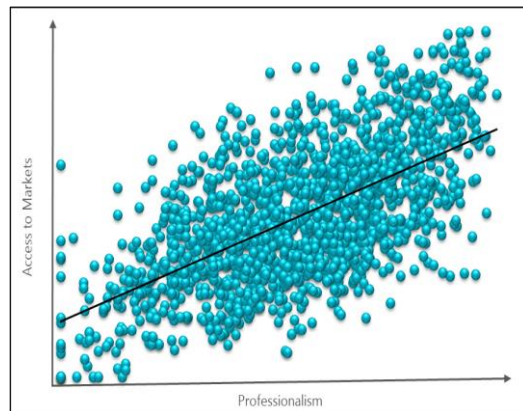
Linkage between Farmer Organization and living income



We have done thousands of assessments and our data shows a clear link between farmer professionalism and the challenges farmers face in the market

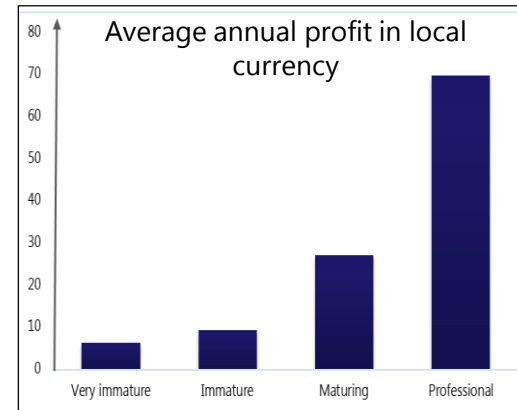
Professional farmers gain higher profits and are better linked in the market

Marketing capacity



Organizations that score higher on professionalism are better able to access to markets and can anticipate market-related risks

Profits

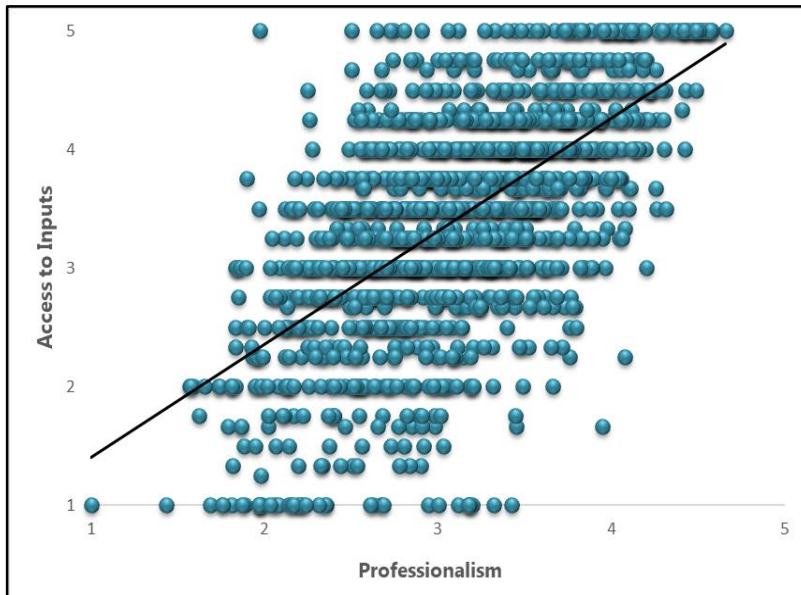


More professional organizations make a higher profit, and this often translates to higher earnings for the members themselves.

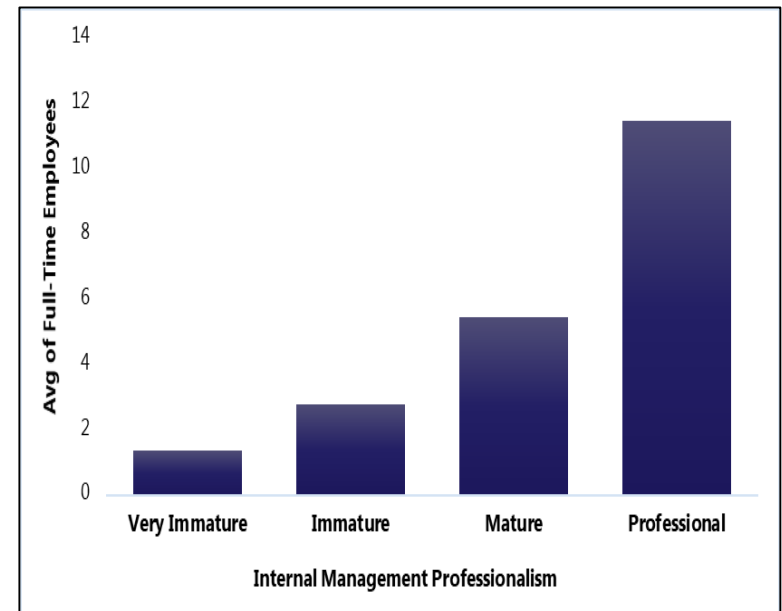
Professional farmer organizations provide rural employment and improved access to inputs

