

# AGRI-FOOD INDUSTRY ORGANIZATIONS AS CHANGE AGENTS FOR INCLUSIVE AGRICULTURAL TRANSFORMATION

### Authors

Silvana Paniagua Tufinio, NewForesight  
Rafael Flor, BMGF  
Andrea Viviers, NewForesight  
Andrés Ayón Viesca, NewForesight

### Design

Silvana Paniagua Tufinio

### Partners and contributors

We would like to thank the Bill and Melinda Gates Foundation for the financial support to develop this study. This research has been done in partnership with SCOPEinsight, Sahel Consulting in Nigeria, Sundry Merchants in Tanzania, and Tradecare Africa in Ethiopia.



### Acknowledgments

NewForesight would like to recognize the valuable contributions of the local experts that provided their insights and networks, and in particular the leadership teams of the AFIOs that took part in the study.

### Disclaimer

Although every effort has been made to ensure that the content of this report is up-to-date and accurate, errors and omissions may occur. The report is provided on an "as is" basis and is not intended as a substitute for the reader's own due diligence and inquiry. NewForesight do not guarantee or warrant that the report or the information contained in it is complete or free of error and accept no liability for any damage whatsoever arising from any decision or action taken or refrained from in reliance thereon, nor for any inadvertent misrepresentation made or implied. This publication is based on research funded in part by the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.



Foreword by



©2021 Bill and Melinda Gates Foundation, developed by NewForesight



# CONTENTS

<b>FOREWORD</b>	<b>5</b>
<b>ABOUT THIS DOCUMENT</b>	<b>6</b>
Approach in the study	6
Objective of this document	6
<b>EXECUTIVE SUMMARY</b>	<b>7</b>
Introduction	7
Background and methodology	7
Key findings	7
Opportunities	7
<b>INTRODUCTION</b>	<b>8</b>
AFIO archetypes	9
Lifecycle of AFIOs	9
AFIOs in competitive markets	10
Learning from other AFIOs	11
<b>METHODOLOGY</b>	<b>12</b>
AFIOs analyzed	13
Methodology and tools	14
Analysis	15
<b>FINDINGS</b>	<b>16</b>
AFIO characteristics	17
Country assessment	21
Archetype analysis	27
Considerations to leverage IAT opportunities	30
<b>CONCLUSIONS</b>	<b>30</b>
Key challenges	31
Recommendations	31
Potential risks for AFIOs	33
The role of philanthropy	34
AFIOs as change agents	34
<b>REFERENCES</b>	<b>35</b>
<b>ACRONYMS</b>	<b>36</b>
<b>FIGURES, TABLES &amp; BOXES</b>	<b>37</b>









# FOREWORD



This year, 2021, ushered in the beginning of a decade of action for accelerating sustainable solutions to the world's biggest challenges. For Africa, these challenges are predominantly hunger and poverty and addressing insufficiencies in the continent's food systems. The continent is also facing multiple difficulties arising from the COVID-19 pandemic and climate change. Transforming agriculture to be more productive for farmers and viable as a job choice, is part of the solution to these challenges.

As part of the ecosystem of actors supporting agriculture transformation, Agri-Food Industry Organizations (AFIOs) play a critical role to address these challenges. They hold a central position in the agri-food value chains, where they link producers, markets and financing. They also lead advocacy for policy change. AFIOs, by nature of their power to convene various actors, are thus uniquely positioned to capitalize on market opportunities and effectively promote Inclusive Agricultural Transformation (IAT).

In this report, you will find a detailed assessment of AFIOs in Nigeria, Tanzania and Ethiopia. In these countries the AFIOs are distinguished by their organizational maturity and strategic outlook and their ability to identify suitable partners for driving the IAT agenda on the continent. The report, for example, affirms the need for development organizations to work with AFIOs in pushing IAT objectives even as it provides guidelines for identifying suitable partners. The AFIOs in the study are given a score based on their level of professionalism, commitment and ambitions, to distinguish those that would make the best partners.

The report also focuses on the role of philanthropy in supporting AFIOs to become independent, strong, self-sufficient, sustainable, and active IAT partners. Here, recommendations are given for how philanthropic organizations can best engage AFIOs to achieve complex development goals without leading to dependency.

This report is timely as a comprehensive study of AFIOs in view of the problems they solve, their operating environments, their impact, and opportunities for growth. The report concludes that AFIOs can be a strong partner and change agents for governments and the private sector to develop the agri-food sector.

At AGRA, and in our long-standing relationship with the BMGF, such studies have been critical in defining the course we take in building and nurturing partnerships. Indeed, we regard this report as a progression of our earlier work with the Farmer Organizations Support Centre in Africa (FOSCA), where we supported farmer organizations to graduate to a professional level, to provide incomes enhancing services to their members. It also supports the need to take a systems approach to transforming the agri-food industry.

It is my hope that this document will become a valuable asset for actors in the agri-food sector as a guideline for assessing the AFIOs to partner with in delivering services to Africa's smallholder farmers. I also hope it will be of use to others in the agri-food value chains.

**Dr. Agnes Kalibata**  
President, AGRA

# ABOUT THIS DOCUMENT

Across Sub-Saharan Africa and South Asia, the Bill & Melinda Gates Foundation (“the Foundation”) aims to support country-led Inclusive Agricultural Transformation (IAT) by developing and scaling products, services, policies, and system-wide innovations that benefit Small Scale Producers (SSPs), empower women, and improve nutrition. As agrarian economies develop, the center of gravity shifts from government-led efforts aimed at producing more calorie-intensive grains and cereals, to a more sophisticated, private sector led, agri-food system that produces a wider basket of crops, manufactures products, and provides food services for a growing local market with higher disposable income.

As this transition in agrarian economies takes hold, Agri-food Industry Organizations (AFIOs) start to emerge, grow, and thrive. AFIOs are important market institutions that help connect demand signals with local supply, promote the development of - and adherence to - standards, modernize marketing channels, develop structures that vertically integrate production processes (hence creating value) and advocate for policy reforms that increase private sector participation, investment, and growth. While lessons can be learned from the experiences in Latin America, Asia, and Western Europe on how AFIOs have contributed to the development of the agri-food sector, only a few encouraging examples have emerged in the African continent—most notably in South Africa. Cognizant of AFIO contributions, the Foundation decided to explore the potential role that AFIOs could play in Sub-Saharan Africa to drive systemic transformation.

## Approach in the study

During 2020 and 2021, the Foundation has worked with NewForesight in an exploratory study to further understand AFIOs, their role in demand-led agricultural development, and the opportunity areas to support them in becoming change agents.

NewForesight divided the study into two phases. The first phase focused on developing a conceptual framework to define AFIOs, while developing a methodology to assess them. The second phase focused on assessing 32 AFIOs (in Tanzania, Ethiopia, and Nigeria) with the methodology developed in phase one. Based on the in-depth analysis, a set of recommendations was provided to support AFIOs in strengthening their institutional capabilities and competencies. During this engagement, NewForesight worked in partnership with SCOPEinsight, Sahel Consulting in Nigeria, Sundry Merchants in Tanzania, and Tradecare Africa in Ethiopia.

## Objective of this document

This document presents intelligence and insights based on the assessment of the 32 selected AFIOs in Nigeria, Tanzania and Ethiopia during Q2 2021. These insights provide a characterization based on the evidence collected and supports the validation or refutation of frameworks and hypotheses generated throughout the execution of this assignment.

Furthermore, this document captures opportunities for AFIOs—and their networks—to be activated and empowered to become catalysts in the agri-food sector and presents the areas where the AFIOs need support to become effective change agents towards Inclusive Agricultural Transformation.

# EXECUTIVE SUMMARY

## Introduction

AFIOs are critical market ecosystem actors that perform a wide range of functions to support their members and enhance the business environment. AFIOs are uniquely positioned to capitalize on market opportunities and effectively promote a country-led Inclusive Agricultural Transformation (IAT).

Professional and strategy oriented AFIOs contribute to creating a strong ecosystem that enables effective and competitive markets. In this ecosystem, different archetypes of AFIOs collaborate and complement each other. When orchestrated, these AFIOs can drive effective policies, scale up innovation and service provision, and support their members (smallholders, SMEs and POs) by effectively facilitating market exchange.

## Background and methodology

The aim of the study was to identify the organizations that could become reliable partners in the development of markets, driving the Inclusive Agricultural Transformation agenda. 32 AFIOs in Nigeria, Tanzania and Ethiopia were assessed to evaluate their organizational maturity and strategic outlook.

Data used has been collected and analyzed with SCOPEinsight methodology and complemented with the inclusion of an additional module on AFIOs' strategic contributions. The analysis focused on the professionalism and effectiveness of AFIOs—key determinants of their success as change agents and drivers of IAT.

## Key findings

The AFIOs considered in the study perform relatively well given the environment they operate in, the level of resources they have and their context. At least half of the AFIOs in the cohort are maturing or mature organizations (with a score above 3 out of 5). Their level of professionalism, as well as their commitment and ambitions indicate that they have potential to be reliable partners:

- AFIOs are effective policy advocates in a wide range of policy topics related to their sub-sector, with opportunities to expand their IAT role. There is a chance to support AFIOs to effectively advocate for IAT policies (e.g., gender, nutrition, inclusion, infrastructure, etc.).
- Most AFIOs focus on market facilitation functions (e.g., grading, market intelligence and linkages, support service delivery) and there is a chance to support AFIOs in

expanding their market roles by expanding market access, brand building, and fostering business relations.

- In service provision, the majority of the AFIOs focused on capacity building and, to a lesser extent, in production related services and there is a chance to help AFIOs explore and expand an effective service offering for their members. To maximize their potential as change agents, AFIOs must strengthen their organizational capacity.

The analysis proved that more mature and professional AFIOs with strong internal management structures engage more effectively in policy, markets and service provision. Regardless of their limitations, AFIOs are change agents that work with governments to develop the agri-food sector. Furthermore, AFIOs can focus their efforts on complementing other organizations and structures in the environment where they operate.

## Opportunities

AFIO professionalism can be driven towards (1) the type and variety of membership they serve and (2) the scale of their operations. Although all AFIOs operate within the same scope of action, the archetypes have shown that different AFIOs drive different perspectives and interests at different levels. Orchestration is required to ensure their collaboration and collective impact towards IAT.

There are untapped opportunities for AFIOs to channel investment and promote innovation. Institutional and regulatory maturity of the environment were determinant factors in the level of AFIO professionalization. Opportunities exist for AFIOs to orchestrate and facilitate interactions among key actors, while catalyzing digital innovation. Furthermore, localization, size, and connectivity need to be taken into consideration to empower AFIOs as change agents.

To build and enable an effective market ecosystem, AFIOs must address key challenges identified in their internal capacity, responsiveness, and vision. Specific needs have been identified for the different landscapes and typologies, and these result in recommendations for tailored learning programs to support the development of professional and strategy oriented organizations. It is expected that this network of AFIOs can learn together, and with support they can effectively capitalize on market opportunities and proactively champion Inclusive Agricultural Transformation.





# INTRODUCTION

Agri Food Industry Organizations (AFIOs) are critical market ecosystem actors that intermediate in service provision; they vertically and horizontally integrate a broad set of value chain actors, processes, and markets; they represent the collective interests of members; and advocate for a strong agri-food sector. AFIOs are a heterogeneous set of entities and include organizations denominated as associations, federations, unions, apex organizations, producer organizations, cooperatives, societies, chambers of commerce, boards, etc. They work to enhance the business environment of the sub-sector they operate in, while advancing policy reforms that render the agri-food sector more competitive.

