

**Minutes of the  
AgriCord General Assembly  
with the Advisory Committee of Farmers Fighting Poverty**

First Sessen - Wednesday 26 November 2014 – 14.00-18.00  
Second session - Friday 28 November 2014 – 09.15-15.00

Manila – ADB Asian Development Bank Manila HQ  
6 ADB Avenue, Mandalyong City 1550, Manila, Philippines

First session (26 November 2014, 14.00 – 18.00)

**General Assembly, with members of Advisory Committee and observers**

Chair

Piet VANTHEMSCHE, president of AgriCord

AgriCord president Piet Vanthemsche opens the meeting, and invites Chris MORRIS, Head of NGO and Civil Society Center of the ADB Asian Development Bank, to present the ADB and ADB's activities related to farmers' organisations. ADB works with government (loans and grants for 75% of activities) as well as through its private sector arm (25%). Food security is a key sector for ADB. Working with farmers goes mainly through governments, and indirectly supports farmers (infrastructures for marketing for instance).



ADB welcomes AgriCord General Assembly and Advisory Committee, with observers

Marlene Ramirez, on behalf of Asiadhrra, welcomes colleagues and in particular farmer leaders, members of the General Assembly and Advisory Committee of AgriCord, in the perspective of the closing of the International Year of Family Farming. She expresses AgriCord's appreciation, to ADB, IFAD and the European Commission, for their continuous involvement. She summarizes the effort of different agri-agencies, to work together and to join forces in the Philippines, as was documented and explained during workshops in Manila, on the 25<sup>th</sup> November.

## Participants

### Members of the General Assembly

Laure HAMDJ, Afdi  
Kees BLOKLAND, Agriterra  
Marlene RAMIREZ, AsiaDHRRRA  
Shimpei MURAKAMI, AFA/AsiaDHRRRA  
Ousmane NDIAYE, Asprodeb  
Alex DANAU, CSA  
Daniel COULONVAL, FWA/CSA  
Secondo SCANAVINO, CIA, by proxy  
Willi KAMPMANN, DBV/AHA  
Anne PANEL, Fert  
Henri de BENOIST, AGPB/Fert, by proxy  
Juha Marttila, MTK/FFD, by proxy  
Lode DELBARE, Trias  
André BEAUDOIN, UPA DI, by proxy  
Piet VANTHEMSCHE, Boerenbond, president

### Members of the FFP Advisory Committee

Shimpei MURAKAMI, AFA  
Cesarie KANTARAMA, EAFF  
Justin AMATKREO ASTOUIN, PROPAC  
Ibrahima COULIBALY, ROPPA  
Fatma BEN REJEB, UMNAGRI  
Genes ROSA, UNICAFES  
Ignace COUSSEMENT, AgriCord, managing director  
Piet VANTHEMSCHE, Boerenbond, president

### Observers

Manuel NOGALES, ACODEA  
Christopher MORRIS, ADB  
Esther PENUNIA, AFA  
Lany REBAGAY, AFA  
Jean-François ISAMBERT, AGPB/Fert  
Elaine TAN, ASEAN Foundation  
Florante VILLAS, AsiaDHRRRA  
Katharina SCHLEMPER, DBV  
Muamar VEBRY, EU Delegation to Indonesia, Brunei Darussalam and ASEAN  
Juha RUIPPO, FFD  
Jean-Philippe AUDINET, IFAD  
Yolando ARBAN, IFAD  
Gudrun CARTUYVELS, Trias  
Hélène JOLETTE, UPA DI  
Estelle GALLOT, AgriCord, administration and finance manager.

**1. Support to farmers' organisations post Yolanda typhoon (November 2013).  
 Presentation by Asiadhrra.**

Through a video, prepared by FO volunteers, Marlene Ramirez (AsiaDHRRA) shared the gratitude of farmers and farmers' organisations supported in the rehabilitation of their lands after the Yolanda (Haiyan) typhoon in the Philippines last year in November.

A leverage fund from AgriCord has been matched with support from Fondation de France, implementing a commitment of the governance of AgriCord during the General Assembly in Montpellier, in November 2013.

