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Transparency in context

Chain-based interventions in Ethiopian floriculture and Ugandan sunflower sector

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1. Introduction

Certification and information systems have become a focal point in various chain-based development strategies supported by governments and donor organisations. Public support organisations relate their endeavours for achieving sustainable development or realising the Millennium Development Goals to the dynamics in real agri-food chains. Their development-oriented interventions importantly focus on raising transparency levels both in chain transactions, for example in the form of codes of conduct and practice, or among different economic and supporting actors, e.g. in the form of sector or stakeholder platforms. The Dutch government invests in various ways to improve the transparency of international agricultural value chains, with a strong focus on enabling certification and traceability of, for example, fresh fruits and vegetables, cocoa, or fish for the European market. In developing countries, major public investments in capacity building of farmers, and their organisations, are made to enable compliance with private regulations and credible verification of quality. These public efforts build on demands in the market for accountability; retail firms govern their supply chains intensively by a wide range of quality standards to avoid the risk of reputation damage and extended liability.

This paper examines transparency enhancing and information-oriented interventions in agri-food chains as a possible entry point for development. It explores pathways that benefit more generically all chain actors in a sector or country, and that has potential to reach large numbers of smallholder producers. It appreciates intervention strategies in two pilots that have been restructuring information flows in agri-food chains. It unpacks transparency by describing the information needs in Ethiopian floriculture and Ugandan sunflower sector on three dimensions: the licenses to operate, to sell, and to be supported. Both intervention strategies responded initially to immediate problems in market access experienced by the operating businesses. The Code of Practice introduced by the Ethiopian platform of horticultural exporters (EHPEA) anticipated stringent quality requirements in the international markets it served, both in terms of product and production process. The focus on organisational models for bulking by OSSUP (Ugandan Oil Seed Sub-sector Platform), intended to streamline information flows fro buyers and producers, was mainly motivated by inconsistent supply of locally produced sunflower seed to the edible oil industry. Both examined intervention strategies received public support, by national governments, donor agencies, non-governmental development organisations and research institutes. In the initial phases, public support was primarily directed towards making the market work and to enabling conditions for business operations. In a latter phase the focus of donor support shifted towards interventions increasing transparency of the terms of trade in the operations in the value chain as well as explicating the contribution to development.

The need for transparency and traceability, embedded in the implementation of quality standards and monitoring protocols, relates strongly to governance structures that control production, performance and conduct through non-market mechanisms. Even when in developing countries spot market transactions in value chains are dominant, transactions of products with special quality attributes are increasingly governed by non-market transactions and induce an increased level of vertical coordination between retailers and suppliers. This development may lead to the emergence of 'enclosed' value chains that reduce both competition among buyers and the room for price negotiation (Vorley, Fearne et al. 2007; Neilson 2008). Therefore, improved performance of the chain in providing quality food for consumers is not always accompanied by an improved performance on endogenous economic development in the sector or the region.

How to intervene in agri-food chains from a development perspective is a question often posed to research by policy and practice. The role of this paper is to suggest a way for appreciating hands-on intervention strategies, usually initiated by chain actors and/or producers organisations, from the perspective of leveraging development. The two selected cases focus on strengthening transparency in information flows, and the intervention practice has the potential to capture other leverage points for systemic change. But this potential was not always explicitly addressed. Information is key in governing chain operations as it provides the input for the feedback mechanisms of the chain's social system (Meadows 1999). Making these levers more explicit, and, consequently, making them part and parcel of the continuous process of problem solving and incremental change, may be way for finding interventions pushing in the right direction.

2. Transparency and accountability: licenses in agri-food chains

Transparency enhancing interventions point to information flows within the value chain. We describe the two cases studies by focusing on three drivers for the chain actors to work towards more transparency and accountability in agri-food chains: to get a licence to operate, to get a licence to sell, and to get a licence to be supported.