Professional farmer organizations have better access to inputs and more full-time employees

Access to inputs



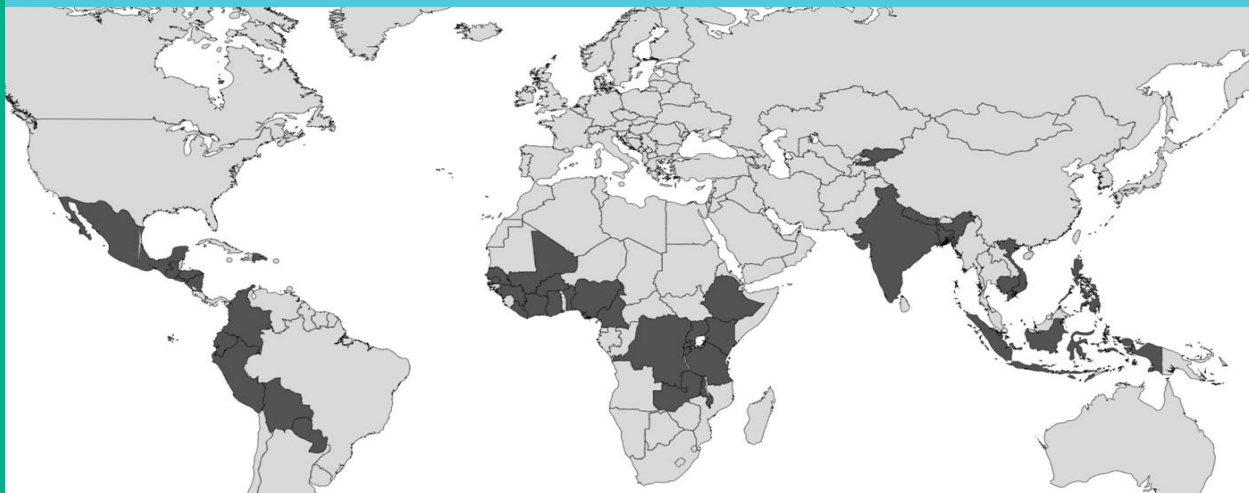
Full-time employees





We have
collaborated
with 60+
partners

In 10 years we have reached over 7.2 million
farmers spanning across 39 countries



26 agricultural sectors



3000+
assessments



Trained
600+ assessors

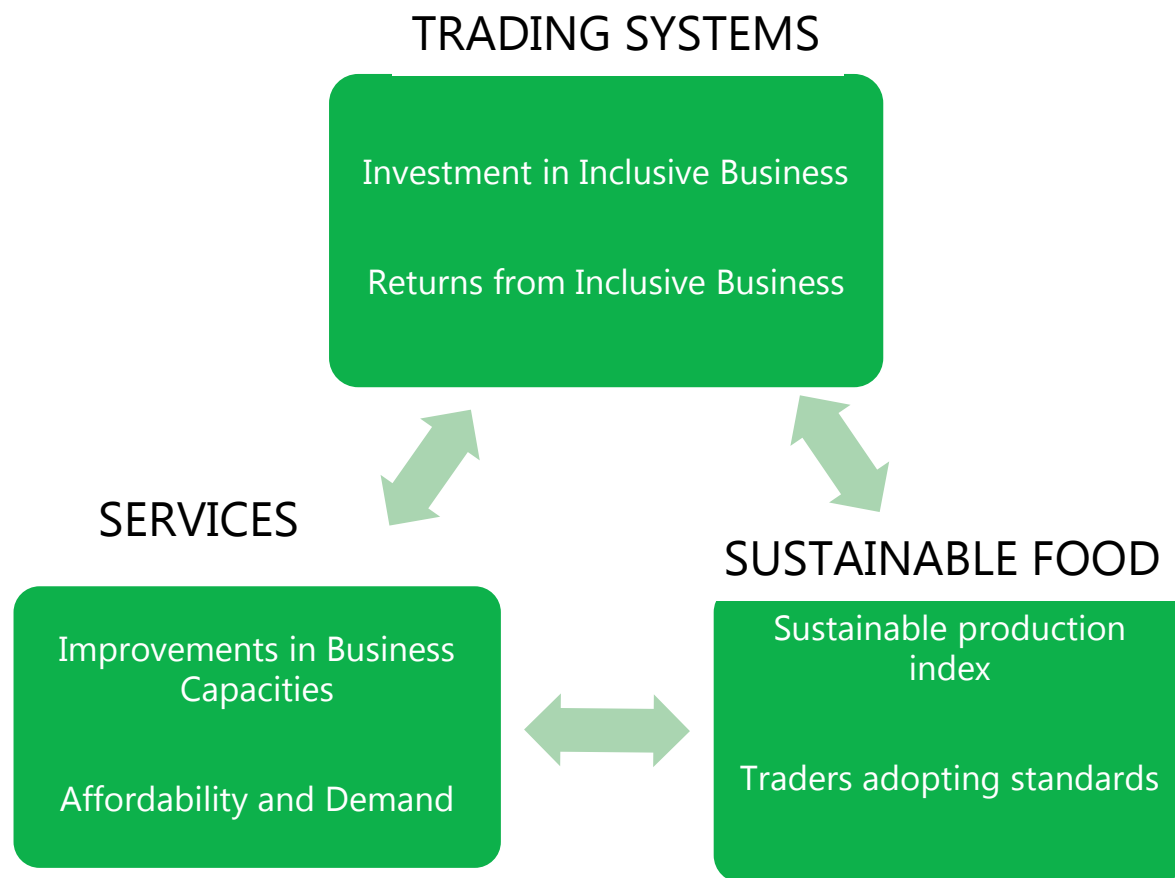
Case study 1: Rikolto/SCOPE experience: East Africa