**Comments**

- [Afdi, Laure Hamdi] We should capitalize on the experience of supporting farmers' organisations in situations of crisis and high vulnerability.
- [Asiadhrra, Marlene Ramirez] Working with farmers' groups in disaster situations is possible. Farmer groups can be very effective in disaster relief. But aid agencies still show tendency to avoid their effective involvement.
- [Ignace Coussement] Capitalisation of experiences is possible through exchanges in the Project Committee, leading to recommendations from the Project Committee to the Board.

**2. Statutory issues.  
 New agri-agency membership applications.**

The Board has examined both applications ACODEA from Spain and the Andreas Hermes Akademie (AHA) from Germany. Both candidates fulfill all requirements for membership.

The Board confirms the willingness of AgriCord to remain an open organisation, open to new members, who share the mission vision of AgriCord, and are willing to work together under the Farmers Fighting Poverty programme.

Representatives of AHA and of Acodea present their organisation. Both presentations are in attached.

**Q/A on the presentation of AHA and its recent contacts with BMZ/GIZ**

- [Trias, Lode Delbare] AHA/DBV is a strategic partner of the German new programme One World No Hunger, centered upon Innovation Centers in different, mainly African countries. For the German BMZ/GIZ, farmers are part of private sector, and AHA is considered as a strategic partner to establish links with farmers' organisations, for an estimated budget of 10 mln euros in 4 years.
- [DBV, Willi Kampmann] BMZ with DBV/AHA want to avoid an exclusive focus on commercial farmers, and ensure that programmes and training activities involve existing farmers' organisation.

**Q/A on the presentation of ACODEA**

- [Fert, Anne Panel] For the time being, ACODEA will not work in the Mediterranean region. Focus is on Latin America, for language and cultural reasons. Governance of Acodea (UPA, Fademur...) and Government of Spain have shown interest in the Mediterranean, which will certainly be on the agenda in a later phase.
- [Trias, Lode Delbare] Funding comes from agreement with Agriterro and AgriCord. The scope of activities (numbers of farmers' organisations) still has to be defined. Focus is on advisory services, and on mobilisation of funding (leverage) with banks.

After the presentations of both organisations the General Assembly, and upon unanimous proposal by the Board, the General Assembly accepted the 2 new members.

### 3. Presentation of the 2014 update of Farmers Fighting Poverty.

The General Assembly receives a presentation by the management of key features of *Farmers Fighting Poverty*, as newly updated.

The attached handout presents items covered:

- key operational features: operate as a multi-donor trust fund, with relevant development partners, structural involvement of farmers' organisations, transparently managed.
- the 3 concerns leading to continuous adjustments: demand driven by the real needs of farmers' organisations, focus on specific added value, results oriented.
- the 6 main characteristics of the approach of Farmers Fighting Poverty, as an actor-based programme.
- improved formulations of key competences of farmers' organisations, and deliverables of the programme.
- the 16 network tasks ("one for all" tasks).
- the 3 levels of contracting in the network, allowing for a transparent audit trail.
- the 4 pillar look at the framework for monitoring & evaluation, and impact assessment.