They are key institutions to work with because:

- AFIOs effectively integrate domestic market demand with SSPs, SMEs and other key value chain actors' supply.
- AFIOs actively promote and enforce sector regulations, grades, and standards.
- AFIOs gather sector and sub-sector intelligence to proactively support service provision, policy reform, and market linkages.
- AFIOs are service providers to key value chain actors, including producers, processors, and traders.

AFIOs' *raison d'être* is to improve the competitiveness of sub-sectors and their members. AFIOs actively influence diverse areas (i.e., trade, regulations, and standards, sector intelligence, and sector provision), making them important ecosystem partners well positioned to enable IAT.



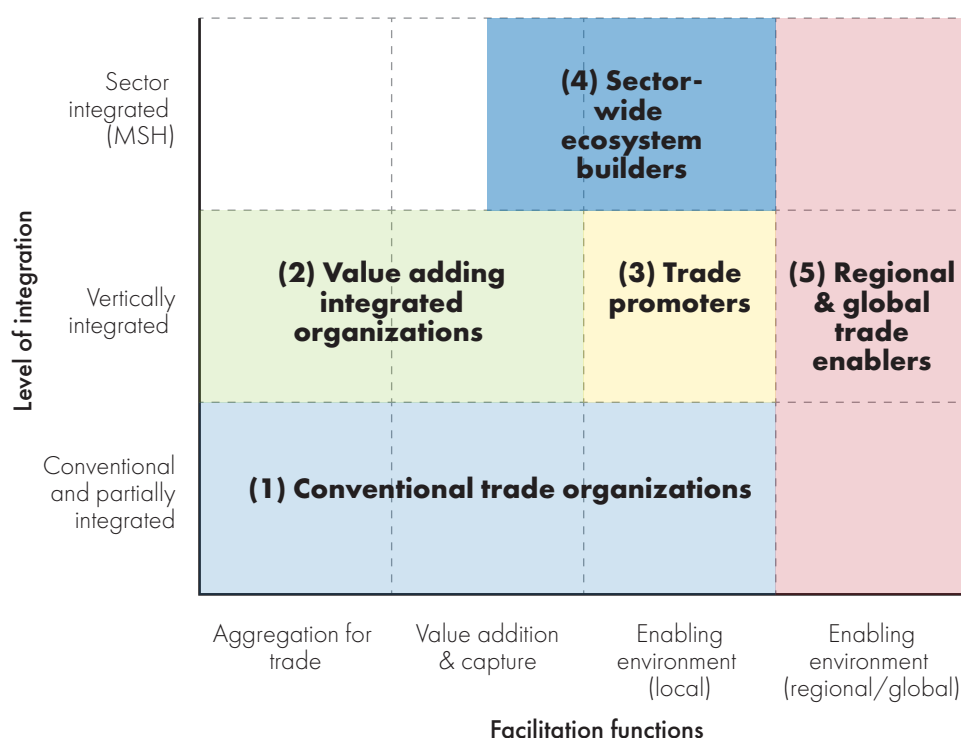
## AFIO archetypes

While AFIOs are heterogeneous entities, their contributions to both improving integration and facilitation define their role and function. AFIOs can act as coordinators or **integrators** in value chains, bringing different, but complementary, actors together to strengthen value chains, fill in gaps, and increase volumes of products being marketed. **Facilitation** defines the mission of an AFIO, and therefore the types of functions that it performs, and consequently, the services that it provides to its members and the agri-food system.

Based on these two critical aspects, AFIOs can be classified into 5 distinct archetypes (Fig. 1):

- (1) **Conventional trade organizations:** A horizontally integrated group of producers and traders at the grassroots level;
- (2) **Value-adding integrated organizations:** A horizontally integrated production base, with vertically integrated processing operations that enhance quality and branding;
- (3) **Trade promoters:** Connecting producers and traders to global sourcing networks and advocating for a more conducive environment for exports;
- (4) **Sector-wide ecosystem builders:** Action-oriented collaborations that go beyond private sector engagement to include a broader set of stakeholders; and
- (5) **Regional & global trade enablers:** Organizations advancing regional or global agendas.

Figure 1 AFIO Archetypes



## Lifecycle of AFIOs

Typically, AFIOs go through four phases of evolution in their lifetime:

- (1) **Formalization:** In this phase, usually, a group of individuals, organizations or enterprises move from a common interest group to a formally recognized organization within the local statutory framework.



- (2) **Legitimization:** In this phase AFIOs focus on both (a) gaining recognition in the sector and (b) becoming financially stable by exploring the best way to serve their members and become sustainable.
- (3) **Consolidation:** In this phase AFIOs focus on optimizing, improving, and adjusting functions and services, by adopting different functions and providing different services as the context evolves. This complements the enabling environment and benefits their members.
- (4) **Evolution:** Depending on the context, the needs of its members, and the relevance of its mandate, an AFIO might disappear or grow into a different organization.

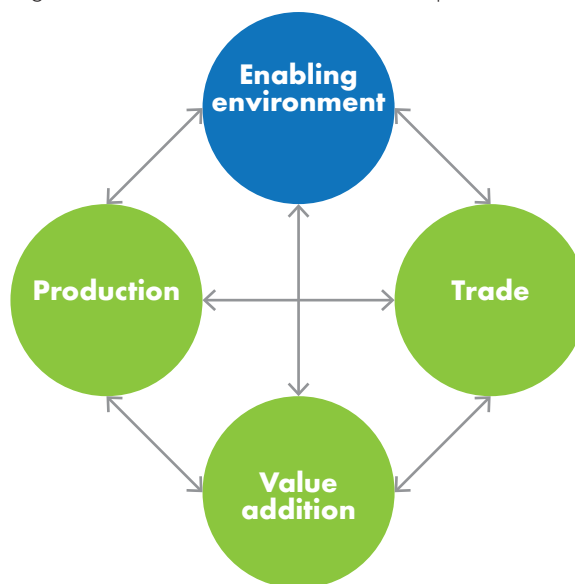
The age of the AFIOs is not relevant; what is more important is their active engagement in bringing the voice, expertise, and contributions of the private sector in support of IAT.

## AFIOs in competitive markets

There are four sub-systems that contribute to effective and competitive markets:

- **Production:** encompasses all support required by SSPs to produce and manage their farm enterprises' profitably, sustainably, and resiliently.
- **Trade:** relates to all off-farm commercial activities to get produce from the farm enterprises to markets.
- **Value addition:** focuses on all on- and off-farm activities required to create and add value for both SSPs and entrepreneurs.
- **Enabling environment:** includes all policy, regulatory, and institutional aspects that directly or indirectly influence agri-food markets.

Figure 2 Elements of effective and competitive markets



AFIOs contribute to addressing market failures in these agri-food sub-systems by improving key market functions. AFIOs have different strategies to address failures in markets. Based on the evidence collected, some of these strategies include: access to production technologies, developing physical infrastructure, improving processes, and advocating for a stable climate in the enabling environment. Furthermore, AFIOs are critical actors in building an ecosystem and playing orchestration, connectivity, and complementarity roles. This creates opportunities for AFIOs to develop differentiated strategies.



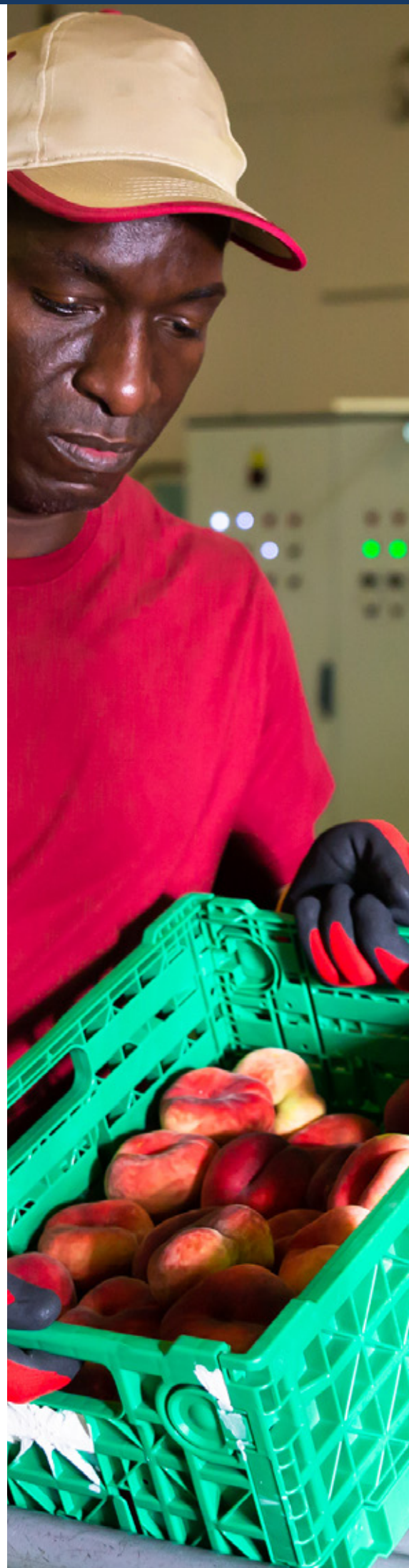
## Learning from other AFIOs

South Africa exemplifies the role that highly effective AFIOs can play in catalyzing IAT. Five best practices where these AFIOs stand out are:

- **Provision of market-level information** on an aggregated level and providing business intelligence to government and AFIO members.
- **Training and mentorship of members** to increase professionalization of operations and sub-sectors.
- **Investment in research and development (R&D)**, with emphasis on dissemination and application through training, workshops, and extension services.
- Assistance to members to **access new markets** such as India, China, Japan, South Korea and Indonesia for horticulture products.
- **Development of partnerships** to enable larger traded volumes, with AFIOs providing technical assistance (TA) to government agencies via seconded staff and continuous engagement.

Furthermore, AFIOs from different geographical locations were analyzed their orientation within their national framework. Several principles per country have been identified:

- **Chile – Innovation oriented:** The sector has a strong emphasis on innovation and R&D that is supported by the state. AFIOs, such as Wines for Chile, have their own R&D programs for innovation, and agencies such as the Foundation for Agricultural Innovation (FIA by its Spanish acronym) help to streamline innovation.
- **Brazil – Policy Influence:** Brazilian AFIOs are very active in supporting members on regulation and policy matters and assist in lobbying the government for favorable reforms.
- **India – Trade promotion and access to markets:** AFIOs in the dairy sector provide distribution networks to enable produce to reach the market.
- **Vietnam – Access to information:** Providing farmers with information (e.g., bulletins via WhatsApp) is the primary function of AFIOs in Vietnam. In turn, this enables a learning community.





# METHODOLOGY

The aim of the study was to identify the organizations that can become reliable partners in the development of markets, driving the Inclusive Agricultural Transformation agenda. At the beginning of the study, around 30-60 AFIOs per country were pre-assessed to obtain a better understanding of the landscape in Nigeria, Tanzania, and Ethiopia. From those, 10-12 AFIOs per country across different sectors were analyzed in the in-depth assessment phase. These 10-12 AFIOs per country (32 in total in the three countries in scope) were selected based on preliminary information on professionalism, obtained through research and engagement with these AFIOs. The selection aimed to cover all the subsectors and archetypes in the mix.