rikolto
VECO

The Rikolto project was designed to improve the market system in which farmer organizations work

Project Objectives



The project piloted several models and approaches

Different models

Sector diagnostic – AidEnvironment/IIED

Agribusiness cluster development – borrowed from ICRA approach

Lead Firm approach – LINK (CIAT)

Farmer Organisation capacity building - dependent on partner/consultant – using SCOPE tools

Stronger business models with increased aggregation and bargaining power lead to improved market access and higher prices for farmers

Results and data – snapshot from Food Trade 2016-18

Tanzania

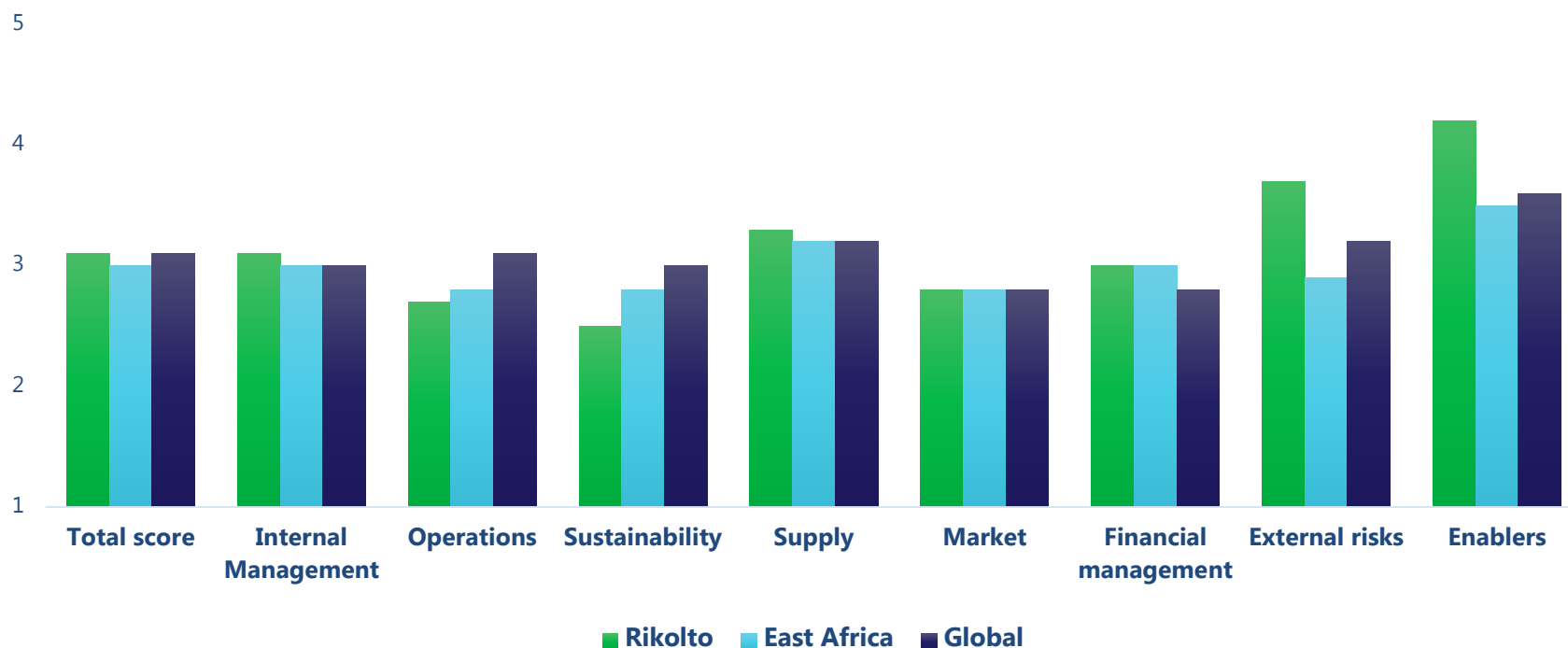
- ⑩ Stronger aggregators and business models
- ⑩ Trust established for over **2000** farmers aggregating for first time ever
- ⑩ Better market position
- ⑩ Approx. 10,000 farmers able to store grains for **4 to 6 weeks longer**.
- ⑩ Improved bargaining position – **10% better prices** than at farm gate.
- ⑩ Pilot of QMS/SRP completed with Regional Research institute

