

Linking producers to markets programme



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Linking producers to markets programme

October 2012

Directorate Marketing

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES

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2012

Printed and published by

Department of Agriculture, Forestry and Fisheries

Design and layout by

Directorate Communication Services

Private Bag X144, Pretoria 0001

ACRONYMS

APAC	Agricultural Produce Agents' Council
BDS	Business Development Services
DAFF	Department of Agriculture, Forestry and Fisheries
DBE	Department of Basic Education
DCS	Department of Correctional Services
DHE	Department of Higher Education
DoH	Department of Health
FAO	Food and Agriculture Organization
Global GAP	Global Good Agricultural Practices
MIS	Marketing Information System
NAMC	National Agricultural Marketing Council
NFPM	National Fresh Produce Market
NGO	non-governmental organisation
PDA	Provincial Department of Agriculture
PPP	Public Private Partnerships

1. PREAMBLE

Agricultural markets in general have not worked efficiently for poor smallholder producers in South Africa. Following the market liberalisation reforms undertaken by the government in the mid-1990s, agricultural markets for smallholder producers are characterised by, among others, the following constraints: long chains of transactions between the producer and the consumer, poor access to appropriate and timely market information, small volumes of products of highly varied quality offered by individual smallholder producers and poorly structured and inefficient markets.

The lack of market linkages represents a significant impediment to market access, especially for poor smallholder producers. The lack of market linkages substantially increases transaction costs, post-harvest losses, perpetuates farming as a social rather than business activity and reduces market efficiency. For any one commodity, the marketing chain consists of multiple middlemen, each taking a margin at every stage of the chain, and price variations in space and time are often large and erratic.

Transforming smallholder self-sustaining (non-market-oriented) agriculture, forestry and fisheries into dynamic market-oriented sectors can create multiplier effects towards other sectors. This can stimulate development in the non-farm sector through employment creation and income generation. Types of linkages include backward and forward production linkages, and linkages from expenditure or consumption resulting from increased earnings in both the farm and non-farm sector.

Currently, growing demand for various commodities such as food and fibres is opening up opportunities for producers, especially smallholder producers to diversify towards commodities that have strong potential for higher returns to land, labour and capital. However, there is apprehension about the capability of smallholder producers to participate in the market-oriented production owing to their lack of access to inputs and outputs, capital, technology, extension services, skills, natural resources (land, water), etc.

Evidence has shown that smallholder producers participate and make a sizeable contribution to the production of various commodities, but their links to markets are currently weak or non-existent. Though market institutions such as supermarkets and government institutions (correctional facilities, school feeding programmes, hospitals) do not altogether ignore smallholder producers, some support programme is imperative to institutionalise their linkages with the markets.

The purpose of this programme is to create a blueprint for action to link smallholder producers to commercial mainstream markets. The emphasis will be on linking smallholder producers with the formalised value-chain markets through institutions such as cooperatives, commodity associations, etc. This will assist in reducing marketing and transaction costs as well as alleviate some production constraints.

2. AIMS AND OBJECTIVES OF THE PROGRAMME

The overall aim of linking producers to the market programme is:

“To provide market linkage innovations to empower smallholder producers. That will enable them to choose what commodities to produce, what technologies to apply for production, when to produce, for whom to produce and when and at what price to sell”

This aim is in support of the Zero Hunger Strategy of DAFF. Market linkage innovations will enable smallholder producers to sell their produce or purchase needed inputs on time and at competitive prices.

The specific objectives of the programme are to:

- ♣ Set a basis for the establishment of Public Private Partnerships (PPP);
- ♣ Develop a set of mechanisms/strategies to link smallholder producers with mainstream commercial and institutional buyers;
- ♣ Identify smallholder producers and link them with formalised commercial markets;
- ♣ Institutionalise producers into marketing cooperatives and link them with mainstream commercial markets;
- ♣ Provide market information to public and private stakeholders;
- ♣ Facilitate the development and negotiation of contracts with buyers.

3. APPROACHES OF LINKING PRODUCERS TO MARKETS

South African smallholder producers make a sizeable contribution to food production. Their access to formalised markets is constrained by factors such as low volumes (with small marketable surplus), poor quality, erratic supplies, etc. At the same time, local markets for their produce are small and as a result, they have to sell their produce in distant urban and export markets, which adds to their high transportation and marketing costs. Existing supply chains are long and are dominated by a number of intermediaries like assemblers, wholesalers, sub-wholesalers, commission agents and retailers. In some cases, producers can receive as low as one-third to one-half of the final price, indicating high marketing costs and margins. In some cases, the marketing costs have been estimated to be around 20% of the sale price of produce.