#### Comments

- [Afdi, Laure Hamdi] From the very beginning, in 2007, farmers' organisations within AgriCord expressed uneasiness with the name *Farmers Fighting Poverty*. Members of AgriCord are aware of the discussion. However, it is a good brand. The General Assembly is not against a name change, but any alternative name should reflect our ambition as well as our specificity.
- [PROPAC, Justin Amatkreo Astouin] The process leading to the division of labour in different tasks is clarified. It was a pragmatic way to identify key resource persons (task managers) within agri-agencies. The management of tasks has been assigned to persons rather than to agri-agencies. Assignments can be reviewed.
- [EAFF, Césarie Kantarama] Participating farmers' organisations are interested to learn how agri-agencies develop complementarities when they work in the same country or with the same farmers' organisations. EAFF expresses concerns that the 14ALL tasks not necessarily address the first priorities of farmers' organisations, and/or do not cover the support a farmers' organisation expects from a specific agri-agency.
- [AFA, Shimpei Murakami] Inclusiveness is a very important issue, the poorest of the poor should not be left aside. [Piet Vanthemsche] AgriCord focuses on farmers' organisations, without making political choices. This is or can be with the poorest as well as with the less poor, always dealing with capacity building. We focus on the actors. Others (NGOs) cover other themes and priorities.
- [Agriterra, Kees Blokland] We have every interest to keep our focus on farmers' organisations. There is evidence (from ILO, UN ECOSOC) about a positive link between the degree of organisation of farmers, and the degree of development, equal development and reduction of poverty.
- [IFAD, Jean-Philippe Audinet] What is the strategy tactic of AgriCord through this task management, as service providers to farmers' organisations? Is the idea that agri-agencies will specialise and offer complementary services to farmers' organisations (through capitalisation and sharing of approaches and methodologies)? Will every agri-agency improve in everything? For farmers' organisations, it will help to understand specialisations between agri-agencies, if any. Up to now, specialisation has not been the declared aim, but concerns about efficiency and effectiveness.  
[Piet Vanthemsche, Ignace Coussement] Specialisation is not (yet) an objective within AgriCord, but views differ, and are openly discussed, which helps the network to make progress, in respect for differences. At backoffice level, the 14ALL tasks are ment to contribute to more efficiency, and create space for more cooperation. The exercise will increasingly involve resource persons from developing countries.

#### 4. Implementation of Farmers Fighting Poverty 2014. Report by the management.

AgriCord managing director presented facts and figures of the 2014 implementation of Farmers Fighting Poverty and the performance review planned in April 2015. The presentation is attached.

##### Comments

- [IFAD, Jean-Philippe Audinet] Partnership agreements with farmers' organisations cover longer term periods and different project contracts. Interesting to know if, with time, the type of partnership changes. Also linked to eventual shift in type of resources mobilised (including non-grant funding).
- [ROPPA, Ibrahima Coulibaly] Farmers' organisations expect to be supported to become powerful economic actors and have real bargaining power vis-à-vis other players. .
- [Asiadhrra, Marlene Ramirez] Linking Farmers Fighting Poverty to other programmes in support of farmers' organisations (such as SFOAP and MTCP, referring to IFAD and EU support), and develop complementarities with these programs, will increase overall value and relevance for farmers' organisations.
- [Ignace Coussement] Financing partners (donors) have shown interest in receiving another type of reporting, for instance on a country-by-country basis, and covering the broader field of dynamics of farmers' organisations, and including efforts of other development actors, other bilateral or multilateral donors. Such comprehensive reporting could even replace project/contract reporting.
- [EAFF, Césarie Kantarama] The approach of Farmers Fighting Poverty remains very relevant. Farmers' organisations are not instrumentalised. However, the longer term perspective is an important one. Post-project advisory services are important, and at least a clear exit strategy is needed.

#### 5. Recommendations for implementation of Farmers Fighting Poverty

[Summary presented by Kees Blokland and Laure Hamdi, vice-presidents]

- In the discussion appeared a clear consensus on the program. The preparation was solid, and the program as presented does not raise major disagreements.
- Key issues discussed are division of labour, specialisation, target group, the link to poverty reduction... The General Assembly should keep this issues on its agenda.
- The still increasing focus of discussions on economic activities, reflected in Farmers Fighting Poverty, is positive and relevant. Social progress is linked to economic development.
- Proposals for an alternative title for *Farmers Fighting Poverty* are expected.
- A better explanation for the significance of *tasks* and *work areas* is necessary.
- The role and added value of *appui-conseil* or advisory services, and exchanges of knowledge between peers needs further documentation and explanation.
- Our strategy on duration of partnerships, agreements, contracts, exit strategy and evolutions of type of support need to be clarified. Linked to this, the issue of financing of farmers' organisations (cfr. seminar of the General Assembly in The Hague) remains relevant. Also linked to the financing of agricultural activities in general.