Uganda

- ⑩ Stronger aggregators and business models
- ⑩ Business models improved.
- ⑩ Governance & management addressed robustly
- ⑩ Trust (re-) built with members leading to **3X increase** in aggregation
- ⑩ Better market position
- ⑩ 1 FO contracts with WFP for first time. US\$13k finance. x2 income.
- ⑩ Improved bargaining position – **12% better prices** than at farm gate.
- ⑩ Pilot of QMS/SRP completed

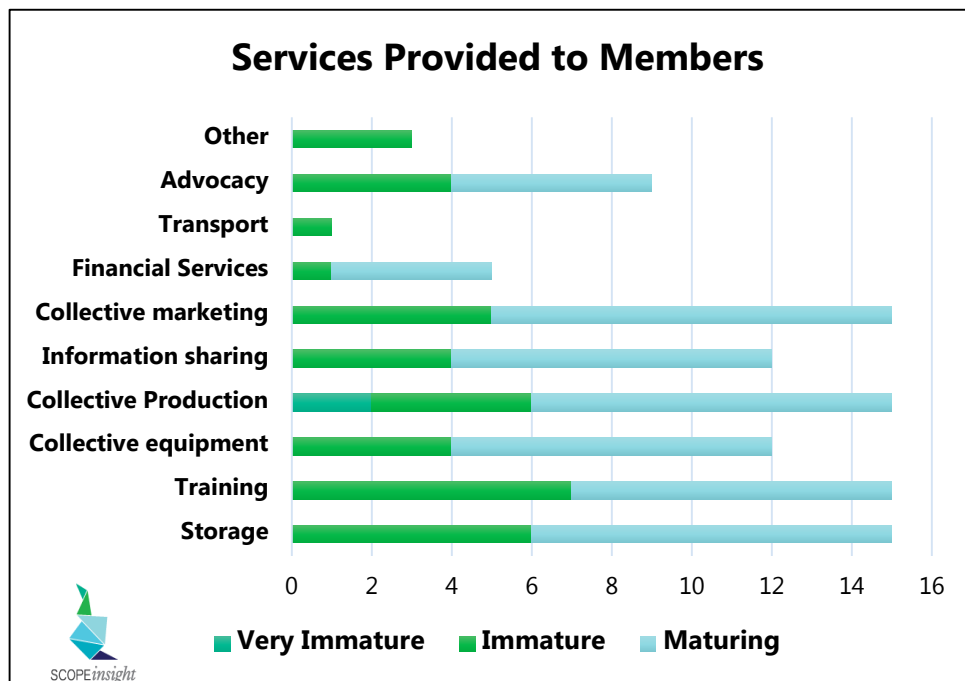
The organizations with whom Rikolto worked, were a good representative of organizations in East Africa

SCOPEinsight data shows how Rikolto's organizations compare against the benchmark



Data from the project in both Uganda and Tanzania shows that professional organizations are of greater benefit to their members

Access to markets & services provided (SCOPEinsight)



Interpretation: More matured farmer organizations provide more diverse and specialized services to their members

The project uncovered interesting lessons learned

Key questions & recommendations

Lessons Learned

- Most farmers and traders do not want to have formal, forward contracts.
- Progressive lead firms are difficult to find and are very cautious.
- Lead firms also find it difficult to control their local traders
- A credible business model is needed but the quality of consultants and other BDS providers is very, very low
- Even with a good business model, farmers are reluctant to pay for services
- Selection of Farmer Organisations is critical, especially on short term projects,

Way Forward

-but if you select the Farmer Organisation and the capacity builders correctly then advances are made in terms of professionalization and living income
-AMEA is about enabling the selection process and increasing the number to choose from.....and therefore accelerating professionalisation

Case study 2: IFC/SCOPE Experience: Cote D'Ivoire



Creating Markets, Creating Opportunities

A joint pathway towards professionalizing cocoa cooperatives in Ivory Coast

Project Objectives

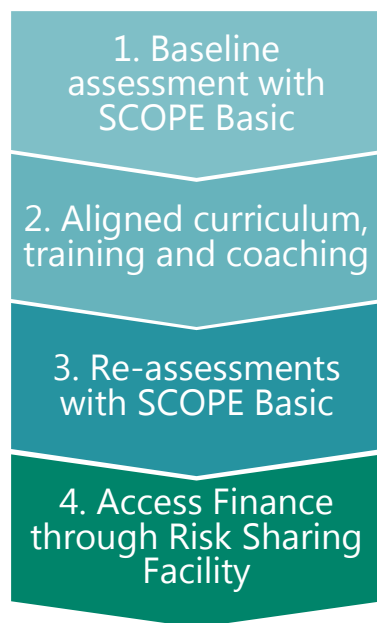
To secure a long-term supply of high-quality cocoa and to improve the cocoa farmers' livelihoods

