

Asian Pacific Farmers' Programme (APFP)

I. Rationale: relevance and linkages

A. Rationale for grant financing

1. The early efforts and interventions of MTCP1 and MTCP2 established the foundation for the further evolution and emergence of a consolidated and strengthened network of farmer organisations (FOs) in the Asia and Pacific region – both as individual institutions, as well as part of a network – capable of representing and providing the support and services required by their members, including small farmers and the vulnerable. As strengthened and capacitated institutions, the FOs can ensure that: (i) small farmers can benefit from sustainable and profitable business services rendered by their organizations; and (ii) priority issues and concerns of small farmers are raised at national and/ or regional levels, and are translated into policy advocacy for the emergence of laws and regulations that are more favourable to small farmers.
2. Importance of the FO agenda in Asia and the Pacific region. The issues facing smallholder farmers in the Asia Pacific region are increasing in both scale and complexity as a result of globalisation and climate change. National government resources continue to be constrained and limited to meet the needs of farmers and thus the role of farmer organisations (FOs) is becoming increasingly critical. Alongside this trend, MTCP1 and MTCP2 has sought over the intervening years to facilitate this emerging FO dynamic, providing support to strengthen the capacities of FOs across the region to have greater impact in terms of service delivery and providing or facilitating members' access to markets.
3. MTCP 2, building on the success of MTCP1, increased coverage further in terms of the number of countries, FOs and individual farmer members represented. More importantly however, MTCP2 spearheaded and promoted a shift in FO operations, towards provision of economic services to farmers – through supporting/ establishing agricultural cooperatives, forming commodity clusters and enhancing engagement with private sector partners at the respective country level. Specifically in Southeast Asia, the EU and IFAD also supported increasing the engagement of young farmers, especially in marketing. Today, the initial gains made require further support, both technical and financial, in order to ensure that these early economic initiatives are strengthened and scaled up. As such, APFP aims to consolidate on these gains and push farmer organisation to extend their reach through expanded partnerships with both the public and private sector.
4. The increasing role of FOs in the market economy. Smallholder farmers in the Asia-Pacific region continue to be the backbone of the agriculture sector, contributing to national food security as well as export earnings. However, their contribution to, their access and as well the benefits they receive from engaging in the agricultural market economy is enhanced when they are organised as farmer associations or in a cooperative model. Some of the advantages of farmer groups/ associations/ cooperatives are the following: (i) they play a role in strengthening farmer bargaining power, thus maximizing their members' share of the value added; (ii) smallholder farmers can share (and reduce) risks; and (iii) they facilitate better coordination and support enhanced efficiency, especially vis-à-vis other actors in the market economy (e.g. financial institutions, agri-companies, etc.) when considering the reduced transaction costs associated with engaging directly with a consolidated entity versus individual farmers. Today, these farmer groups have also expanded their activities in downstream stages of the food chain, strengthening their consumer orientation.

5. To date, 437 commodity clusters have been formed in the region with initial market access and expansion; these commodities include coffee, rice, vegetables and livestock – and an initial work on coconut. Through these clusters, food production has improved and through consistent campaigns to promote environment-friendly farming techniques, better quality products are offered on the market and are responsive to consumer demand.

6. Building on the MTCP2 and lessons learned. In addition to the above, the APFP will also build on the lessons learned from past experience. Some of these key lessons are the following:

- Farmer organisations can serve as a means to strengthen and extend the reach of development partner/ development agency projects.
- Activities should be driven by the priorities of farmer organisations at the national level.
- There is a need for flexibility (of activities) to be built into project design, particularly for multi-year projects, to allow for early responsiveness to emerging issues.
- Farmer-to-farmer exchanges are a key tool for effective technical knowledge transfer, which should be accompanied with follow-up exchanges.
- There is need to transform FO not only in terms of structure – e.g. into cooperatives – but also in terms of competencies that would support their efforts towards a more enterprising farmers' cooperative or commodity group.

7. Furthermore, it is important to note that implementation of MTCP2 was through existing farmer organisations, with their own (pre-existing) strategic plans and priorities. Implementation therefore, was not programme-led, but rather fitted into the orientation and strategies of the farmer organisations. It was FO priorities that identified the activities to be supported through the programme, and this principle should be continued.

II. Proposed project

A. Country/countries

8. The APFP will build on the coverage of MTCP2, with a further expansion to six additional countries where IFAD is actively engaged, bringing the total regional coverage to 29 countries. However, the full coverage of the proposed countries will depend on the resources mobilized. The countries by sub-region are the following:

- SAARC: India, Sri Lanka, Bangladesh, Nepal, Pakistan, Bhutan, Afghanistan (new) and Maldives (new)
- ASEAN: Vietnam, Laos, Cambodia, Myanmar, Philippines, Indonesia, Thailand and Malaysia (new)
- East Asia1: China, Mongolia (new), Kyrgyzstan (new) and Tajikistan (new)
- Pacific: Fiji, Samoa, Tonga, Vanuatu, Solomon Islands, Papua New Guinea, Timor-Leste, Cook Islands, New Caledonia

9. At the sub-regional level, the coordination and organizational dynamics of FOs (and the FO platform) will be consolidated and strengthened. As well, the programme will seek to establish more uniformity in the organizational maturity and efficiency of the sub-regional FO platforms – this means more support to the SAARC and the Pacific sub-regional platforms to enable them to eventually reach the maturity and operational levels demonstrated by the ASEAN sub-regional platform.

10. The project will also engage East Asian countries such as China, Japan, South Korea in order to leverage their good practices in promoting FO (including agricultural cooperatives) initiatives in enhancing production, post-production management, value chain and agribusiness sector development, and organizational strengthening. Knowledge sharing and exchange on new technologies and climate-resilient practices, will also feature.