Second session (28 November 2014, 09.30 – 15.00)  
**Advisory Committee, with members of the General Assembly and observers**  
**Theme:**  
**Grants vs. Investments. Mobilisation of risk capital by farmers’ organisations.**

Co-chairs  
 Piet VANTHEMSCHE, president of AgriCord en Ibrahima COULIBALY, vice-président of ROPPA



Piet Vanthemsche and Ibrahima Coulibaly, co-chairing the Farmers Fighting Poverty Advisory Committee

Piet Vanthemsche opens the meeting, welcomes members of the Advisory Committee. Ibrahima Coulibaly takes the chair of the meeting. The meeting also welcomes Rachid Pertev, Secretary of IFAD, as observer.

Piet Vanthemsche introduces the theme “Grant vs. Investments. Mobilisation of risk capital by farmers’ organisations”. Grants do not address all needs of farmers’ organisations. We see interesting efforts to mobilise risk capital for farmers, involving their organisations. Risk capital is needed. Local financial institutions and in particular micro-finance institutions are developing and working well, but often do not focus on agriculture. And there is a missing middle, between micro-finance and the larger investments supported by banks.

**Comments**

- Alex Danau (CSA) asks clarification of the definition of risk capital is, but is used to cover financial resources other than grants. This theme has been defined by the General Assembly of June 2014. [Piet Vanthemsche] The expectation for the meeting is to share experiences on working with loans and equity (venture capital), and to see what (existing or new) structures can be appropriate.
- [Shimpei Murakami, AFA] The definition of risk capital, as we now use it, is linked to investments. But investment is not only about economy.

[Ibrahima Coulibaly, Chair] Further inputs in the meeting will allow us to better understand the meaning and the relevance of non-grant financing for farmers’ organisations, in particular the inputs prepared by development institutions working both with risk capital (loans) and with grants, such as ADB and IFAD.

**1. Role of farmers’ organisations and how to support their role.**

1.1. IFAD practices in the Philippines (cases)

Presentation by Yolando Arban, IFAD Philippine, is attached.

Main lessons learned from experience in the Philippines:

- building trust among stakeholders is very important
- align the needs of the investors with the needs of those who act and must benefit
- delivery of grants need robust methods for monitoring and follow-up.

## Comments

- [Piet Vanthemsche] At what point, in the development of an activity or organisation, does the logic shift from grant logic to investment logic? And does that work with the same people, knowing that the rationale is different? Development logic is different from investment logic. [Yolando Arban] Investments were based upon well-prepared business plans, including quite some capacity building, with clear link to markets. Investment proposals are from local interest groups, but are supported by local administrative authorities, and involve local private sector. Grant money allows for close follow-up (assistance, mentoring) of investments.

### 1.2. Opportunities for farmers' organisations, Jean-Philippe AUDINET, IFAD.

IFAD, as an international -public- financing institution, iprovides loans to governments (94% of IFAD activities, grants are 6%). These loans are for development projects, which are called investments projects, including "investments" in social capital. IFAD has no direct relations with farmers, all goes through governments. The corresponding economic and financial analysis covers the analysis of the loan to government, as well as the economic activities of farmers that are -indirectly- involved. For IFAD, investment is about capital formation, including social capital. IFAD does not have an instrument for equity financing, or for risk capital in general.

With respect to risk capital (loans, equity), we have to distinguish between different functions of farmers' organisations. Only particular functions and services to members can generate returns. Such economic activities are generally not undertaken by national level organisations, they are generally at the level of the first or second level of aggregation of producers. For these activities, for IFAD, profitability means that an initiative (i) increases income of smallholder farmers (seen by IFAD as entrepreneurs), (ii) in a sustainable and (iii) spontaneously up-scalable way.

For IFAD, there is almost always a component of grant in loans. Working with/for resource pour farmers, there is need for grants to ensure investments, because of the high level of risk. Grants for investment, on the basis of business plans that are carefully prepared and examined. A relevant self-financing by the producers is important for IFAD, eventually (preferably) linked to or combined with bank financing. Grants help to build the commercial links.