To increase access to finance and providing lease financing for new trucks



The program used an innovative and scalable approach for the professionalization of cooperatives

The Coop Academy Approach



Success factors

- ✓ Scalable
- ✓ Cost efficient
- ✓ Standardized
- ✓ Data-driven
- ✓ Aligned assessment-curriculum



Expected benefits

- ✓ Cooperatives significantly increase professionalism and access to finance
- ✓ Reduced costs and risk for market parties and FIs
- ✓ Better targeted and more efficient capacity building
- ✓ More efficient and effective collaboration through common language on professionalism
- ✓ Data-driven continuous improvement and learning

The Agribusiness Leadership Program was developed to create a complete package of capacity building to farmer organizations

The ALP focuses on improving professionalism and aligns with SCOPEinsight's assessments

- Low levels of business management capacity is a significant constraint to the development of smallholder supply chains. Higher levels of business professionalism amongst smallholder farmer organizations can facilitate offtake arrangements, input supply and supply chain financing.
- IFC's **Agribusiness Leadership Program (ALP)** prepares farmer organizations to become more professional and is in use with over 600 coops in Cote d'Ivoire, Cameroon and Rwanda. The program will expand to Ethiopia and Tanzania.
- ALP includes farmer organization [assessment, training, and coaching](#)
- The training and coaching process results in the creation of a [commercially-oriented development plan](#) for farmer organisations
- ALP can be [customized](#) according to a farmer organizations' size, crop sector, and staff education levels



Agribusiness
Leadership
Program

Each stakeholder had an important market role

Role of market players in strengthening FO's and promoting a living income through FO's

Cargill

- Pre-finance
- Long-term contract
- Fair –price and margins
- Technical assistance

Financial Institute (SIB bank)

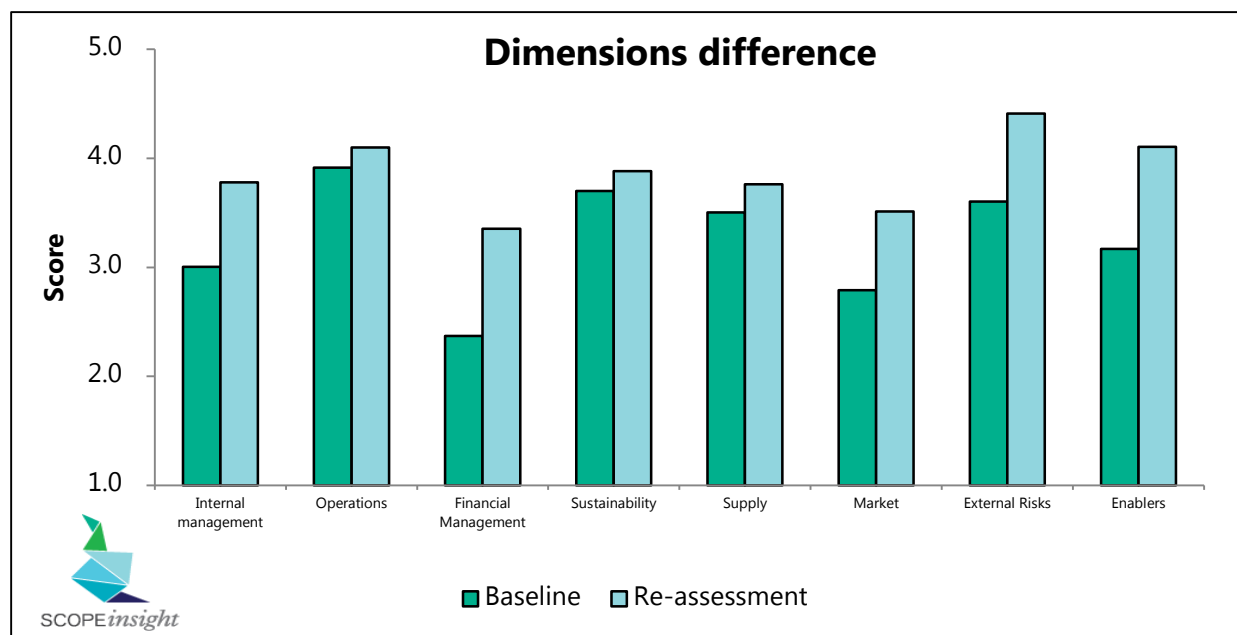
- Guarantee scheme
- Farmer-friendly lending mechanisms