## AFIOs analyzed

The AFIOs involved in the process were selected due to their “high-potential”. Also, this cohort of AFIOs aim to be a representative sample across different sectors (animal protein and horticulture in particular) and archetypes. The involvement of the AFIOs was driven by local partners collaborating in the project, therefore the selection was not biased by specific preferences.

Table 1. Selected AFIOs for the study

	Nigeria	Tanzania	Ethiopia
<b>Animal products</b>	<ul style="list-style-type: none"> <li>• Cattle Breeders &amp; Dealers Association</li> <li>• Poultry Association of Nigeria</li> <li>• Commercial Dairy Ranchers Association of Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>• Tanga Dairies Cooperative Union</li> <li>• Poultry Association of Tanzania</li> <li>• African Women Fish Processors and Traders Association</li> <li>• Tanzania Milk Processors Association</li> </ul>	<ul style="list-style-type: none"> <li>• Ethiopian Milk Processors Industry Association</li> <li>• Ethiopian Honey and Beeswax Producers &amp; Exporters Association</li> <li>• Ethiopian Commercial Milk Producers Association</li> <li>• Ethiopian Meat Producer Exporters Association</li> </ul>
<b>Horticulture</b>	<ul style="list-style-type: none"> <li>• Tomatoes &amp; Orchard Producers Association of Nigeria</li> <li>• National Cashew Association of Nigeria</li> <li>• National Palm Produce Association of Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>• Tanzania Horticultural Association</li> <li>• Agricultural Council of Tanzania</li> </ul>	<ul style="list-style-type: none"> <li>• Ethiopian Bottled Water, Soft Drink, Fruit and Vegetable Manufacturing Industry Association</li> <li>• Ethiopia Meki Batu Vegetable and Fruits Growers Cooperative</li> <li>• Ethiopian Fruit &amp; Vegetable Marketing Share Company</li> <li>• Ethiopia Horticultural Exporters &amp; Producers Association</li> <li>• Ethiopian Coffee Exporters Association</li> </ul>
<b>Cereals</b>	<ul style="list-style-type: none"> <li>• Nigerian Soybean Association</li> </ul>	<ul style="list-style-type: none"> <li>• Tanzania Federation of Cooperatives</li> <li>• Tanzania Animal Feeds Manufacturers Association</li> <li>• Tanzania Sunflower Processors Association</li> <li>• East African Grain Council</li> </ul>	<ul style="list-style-type: none"> <li>• Ethiopian Animal Feed Industry Association</li> </ul>
<b>Multi-sector</b>	<ul style="list-style-type: none"> <li>• Small Scale Women Farmers Organization in Nigeria</li> <li>• Federation Of Agricultural Commodity Associations of Nigeria</li> <li>• Nigerian Association of Women in Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural Non-State Actors Forum</li> <li>• Sokoine University Graduate Entrepreneurs Cooperative</li> </ul>	

## Methodology and tools

The data used has been collected and assessed with SCOPEinsight methodology tools and has been complemented with an additional module on AFIOs' strategic contributions. The SCOPEinsight methodology measures professionalism, consists of 8 dimensions (internal management, financial management, sustainability, production-base, operations, market, external risks, and enabling environment), and is assessed as a total score.

Box 1. The SCOPEinsight methodology

SCOPEinsight is a standardized methodology that has 8 dimensions:

- **Internal management:** How an organization manages, governs, and plans its business to achieve its objectives.
- **Financial management:** Planning, directing, monitoring, and controlling the financial resources of the organization.
- **Sustainability:** The organization's performance related to social and environmental practices, and the way it actively tries to reduce negative environmental and social impacts and increase positive impacts.
- **Production-base:** A production base focuses on the management of the farmer base to ensure timely and sufficient delivery of quality produce to the organization.
- **Operations:** All processes from the collection of the produce from farmers up to the delivery of the produce to the clients, including quality control and the transformation (processing) of the agricultural produce into the desired product.
- **Market:** The market dimension focuses on the organization's understanding of, and ability to, access and operate in a competitive market and anticipate market risks.
- **External risks:** This dimension focuses on the awareness of biological, climate, social, and politics-related risks, and the capacity of the a to mitigate these risks.
- **Enabling environment:** The enabling environment is defined as a set of policies, institutions and support services that collectively improve or create a conducive business climate for the organization to develop and thrive. This dimension analyzes to what extent the assessee effectively engages with other actors and institutions and gets access to the services and opportunities presented.



The SCOPEinsight professionalism score is presented in 5 levels of maturity:

- **Very immature organizations** have weak strategies, lack resources, and are at high risk of ceasing operations.
- **Immature organizations** have rudimentary policies and weak business and financial planning, resulting in limited capacities and therefore are at risk of ceasing business.
- **Maturing organizations** have basic resources and performance is irregular due to limitations of institutional capacities. They are on the way to becoming sustainable.
- **Professional organizations** have enough resources and basic competences.
- **Best practice organizations** have the right resources and qualified staff with sound financial, institutional, and business capacities. These are sustainable organizations.



## Analysis

The data collected was organized in two types of clusters to extract intelligence and relevant conclusions:

- **SCOPEinsight dimensions:** These are scores calculated with the SCOPE Pro tool and when aggregated (all 8 dimensions) make the total professionalism score. The goal of the SCOPE assessment is to determine if the AFIO is fit-for-purpose and shows financial sustainability. SCOPE dimensions scores are the result of the consolidation of individual categories of data points that contribute to an outcome. For example, Internal Management is comprised by scores in Governance, Internal Organization, Business Planning and Membership Management.
- **Enablers or outcome-oriented topics:** Enablers are specific outcome-oriented topics (e.g., digitalization, innovation, inclusion, etc.) that have been analyzed based on cross-dimension data points. The goal of analyzing these enablers is to determine the ability of AFIOs to deliver on specific strategic and operational (cross-dimensional) topics. Strategic enablers are the ones that focus on the strategic capabilities of an organization, and operational enablers are the ones that focus on specific aspects that can ease an AFIO's operations. For example, inclusivity (or inclusiveness) is comprised of individual scores for Inclusion in Board of Directors, Non-discrimination policies, Gender and youth diversity and Relationship with the community.

By organizing the information in these two ways, it was possible to test correlations and conduct further analysis to understand four important features of AFIOs: organizational capacity, policy, markets and service provision. These features are key determinants of success as change agents and drivers of IAT.

To better understand patterns and relations, data for all AFIOs was analyzed at the aggregate, country, and archetype level. The first level aims to understand AFIOs as entities, the second level aims to identify specific needs conditioned by the context, and the third level aims to provide recommendations adequate to the AFIOs' function and membership.







# FINDINGS

The findings of this study are categorized within the following three levels:

- **Characteristics:** These findings consist of the AFIOs level of professionalism, AFIOs characterization in policy areas (e.g., focus areas which includes the agri-food system, sub-sectors, inclusive agricultural transformation) and in policy topics (human capital, input markets, rural infrastructure), AFIOs characterization in markets (e.g., the type of market function they focus on, such as exchange, integration, or facilitation) and AFIOs characterization in service provision (e.g., capacity building, fintech, infrastructure and the effectiveness of their service provision).
- **Country findings:** The country findings consist of the AFIOs level of professionalism, policy involvement, market and member focus, strategic capabilities and the AFIOs approach to value creation per country.
- **Archetype findings:** The archetype results are structured into an overview of the different AFIO archetypes, the level of professionalism per archetype, their focus areas in terms of services, policies, and their market function. It also includes focus areas per archetype that currently impedes their potential to be an agent of change and could be addressed to drive inclusive agricultural transformation.



Figure 3. SCOPEinsight assessment per dimension for all AFIOs

## AFIO characteristics

The AFIOs studied perform relatively well given the environment they operate in and the level of resources they have and their context. At least half of the AFIOs in the cohort are maturing or mature organizations (score above 3 out of 5). Their level of professionalism, alongside their commitment and ambitions, indicates that they have potential to be reliable partners. It was also observed that AFIOs in the cohort performed well in areas such as enabling the environment (3.8), internal management (3.6) and financial management (3.5), which confirms the potential of these organizations to be partners.

### SCOPEinsight professionalism score per dimension – All AFIOs

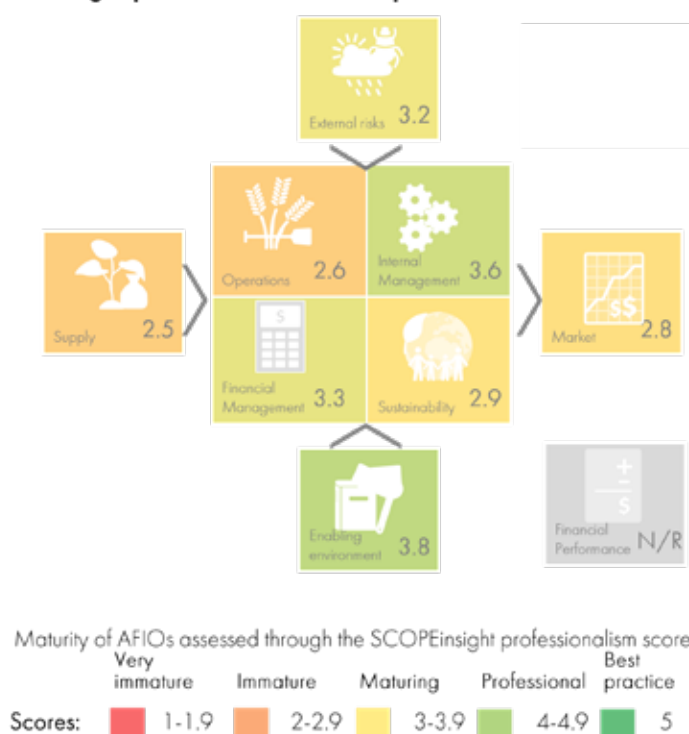
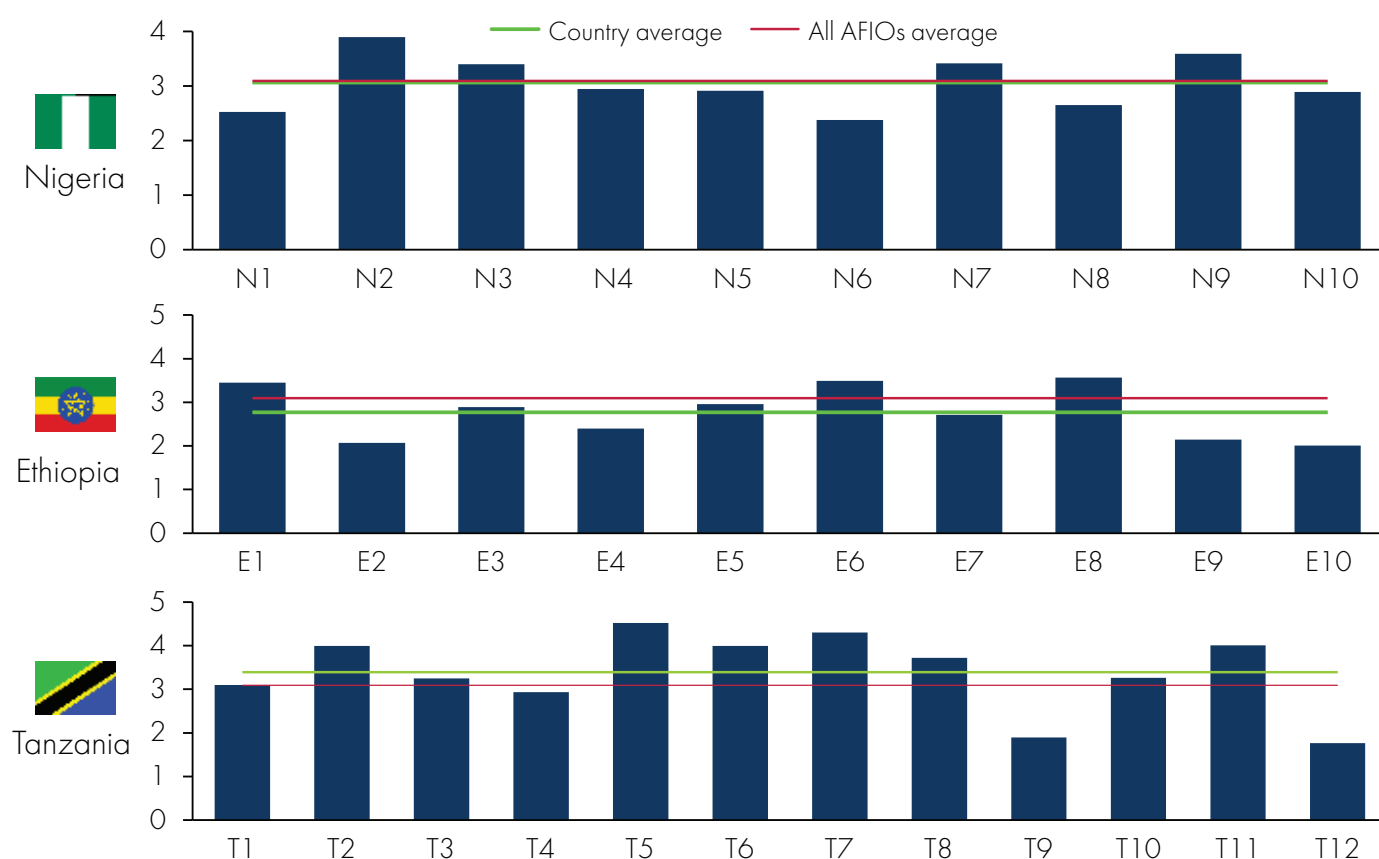