IFAD has some initial experience with producer private partnerships. Producers not with banks but with private sector (processors), who provides part of funding. Here, the main concern is about the interests of the farmers. For IFAD smallholders are the number one private sector actors. IFAD does not have a private sector window (as has ADB, or GAFSP).

IFAD observed that not much providers of risk capital are able to reach the "missing middle", including initiatives of smallholders farmers. For IFAD, development of smallholders should not be led by downstream businesses, through contract farming for instance. The challenge is to find the mutual interest, and for this farmers' organisations need to be much stronger, to be able to contractualise on their own terms.

## Comments

- [Piet Vanthemsche] There are interesting complementarities between governments roles, as supported by IFAD, and contributions from private (financial) sector. Contract farming and vertical integration will become more important, so we – farmers' organisations – must be prepared to face this evolution. Primary production must have a stronger position in the value chains, anywhere in the world. IFAD is with farmers' organisations and their challenge to develop strong bargaining positions vis-à-vis downstream actors.
- [Alex Danau, CSA] A number of specific investment funds are being developed, such as BIO in Belgium, that can match the needs of small(er) companies that are relevant for smallholder initiatives.
- [Laure Hamdi, Afdi] Last General Assembly has made a clear distinction between different roles of farmers' organisations, and different potential sources of funding. Agri-agencies face a strong and growing demand from the farmers' organisations we work with, to occupy stronger positions in market chains, with funding

needs agri-agencies cannot mobilise. Our core business is about strengthening organisations for clever and balanced relations with private actors in market chains.

### 1.3. ADB perspectives, Ahmed MAFUZ, Head of Regional and Sustainable Development Department.

ADB works a lot with IFAD, often in a complementary setting. Two perspectives are important for ADB. Smallholders face similar challenges. Number of countries are becoming middle-income countries (India, Indonesia, Philippines...). But smallholders are trapped and excluded from access to finance, and very often from land. The land issue is critical. Organisational strength is then critical, but lacks. ODA support should

Second dimension is linked to GAFSP. This program is for smallholders. Public and private window. ADB is within the box. With governments, and trying to make sure that smallholders benefit, always indirectly, in the public window. The private window supports processors, traders... but does not reach the missing middle neither, including the smallholders. Enclude (Netherlands) published a report on this missing middle, making suggestions on how to work with smallholders. Opening a 3<sup>rd</sup> window under GAFSP was an idea but too difficult to implement.

#### **Comments**

- [Ibrahima Coulibaly, ROPPA] Farmers' organisations share the concern of ADB and of other financing institutions, about how to make sure that funds arrive at farmers' level, and serve the needs of farmers and their organisations.
- [Ousmane Ndiaye, Asprodeb] Cooperatives (and "groupements d'intérêt économique") do exist, are operational and are effective for value chain development. Examples (from Senegal and other countries) in seed production are convincing. But development banks work through governments, and government often destabilise markets (a.o. by subsidies for competing products). Hence, intensive lobbying and advocacy by strong farmers' organisations is very necessary to make sure that the economic context is supportive, and that governments are supportive.
- [Shimpei Murakami, AFA] Reference to 1995 experience in Thailand. Organic rice farmers. Rice mill. Investment made with share capital of farmers. Intensive preparation with NGO finding. Training and capacity building on accountancy and management. Rice farmers started the mill when they felt comfortable about the initiative. In this way, investment is not risky. We need criteria to establish when the right moment (for shifting from grant to investment) has come.
- [Rachid Pertev, IFAD] Aid coordination mechanisms exist in every country, general and specifically agricultural coordination mechanisms, involving government and aid agencies. It would be a very effective channel to work with such coordination mechanisms.

## **2. Contributions by participating farmer leaders.**

UNICAFES (Genes Rosa)

Presentation annexed.

EAFF (Césarie Kantarama)

EAFF has seen quite some convincing examples of farmers' organisations involved in micro-finance institutions. Other private sector companies in the telecom-business have been involved.

Cooperative approaches remain most relevant. EAFF has lobbied a lot in making sure that the legal environment for cooperatives is in place.