IFC

- Risk reduction & sharing
- Advisory services (financial / agricultural)

SCOPEinsight's data helped to design capacity building and show progress

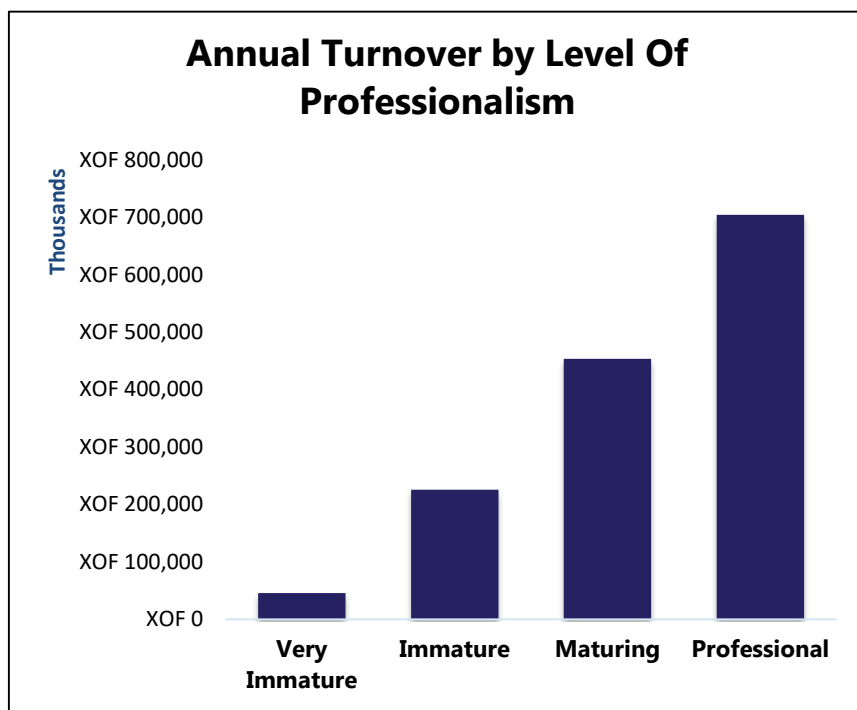
Baseline and endline assessments are critical



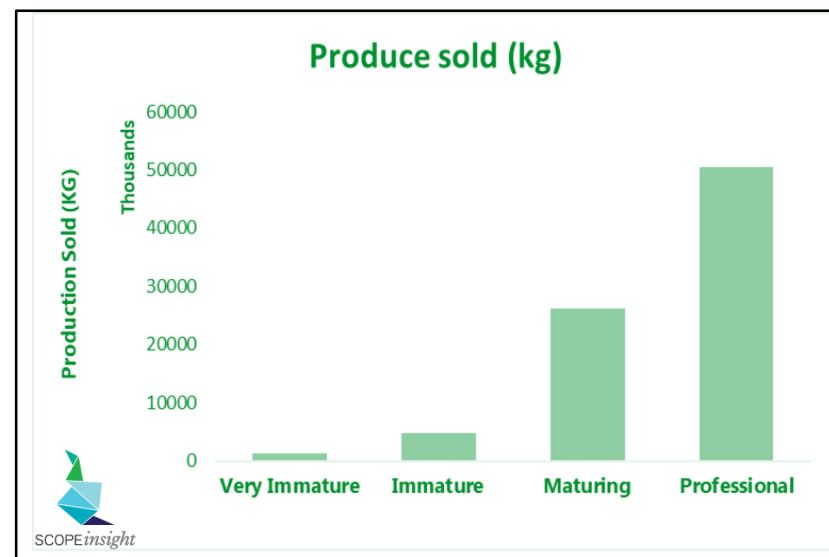
Cooperatives became more professional particularly in the areas in which the program focused

SCOPEinsight's data helped validate the projects theory of change

The projects objectives were achieved using targeted capacity building



Healthy earnings are required to guarantee financially sustainable farmer organizations and more member benefits