Institutions such as cooperatives and commodity associations are considered to reduce marketing and transaction costs and risks by providing “markets” to the producers at their doorsteps. In this section, different approaches that can be used in linking producers to markets are presented.

3.1 Linkages through commodity/growers' associations

As pointed out above, the capacity of smallholder producers to participate effectively and meaningfully in market-oriented production is limited by their inadequate access to capital, inputs, technology and extension services, among others. Inadequate access to these means of production, results in producers failing to meet set production targets consistently, thereby failing to enter into the mainstream markets.

There is evidence that if producers in an area are able to work as a unit, they are in most cases able to meet set production targets by realising economies of scale and increased bargaining power. The transformation of the food industry sector is currently characterised by the spreading of supermarkets, changes in the procurement system and modernising of processing. This presents an opportunity for producers, particularly those who are capitalised and organised. This therefore calls for the promotion of collective action through a commercially sound vehicle. Institutions such as commodity/growers' associations serve as important vehicles to get producers organised and working as a unit.

Government will develop producers' skills and knowledge in order to overcome the above-mentioned difficulties. Some key issues will need to be addressed, both at the producers' and at their organisation's level. At the producers' level, government will facilitate the development of production planning according to market demand, systematic training on quality and quality standards with regard to organisation and market requirements, and finally, to customise their training programme to current market conditions.

Government will also facilitate the provision of short training courses, study tours and workshops that encourages sharing of ideas and exchange of experiences among extension staff, producers and institutions. The programme will also facilitate the development and dissemination of marketing information materials.

3.2 Linkages through marketing cooperatives

Marketing cooperatives are composed of individual producers with a mutual interest in marketing their produce collectively. By forming marketing cooperatives, producers can achieve economies of scale. By negotiating as a group, producers can get a better price for their produce. Through marketing cooperatives, producers can save the time and expense of taking their produce to the market themselves. Furthermore, producers can reduce the risk of being left with piles of unsold produce rotting in the fields while they wait for a buyer. They can also grade and sort their produce, and possibly store and process it before selling. Groups of producers may help each other with fieldwork such as land preparation, weeding and harvesting. They can also try to market their own produce if they are dissatisfied with the prices that traders offer.

Government will use marketing cooperatives as the main channel for agricultural support programmes in line with the marketing strategy. This is because support services delivered in bulk, reduce costs and broaden the impact of development assistance. DAFF will provide technical assistance to marketing cooperatives in the form of training. Training will mainly focus on entrepreneurship development services, institution development services, financial management services and business development services. Government will coordinate training that will also focus on selecting income generation activities, strategic planning, production planning, quality control, marketing, etc.

The difficult task of timely procurement and supply of perishable commodities is further exacerbated by lack of proper logistics management. Government will work with various marketing cooperatives in identifying transport providers and developing a collection route. The members will be expected to bring their produce to various collection points/

centres along the route. The collection points will generally be located close to a marketing cooperative's office, and sometimes the marketing cooperative office itself will serve as collection point.

Producers and transporters have been facing significant challenges given the difficult terrain and sometimes road conditions in most rural areas. Government will, among others:

- ♣ Establish post-harvest infrastructure to provide basic agricultural marketing infrastructure to collate fresh produce from a number of smallholder farmers in a given production area/hub with a view to performing first stage marketing functions such as grading, washing and packaging before forwarding to other wholesale or retail markets.
- ♣ Government will develop a transport assistance programme to assist many producers who may find it difficult to bring their produce to the collation facility;
- ♣ Provide sufficient space for grading produce at the collation facilities/centres; and
- ♣ Identify companies/firms/institutions that are willing to provide market opportunities for smallholder producers who are organised into marketing cooperatives.

Together with marketing cooperatives they will also play an important role in information collection. The market information will be used to carry out a strategic analysis to members. The information will enable the marketing cooperatives to take decisions with their members on what quality to produce, for what markets, and how much and which inputs to purchase to achieve the targeted production.

Government will also assist marketing cooperatives with training on analytical and strategic capabilities that will enable the marketing cooperative to communicate the information to their members effectively at grassroots in a two-way information flow.