Exemple d'une cooperative (250 producteurs de manioc) qui obtient financement d'une banque de développement, un BDF (Business Development Fund), en collaboration avec une usine de transformation. L'approche business est convaincante pour d'autres partenaires.

#### Fert (Jean-François Isambert)

AGPB originally represented wheat producers towards the authorities, as a full fledged representative union. Very quickly, AGPB has developed services to support producers, and to process wheat. In a shared management formula with government, AGPB has set up a financial institution, with funding coming from taxes paid by the producers.

This financial institution has allowed to support off-farm activities (trading and processing) related to the cereal business sector in general, including animal husbandry.

For AGPB the involvement of producers in the whole chain is essential for improvement of farmers' incomes. An agreement with government has been reached to give full autonomy to the financial institution, with main argument that initially, the funding came from the producers. This financial institution now also develops international activities.

AGPB also provides grants, as « investment » and as support to Fert, which opens different perspectives. Fert focuses on agricultural production, whereas the AGPB focuses on agro-food chains.

#### UNMAGRI (Fatma Ben Rejeb)

La problématique capital à risque est étrange et surprenante pour UNMAGRI. De toute évidence, il faut différencier les organisations de producteurs entre les économiques (génération de revenu) et celles qui font du lobbying. Le monde bancaire en Afrique du Nord n'est pas accessible à l'agriculture.

#### FWA Fédération Wallonne d'Agriculture (Daniel Coulonval)

Les investissements doivent servir le monde agricole, et pas l'inverse. Les outils en place pour soutenir des investissements, très souvent, favorisent les investissements plutôt que les producteurs. Manque de visibilité et différentes compréhensions autour de la table. Le CSA soutient des organisations de producteurs pour réaliser des études de faisabilité sur initiatives économiques (business plans).

#### PROPAC (Justin Amatkreo Astouin)

Presentation annexed.

#### ROPPA (Ibrahima Coulibaly)

Depuis 2 ans, le ROPPA capitalise des expériences positives en matière économique. Les initiatives sont très diverses, et le ROPPA se reconnaît dans les exemples déjà cités par d'autres intervenants.

Un approche pertinente est celles des mutuelles de solidarité. Les membres mettent de leurs moyens propres, c'est le 1er défi. Autre défi, est celui de travailler ensemble, dans un climat de confiance entre organisations de producteurs et institution financières. 3ème défi des organisations de producteurs, est celui de gérer leurs propres contingences culturelles. L'orthodoxie comptable n'autorise pas les échanges entre contexte privé et contexte entreprise. La mutuelle permet de fonctionner avec 3 caisses différentes:

- des cotisations considérés comme des dons
- des cotisations considérés comme du capital à risque
- des prêts venant d'institutions bancaires.

Il ne manque pas de fonds pour l'agriculture. Il manque clairement des institutions et des mécanismes qui permettent de canaliser les fonds vers les l'agriculture.

#### Comments

- Piet Vanthemsche notices large consensus on critical role of governments, and also the broad scope (large éventail) of activities covered by today's discussion, as Daniel Coulonval also has mentioned.
- [Asprodeb, Ousmane Ndiaye] Les sociétés privées, de façon générale, ne sont pas toujours contrôlées par les actionnaires. Les organisations paysannes s'inquiètent. Comment organiser et garder un contrôle paysan sur les structures qui sont mis en place pour soutenir le monde agricole? Le problème de contrôle est très important.
- [IFAD, Jean-Philippe Audinet] Question raised to farmers' organisations. Private banks are not the source of external risk-capital. Some windows are available for farmers' organisations with development programs

or institutions such as GAFSP or AFD. Should these existing windows become more user-friendly? or directly accessible for farmers' organisations? Taking into account the principle of national subsidiarity, why should international finance open specific windows? Financial services in the countries should cover this, rather than international institutions (or than a 3<sup>rd</sup> window in GAFSP).

- [Piet Vanthemsche] Transaction costs become prohibitive, in particular when international institutions are involved.
- [DBV, Willi Kampmann] For any investment, scale is important. For smallholders as well as for corporations, return on investments is what counts. Farmers will only be able to come to that stage when their organisations are strong.