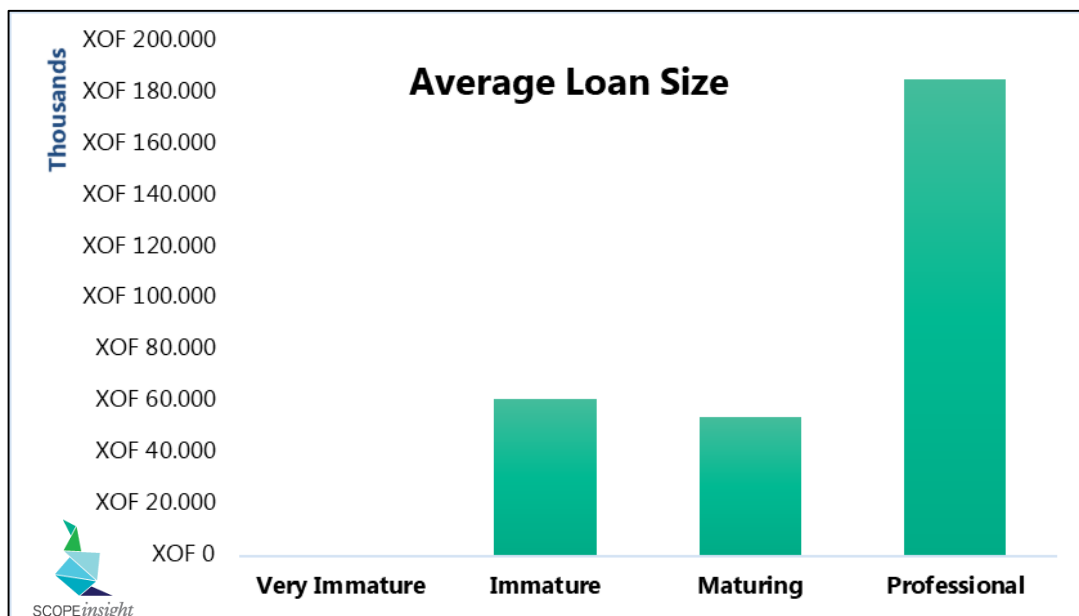


Professional cooperatives have improved access to markets and sell more produce

Farmer Organizations require access to finance for investment and improvement of their member services

Professional Organizations access greater loan sizes

Professional cooperatives have a higher likelihood to access loans, which can be used for further expansion and investments (e.g. transport, warehouse facilities) thereby improving services for its members



IFC/SCOPE experience – Cote D'Ivoire

IFC data on improved farmer livelihood status in relation to FO's



We have preliminary data linking improved farmer livelihoods at the household level and farmer professionalism (publishing forthcoming)

Conclusion and Way Forward

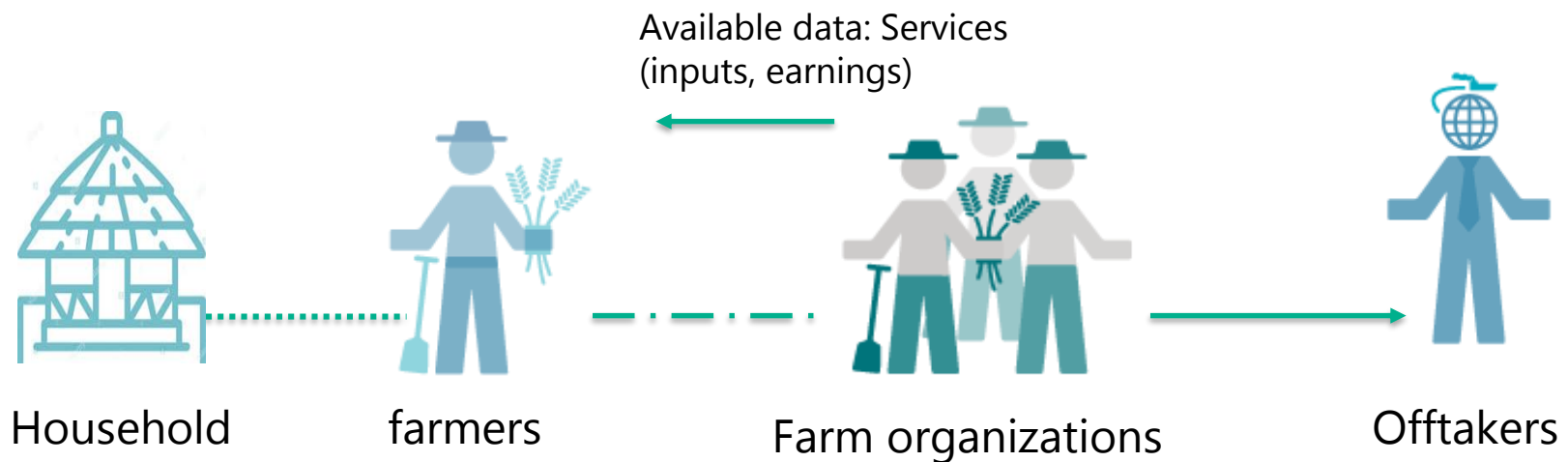


Creating Markets, Creating Opportunities



Data integration and analysis is needed on the living income of farmers and the relation between professional farmer organizations

Linking data at the household level with farming organization data will give a more complete picture