3.3 Linkages through contract farming

In contract farming, a trader or processor purchases producers' harvests according to terms arranged in advance through contracts. The producer harvests and delivers to the contractor a certain quantity of a product, based on anticipated yield and cultivated acreage, at a pre-agreed price.

Contracting is fundamentally a way of allocating risk between the producer and the contractor. The producer assumes the risks of production, while the contractor bears the risks of marketing. The allocation of risk is specified in the contract and can vary widely. Some contracts specify a certain volume of production while others specify only a price (which can be, for example, market price, average price over a period of time, or the difference between a basic price and a market price).

A major factor in ensuring contract compliance is the degree to which the smallholder wants the contract to be renewed. The contract must be sufficiently attractive to the smallholder producers so that the costs of defaulting (such as being excluded from contracts in future seasons) exceed the benefits of defaulting (such as being able to pocket forward payments). If a contract offers only marginal profitability, the risk of default is higher.

DAFF will accomplish this important task by facilitating the process of entering into a contractual agreement between a buyer and a group of smallholder producers. Government's role will be to ensure that the respective roles of each party are clearly defined and understood by all right from the outset.

While it may not be considered a precondition, it will be desirable for government to play an arbitration or dispute resolution role. Government will facilitate the establishment of the dispute resolution guidelines for agricultural contracts and will identify the institution that will offer the mediation services.

3.4 Linkages through institutional buying

The programme will have three key focus areas, namely: strategic procurement, agricultural development and institutional development. Strategic procurement will focus on buying a certain proportion of food requirements for government institutions from smallholder producers. Agricultural development will focus on increasing the proportion of food purchased from smallholder producers, without sacrificing the quality, quantity and timeliness of the food being delivered to government institutions. Institutional development will focus on strengthening the institutional framework that supports the programme.

Strategic procurement will focus on addressing the purchasing process that supplies food to the government institutions in such a way that smallholder producers can benefit. The specific intent to benefit smallholder producers is what makes this procurement process "strategic". Government, through this focus area will remove the barriers that smallholder producers might face in accessing the market provided by government institutions. Government (through

the DAFF and PDAs) will ensure that through the strategic procurement process, producers will have access to information regarding government institution needs. Furthermore, government will introduce training programmes that capacitate smallholder producers to meet traditional tendering requirements. The programme will also address lack of capacity to supply, store and transport commodities and vulnerability to post-harvest losses.

All the information regarding government procurement needs and requirements will be collected and posted on the Marketing Information System (MIS) hosted by DAFF. The information will therefore benefit both producers and buyers in that by having full knowledge of what buyers want, producers will be better able to plan their production scheduling and likewise buyers will know which producers have which produce.

Government through agricultural development will put emphasis on activities that will help smallholder producers to increase productivity, produce better-quality crops, manage natural resources and mitigate risks in a sustainable way. This therefore calls for the development of an input subsidy programme. This will entail the provision of assistance packages in the form of improved seeds, fertiliser and other agricultural inputs at subsidised prices; to the least advantaged smallholder producers so they can produce food in greater quantities and be able to supply the government institutions. These measures will ensure that the following issues are addressed:

- ♣ Assuring that minimum nutritional standards are maintained;
- ♣ Maintaining a continuous supply of food to government institutions;
- ♣ Ensuring food quality and safety;
- ♣ Reducing the costs of procurement from smallholder farmers;
- ♣ Protecting producers' own food stocks;
- ♣ Transporting food to food-insecure areas;
- ♣ Countering corruption and bureaucratic inefficiency;
- ♣ Facilitating institutional coordination; and
- ♣ Balancing costs and benefits.

The institutional development focus area of the programme should be seen as the base which supports its entire structure. The institutional development will, among others, ensure that the following key principles are established:

- ♣ The need for political commitment and good governance;
- ♣ The link between commitment and concrete action;
- ♣ Clear articulation by the lead department (DAFF) to guide implementation;
- ♣ Clear definition of roles and responsibilities of cooperating departments (in particular DAFF, DBE, DoH and DCS);
- ♣ Development of clear budget lines for each department;
- ♣ Creation of task forces for implementation;
- ♣ Creation of strategies for local ownership and involvement of local structures.