Figure 4. Total professionalization score for all AFIOs

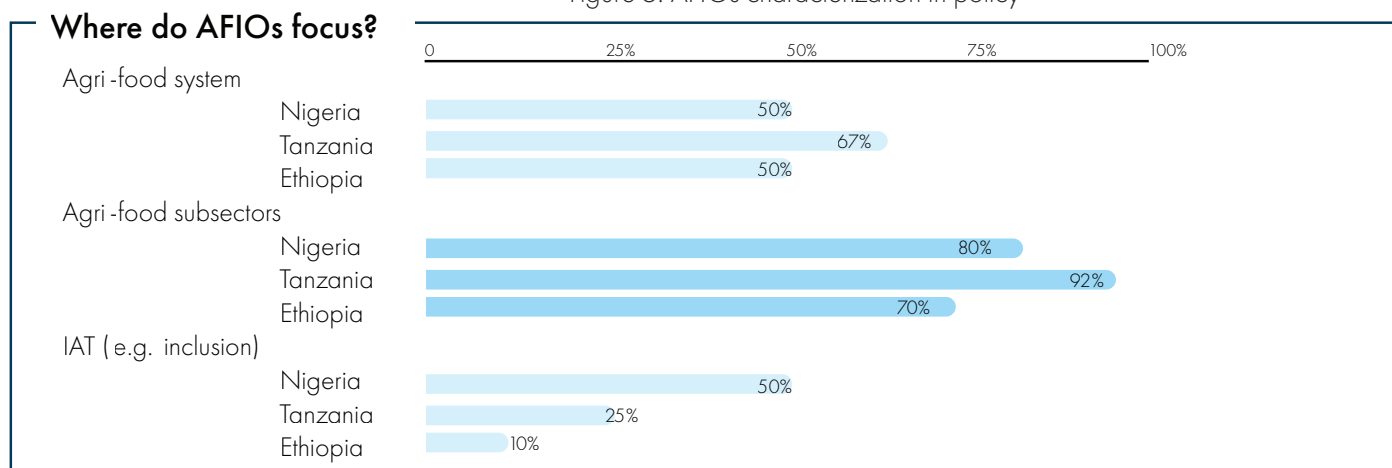
### Total professionalization (SCOPE) score

(1 very immature, 2 immature, 3 maturing, 4 professional, 5 best practice)



**AFIOs are effective policy advocates** for a wide range of policy topics related to their sub-sector, with opportunities to expand their IAT role. There is an opportunity to support AFIOs to effectively advocate for IAT policies (e.g., gender, nutrition, inclusion, infrastructure, etc.). Furthermore, in their own ambitions, the majority of AFIOs aspire to becoming recognized as active change agents.

Figure 5. AFIOs characterization in policy



**What do AFIOs do?**

	Nigeria	Tanzania	Ethiopia
The organization communicates the needs of its members to other stakeholders and the government	100%	92%	100%
The organization communicates policy development to members	100%	92%	90%
The organization convenes other AFIOs to generate solutions	80%	92%	70%
The organization gathers intelligence and has experts to provide advice to the government	80%	75%	70%
Dialogue with government bodies (ministries, offices)	100%	100%	50%
Dialogue with other AFIOs	90%	100%	50%
Government has mechanisms that regularly help (e.g., committees, working groups, round tables)	70%	100%	60%

**In which topics?\***

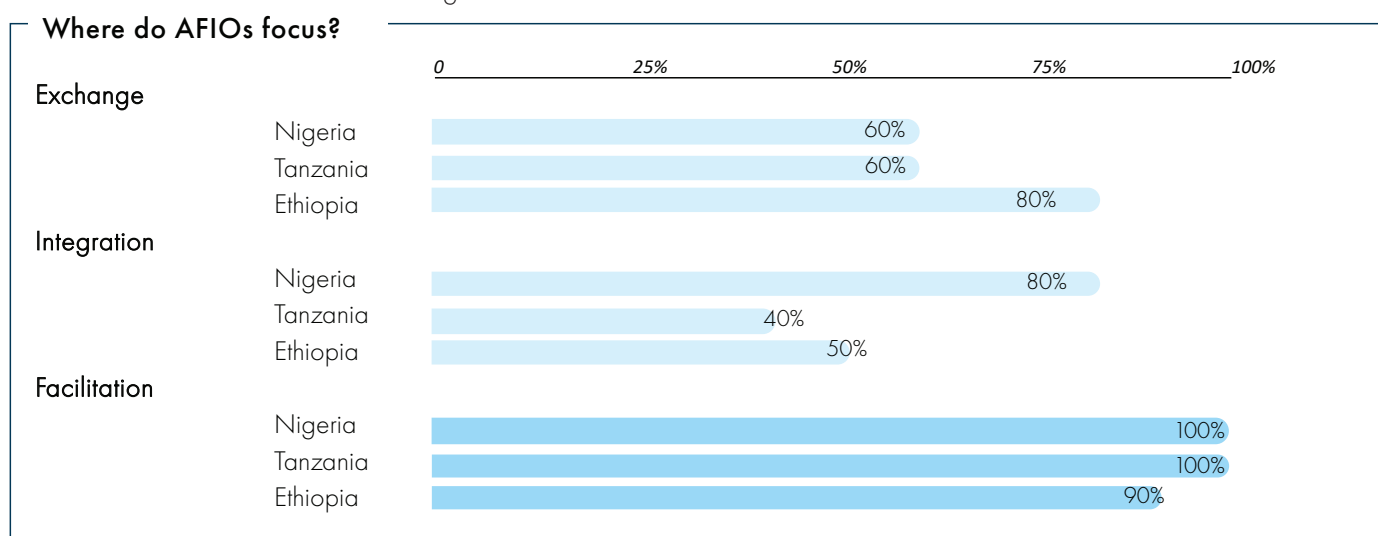
Nigeria	Human Capital	Input Markets	Laws and Norms	Rural Infrastructure	Output Markets	Sustainability and Inclusions	Agricultural Knowledge	Governance
Tanzania	Human Capital	Input Markets	Laws and Norms	Rural Infrastructure	Output Markets	Sustainability and Inclusions	Agricultural Knowledge	Governance
Ethiopia	Human Capital	Input Markets	Laws and Norms	Rural Infrastructure	Output Markets	Sustainability and Inclusions	Agricultural Knowledge	Governance

\*Policy topics collected from ISSD A Policy Taxonomy for Agricultural Transformation publication



**Most AFIOs focus on market facilitation functions**, such as grading, market intelligence and linkages, support service delivery. There is an opportunity to support AFIOs in expanding their market roles by expanding market access, brand building, and fostering business relations. Furthermore, only 21% of the AFIOs believe that marketing is their focus competency, while 25% of all AFIOs believes that market intelligence is a focus competency. There is an area of opportunity to support AFIOs in becoming stronger in these areas and leveraging on them strategically.

Figure 6. AFIOs characterization in markets



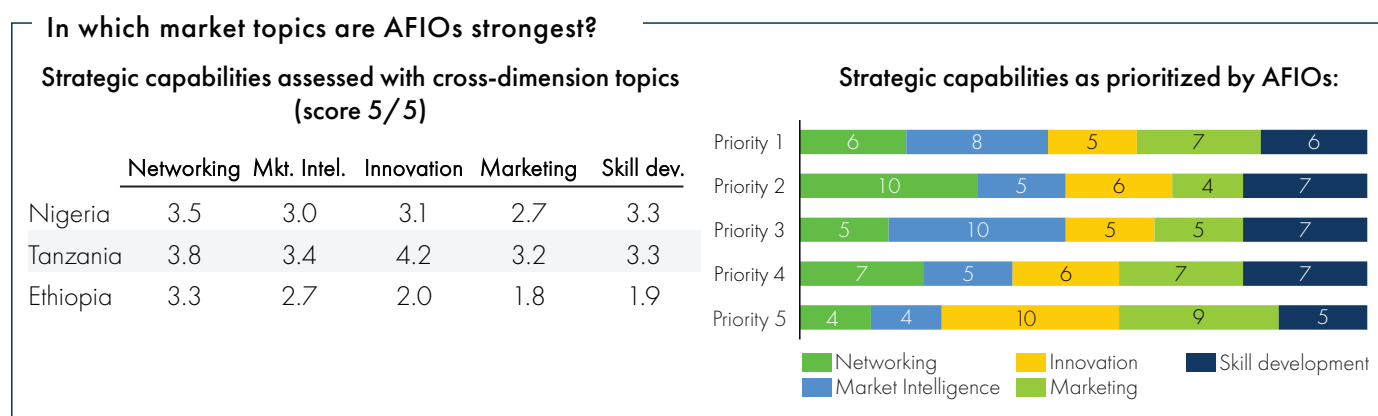
**Only a few AFIOs are engaged with market related policies**

	Nigeria	Tanzania	Ethiopia
Develop export strategies	10%	17%	10%
Advocate for subsidies & taxes	30%	25%	10%
Regulate tariffs & export restrictions	30%	34%	-
Implement domestic trade regulations	10%	34%	50%

