

Intervention:	Small Farmers Adapting to Global Markets (SFAGM) Project
Country:	China
Date:	2003 - 2008
Challenge:	Current market trends in the agriculture sector and China's recent accession to the World Trade Organization are already having a significant impact on the incomes and livelihoods of the millions of small farmers in the western regions of China. Concurrently, the combination of rapid urbanization and rising per capita incomes is creating a demand for a wider range of more specialized foods compared to the traditional, mainly grain-based foods of the past. Food processors are demanding higher quality, safe food for domestic consumption that also meets international standards for export opportunities. These developments are already having a profound effect on agricultural reform and are affecting rural communities.
Objectives:	In order to assist China's small farmers to adapt to these new demands, gain new market access, improve rural livelihoods and meet China's obligations as a member of the WTO, CIDA and China's Ministry of Commerce agreed to institute the SFAGM Project. See <a href="#">APPENDIX A</a> .
Approach of the Intervention:	<p>The approach is cooperative and focussed on long-term viability by basing design, management and delivery consultatively and by focussing on training trainers.</p> <p>The project implementation is overseen by a Board of Directors (BOD) consisting of senior officials from MOFCOM, the Ministry of Agriculture, the Ministry of Health, the Administration for Quality Supervision, Inspection and Quarantine, the Ministry of Finance, the State Food and Drug Administration, the Development Research Center, the State Development and Reform Commission, CIDA and AAFC.</p> <p>The BOD, as described above, is the main management body for the project and includes representation from all of the key stakeholder ministries in the project on an equal basis in terms of decision-making. Assistance with policy development is based on research and dialogue that encompasses all stakeholders to have input to the process. Every effort is made to maintain effective dialogue with all stakeholders and to ensure that their expectations and needs are met. More specifically, the Project cooperates with appropriate partners, other donors and farmers themselves to determine the most sustainable mechanism for supporting farmer organizations and/or associations within the framework of accepted good governance practices. The Project concurrently explores a variety of channels to achieve equitable access to markets in the Project areas through group enterprises, agri-business and marketing organizations.</p> <p>The Training-of-Trainers (ToT) has become the cornerstone of the project and the means by which sustainability will be supported for many of the project activities.</p>
Benefits and Impacts:	<p>SFAGM's governance strategy is seen as a cornerstone of the Project design and is reflected throughout the Project organization and activities (see APPENDIX C). The Project's support to policy-related activities has resulted in significant impacts on the policy formulation and implementation. The Project has positively affected Chinese governance by assisting Chinese government officials in revising a number of Chinese laws, regulations and procedures, such as:</p> <ul style="list-style-type: none"> <li>- The National Food Safety Strategy ratified that has had an impact on institutional and administrative reform (see APPENDIX D).</li> <li>- The legislation and regulations in terms of meat hygiene and hog</li> </ul>