3.5 Linkages through domestic traders

Traders have traditionally interacted with producers on a one to one basis, either buying from them at local markets or at the farm gate. Purchases at local markets can be relatively efficient if they enable the trader to buy a sufficient quantity to achieve economies of scale with subsequent transport, which is usually the main marketing cost. On the other hand, purchases at village level can often be extremely inefficient and this can contribute to the high marketing costs that often lead to allegations of exploitation of producers by traders.

The key focus area of this approach is to assist producers in working together to assemble all their products at one location, for purchase by one or more traders. Furthermore, government will assist in the establishment of basic agricultural marketing infrastructure to collate fresh produce from a number of smallholder producers in a given production area/hub with a view to performing first-stage marketing functions such as grading, washing and packaging before selling to traders. Furthermore, government will develop transport assistance programme to assist many producers who may find it difficult to bring their produce to the collation facility.

3.6 Linkages through retailers

Currently, smallholder producers are facing numerous constraining requirements in supplying the retail markets. The major constraints for the smallholder include, among others, quality and their inability to supply the required volumes regularly. Supplying supermarkets and other quality chains such as shops and restaurants may also generate increased income opportunities for smallholder producers if they take advantage of their specific location and social adeptness in terms of producing food commodities of special quality.

Government and its partners will introduce a certification programme to assist smallholder producers to access retail markets by selling products that comply with international standards set by retail markets. The assistance to qualifying producers will address all the different aspects of becoming compliant and obtaining certification pertaining to, for example, quality and food safety issues. Therefore, through the assistance provided, producers will be in position to comply with standards required by the different markets, which will further enable them to participate in mainstream retail markets.

Government will support smallholder producers in the following areas:

- ♣ Training producer groups to engage with higher-value market chains and building relationships with supermarket buyers.
- ♣ Strengthening cooperation between producer groups and buyers/traders through meetings and exchange visits. The purpose of the meetings and exchange visits will be to discuss commodities with a high potential for return. The meetings and exchange visits will also be used by supermarkets to outline their requirements for quality, quantity, price, delivery, packaging, transportation and payment methods.
- ♣ Facilitating access to regular market information through MIS and other forms of media.

3.7 Linkages through National Fresh Produce Markets (NFPMs)

NFPMs have a crucial role to play in linking smallholder producers to formal markets. Their role should mainly be the rolling-out programmes that will enable quicker and easier access for smallholder farmers to NFPMs.

Government and the Agricultural Produce Agents' Council (APAC) will play a crucial role in setting and monitoring broad transformation targets. The target should specify a certain percentage of produce that is traded by the agents at the NFPMs to include produce from the smallholder producers.

Government, together with NFPMs, will design a programme for reviving old packhouses and building of packhouses with packing material. A packhouse facility will, among others, assist smallholder producers in performing first-stage marketing functions such as grading, washing and packaging before delivery to the NFPMs. Furthermore, government and NFPMs will play a leading role in providing food safety management training to the smallholder farmers.

NFPMs will provide training to smallholder producers on planning production, growing and harvesting, grading of products and their packing, transport, storage, processing, distribution and sale, sending information from production area to market (e.g. products available, volumes) and from the market back to producing areas (e.g. prices and supply levels, consumer preferences and changes in taste).

3.8 Linkages through agro-processors

The process of agro-processing involves a set of techno-economic activities, applied to all the produce, originating from agricultural farm, livestock, aqua-cultural sources and forests for their conservation, handling and value addition to make them usable as food, feed, fibre, fuel or industrial raw materials.

Linking producers to the markets through processors has been a well-recognised means of augmenting seasonal gluts and associated price crashes, especially for smallholder producers. However, the linkage between smallholder producers and processors is rather weak under local conditions. That can be attributed to, among others, the high cost of processing, inadequate supply of the right quantity of raw material for processing, etc., apart from inconsistent demand for the processed produce.

Government, together with its partners, will provide training to smallholder producers. The training will assist smallholders in increasing production volumes and quality required by the agro-processors. Government, together with agro-processors and distributors, will work towards improving their internal business processes. That will be achieved by the development of technical requirements packages. Technical requirements packages can be used by suppliers to ensure that the produce meets the standards set by the agro-processors.

Government will facilitate knowledge development and brokering through the following:

- ♣ Collecting and disseminating information relating to types of produce demanded, demanded quantity and quality standards, demand schedule, etc;
- ♣ Assisting in the arrangement and/or negotiations of transactions between a buyer (agro-processor) and a seller (smallholder producer).