**AFIOs foster business relations**

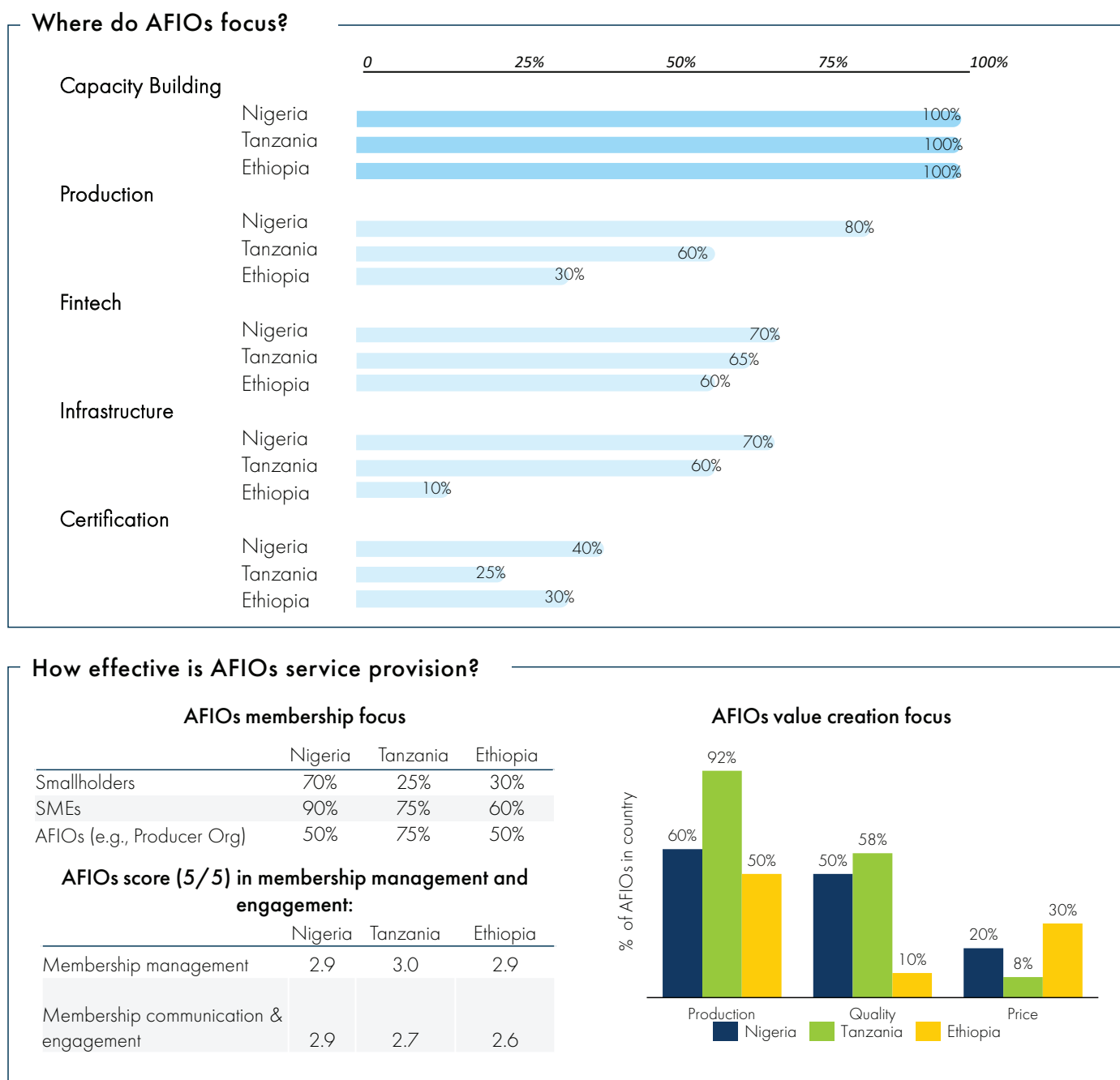
AFIOs with the majority of members doing business together (more than 60%)

Nigeria	60%
Tanzania	80%
Ethiopia	50%



The majority of the AFIOs focused on capacity building and, to a lesser extent, on production related services. There is an opportunity to help AFIOs explore and expand an effective service provision for their members. AFIOs lack strong mechanisms to understand the evolving needs of members. Therefore, AFIOs can be best supported by understanding where they can create and enhance value for their members (beyond production, exploring price and quality) and by identifying where the opportunities are according to market dynamics.

Figure 7. AFIOs characterization in service provision



To maximize their potential as change agents, AFIOs must strengthen their organizational capacity. The analysis proved that more mature and professional AFIOs with strong internal management engaged more effectively in policy, markets, and service provision. Regardless of their limitations, AFIOs are important change agents that can work with governments to develop the agri-food sector.



## Deep dive insights

- Of the 32 AFIOs assessed, 3 are women centric. Members range from smallholders to SMEs and other archetype 1 AFIOs. The gender focused AFIOs in the analysis highly prioritize members' innovation and skill development. Their professionalism score is slightly below the country average, which indicates that there is ample room for supporting them in strengthening their internal capabilities.
- Facilitating access to finance remains a key challenge for AFIOs, which constitutes an opportunity to enhance their value proposition. In total, 8 out of 32 (25%) organizations claim they are providing services to support and/or facilitate access to finance. The way in which they facilitate access to finance varies in approach and is context dependent. AFIOs supporting members in access to finance tend to be trade promoters and ecosystem builder organizations (archetype 3 and 4). AFIOs supporting access to finance have an above average professionalism score.
- Fintech services is a nascent area for all AFIOs and provides an opportunity for growth. The primary fintech service AFIOs are currently offering is digital payments. Most organizations in Tanzania and Ethiopia use mobile banking (67% and 60% respectively), while only 30% of the AFIOs in Nigeria have adopted it. There is no indication that the adoption and offering of fintech solutions increases, or is correlated to, the professionalism of AFIOs. Fintech services provision and adoption is most likely linked to conditions in the local context.

## Country assessment

In a world of economic liberalization, AFIOs respond not only to their context, but also to some of the socio-political legacy that defines idiosyncrasies in the society. In the three focus geographical areas, AFIOs are present in major sub-sectors, and regulatory frameworks are in place to support the formation and operation of these AFIOs.

Figure 8. Overview of country assessment

	Nigeria	Tanzania	Ethiopia
Average Professionalism Score	3.1	3.4	2.8
AFIOs' maturity for policy advocacy	Policy score: % of AFIOs Professional 50% Maturing 10% Immature 40%	Policy score: % of AFIOs Professional 50% Maturing 25% Immature 25%	Policy score: % of AFIOs Professional 10% Maturing Immature 90%
Main Policy Topics	<ul style="list-style-type: none"> <li>Laws and norms</li> <li>Subsidies &amp; taxes for inputs and outputs markets</li> <li>Output markets&gt; tariffs &amp; export restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Laws and norms</li> <li>Domestic trade regulations for inputs and outputs markets</li> <li>Output markets&gt; tariffs &amp; export restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Laws and norms</li> <li>Domestic trade regulations for inputs and outputs markets</li> <li>Output markets&gt; tariffs &amp; export restrictions</li> </ul>
AFIOs Market Focus	Exchange 60% Integration 100% Facilitation 100%	Exchange 50% Integration 42% Facilitation 83%	Exchange 80% Integration 60% Facilitation 90%
AFIOs Member Focus	1. SMEs 2. Smallholders 3. Producer Organizations	1. SMEs 2. Producer Organizations 3. Smallholders	1. SMEs 2. Producer Organizations 3. Smallholders

On average, **the most professional AFIOs of this cohort can be found in Tanzania.** This is related to the type of AFIOs in Tanzania and their functions (archetype 4 and 5); and also related to the fact that Tanzanian AFIOs in the study are less focused on exchange functions and more focused on sector level facilitation. Although all AFIOs are active in policy, more professional AFIOs are more effective at influencing policy and driving dialogue.

**AFIOs' strategic priorities are not always aligned to the organization's capabilities.** Professionalism scores provide insights on how effectively AFIOs are, while strategic capabilities scores and their prioritization allow understanding how effective AFIOs are in addressing them. More mature organizations have better priority alignment. For example, Tanzanian AFIOs are typically more professional, and their strategic capabilities are better aligned to their priorities. Ethiopia presents the greatest gap to bridge to improve and align their strategic priorities.

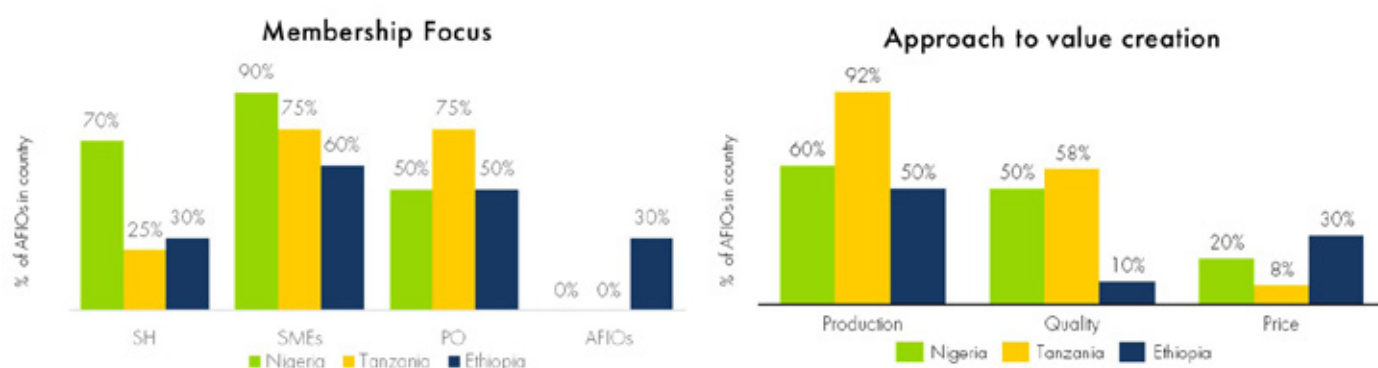
## Box 2. Strategic capabilities

AFIOs work with their members (SSPs, SMEs) to better allocate and organize their resources in pursuit of competitive advantage. They do that by enhancing their strategic capabilities:

- **Networking:** allowing SMEs and SSPs to develop stronger relationships with multiple value chain actors and service providers.
- **Market intelligence:** focusing on the ability to collect, analyze, and synthesize relevant market information to adjust business strategies of their enterprises and make appropriate decisions.
- **Innovation:** assisting SMEs and SSPs to both adopt new technologies and new processes, while improving their business models and outcomes.
- **Marketing:** guiding members on decisions related to reaching good market performance and improving market differentiation.
- **Skill and talent development:** supporting SSPs and SMEs to expand their talent pool and, proactively, develop their capacities and skills based on evolving market requirements.

Most AFIOs in the study are focused on working with SMEs, however AFIOs also prioritize working with other type of organizations. AFIOs are a “network of networks”, focusing on working with producer organizations and, in some cases, other AFIOs to reach out to the production base efficiently. Most AFIOs approach value creation to members through improvements in production, making value addition and pricing strategies an untapped opportunity to explore.

Figure 9. AFIOs membership focus and approach to value creation





## AFIOs in Nigeria

Nigerian AFIOs are effective in advocating and shaping policies to develop the sector. AFIOs often have gaps in the provision of logistic, transport and storage services. Only around half of the AFIOs studied focus on creating value by improving product quality. Given the regulatory environment, there is a constant emergence of multiple AFIOs with similar priorities. In consequence, most of these organizations face challenges with the sustainability of their business models.