Licence to operate

An initial motive for increased transparency in the value chain is the need for expatriate buyers and producers to gain a 'licence to operate' in a producing country. International trade or direct export value chains are being questioned from the perspective of what benefits it provides for a country or local populations. National governments support foreign direct investment and the creation of employment but the local political context may be less supportive. Social dynamics, often a combined result of the actions of local interests of traders, political activists or government officials, may generate turbulence in the communication between the contractor/investor and the farmers that are the intended suppliers. Transparency about the intended activities, a transparent distribution of benefits, and a proper wording of contracts may reduce the tensions that might emerge during start-up between investors and the local stakeholders. In most countries, governments require quite detailed information on the foreign direct investment plans. The information to be provided by the prospective investor may generate more transparency to some stakeholders involved in the arrangement. However, in many cases, this information is not available to the local stakeholders involved in the export or processing chain, and the influence of governments even tends to blur the transparency in value chain arrangements with subtle or overt corruption in the process of granting this formal 'licence to operate'.

Licence to sell

Increasingly, the end market of consumers is influenced by the information on quality attributes that are available for a specific product, be it directly while shopping the product or indirectly by choosing a provider/retailer that is associated with or committed to these quality attributes. The steady growth of Fair Trade and organic markets in Western Europe illustrate this trend. Retailers compete with each other by adapting their 'shop formulas'. To gain consumer preference several retailers introduced new quality criteria for a range of products to keep or construct an image of 'green', 'healthy' and 'fair'. Civil advocacy organisations like FairFood ('Food Guide'[1]) and Friend of the Earth ('*Groente en Fruit Wijzer*'[2]) stimulate retailers to apply increasingly rigid quality and traceability requirements to their suppliers. Setting quality standards and having them monitored and certified, enables core firms in the chain to exert a high degree of control over its suppliers that operate at arm's length (Gibbon & Ponte, 2005). Their suppliers translate this market demand to stricter requirements for farmers. The 'voluntary' character of a private standard is hence limited to the core firm who deliberately chooses for its adoption. From the perspective of suppliers in the value chain, private quality standards are *de facto* mandatory. They run the risk of losing business if they fail to comply with them. Transparency on their crop practices and processing procedures gives chain actors a 'licence to sell' in the specific value chain.

Licence to be supported
A third reason for transparency lies in the need for accountability to the donors that support the value chain activities. Public-private partnership are common, but constrained to an area where the private interest to generate profits does not overtly contradict with issues of public interest. To release these constraints and limit possible contradictions between the public and the private transparent information is needed to get a 'licence to be supported'. This also translates into ways to legitimise public support by showing that the interventions deliver public goods.

3. Case-study: Ethiopia Flowers

Background
Ethiopia is a federal republic of 9 states with capital city Addis Ababa. It is a landlocked country of more than 1,125,000 square kilometres with an estimated 77 million inhabitants. Out of this, 85% live in rural areas and are mainly subsistence farmers and pastoralists. The Ethiopian economy depends to a large extent on the agricultural sector which accounts for some 50% to the Gross Domestic Product.

The conventional agricultural development model has resulted in low productivity due to the limited use of improved agricultural technologies, and risks associated with weather conditions, diseases and pests, and poor market structure (for fruit and vegetables in particular), etc. Moreover, due to the ever increasing population pressure, land holding per household is declining, leading to low levels of production to meet the consumption requirement of the households. As a result, intensive production is becoming a means of promoting agro-enterprise development in order to increase the land productivity. The floricultural sector is relatively small when looking to acreage but with astonishing growth rates (table 1)

Table 1 Floriculture development in Ethiopia

Year	Number of farms	Cultivated area (ha)	Number of exported stems	Export value (US$)
2001/02			-	305,000
2002/03			16,000,000	2,900,000
2003/04			32,000,000	5,500,000
2004/05			83,000,000	12,700,000
2005/06	69	345	186,000,000	26,900,000
2006/07[1]	80	645	1,114,000,000	113,000,000

[1] estimation by Ethiopian Ministry of Trade and Industry (2008)
Source: Joosten, 2007

During the Derg regime (1975-1991) flower production was limited to some publicly owned commercial farms, exporting summer flowers. After the fall of the Derg regime, the incumbent government introduced a free market economy policy and accordingly private companies were allowed to enter into the sector. Currently, the floriculture sector of Ethiopia can be divided into three groups: roses under greenhouse, cuttings under greenhouse and summer flowers. In 2006, 2.031 hectares of land was assigned to investors for floriculture development, of which 801.6 hectares is covered by flower production. According to the strategic development plan of the sector, the production coverage is predicted to reach 2000 hectares in 2009/10 (Joosten, 2007).