3.9 Linkages through exporters

In the case of linkages between smallholder producers and exporters, it is important to have an external catalyst to identify new market potential and link producers and traders who would not, otherwise, have made contact. Exports to more sophisticated markets can involve smallholder producers in considerable complexity and risk. The high quality, safety and logistical standards demanded by importers (e.g. for organic certification, for Global-GAP or for the purposes of traceability) can be expensive and difficult although not impossible to achieve by smallholders. Producers working on their own are unlikely to be able to develop a capacity to meet these standards.

The key focus area for this approach is effective participation in business networking events, including trade shows and business-to-business and direct buyer engagements. These networking events are open to most global industry players and have a potential to link South African smallholder producers and exporters with global markets.

Government and its partners will complement business networking support with direct assistance to smallholder producers and exporters in meeting global market requirements. The assistance will be through training and technological upgrading that will enable them to meet requirements for export-oriented activities (in terms of standards for production, quality, packaging and delivery). The support will also be provided to the international buyers and investors seeking to identify qualified suppliers in South Africa.

Government and its partners will also play a critical role in catalysing transactions between buyers and producers through the following:

- ♣ Ensuring that both buyers and producers have complete and accurate market information;
- ♣ Reducing transaction costs through subsidised participation in networking events and marketing support;
- ♣ Preselecting or designing networking events that will produce the most effective interactions between buyers and producers in common market or market segments.

4. Critical success factors

Every programme has a limited number of areas in which satisfactory results will ensure its successful and competitive performance. Critical success factors are elements that are vital for a programme to be successful. These factors direct the programme forward and are crucial to the success of the programme. Similarly, linking producer to markets programme also has a number of cross-cutting issues that also serve critical success factors.

These critical success factors can be summarised as follows:

- ♣ Organisation of producers into commodity groups and formation of marketing cooperatives;
- ♣ Development of the input support programme;
- ♣ Development of a certification programme;
- ♣ Development of transportation assistance programme;
- ♣ Provision of training;
- ♣ Provision of physical infrastructure, (roads, electricity, potable water and drainage, water for irrigation and telecommunications) and marketing infrastructure (storage services, collation facilities, processing infrastructure, etc.).

TABLE1: Advantages and disadvantages of various types of linkages

Type of linkage	Advantages for producers	Disadvantage for producers
Linkages through marketing cooperatives	Inputs, technical assistance, etc., may be supplied on credit; Crop marketing, packaging, grading and storage and, sometimes, processing organised by the cooperative; Potential for farmers to sell larger volumes.	Cooperatives often depend on subsidies and external managerial assistance; Commercial activities can collapse when subsidies and assistance run out.
Linkages through contract farming	Inputs, technical assistance, etc., may be supplied on credit. In the case of long-gestation crops, such as oil palm, tree crops or sugar, credit is essential and may also be provided to meet subsistence expenses; Crop marketing organised by the company.	Companies often require external agency (e.g. bank) to finance credit provision; Frequent mistrust between farmers and companies and their employees; Contracted price lower than market price may lead to sales outside of the contract; Difficulties may be experienced if NGO withdraws.
Linkages through an exporter	Potential high returns if quality can be achieved; Inputs, technical assistance, etc., may be supplied on credit; Exporter often provides transport and packaging.	Export markets are inherently risky; Compliance with standards (e.g. organic; quality and traceability; fair trade) can be problematic, even with technical assistance.
Linkages through an agro-processor	May provide secure market at agreed price; Offers additional market in addition to fresh market; Inputs, technical assistance, etc., may be supplied on credit; Processor often provides transport; Potential for farmers to sell larger volumes.	There may be an inadequate market for the processed products, therefore jeopardising sustainability; Must meet variety, quality and safety specifications; Open market price may be higher than that agreed with processor; Risk of delayed payments.
Linkages through a retailer	Reliable market at agreed price.	Must meet variety, quality and safety specifications; Must be able to supply agreed quantities at all times. This may place farmers in conflict with social obligations; May have to accept deferred payment of up to 90 days.
Linkages through a domestic trader	Requires high level of trust but such trust is likely to ensure long-term sustainability; Formal farmer organisations not usually needed; Traders may (rarely) provide training in production and handling.	May need to accept short-term deferred payment; Limited access to high-value markets.

Source: Adapted from FAO, 2007

5. INSTITUTIONAL ARRANGEMENTS

5.1 Producers

- ♣ Produce the product;
- ♣ Sell the produce;
- ♣ Join producer groups for consultation, negotiation, training, economies of scale in input and output distribution.