Example of AFIOs' contributions in Nigeria include:

- The training and empowerment of over 1,000 youth and women in agribusiness investment programs on an annual basis over the last 6 years.
- The successful advocacy for palm oil to be included in the government's anchor borrowers program intervention of the central bank of Nigeria. Over 100bn naira allocated to the palm oil sector.
- The development of the local grandparent stock and parent stock, contributing 25% of agriculture GDP in Nigeria. Creating employment and livelihood improvement through poultry production enterprises.

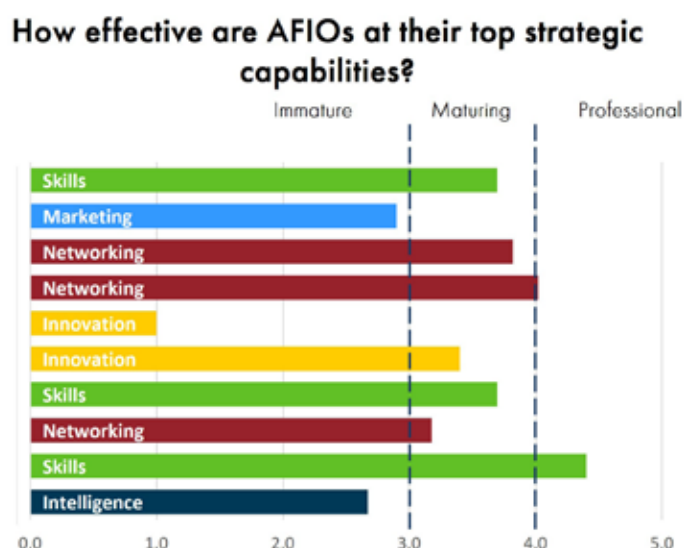
Examples of frequent professionalism gaps found in Nigerian AFIOs include:

- The organization has no written contracts with off takers or its members.
- The organization does not monitor or set prices for production.
- The organization does not monitor the demands of members, clients, or buyers.
- The organization does not deliver storage nor logistics services to its members.
- The organization has no established quality standards for the products of members.
- Weather and natural disasters are not addressed in the business/strategic plan.

Nigerian AFIOs are close to addressing their strategic priorities effectively; most organizations are maturing in their priority area. The majority of the Nigerian AFIOs studied show the right focus on addressing the most important strategic capability according to their own strategy. This alignment shows great potential to effectively deliver their goals.

According to the AFIOs in the study, the most important strategic capabilities are supporting their members in their skill development and networking, while marketing and providing intelligence are the least mentioned priorities.

Figure 10. Strategic capabilities of Nigerian AFIOs



Data shows the score for the strategic capability that has been marked as the top priority by the AFIO.





## AFIOs in Tanzania

Overall, Tanzanian AFIOs have good relationships with governments, local authorities, NGOs, and communities, thus providing support to strengthen the enabling environment of their sectors. This is also related to the fact that these AFIOs are strongly institutionalized. However, most members do not deal with primary production, leaving a professionalism gap in the production base dimensions.

Example of AFIOs' contributions in Tanzania include:

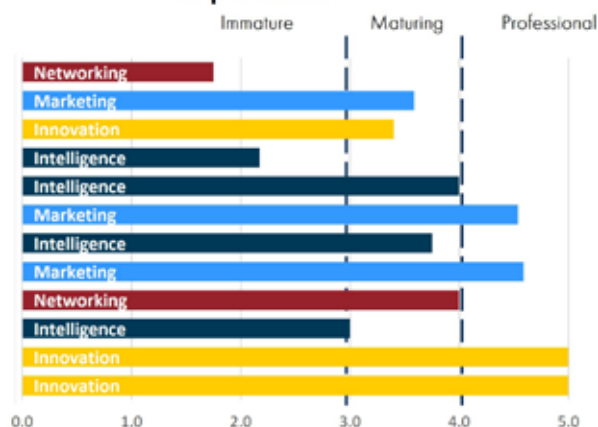
- They contributed to introduction and investment in various structures and systems which are facilitative when it comes to local and export markets such as introducing voluntary accredited certifications and standards like Global GAP, GRASP, British Retailers Consortium (BRC), FAIR TRADE, ISO standards systems.
- They implemented several initiatives that are meant to empower members, farmers, and other communities, such as the review of the dairy Act 2020 which has led to the scrapping of several troublesome levies.
- They managed to work with other partners to build capacity among members and their farmers to access good markets through programs via a formal trading system (Farm trade & SFOAP) and they improved access to financial services.

Examples of frequent professionalism gaps found in Tanzanian AFIOs include:

- There is no financial management system or manual in place yet to guide various financial transactions and management.
- There is no policy to ensure sustainability guidelines in the organization. The lack of key operations is affecting the organizations to put in place some key structures like succession plans, inclusion and equal opportunity programs.
- The organization does not have a management team in place, and this affected how the organization operates as there is no one who can oversee day to day organizational activities.
- The organization does not have an office yet, but they are currently hosted by one of the members.

Strategic priorities of Tanzanian AFIOs are aligned to their professionalism levels, and they have a strong focus on market intelligence and innovation. The majority of the Tanzanian AFIOs show the right focus on addressing the most important strategic capability according to their own strategy. This alignment shows great potential to effectively deliver their goals, and even excelling as best practices in their context. According to the AFIOs in the study, most important strategic capabilities are supporting their members creating and sharing market intelligence, innovation and marketing, while skill development was not mentioned as a strategic priority for them.

Figure 11. Strategic capabilities of Tanzanian AFIOs  
**How effective are AFIOs at their top strategic capabilities?**



Data shows the score for the strategic capability that has been marked as the top priority by the AFIO.



## AFIOs in Ethiopia

Ethiopia has the lowest professionalism score of the countries analyzed, which can be linked to the country's weak private sector. Ethiopian AFIOs scored especially high on the Financial Management and Internal Management, which indicates that they have the right systems and practices in place to function as an organization. Despite limited resources, AFIOs can engage effectively with public and private organizations positioning themselves as change agents in the development of the agri-food sector.

Example of AFIOs' contributions in Ethiopia include:

- Supporting the export sector via tax rate adjustments, duty free imports, lobbying of Ethiopian airlines to negotiate freight pricing.
- Solving policy issues on tax, land management, access to basic infrastructure in collaboration with relevant government offices.
- Capacity building on gender inclusive and agricultural topics for workers of more than 90 farms.
- Fundraising and commencement of construction of packhouse and cold rooms in Amhara region to facilitate market access for farmers in the region.
- GlobalGAP certification members; the certified members are selling to export processors.

Examples of frequent professionalism gaps found in Ethiopian AFIOs include:

- The association needs to work on additional services, management documents, and membership management.
- The association lacks some key staff like operations manager, marketing manager, finance manager and supervisory committee.
- Despite the use of the digital system (recordkeeping, digital money transfer, working with a bank) the association did not have a formal financial manager.
- Gaps are observed in the area of financial planning, financial reporting, and monitoring and planning the company's financial needs accordingly.

Ethiopian organizations are lagging regarding the professionalization of their strategic capabilities. The majority of the Ethiopian AFIOs have consistently low scores in their strategic capabilities. This can be related to the lack of resources, weakness of the organizational capabilities, and misalignment between their goals and operations. Most of the AFIOs scored as very immature, meaning they tend to not even have a basic system in place that works towards these capabilities. According to the AFIOs in the study, the most important strategic capabilities are skills development, intelligence generation, and marketing. Innovation was not mentioned as a priority by any of the organizations.

Figure 12. Strategic capabilities of Ethiopian AFIOs



Data shows the score for the strategic capability that has been marked as the top priority by the AFIO.



## Conclusions

Tanzania has the strongest AFIO landscape, with an average professionalization score of 3.4. Nigeria is second with an average score of 3.1, and Ethiopia is last with an average score of 2.8. This can be attributed to (1) the level of institutionalization of the AFIOs, and (2) the strength of the private sector in the country. Opportunities to improve their professionalization and effectiveness vary per country, however they all share the common factor that AFIOs must have a stronger focus on market functions. Furthermore, enablers such as innovation, transparency, and inclusiveness (relevant for a long-term IAT agenda) can be driven by AFIOs when they operate in a more institutionalized environment.

Table 2. Key findings of country assessment

	Key findings	Focus areas
<b>Nigeria</b>	AFIOs in Nigeria are effective in shaping policy, and about half of the AFIOs focus on improving quality. They face challenges with the sustainability of their business models (i.e., skill development and sustainability), market channel relationships, and providing services (i.e., logistics, transport, and storage) to members.	<ul style="list-style-type: none"> <li>• Building market exchange functions.</li> <li>• Improving agri-service offering and operations.</li> <li>• Strengthening ability to operate in a competitive market.</li> <li>• Improving member engagement.</li> </ul>
<b>Tanzania</b>	AFIOs in Tanzania provide support to strengthen the enabling environment. They face challenges with strategic functions such as market intelligence; marketing; and innovation, and do not engage in primary production.	<ul style="list-style-type: none"> <li>• Developing market intelligence, strategy, and expansion.</li> <li>• Improving producer engagement and quality of produce.</li> <li>• Advocating for trade regulations that support the development of marketing services.</li> <li>• Integrating production and processing functions.</li> </ul>
<b>Ethiopia</b>	The private sector is very weak in Ethiopia. AFIOs could benefit from strengthening strategic and operational enablers, as well as skill development, marketing, and market intelligence functions.	<ul style="list-style-type: none"> <li>• Building a market exchange function.</li> <li>• Creating value through quality improvement.</li> <li>• Advocating for trade regulations that reduce external risks.</li> <li>• Emphasizing sustainability as long-term value creator.</li> </ul>

## Archetype analysis

Although heterogeneous, AFIOs are defined by their capacity to integrate and facilitate. Five different archetypes were identified according to the level of integration and facilitation.

Table 3. AFIOs archetypes

	Definition	Functions	Examples
<b>(1) Conventional trade organizations</b>	These AFIOs are a horizontally integrated group of producers and traders at the grassroots level.	The main function is to produce, aggregate, and market the products at the best possible spot market price, and usually based on trust relationships.	Tanganyika Farmers' Association (TFA), and the Tanga Dairies Cooperative Union (TDCU).
<b>(2) Value-adding integrated organizations</b>	These AFIOs have a horizontally integrated production base with vertically integrated processing operations.	The main function is to enhance quality and branding and contributing to build sustainable demand in a market. This archetype is also denominated "hybrid organizations" as this usually includes commercial operations governed by a complex network of contracts.	Commercial Dairy Ranchers Association of Nigeria (CODARAN), and the Tanzania Milk Producers Association (TAMPRODA).
<b>(3) Trade promoters</b>	This archetype focuses on trade and export promotion. These AFIOs are horizontally and vertically integrated, governed with enforceable contracts and with strong connections to export markets.	The main function is to connect to global sourcing networks and advocate for a more conducive environment for exports, with a focus on quality.	Association of Hibiscus Flower Exporters of Nigeria (AHFEN) and the Ethiopian Coffee Exporters Association (ECEA).
<b>(4) Sector-wide ecosystem builders*</b>	These AFIOs are action-oriented collaborations that go beyond private sector stakeholders and include multiple public sector stakeholders, and, possibly, civil society members.	This archetype is close to what we know as a multi-stakeholder platform. They can play a crucial role in managing non-public benefits tied to performance or other types of behavior among their members.	Poultry Association of Nigeria (PAN), and the Tanzania Horticultural Association (TAHA).
<b>(5) Regional &amp; global trade enablers*</b>	These are organizations that aim to advance and/or harmonize the regional or global agenda.	These organizations are global in nature but have local chapters whereby they connect to the local context and coordinate collaboration with other country specific AFIOs.	African Women Fish Processors and Traders Network (AWFishNET), and the East African Grain Council (EAGC).