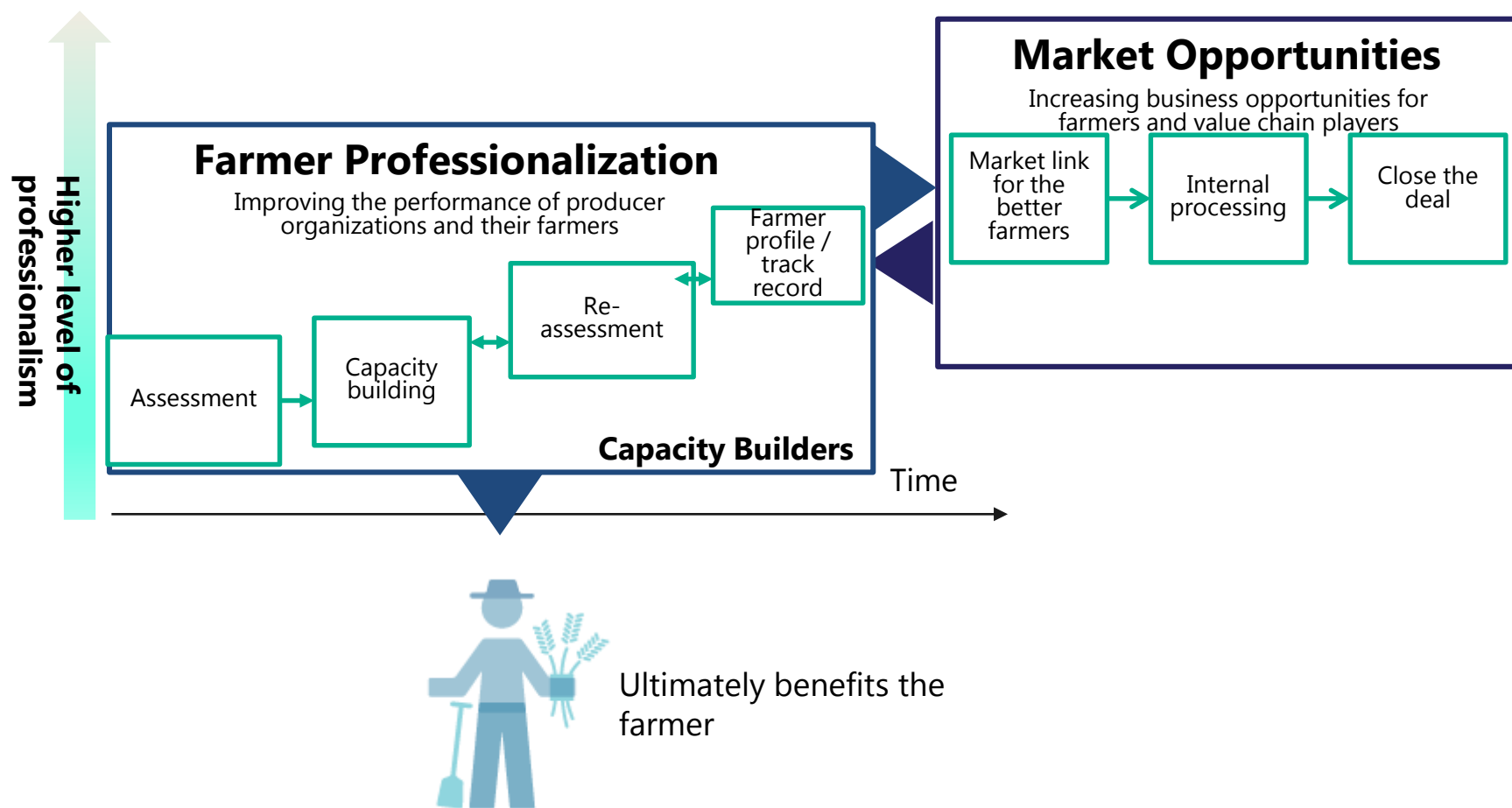


Key

- Data we have
- - - - - Incomplete data
- Unknown data

Working towards a living income requires a multi-actor approach to influence the broader ecosystem.

Continuous farmer professionalization leads to effective market linkages which ultimately benefits the individual farmer





The Living Income Community of Practice



Discussion time!

Community of Practice Updates

Coffee and Living income webinar

This webinar will explore the links between living income and coffee sustainability.

Date and Time: Tuesday, July 16, 2019 2:30 PM - 3:45 PM BST. **Registration:**

<https://attendee.gotowebinar.com/register/3832056807768881923>

International Living Wage and Living Income Conference - 5 & 6 November 2019

- Van Nelle Fabriek Rotterdam (NL). Organised by the Dutch Ministry of Foreign Affairs, the German Federal Ministry for Economic Cooperation and Development together with Hivos, Fairfood, Rainforest Alliance, Fairtrade and IDH, The Sustainable Trade Initiative. **Subscription:** <https://burodertig.us11.list-manage.com/subscribe?u=35c1367053fe3b8c28b338329&id=b5a49ec91d>

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A freshly-opened cocoa pod, Nicaragua © Sean Hawkey for International

Thanks!



Stay informed!

Living income

www.living-income.com

Living wage

<http://www.isealalliance.org/our-work/improving-effectiveness/global-living-wage-coalition>

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Questions? Email us at:

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rita@isealalliance.org

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