5.2 Agribusiness/companies

- ♣ Organise tailored assistance (agronomy, harvesting, drying, post harvest and processing);
- ♣ Organise extension (where necessary);
- ♣ Recruit and contract producers;
- ♣ Supply production inputs (where necessary);
- ♣ Purchase farmers' produce at an agreed price;
- ♣ Process and market the end product;
- ♣ Assist and train producers in certification procedures;
- ♣ Provide training and other forms of capacity-building initiatives;
- ♣ Provide marketing infrastructure.

5.3 DAFF

- ♣ Provides business advice and development to the newly formed commodity associations
- ♣ Assists in guidance and registrations and legalisation of commodity associations
- ♣ Facilitates extensive training (organisation, structure and management; bookkeeping and accounting; marketing; finance and credit; etc.)
- ♣ Facilitates the provision of capacity building (market requirements and demands);
- ♣ Organises industry trade shows;
- ♣ Facilitates the development of the transport assistance programme;
- ♣ Facilitates the development of an input subsidy programme;
- ♣ Facilitates the establishment of marketing infrastructure;
- ♣ Facilitates market training and buyer linkages;
- ♣ Facilitates the provision of marketing information;

5.4 Provincial departments of agriculture (PDAs)

- ♣ Implement transport assistance programme;
- ♣ Implement input subsidy programme;
- ♣ Implement the establishment of marketing infrastructure projects;
- ♣ Facilitate the development of production planning according to market demand;
- ♣ Organise and provide systematic training on quality and quality standards;
- ♣ Continuously identify production and market opportunities;
- ♣ Enhance smallholder producers' productivity and profitability (through extension support);
- ♣ Facilitate and provide (where possible) training courses, study tours and workshops;
- ♣ Facilitate the collation and dissemination of marketing information materials;
- ♣ Ensure project viability;

- ♣ Identify and link compatible producers and buyers;
- ♣ Facilitate producers to collaborate in groups;
- ♣ Advise and train producers;
- ♣ Facilitate negotiations on contract between the buyers and sellers;
- ♣ Mediate between partners when necessary;
- ♣ Monitor progress and implement corrective steps where necessary;
- ♣ Develop an exit strategy.

5.5 Producer organisations

- ♣ Negotiate with formalised markets on behalf of the producers;.
- ♣ Assist smallholder producers in increasing their collective self-help capacities and their negotiating skills;
- ♣ Organise smallholder producers in order to achieve economies of scale;
- ♣ Assist in coordinating transport to the company that is buying the producers' produce;
- ♣ Act as a main channel for the agricultural support programmes by government.

5.6 NGOs

- ♣ Facilitate linkages between producers and buyers;
- ♣ Mediate between producers and companies to ensure that the requirements of each are satisfied and their rights respected;
- ♣ Assist in conducting due-diligence of potential partners;
- ♣ Build institutional capacity;
- ♣ Project readiness assessment;
- ♣ Assist farmers to organise into groups for economies of scale;
- ♣ Train farmers to understand markets, and how to supply market demand;
- ♣ Promote trust between companies, traders and farmers.

6. IMPLEMENTATION PLAN/Framework

Key approach/type of linkage	Activities	Output indicators	Responsibility
Linkages through commodity/growers' associations	Facilitate the establishment and development of commodity/grower associations for smallholder producers.	<ul style="list-style-type: none"> Fully functional commodity/growers' associations established. 	DAFF, PDA and producers
	Conduct field days, study tours, training, meetings and focus groups.	<ul style="list-style-type: none"> Field days, study tours, training, meetings and focus groups organised. 	PDA, NGOs, commodity associations, and companies
	Facilitate the development and dissemination of marketing information materials.	<ul style="list-style-type: none"> Market information developed and disseminated. 	DAFF, PDAs, NGOs, and companies
	Facilitate the development of production planning according to market demand and systematic training on quality and quality standards required by the market.	<ul style="list-style-type: none"> Number of trainings and workshops on market requirements (quality and quantity standards) conducted. Number of farmers participating in a synchronised production schedule aimed at a particular market. Number of tons produced through a scheduled production. 	PDAs, NGOs, buyers, commodity groups
Linkages through marketing cooperatives	Facilitate the establishment and development of marketing cooperatives.	<ul style="list-style-type: none"> Fully functional marketing cooperatives established. 	DAFF, PDA and commodity associations
	Facilitate provision of training on entrepreneurial development, institutional development, financial management and business development.	<ul style="list-style-type: none"> Producers trained on entrepreneurial development, institutional development, financial management and business development. 	DAFF, PDA, NGOs, service providers and commodity associations
	Develop a transport assistance programme for producers.	<ul style="list-style-type: none"> An implementable transport assistance programme developed. Collection route developed. Database of transporters established. Produce collected from the producers to the market. 	DAFF, PDA, NGOs, transport service providers, private sector companies and marketing cooperatives
Linkages through marketing cooperatives	Identify companies/firms/institutions that are willing to provide market opportunities for smallholder producers who are organised into marketing cooperatives.	<ul style="list-style-type: none"> List of companies/firms/institutions willing to provide market opportunities to marketing cooperatives compiled. 	DAFF, PDA, NGOs, buyers and marketing cooperatives