\*Note: Archetype 5 is excluded or clustered with archetype 4 in the analysis due to the lack of sufficient data points for archetype 5.

The AFIO archetypes allow analysis of AFIOs within more homogeneous subsets. For example, the level of professionalism can be related to the AFIO archetype. The overall results show that archetype 2 has the lowest professionalism scores and highest scores among archetypes 1, 3 and 5. The highest scoring is archetype 5, due to the high degree of institutionalization required to establish a regional organization. High professionalism of archetype 1 can be related to the strong focus and availability of programs that are focused on Producer Organizations.



## Archetype 1

Archetype 1 organizations focus predominantly on **improving the business case for SSPs**. On average, they are maturing organizations, which means they function effectively with some limitations. The focus of these organizations is predominately on the production base and its implications. Furthermore, the strongest capability is networking, while their top priority is skill development, and the lowest priority is innovation.

In policy, archetype 1 organizations advocate for issues such as subsidizing inputs, training, better infrastructure, and market channels. Although the expectation for these AFIOs is to focus on exchange functions (aggregation, logistics), the organizations' market function focus is balanced across integration, exchange and facilitation (capacity building, market intelligence) activities. In terms of service provision, most organizations offer services related to market, production and processing functions, such as providing access to quality agricultural inputs, strengthening production capacity of members and developing production clusters for matters such as adoption of certifications.

## Archetype 2

Archetype 2 organizations focus on **increasing value generated in the agri-food sector, along with the creation of off-farm employment opportunities**. Archetype 2 AFIOs have a low score in professionalization, as they appear as immature. This can be related to the complexity of their nature, and they are not present in every sector as their focus is on processing. The strongest capability is networking, while their lowest priority is marketing.

In policy, archetype 2 organizations advocate for output-market oriented policy topics. Specific topics include tax and levy reductions, quality and food safety standards for processed foods, and innovation in processing lines. These organizations have a clear inclination towards market facilitation functions, such as providing branding services to members and providing market intelligence services to members. In terms of service provision, these organizations provide fintech and data services whilst the priority focus on ensuring quality production is not as often targeted. These organizations are well placed to enhance quality and innovation in the sectors they operate in.

## Archetype 3

Archetype 3 organizations aim to **expand markets for domestic, high-quality produce, creating jobs and value addition opportunities**. They are maturing organizations, with a wide variance in scores. Their focus is on export markets, and their degree of professionalization and resources is tied to the relevance of these markets in the political agenda. The strongest capability is networking, while their top priority is marketing, and the lowest priority is innovation.

In policy, organizations are very active in supporting the development of inclusive value chains and domestic agri-food systems, mostly in the domestic markets. These organizations are expected to focus on facilitation functions and are consistently offering market services in branding services, market intelligence, and harmonizing export regulations and quality standards. In terms of service provision, priority service offerings include production and processing, market and fintech functions. Representation and capacity building (training) are services provided by all archetype 3 organizations. These organizations are well placed to harmonize regulations and standards, and to explore value capture strategies such as branding and the differentiation of local production systems.

## Archetype 4

Archetype 4 organizations aim to **increase the functionality, resilience, and sustainability of market systems**. They scored as maturing organizations, but show significant variance in the results, with some of the archetype 4 organizations among the lowest scoring AFIOs in the study. It was observed that this can be related to the sector they operate in, since the AFIOs that focused on animal feed and breeding have consistently lower scores. The strongest capability is innovation, while their top priority is networking.

In policy, organizations have a clear focus advocating for the commercial approval and release of improved farm inputs and enabling environment regulations. Aligned with the archetype best practices, organizations provide market facilitation functions in capacity building and market intelligence. In terms of service provision, they focus on production, processing, and market functions such as providing access to inputs and extension services and strengthening capacities of local partners. These organizations are active in a wide scope of services and activities and are well placed to drive innovation and to generate and share sector intelligence.

## Conclusions

**AFIOs can focus their efforts to complement other organizations and structures in the environment where they operate.** AFIOs professionalism can be driven towards (1) the type and variety of membership they serve and (2) the scale of their operations. Although all AFIOs operate within the same scope of action, the archetypes have shown that different AFIOs drive different perspective and interests at different levels. Orchestration is needed to ensure collaboration and collective impact towards IAT.

Table 4. Findings of archetype analysis

	Key findings	Focus areas
<b>(1) Conventional trade organizations</b>	These organizations score as <b>maturing</b> and focus on advocating for subsidization of inputs, increase access to inputs, SSP training, better transport and logistics services, market identification, and less intermediation. They tend to have <b>clear market strategies</b> .	<ul style="list-style-type: none"> <li>• Advocate for public infrastructure and aggregation.</li> <li>• Have the right human and financial resources to support production.</li> <li>• Have mechanisms, and access to networks, to aggregate supply and demand.</li> <li>• Clearly understand members' needs.</li> <li>• Improve price and market positioning of products.</li> <li>• Collaborate with key stakeholders to innovate.</li> </ul>
<b>(2) Value-adding integrated organizations</b>	Most of these organizations score as <b>immature</b> and focus on quality and food standards, dispute resolution, labor law, expansion of domestic markets, and quality improvements. They tend to <b>lack operational capacities and appropriate market focus</b> .	<ul style="list-style-type: none"> <li>• Focus on SME's working capital, safety and quality standards, and increased processing capacity.</li> <li>• Have the right human and financial resources to support value addition.</li> <li>• Pool resources to invest in improving distribution and marketing channels.</li> <li>• Have the capacity to comply with quality standards</li> <li>• Have access to market intelligence and collaborate to improve product lines.</li> <li>• Drive process innovation.</li> </ul>
<b>(3) Trade promoters</b>	These are <b>maturing organizations</b> , and focus on tariff harmonization, access to land, budgetary support, setting of grades and standards, identification of new markets, becoming part of global sourcing networks, development of market intelligence, harmonization of export regulations, and access to new breeds and AI services. They tend to have strong internal management and <b>provide marketing services to members</b> .	<ul style="list-style-type: none"> <li>• Advocate for cross-border trade and trade-related infrastructure.</li> <li>• Have the right capacities and networks to operate in markets.</li> <li>• Have a mechanism to enforce quality and safety standards.</li> <li>• Develop a sustainable business model.</li> <li>• Understand and leverage market intelligence, along with being able to understand global dynamics, risks, as well as market and trade trends.</li> <li>• Have specialized marketing capabilities.</li> <li>• Innovate on value creation.</li> </ul>
<b>(4) Sector-wide ecosystem builders*</b>	<p>These are <b>maturing organizations</b> and focus on trade regulations, investment promotion, and identification of new market opportunities. They tend to <b>provide market integration services</b>.</p> <p>There is <b>opportunity to advocate</b> for mutual accountability, anti-trust legislation, institutional enforcement, transparency, traceability, certification, and electronic exchange.</p>	<ul style="list-style-type: none"> <li>• Operate at scale.</li> <li>• Have the right networks to engage with SSPs.</li> <li>• Generate sector intelligence.</li> <li>• Be able to articulate a long-term vision for the sector.</li> <li>• Have the required convening power to make a difference.</li> <li>• Foster sector leadership.</li> <li>• Drive innovation, sustainability, and inclusion.</li> </ul>





# CONCLUSIONS

## Considerations to leverage IAT opportunities

There are untapped opportunities for AFIOs to channel investment and promote innovation.

- **Institutional and regulatory maturity of the environment were determinants of the level of AFIO professionalization.** For instance, in the study, Tanzanian AFIOs scored higher because of their archetype (most are archetype 4 and 5) and strong conducive enabling environment.
- **Opportunities exist for AFIOs to orchestrate and facilitate interactions among key actors,** and to enable systemic change and Inclusive Agricultural Transformation. Due to their position, AFIOs are well placed to collaborate and influence a wide range of actors. Furthermore, AFIOs can generate and share sector intelligence, which can contribute to effective policies and regulations.
- **AFIOs have a natural position as catalyzers, particularly in areas such as digital innovation and investments.** AFIOs are key institutions to scale up interventions, as they aggregate the needs of their members and in turn facilitate access to services.

**AFIOs are change agents in diverse sectors and contexts.** Experience from Europe and Latin America show the extent to which AFIOs can influence markets, and economies. However, short- versus long-term tradeoffs and evidence gaps might present challenges to AFIOs. Localization, size, and connectivity need to be taken into consideration to empower AFIOs as drivers of IAT.



## Key challenges

To build and enable an effective market ecosystem AFIOs must address the following key challenges:

- **Internal capacity:** Most AFIOs are categorized as “maturing organizations”, with additional professionalization of core functions required. AFIOs require strengthening in areas related to digitization, inclusion, business model sustainability, and marketing channels. AFIOs must develop the right capacities and operate with the right resources.
- **Responsiveness:** AFIOs often struggle to engage and effectively respond to member’s interests and needs. In some cases it was observed that AFIOs are not resilient enough to handle changing sector and market dynamics, government policies and regulations, and an evolving member base. AFIOs should evolve towards becoming responsive organizations, with a strategy that adapts accordingly.
- **Vision:** AFIOs actively engage in policy advocacy, but often with a very myopic view on short-term priorities (e.g., eliminating taxes or levies). AFIOs lack a strategic outlook that focuses on long-term strategic priorities, agenda, and sector growth and innovation. AFIOs must have a vision of their own and contribute to the collective vision for the sector.

Assisting AFIOs to address these challenges will catalyze the development of a stronger, more inclusive, private sector network of change agents and IAT champions.

## Recommendations

Specific needs have been identified for different landscapes and typologies, and these result in recommendations for tailored learning programs to support the development of professional and strategy-oriented organizations. It is expected that this network of AFIOs can learn together, and with appropriate support they can effectively capitalize on market opportunities and proactively champion Inclusive Agricultural Transformation.

**AFIOs enable an effective market ecosystem when they are both professional and strategy-oriented.** There are two key outcomes to enable AFIOs as agents of change: AFIOs must be strong (in capabilities) and professional organizations, and AFIOs must be strategy-oriented organizations. Attention to systems, finance, strategy, and people are key to professionalize and build resilience. As organizations become stronger in terms of their organizational capabilities, they become better at visioning and leading. Therefore, AFIOs must first focus on their professionalization, and then on the longer-term outcomes.

Figure 12. Intervention logic



Achieving a high professionalization level is defined differently depending on the AFIO archetype. Given that the different archetypes serve different constellations of functions and membership, so defining what a professional, investment-ready AFIO looks like varies. For example, archetype 1 AFIOs focus on supporting production, aggregation, and trade, while archetype 2 AFIOs concentrate on processing and integration. This results in different needs in capacity building and infrastructure.