### 3. Summary of contributions and comments.

[Summary presented by Lode Delbare, Trias] The definition of *risk capital* is not yet fully shared by everyone. Input and contributions were as a consequence also very varied but contributed to an interesting debate. Some observations:

1. The issue of grants versus risk capital is a complex and multi-dimensional topic:
  - involving different actors
  - playing at different levels
  - interacting in various ways with the different functions of farmers' organizations
2. Given the complexity of the issue, there is no one fits all approach to define when it is more appropriate to use grants or to use risk capital. But consciously dealing with this choice is and will remain very important. ADB as well as IFAD use a larger definition of the term *investments*, as does AFA.
3. For farmers' organizations, the issue is strongly related to answering the central question of "how to make financial resources available to farmers". For the mobilization of financial resources, the interaction between farmer organizations and other development actors is crucial, especially with government instances and with the various financial institutes.
5. Several concrete and positive experiences of dealing with grants and risk capital exist in different regions and contexts. An effort of capitalization and stock-taking of these experiences is appropriate. Looking for continuous innovation in these matters is also still recommended.
6. When looking for mobilization of funding for family farmers and their organizations, it is important to consider the long term perspective and the need for a sufficient degree of self-financing, to reach satisfactory levels of sustainability.
7. Even if the context in different countries and regions can be fundamentally different (in socio-economical but also cultural terms), farmers all over the world are confronted with similar challenges with regards to their articulation with the market, the development of their bargaining power in the value chains, the organisation of rural finance.
8. The consideration of the risk factor is crucial when considering rural finances. The high transaction costs because of high numbers of small scale farmers, the increasing climatological instability and the lack of sufficiently consolidated farmers' organizations all contribute to the existence of the so-called *missing-middle*.

#### 4. Final discussion.

##### All farmer representatives, agri-agencies, observers.

- [Piet Vanthemsche] The role of governments is stressed by several participants, in line with Ousmane Ndiaye's and Jean-Philippe Audinet's comments. Both role of farmers organisation and of governments should be considered. We have good public-private partnerships in EU countries but this is not the case all over the world. Not only farmers organisation should be strong also governments should be (Vanthemsche).
- Marlene Ramirez from AsiaDHRRA questioned the way to go forward : what should be the role of agri-agencies and the resources to mobilise? How to respond to farmers organisations request? Should it be only focusing on grants or should we invite farmers' organisations to find other source of funding, of investment?
- [Kees Blokland] Agriterra has experience with 60 cooperatives, which already were linked to banks, and were on the edge of making major further investments. Support was about merging and increasing scale, and establishing peer-to-peer cooperation with the Dutch dairy cooperative Friesland-Campina. As a major international player, Friesland-Campina also examined the possibility to buy KCC (former state-owned dairy processor), and are setting up a new company in Kenya, working with large scale dairy producers. Agriterra, with the smallholder dairy cooperatives, has succeeded in freezing the industrial investment plans of Friesland-Campina. Such choices reflect the core principles and mandate of an agri-agency.
- [Piet Vanthemsche] Agri-agencies should not hesitate to leave their comfort-zone of grant funding. Agriterra, like IFAD, insist on choices not made by the agro-industry, but by organisations that duly represent the interest of farmers. Along the line of Asiadhrra's question: the role of the agri-agency is to support relevant business plans.
- [Fert, Jean-François Isambert]. It will certainly help our further analysis, if we could present and analyse some more concrete examples.
- [Asprodeb, Ousmane Ndiaye] Farmers organisations are more structured than what we thought. They are often more organised than the food industry. But agri-agencies should support them to be more independent. How to proceed? Agri-agencies are not supposed to work on behalf of or instead of farmers' organisations. Referring to the experience of Agriterra in Kenya, Asprodeb is interested to learn more, in detail, what their peers do and how they organise their support to farmers' organisations.
- [Piet Vanthemsche] Industrial corporations are often leading the game in developing countries. As agri-agencies, we have to keep our focus on development models that support family farming (Ousmane Ndiaye). The role of multinational companies in Europe is not different to Africa or Asia.
- [PROPAC, Justin Amatkreo Astouin] In Central Africa, PROPAC observes increased interest of governments, linked to SFOAP emergence and dynamics. However, farmers' organisations are not supported by governments, and have to rely on support from NGOs and other partners to build and strengthen their positions. One concern is to make sure that government plays its role, and allows private sector as well as farmers' organisations to play their role.
- [IFAD, Jean-Philippe Audinet] Smallholders have to compete (increasingly on the basis of quality of products for urban consumers) with large scale enterprises, that are active all over the world. Economies of scale are critical, in particular downstream in the agro-industry and in retail. Key choice is between public private partnerships, meaning deals with (often multinational) corporations, and another strategy, that farmers create themselves the companies needed for processing and marketing their products. Interesting examples: dairy cooperatives in Morocco, rice initiatives in Thailand, and lots of others, like the dairy cooperatives in Kenya.
- [Afdi, Laure Hamdi] The international *cooperative* actors, linked to the agri-agencies, are interesting "private" partners. Private-private cooperations. These international (dairy) cooperatives might have conflicting interests (local dairy cooperatives vs. milk powder imports), for which agri-agencies can play a broker role.