Key approach/type of linkage	Activities	Output indicators	Responsibility
Linkages through marketing co-operatives	Facilitate knowledge development and brokering.	<ul style="list-style-type: none"> Database detailing types of produce demanded, demanded quality and quantities standards, demand schedule, etc. compiled and disseminated. 	DAFF, PDA, NGOs and marketing co-operatives
	Facilitate transactions/deals between buyers and sellers.	<ul style="list-style-type: none"> Transactions/deals between buyers and sellers facilitated. 	DAFF, PDA, NGOs, buyers and marketing co-operatives
	Facilitate the building of post-harvest infrastructure.	<ul style="list-style-type: none"> Functional post-harvest infrastructure erected. 	DAFF, PDA, NGOs, companies and marketing co-operatives
Linkages through contract farming	Facilitate the organisation of producers into groups/associations.	<ul style="list-style-type: none"> Producers organised into groups/associations. 	DAFF, PDA, NGOs, marketing co-operatives and companies
	Facilitate training of producers on various types of contracts, possible options, risks, returns on investments, etc.	<ul style="list-style-type: none"> Training provided to producers on various issues such as types of contracts, possible options, risks, returns on investments facilitated. 	PDA, NGO, marketing co-operatives and companies
	Facilitate development of dispute resolution guidelines.	<ul style="list-style-type: none"> Dispute resolution guidelines developed. 	DAFF, PDAs, Department of Labour and NGO
	Facilitate the screening of companies on their capability to enter into contract farming.	<ul style="list-style-type: none"> Companies screened on their capability to enter into contract farming. 	DAFF, PDA, NGO
	Facilitate the designing of contract in consultation with all the parties concerned.	<ul style="list-style-type: none"> Contracts designed in consultation with all the parties concerned. 	DAFF, PDAs, NGO, marketing co-operatives and companies
Linkages through institutional buying	Develop cabinet memo to ensure political commitment from other key government departments (DoH, DoE and DCS).	<ul style="list-style-type: none"> Cabinet memo developed 	DAFF
	Establish partnerships with various government departments and institutions in order to gain access to the government food produce market.	<ul style="list-style-type: none"> Partnerships (Memorandum of Understanding) established with various government departments and institutions. 	DAFF, other government departments (DoH, DCS, DBE, DHE, etc.) and PDAs
	Train producers on the strategic procurement and its different stages and requirements	<ul style="list-style-type: none"> Producers trained on the strategic procurement. 	DAFF, PDAs and NGOs
Linkages through institutional buying	Collect and disseminate information on strategic procurement requirements.	<ul style="list-style-type: none"> Information regarding strategic procurement requirements collected and disseminated through the MIS. 	PDAs and government institutions (i.e. DoH, DBE, DHE, DCS, etc.)
	Develop an input subsidy programme for smallholder producers.	<ul style="list-style-type: none"> An implementable input subsidy programme developed. 	DAFF, PDAs and input supplying private sector companies