B. Direct and indirect target group

11. The APFP is designed to target and reach farmers and rural producers, especially smallholder and vulnerable farmer/ producers (and their households), through the medium/ vehicle of their farmer organizations. Specifically, the target group are smallholder men and women farmers/ producers who are members – or interested to become members – of local and national FOs in the proposed 29 countries. Amongst the target group of smallholder farmer/ producers, a sub-group includes those smallholder farmers with the potential to become active economic players in a wide array of emerging value chains, supported by various quality services provided by their FOs.

12. In terms of direct outreach, the depth or scope of the outreach to farming households is multi-levelled on the basis of the maturity and organizational structure of the FOs as follows:

- Provision of demand-driven services: at least 150,000 smallholder farmers/ producers (households) will directly benefit from services – with a specific attention to agribusiness services – as provided by the FOs to their members; these 150,000 smallholders will be implicated in public private producer partnerships (4Ps) brokered or implemented by their FOs
- Advocacy and representation of farmers in policy dialogue and policy reform: based on MTCP2 experience, an estimated 3 million farmers will be reached through the implementation of conducive policy reforms and an enabling policy environment stemming from the institutional strengthening and support to the FO platform and networks at sub-regional and national levels

C. Overall goal and objectives

13. The overall goal of the project is to contribute to an enabling environment for rural poverty reduction, through instrumental support to rural smallholders and their organizations at national, sub-regional and regional levels in Asia and the Pacific

14. The project specific objective is that farmer organizations are professionally capacitated to provide sustainable demand-driven (business and technical) services to their members and engage in effective policy dialogue for the improved livelihoods and incomes of smallholder farmer/ producers in Asia and the Pacific.

D. Key activities by component

15. The project will have three components: (i) FO services development; (ii) Policy engagement; and (iii) Project management and M&E.

16. **The APFP overall approach.** The APFP will take advantage of the institutional and operational capacities of FOs strengthened during the MTCP2 and continue to invest in inclusive expansion of FO membership at all levels; this will include building the FOs' capacities to provide membership-driven services of technical, advisory and financial nature in a sustainable manner and promoting direct participation of FOs in development programmes, especially those supported by IFAD and the EU.

17. The collaboration by the various participating FOs at national, sub-regional and regional levels is expected to contribute collectively, to a strengthened network of FOs capable of forging alliances for effective policy engagement, as well as for agribusiness development. Learning and knowledge sharing on good practices of inclusive agribusiness and agri-value chain development will also be a key element of the collaboration and networking amongst the FOs (members and non-members of platforms).

Component 1: FO services development

18. This component objective is that small farmers can access long-term professional services, and business services especially from their organizations, enabling them to gain a decent regular income and access to markets. To achieve this, APFP will consolidate the FOs already supported by MTCP2 and will expand its activities to other selected FOs. The project will provide the tools and capacity building support to FOs in market, business and revenue model analysis, as well as in brokering and negotiation with the private and banking sectors in their pursuit of engaging small farmers in private public producer partnerships (4Ps).

Component 2: Policy engagement

19. This component objective is to promote an enabling environment that allows farmers and their organizations to realize their full potential to influence local and national agriculture-related policies. This is further reinforced by building sub-regional and regional synergies for strengthened engagement, more influence, and which will feed back into more effective engagement.

20. Policy engagement does not limit itself to legislative works, but also extends to non-legislative decisions, setting-up related development sector and sub-sector standards, working groups and processes of policy-making. The APFP will cover the spectrum of policy engagement from national to sub-regional and regional levels. At the country-level, the NIA will lead and take ownership and responsibility for promoting policy engagement of national FOs, though the sub-regional bodies and RIA will provide advocacy support.

Component 3: Programme management and coordination

21. In terms of operational management and coordination, the APFP will take advantage of the structure and capacities built during MTCP2 to ensure efficiency in programme management. This will also be cost-effective and allows for the project to be immediately operational, avoiding a slow start and the need for a long learning curve period. The procedures, processes and tools related to M&E and knowledge management will be leveraged, and fine-tuned where required to ensure a very strong reporting function. Other operational and technical processes will also be leveraged, scaled-up and fine-tuned as needed.

22. **Scaling-up.** Lots of good practices and success stories were recorded during MTCP2. The MTCP2 KM tank has collected a good number of thematic country experiences for sharing in country, across countries and between sub-regions. The APFP will formulate a strategy of leverage in using them either for continued technical capacity building of the FOs and their members, supporting regional and national policy engagement, or promoting FOs' success and expertise in development.

23. **Sustainability.** Sustainability will be pursued through the continued strengthening of FOs, promoting their proactive participation in pro-poor policy process at different levels, and building their capacity to provide market-oriented member and need-driven service support in the context of agri-sector development and rural transformation. The building of a differentiated market-driven business model, economic services, and the establishment of the FO business support fund will contribute to secure the FOs' institutional, operational and technical capacities to the level whereby they would be able to achieve financial and operational self-sufficiency. Specifically:

- *Institutional sustainability* is embedded in the design with emphasis of market driven business models which are supported based on key

performance indicators related to profitability based on the business plan. The approach of FOs paying fee to the SRIA and SRIA paying fee to the RIA for the services being offered as mentioned in component and eventually with fee received could be able to finance the cost of services as proposed under component 1.

- *Social sustainability* will be rooted on the MTCP2's current and APFP future success in reaching an important service scale and the increased outreach will have an impact on the socioeconomic conditions of the smallholder farmers and their organizations. The extensive membership that the FO forums/platforms represent in Asia and the Pacific will be the best indication of successful service outreach, with services to FO members under transformation to be more technical and responsive to sustainable and market-driven agriculture.