- [Boerenbond, Piet Vanthemsche] Both public private partnerships and farmer controlled initiatives can serve the interests of farmers. Farmer leaders have to assess whether one or the other is good for farmers. One does not exclude the other. No ideology, but let farmers make their choice.
- [Agriterra, Kees Blokland] International cooperative players, such as Friesland Campina, are in between their corporate social responsibility and the (conflicting) interests of Dutch farmers. This shows the weakness but also the strength of the agri-agency model: Agriterra mobilised the Dutch farmers constituency in favour of the interests of developing country farmers, and influenced the commercial position of Friesland Campina. Public private partnerships (donor governments with private sector) need to be checked for farmers' interests in developing countries, as acknowledged by the Dutch government and by the Gates Foundation. Agriterra and agri-agencies already have a track record in this power-play.
- [CSA, Alex Danau] Members of cooperatives need to maintain control over their own cooperative. This is an underestimated challenge for farmers.
- [ROPPA, Ibrahima Coulibaly] In our (African) economies, (mainly) government interference result in low profitability of farming, hence no incentives for farmers to develop business investments. Also, resources provided by governments to private sector are generally and simply lost. There is no return on such investments. But there is a most urgent need for investments in local initiatives. In terms of negotiating power towards governments, European farmers (representing 2%) have a far stronger voice than African farmers (representing 75% of the population). Moreover, European farmers are backing their organisations because farming is more profitable.

Co-chairs Coulibaly and Vanthemsche close the meeting with the following remarks:

[Ibrahima Coulibaly] African farmers are in a weak (political) position vis-à-vis governments for which public-private is about big deals, big money and elections. Government rice policy in Thailand is a rich example. Everybody loves smallholder farmers, but nobody really trusts them. In the name of smallholders, funding is pledged and presented, but does not show up at farmers' level. AgriCord is also expected to clarify and to improve the flows of funding to smallholder farms.

[Piet Vanthemsche] AgriCord appreciates the rich debate. The Board and Bureau of AgriCord will examine how to take forward recommendations in the operations of AgriCord.

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## **Annexes (separate document)**

1. Presentation of AHA, Andreas Hermes Akademie.  
New member of AgriCord for Germany (Willi Kampmann).
2. Presentation of ACODEA.  
New member of AgriCord for Spain (Manuel Nogales).
3. 2014 update of Farmers Fighting Poverty (Ignace Coussement).
4. Report on Farmers Fighting Poverty 2014 (Ignace Coussement).
5. IFAD experience in the Philippines (Yolanda Arban).
6. Views and experiences of UNICAFES (Genes Rosa).
7. Views and experiences of EAFF (Césarie Kantarama).
8. Views and experiences of PROPAC (Justin Amatkreo Astouin).