About 80% of the total production area is covered by roses, which are cultivated mostly on soil and in some cases on hydroponics (Joosten, 2007). Due to altitude and soil types, flower farms are mainly concentrated at highlands ranging from 1,550 meters till 2,600 meters. Some of the towns are Holleta, Ziway, Sebeta, Debre Zeit , Koka and Addisalem. These regions are located within a radius of 200 km or a maximum of 4 hours from Addis Ababa where the international airport is located. It is

estimated that about half of all flowers is currently exported via the two main Dutch import auctions (i.e. FloraHolland and Aalsmeer Flower Auction VBA).

The majority of farms is owned by local Ethiopian investors. Foreign investors are primarily from The Netherlands, Germany, Israel and India, which in some cases partner up with Ethiopian investors. Some of the foreign investors have farms in other African countries and/or are experienced in setting up farms in Africa, others come have production facilities in their country of origin, but seek new production facilities in low- labour cost countries.
In response to the development of standards and labels defined by the market, flower export associations of various countries have taken initiatives to develop codes of practice that address the market requirements on sustainable standards, taking into account the specific production circumstances in their countries. Codes of practice are used to guarantee the buyer and/or the final consumer certain characteristics of a product. These codes have been developed by particular companies or horticultural sectors and in some cases by national governments. In Ethiopia, the Exporters Association EHPEA has taken responsibility for the development and management of the Code of Practice for the EHPEA membership. This Code was developed in 2006-2007 and launched to the general public in June 2007. The EHPEA Code of Practice document sets out a framework for sustainable practices on flower farms in Ethiopia. It defines essential elements for the development of best-practices within the sector in order to compete at international market level. It also defines the minimum requirements acceptable to the leading market segments for the Ethiopian flower sector. The general aim of the development of this Code of Practice is to facilitate EHPEA with an effective strategic planning tool for the sustainable development of the Ethiopian floriculture sector.

Transparency for a license to operate
In the early stages of the Ethiopian floriculture sector development, the Ethiopian government wanted to stimulate foreign investment. Stimulation programs were developed, which facilitated access to land, reduced export taxes, and provided an enabling environment with regard to procedures and regulations farms needed to comply with. This led to a fast growth of the sector but this also to the growing pressure of local civil society organizations, demanding fair social conditions and good environmental management practices. Though the presence of civil advocacy groups is low in Ethiopia, they managed to create public awareness with the support of international NGOs. Motivated by sustainability problems experienced in the Kenyan floriculture sector and the visibility and size of the Ethiopian floricultural companies when compared to the average farmer landholdings, the media drew attention to the environmental and working conditions in floriculture. This led to localized unrest in four mayor flower farm clusters, and triggered government attention at a national level.

The EHPEA CoP is a private initiative and a voluntary standard. Nevertheless, from the start of the CoP initiative, public and private actors were invited to workshops. During these sessions awareness was created and constraints were identified; both constraints that the farm managers could solve themselves and constraints that required improvements in the enabling environment. Subsequently, the EHPEA CoP was signed by the Association and its members. But at the same moment a Memorandum of Understanding was signed between EHPEA, the Ministry of Labour, the Ministry of Trade, the Ministry of Agriculture, the Environmental Protection Authority, Forum for Environment, the International Labour Organization, and the Ethiopian Federation for Trade Unions. Each organization committed itself to support the implementation of the Code and to assume specific responsibility in stimulating an enabling environment for farmers to comply with higher sustainability standards of the code.