Key approach/type of linkage	Activities	Output indicators	Responsibility
Linkages through domestic traders	Facilitate the organisation of producers in groups/associations.	<ul style="list-style-type: none"> Producers organised into groups/associations. 	DAFF, PDA and commodity associations
	Facilitate the building of post-harvest infrastructure.	<ul style="list-style-type: none"> Functional post-harvest infrastructure established. 	DAFF, PDAs, NGOs, companies and producers
	Develop a transport assistance programme for producers.	<ul style="list-style-type: none"> An implementable transport assistance programme developed. Collection route developed. Database of transporters established. Produce collected from the producers to the market. 	DAFF, PDA, NGOs, transport service providers, private sector companies and marketing cooperatives
Linkages through a retailer	Facilitate the organisation of producers into groups/associations.	<ul style="list-style-type: none"> Producers organised into groups/associations. 	DAFF, PDAs, commodity associations and companies
	Facilitate training of producer groups on growing needs in production, handling, processing and marketing aspects as per requirements of supermarket chains.	<ul style="list-style-type: none"> Producer groups trained on growing needs in production, handling, processing and marketing aspects as per requirements of supermarket chains. 	DAFF, PDAs, marketing cooperative and companies.
	Facilitate the establishment of a certification programme.	<ul style="list-style-type: none"> A certification programme established. 	DAFF and PDA and companies
	Facilitate meetings and exchange visits to strengthen cooperation between producer groups and buyers/traders.	<ul style="list-style-type: none"> Meetings and exchange visits between producer groups and buyers/traders facilitated. 	DAFF, PDAs, NGO, commodity associations and buyers
	Disseminate information on supermarkets' procurement activities.	<ul style="list-style-type: none"> A database that shows supermarkets indicating their needs for agricultural supplies and producer groups sharing information on their produce on the MIS developed. 	DAFF, PDAs and companies.
	Facilitate the designing of the contract in consultation with all parties concerned.	<ul style="list-style-type: none"> Contracts designed in consultation with all parties concerned. 	DAFF, PDAs, marketing cooperatives and companies
Linkages through NFPMs	Facilitate the setting and monitoring of broad transformation targets at NFPMs.	Broad transformation targets at NFPMs set and monitored.	DAFF, PDAs, APAC and NFPMs
	Facilitate the revival of old packhouses with packing facilities	Old packhouses with packing facilities revived.	DAFF, PDAs and NFPMs

Key approach/type of linkage	Activities	Output indicators	Responsibility
Linkages through NFPMs	Facilitate the building of post-harvest infrastructure.	Post-harvest facilities established	DAFF, PDAs and NFPMs
	Facilitate the provision of training on NFPMs requirements.	Training on NFPMs requirements provided.	DAFF, PDAs, NGOs, APAC and NFPMs
	Collect and disseminate information on NFPMs' procurement demand activities (i.e. their periodic fresh produce needs).	A database indicating NFPMs produce needs and agricultural supplies offered by producers' collated and distributed through the MIS.	DAFF, PDAs, producers (and/or producer groups) and NFPMs
Linkages through an agro processor	Facilitate the organisation of producers into groups/associations.	Producers organised into groups/associations.	DAFF, PDAs, NGO and companies
	Facilitate training/workshops to assist smallholder producers to meet the requirements of agro-processors.	Trainings/workshops facilitated to assist smallholder producers to meet the requirements of agro-processors.	DAFF, PDAs, NGO and companies
	Facilitate knowledge development and brokering.	Information related to types of produce demanded, demanded quantities and quality standards, demand schedule, etc.; collected and disseminated.	DAFF, PDAs, NGO and companies
	Facilitate linkages between producers and buyers (agro-processors)..	Linkages between producers and buyers facilitated.	DAFF, PDAs, NGO, commodity associations and companies
Linkages through an exporter	Facilitate the organisation of producers into groups/associations.	<ul style="list-style-type: none"> Producers organised into groups/associations. 	DAFF, PDAs, NGOs, commodity associations and companies
	Facilitate the business networking events.	<ul style="list-style-type: none"> Business networking events facilitated. 	DAFF, PDAs, dti, NGO, commodity associations and companies
	Facilitate training to smallholder producers and exporters in meeting global market requirements.	<ul style="list-style-type: none"> Trainings/workshops for smallholder producers and exporters in meeting global market requirements facilitated. 	DAFF, PDAs, dti, NGO and companies.
	Facilitate the establishment of a certification programme.	<ul style="list-style-type: none"> A certification programme established. 	DAFF and PDA and companies
	Link international buyers and investors seeking to identify qualified suppliers in South Africa.	<ul style="list-style-type: none"> Linkages between International buyers/investors and local exporters/suppliers facilitated. 	DAFF, PDAs, dti, NGO and companies.

7. ESTIMATED BUDGET

8. REFERENCES

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