	<p>slaughter plant inspection;</p> <ul style="list-style-type: none"> <li>- The draft law for Food Hygiene that is pending approval of National People's Congress;</li> <li>- The Quality and Safety Act for Farm Produce that was approved November 11, 2005, and;</li> <li>- The Farmers' Cooperatives Law. In 2006, the National People's Congress passed a new law regulating the establishment and operation of Chinese Farmer Specialized Cooperatives.</li> <li>- Ag Extension Reform model experimented in two of the pilot project sites has been endorsed by local, provincial and central ministry bodies.</li> </ul> <p>Training and sharing of Canadian experiences in food safety, agricultural administration, agricultural taxation and WTO for senior decision-makers have resulted in new initiatives particularly in areas of focused research and requests for regular consultations with AAFC senior agricultural policy advisors and negotiators. The project's design and implementation of a comprehensive capacity building plan that includes SPS, food safety and agricultural administration reform have partner ministries focussing on their institutional need and refinement of their own programs.</p> <p>One of the successes of the Project to date is related to assistance it has provided in improving supply chains to increase sales and productivity for a small producer that has a quality product. SFAGM encompasses five commodity based pilot projects that have been designed to provide a framework for macro-micro links between farmers and other project policy-related activities and to demonstrate Canadian adapted technologies. The pilot projects engage participants in the evolving value-added supply chains for each commodity from farm to table and incorporate technical and management elements that provide benefits for all chain members. Through this process the project is expected to facilitate small farmers' access to the markets which demand a consistent supply of safer, high quality food products.</p> <p>One of the Pilot projects operates in IMAR involving potatoes. Wu Qiong, head of a small Wuchuan (Inner Mongolia Autonomous Region) company, called IMAR Grasslands Jinhe Ecological Farming Ltd., had this to say following her participation in the SFAGM Wuchuan Potato Supply Chain Pilot Project: "If it hadn't been for SFAGM, I would have given up, all this success today is due to the support I got from the Small Farmers Adapting to Global Markets Project." The sales of Wuchuan branded potato is booming in Beijing supermarkets following marketing assistance through the SFAGM Project. Wu Qiong, as a participant of the IMAR Pilot Project (involving potatoes) was given support in the form of training activities that included "Small and Medium Size Enterprise Management" that included the potato supply chain approach to quality assurance. SFAGM also encouraged Wu to brand her product in developing a plastic package and unique design logo; SFAGM also suggested that professionals be hired to take care of the advertising and the marketing in Beijing supermarkets.</p> <p>For additional training please see <a href="#">APPENDIX B</a>.</p>
Lessons learned:	<p>The development of an effective food safety program has required competency based training programs for all levels of the system. Effective technology transfer and capacity building through training and extension requires the use of methodologies that have been adapted to the cultural and social idiosyncrasies in the Chinese context. Language, illiteracy and a traditional Confucian-based educational system are some</p>

	<p>of the underlying constraints to the transposition of modern delivery approaches used in training programs in Canada. A ToT methodology using a participatory extension approach at provincial and county levels has been used with satisfactory results.</p> <p>In-Canada trainings have provided Chinese trainers with opportunities to understand the in-depth application of Canadian ideas, knowledge, experience and technology in the Canadian context; this has then been followed by adapting this training to China for future ToT based on the experiences gained in Canada.</p> <p>The participatory planning process requires exceptional amount of time and consultation to ensure that all project partners have a similar set of expectations. This is especially problematic in a management structure that involves multiple ministries and attrition or replacement of key people due to retirement and promotion. A more regular communication and reporting approach has been adopted to maintain clear understanding amongst all project partners.</p> <p>Understanding and ownership by local partners that lead to commitment of budget and resources requires time and key initial activities to demonstrate benefits.</p> <p>The Board of Directors was originally envisioned as a semi-annual meeting deemed to be necessary in the first two years but was reduced to annual consultations with more frequent management team meetings at a more operational level. This improved management and provided for more efficient consultations.</p> <p>Local ownership and activities at the provincial and county level have significant impact and visible benefits for people involved.</p> <p>Website and village-based IT have become essential tools and information sources.</p>
Wider application:	<p>The Project is expected to end in 2008. Continuity of Project activities beyond the life of the Project will be contingent upon a commitment from all stakeholders involved. The flexible approach to annual planning and implementation has kept the project focused on priorities, the most current issues and constraints in context of the rapidly changing situation in China. The project has work closely with numerous training facilities which hopefully will become the main training centers to provide for sustainability of the key training programs beyond the life of the project. In-Canada training has focused on key managers and decision-makers and those people deemed to be the best suited to adapt Canadian technologies, management systems and policy approaches to the situation in China. It is also anticipated that a number of the in-Canada trainees will become a key resource as trainers for the future training programs to be conducted in China.</p>
Implementing agency & partners:	<p>The Small Farmers Adapting to Global Markets (SFAGM) Project is one of the two China-Canada Agriculture Development Program Projects that is managed by Agriculture and Agri-Food Canada and funded by the Canadian International Development Agency (CIDA). The project implementation is overseen by a Board of Directors (BOD) consisting of senior officials from 8 Chinese partner ministries, plus AAFC and CIDA.</p>
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**Further references:** <http://www.ccag.com.cn>

## **APPENDIX A**

Funding for SFAGM project comes in the form of technical assistance and training, there are no capital cost expenditures.