Strategy also varies depending on the AFIO archetype, however the need to develop a capacity to self-innovate remains applicable for all. Archetypes have different, yet complementary, visions for the sector (e.g., archetype 3 focused on developing markets and value creation, while archetype 1 concentrates on ensuring that the production base operates competitively and sustainably). What these AFIOs need in order to become future-proof organizations is support so that they can achieve their own vision; therefore strategies vary (e.g., archetype 3 aims to better understand and react to global dynamics, while archetype 1 focuses on improving the capacity to access and generate intelligence).

### Internal capacity strengthening of AFIOs

Capacity strengthening efforts must consider archetypes, country context, and level of organizational maturity. Organizations need to be able to reach a minimum required level of professionalism to operate as a reliable partner. A supportive intervention should focus on: (1) strengthening AFIOs' core competencies and strategic capabilities that drive professionalization, institutional sustainability, and independence based on their individual needs, and (2) assist AFIOs to understand their role as change agents and IAT champions, in the domestic agri-food ecosystem.

Table 5. Opportunities to improve internal capacity

	Nigeria	Tanzania	Ethiopia
(1) Conventional trade organizations	Ensure organizations build <b>market exchange</b> functions, focusing on transport and aggregation.	Focus on understanding <b>institutional mission</b> , marketing strategy, market intelligence, and market expansion.	Ensure organizations build <b>market exchange functions</b> , focusing on transport and aggregation.
(2) Value-adding integrated organizations	Focus on improving <b>operations</b> by developing relevant production, processing, and agri-service offerings.	Recommend elective training to focus on <b>improving operations, producer engagement, and meeting product quality</b> and diversity requirements.	Develop relevant service offers to members that focus on the <b>creation of value through quality improvements</b> , such as production and processing and agri-services.
(3) Trade promoters	Support AFIOs' understanding of, and developing the ability to access and <b>operate in, a competitive market</b> .	Equip AFIOs to effectively <b>advocate for trade regulation policies</b> and focus on the development of professional marketing services targeting business development in export markets.	Equip AFIOs to effectively <b>advocate for trade regulation policies</b> and ensure that external risk factors are being incorporated into AFIOs' business plans.
(4) Sector-wide ecosystem builders*	Focus on improving <b>member engagement</b> and ensuring the sustainability of AFIOs' business models.	Develop a market function with focus on <b>integration</b> of the value chain. Promote the development of relevant service offerings such as <b>market intelligence</b> systems that generate market insights and monitor policy implementation.	Introduce AFIOs to the importance of <b>sustainability</b> (beyond the economic implications) in delivering long-term value. Training on ways to understand and proactively manage <b>external risks</b> and develop mitigation plans.



## Improving capacity to self-innovate

Capacity for continuous self-innovation needs to be created in order for AFIOs to become active change agents. Supportive interventions should aim to empower AFIOs to become stronger, more resilient, change agents that proactively champion IAT in their ecosystem. The Accelerator would position AFIOs to: (1) effectively contribute to policy reform, market integration and facilitation, and service provision in support of IAT, and (2) establish an active AFIO network that continues to expand in depth and width.

Table 6. Opportunities to improve resilience

	Nigeria	Tanzania	Ethiopia
<b>(1) Conventional trade organizations</b>	Revisit organizations' <b>approach to membership, income sources and services.</b>	Identify and <b>develop new services</b> and evaluate the effectiveness of existing ones.	Implement <b>engagement mechanisms</b> to understand and evaluate member needs
<b>(2) Value-adding integrated organizations</b>	Support organizations to <b>better understand needs, and develop compelling service offerings</b> that speak to member needs around finance, transport, logistics, access to inputs, etc.	Promote and support with the implementation of <b>digital systems</b> that promote <b>transparency</b> and accountability for client management and traceability.	Support mechanisms that promote <b>standardization, certification, quality assurance, and product authentication.</b>
<b>(3) Trade promoters</b>	Evaluate how organizations identify new business lines and improve their <b>marketing channels.</b>	Support the implementation of <b>digital tools</b> and software packages that close loops and provide near real time information to members on volumes, prices, and market dynamics.	Provide instruments to develop activities that support <b>productive and effective networking</b>
<b>(4) Sector-wide ecosystem builders*</b>	Develop a clear policy agenda that marries immediate concerns with <b>long-term</b> sector goals and objectives.	Through mentorship, develop <b>business/action plans</b> that reinforce inclusivity mechanisms, advocating for equality in legislation.	As AFIOs redefine their strategy, promote <b>inclusion, diversity, and human rights.</b>

## Potential risks for AFIOs

AFIOs play a vital role in driving IAT. However, for them to be effective, AFIOs need to take a closer look at risks that might affect their operations. Capacity development efforts should assist AFIOs to address risks associated with issues that might emerge, for example:

- **Unsustainable business models:** AFIOs might have insufficient income streams or inefficient financial management. When AFIOs are financially unsustainable, they tend to develop a dependency on donors or external resources, impeding the organization to self-invest and effectively serve their members.
- **Low effectiveness:** For example, not growing in membership, failing to deliver the right services or benefits, or having an irrelevant agenda. This hinders the development and capacities of its members and impedes the development of a sector.
- **Elite capture:** This entails that the AFIO continuously works with the most professional members. For example, producers who are more vulnerable are less likely to access vertical arrangements or join AFIOs, which leads to only strong members becoming more competitive. AFIOs must ensure inclusiveness.
- **Politicization:** This occurs when the AFIO as an entity becomes political, such as discussing or being involved in political matters. This can have negative effects for an AFIO, such as being less effective in policy reform due to a lack of credibility.



- Not fit for purpose: AFIO membership size and/or other characteristics can impact the organization's ability to function, resulting in problems such as free-riders (members that have access to benefits regardless of their contributions) or misallocation of resources.

## The role of philanthropy

Philanthropy is well placed to support AFIOs to become active, self-sufficient, sustainable, strong, and independent IAT partners. Nevertheless, donors can also create donor-dependency. Therefore, donor-driven interventions must be focused on actions that can provide a long-lasting return (e.g., strengthening capabilities). Strategies for effective engagement include:

- The donor support must be focused on strengthening the capabilities of the organization (such as collecting membership fees), instead of substituting a failure in the business model (e.g., filling in budget gaps).
- Interventions that deliver intangible assets have clear trajectory and a graduation moment.
- The donor ensures that there is a solid exit strategy in place, for example by developing the capacity to self-innovate or providing clarity on the timing and reasons for the funder's exit.

## AFIOs as change agents

A progressive trajectory will enable AFIOs to grow and actively contribute to developing IAT and systemic change. AFIOs achieving a level of maturity where they have a clear vision of the sector is important to the success of any sustainable intervention. Furthermore, AFIOs must work with other institutions, regardless of sector, to influence systemic issues (e.g., infrastructure development, investment). To do this effectively, AFIOs must:

- Become empowered, professional, and reliable organizations by offering tailored learning packages based on the areas to strengthen for individual organizations.
- Provide AFIOs with the instruments to implement individual and collective interventions that drive the effectiveness and competitiveness of markets.
- Promote the development of public-private initiatives that create a supportive environment.

With this trajectory, AFIOs can be proponents of an effective and competitive market.



# REFERENCES

Abate, G. T., Francesconi, G. N., Getnet, K., 2017. Impact Of Agricultural Cooperatives On Smallholders 'Technical Efficiency: Empirical Evidence From Ethiopia. *Annals of Public and Cooperative Economics*.

Afari-Sefa, V., Aku, A., Mshenga, P. M., & Justus, O., (2018). Effect of market access provided by farmer organizations on smallholder vegetable farmer's income in Tanzania. *Cogent Food & Agriculture*.

Bizikova, L., Nkonya, E., Minah, M. et al., 2020. A scoping review of the contributions of farmers' organizations to smallholder agriculture. *Nat Food* 1, 620–630

IWA29 Professional farmer organization – Guidelines, AMEA overview available online at: <https://www.ameaglobal.org/global-guidelines>

Ménard, C., Valceschini, E., 2005. New institutions for governing the agri-food industry, *European Review of Agricultural Economics*, Volume 32, Issue 3, September 2005, Pages 421–440, Mitchell, J and Coles, C. (2011). *Markets and Rural Poverty. Upgrading Value Chains*.

Oluwakemi E. F., Alarima, C., I., & Abiona, B., C, 2012. Contribution of Co-operative Organizations to Poverty Alleviation in Yewa North Local Government Area of Ogun State, Nigeria, *Journal of Human Ecology*, 40:2, 189-196

Porter, M. E., 1990. The Competitive Advantage of Nations. *Harvard Business Review* 68, no. 2: 73–93.

Phung, H., Duong, P., 2017. Effects of Integrated Shrimp Farming in Vietnam. *Journal of the World Aquaculture Society*.

Sumelius, J., Tenaw, S., Bäckman, S. et al., 2014. Cooperatives as a Tool for Poverty Reduction and Promoting Business in Cooperatives as a Tool for Promoting Business in Tanzania. Discussion Papers n:o 65, University of Helsinki, Helsinki.

Ulicky, E., Magoma, J., Usiri, H., Edward, A., 2013. Improving smallholder livelihoods: Dairy production in Tanzania. *Tropical Grasslands – Forrajes Tropicales* 1:244–248.



# ACRONYMS

Acronym	Explanation
AFIO	Agri-food Industry Organizations
AGRA	Alliance for a Green Revolution in Africa
AHFEN	Association of Hibiscus Flower Exporters of Nigeria
AI	Agricultural Information
AWFishNET	African Women Fish Processors and Traders Network
BMGF	Bill & Melinda Gates Foundation
BRC	British Retailers Consortium
CODARAN	Commercial Dairy Ranchers Association of Nigeria
EAGC	East African Grain Council
ECEA	Ethiopian Coffee Exporters Association
FIA	Foundation for Agricultural Innovation (Spanish acronym)
GDP	Gross Domestic Product
GRASP	GLOBALG.A.P. Risk Assessment on Social Practice
HR	Human resources
IAT	Inclusive Agricultural Transformation
ISO	International Standards Organization
NGO	Non-Governmental Organization
PAN	Poultry Association of Nigeria
PO	Producer Organization
SFOAP	Support to Farmers' Organizations in Africa Program
SME	Small and medium-sized enterprises
SSP	Small-scale producers
TA	Technical assistance
TAHA	Tanzania Horticultural Association
TAMPRODA	Tanzania Milk Producers Association
TDCU	Tanga Dairies Cooperative Union
TFA	Tanganyika Farmers' Association



# FIGURES, TABLES & BOXES

Figure 1 AFIO Archetypes	9
Figure 2 Elements of effective and competitive markets	10
Table 1. Selected AFIOs for the study	13
Box 1. The SCOPEinsight methodology	14
Figure 4. Total professionalization score for all AFIOs	17
Figure 3. SCOPEinsight assessment per dimension for all AFIOs	17
Figure 5. AFIOs characterization in policy	18
Figure 6. AFIOs characterization in markets	19
Figure 7. AFIOs characterization in service provision	20
Figure 8. Overview of country assessment	21
Figure 9. AFIOs membership focus and approach to value creation	22
Box 2. Strategic capabilities	22
Figure 10. Strategic capabilities of Nigerian AFIOs	23
Figure 11. Strategic capabilities of Tanzanian AFIOs	24
Figure 12. Strategic capabilities of Ethiopian AFIOs	25
Table 2. Key findings of country assessment	26
Table 3. AFIOs archetypes	27
Table 4. Findings of archetype analysis	29
Figure 12. Intervention logic	31
Table 5. Opportunities to improve internal capacity	32
Table 6. Opportunities to improve resilience	33





