

CLUSA

Coordinating Output Marketing, Input Supply, and Agriculture Credit Under Market Reform Conditions

Mali and Mozambique



INTRODUCTION

- **Producer Organization (PO) and market linkages development activities began in 1988 in Mali and in 1996 in Mozambique.**
- **Activities are concentrated in four regions of Mali and in the Northern part of Mozambique.**

- **CLUSA Mission in both countries is to improve farmers income through the development of Producer Group Businesses and market linkages.**

- **Producer Organizations - *established and managed by the members* - serve as the intermediary between input suppliers, output buyers, financial institutions and individual farmers.**

- **Some 800 POs in Mozambique and 500 in Mali, grouping around 55,000 farmers, over 20 agribusiness (input and output), and various financial institutions (BNDA, FDV, FCRMD in Mali and Gapi in Mozambique) are doing business together.**

- **Over 80 % of all trade credit received by farmer associations in Mozambique comes from buyers and 90 % of input credit comes from processors/suppliers. Around 20 % (starting in 2002) of trading credit comes from an FI.**
- **Some \$800,000 in input credit was mobilized from commercial banks, input suppliers and MFIs in Mali last year.**

CHALLENGES

- Convincing traders that farmers and their associations can be trusted.
- Moving beyond the “one deal mentality”
- Building win-win business relationships.

- Moving from informal to formal.
- Establishing secondary structures to more efficiently coordinate input and output marketing .
- Keeping a long term perspective with a short term funding mandate

- Building rural businesses in an after war environment and a unfavorable legal environment.



- Staying on course and keeping a positive attitude.

WHAT HAS WORKED

Building strong Farmer Associations that can effectively work as intermediaries between individual farmers and the market:

- Emerge from members common interests and provide tangible benefits “More Money in Members’ Pocket”.
- Focus on business and economies of scale.

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- **Are managed in a transparent way and are accountable to the membership.**
- **Honor contracts and invest on long term business partnerships.**
- **Are independent of government interference and control.**



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Developing win-win relationships with input suppliers, output buyers and financial institutions:

- **Reliable markets are identified ahead of planting and the business is well planned.**
- **Profit margins permit that everyone involved in the transaction makes money.**



- Transactions are negotiated and managed in a transparent manner (contracts signed and enforced).
- Both sides do their best to meet the conditions established.
- Risks are shared by the various players.

- Financial institutions are brought into the process as early on as possible.
- NGOs most appropriate role is that of a “catalyst”

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**Developing open and positive relationships
with government institutions:**

- **Keeping them informed and accountable**
 - **Include them in the process**
 - **Give them credit for successes**
 - **Gain their respect through hard work and being consistent**
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