The project purpose is three-fold:

- 1) to support China in its efforts to build an agri-food safety system and quality that complies with WTO regulations and standards and encompasses the full length of the food chain in an environmentally safe manner;
- 2) to support China in its efforts to develop a comprehensive agricultural policy in line with WTO regulations; and
- 3) to target small farmers – women and men – who might potentially suffer from WTO accession and to develop an effective and equitable remedial program to enable and assist them to adjust to and benefit from a WTO-based market economy.

The project will comprise four components:

- 1) Capacity building to support the planning and implementation of a Sanitary and Phyto-sanitary (SPS) system compliant with WTO regulations;
- 2) Institutional building related to the reform and improvement of management structures and function of Agriculture Administration;
- 3) Policy research, formulation, and implementation aimed at improved organization, services, and socioeconomic conditions for small farmers; and
- 4) encompasses five commodity based pilot project sites that have been designed to provide a framework for macro-micro links between farmers and other project policy-related activities and to demonstrate Canadian adapted technologies. Pilot projects operate in Sichuan (vegetables, pork, canola) and IMAR (dairy, potatoes). The pilot projects engage participants in the evolving value-added supply chains for each commodity from farm to table and incorporate technical and management elements that provide benefits for all chain members. Through this process the project is expected to facilitate small farmers' access to the markets which demand a consistent supply of safer, high quality food products.

## APPENDIX B

Training activities that have been implemented in pilot projects are provincially-based programs that have primarily focused on demonstrating the application of the other elements of the Project at the farm level, such as national policy research on farmers associations, producers association, cold chain, food safety and agriculture extension reform.

Canadian Technical Assistants have developed and delivered training sessions on ‘Changing Agri-Food Markets’ for decision & policy makers from the national government and local governments in the pilot project area of Sichuan and IMAR. The results of this training have contributed to the process of developing local agriculture commodity specific strategies which become part of local Five Year Plans.

Canadian Value Chain Initiatives have developed a value chain guideline and training materials which have been translated into Chinese. A Chinese University Project partner has also developed practical business management training modules which cover Supply Chain Management (SCM). The University acts as the Chinese training centre to adapt the Canadian SCM training materials related to agri-food industry. Two levels of training programs include level 1 for senior managers from government, agribusiness firms and farmer’s association and level 2 for operational staff from government, agribusiness firms and farmers associations. This training has focused on the awareness of supply chain management principles, operational aspects of SCM and role of government as well as industry in the development of a competitive supply chain.

Other training activities that have been implemented include:

- farm produce marketing and branding, finance, risk management, developing a market information service system, improving agribusiness practices and environmental sustainability,
- Agriculture Extension; Training of Trainers (TOT) Development where extension staff have been selected to strengthen their communication skill in farmer training with participatory methodology. The TOT has included topics related to food safety, environmental farm plans, and gender issues. This training has focused on facilitating skills, especially for farmer field schools, farmer training curriculum design and agricultural eco-systems,
- Good policies for promoting potato production; seed potato production, on farm quality assurance programs based on market requirements, establishing farmers cooperatives, applying and adapting technologies in dry land farming, soil nutrients management and post harvest practices.

In 2003, SFAGM assisted in sponsoring and organizing a high-profile China National Food Safety Forum in which a National Food Safety Strategy Study was officially launched. The project worked closely with the Development Research Center of State Council, Ministry of Commerce and Ministry of Science and Technology. The study was one of the key collaborative research programs the project was supporting. The agenda of the Forum included: Establishing and Improving China’s National Food Safety Strategy; Meeting New Challenges of Global Food Safety; Promoting Technological Innovation on Food Safety; Improving Food Safety Standards and Promoting International Food Trade; Improving Food Safety Regulation and Legislation; Improving Farmers’ Awareness and Participation of Industry and Consumers in a Food Safety System.