EHPEA received constructive support regarding the social chapters of the CoP (occupational health, labour conditions, and safe pesticide management). Common training programs with ILO where developed and implemented. A concrete and interesting result an ILO expert in Addis Ababa shared is that 80% of the farms have established a workers council. None of these farms was even considering the installation of such workers organization facility before the development of the EHPEA CoP

started. Cooperation has been less successful on the environmental chapter. It appears that less trust and stronger principle positions have negatively influenced the opportunities to work together.

Transparency for a license to sell

The international market for flowers is still growing, but is characterised by increased competition. The Ethiopian flower farms were very new in the scene. Currently the Dutch auction (50%) and direct sales to Germany and UK (50%) are the major market channels. Farmers and traders expect that Ethiopia can increase its market share by further diversification of its product range and market channels. Also the vicinity of Ethiopia to its major export markets (Western Europe, Middle East and Russia) is considered to be a favourable factor. By improving quality of production, logistics and marketing strategies, the sector aims to enter the European retail sector, and some other specific niche markets such as fair trade. The reason for this is that these market segments provide attractive sales and growth opportunities and provide in some cases more sustainable trade relations. However, these market segments also demand more corporate social responsible behaviour regarding social and environmental issues.

An analysis of the applicable voluntary CSR standards in Europe and a survey of the 35 farms active in production and export by the end of 2006 revealed that the majority of the farms lacked the knowledge, the management system and the appropriate techniques to comply with these standards within a reasonable period. It was decided to develop a first "step-in" level demanding farms to create a proper registration system and to comply with the local environmental and labour legislation plus the most basic international guidelines for sustainable performance. It is expected that this basic level, called bronze, will motivate and enable farm staff to proceed with the next level of the continuous improvement loop.

As auctions are a very anonymous market space where demand and supply meets, the most important elements in trade transactions are volume, freshness and price. Product differentiation on sustainability aspects is limited to mentioning if the supplying farm is MPS ABC[3] certified. There is a growing awareness of customers due to civil society activities and the access to information. For this, also current buyers at the auction are expected to be sensitive for the value added of certification at this initial bronze level, since it reduces the risk of reputation damage.

Transparency for a license to be supported

There are two pressures regarding increased transparency that relate to the need to obtain or maintain the license to be supported. The first one relates to the support EHPEA received from its public and private donor organizations. In the early days of the flower sector development, public entities tried to reduce the bureaucracy for farm managers and attract foreign direct investment. EHPEA received a significant contribution of DFID to start up its trade facilitation activities. With the growing concern for sustainable development at a local and international level, the emphasis of donors on just trade facilitation changed. EHPEA had to come up with a new strategy, aiming more at sustainable and socially embedded development and the improvement of the sectors performance on sustainability indicators.

The second one was especially felt by the Dutch investors in Ethiopian floriculture. Many of them had applied for an investment subsidy from the PSI program, managed by the Ministry of Economic Affairs with funds from the Minister of Development Cooperation. This program stimulates trade as a poverty alleviation strategy and requires minimum sustainable performance indicators companies should comply with. And in many cases specific requirements were defined for additional sustainability measures to be met by the recipients of PSI-subsidy support. An important reason for this seems to be a risk avoidance strategy of the Ministry of Economic Affairs. The 50% investment subsidy enables the Dutch companies to settle down at a more competitive start up costs than the Israeli, Indian and Ethiopian investors. By demanding non existing sustainable performance measures, the risk of being considered a subsidy instrument that promotes unequal competition was reduced. The development of the CoP enabled the PSI supported farms to comply with their contractual agreement on

outstanding sustainable performance. They effectively mobilized technical assistance through EHPEA. At the same time, their forerunners position and strong interest in complying with these requirements helped the EHPEA team to develop improved training materials and initiate some innovative change strategies. The development of the CoP strengthened the EHPEA in external networking by a series of multi-stakeholder dialogues and a constructive collaboration with the public entities.

4. Case-study: Uganda Oil Seeds [4]

Background

The Republic of Uganda is a landlocked country in East Africa with an estimated population of 30 millions. More than 85 per cent of Uganda's population lives in rural areas. More than two thirds of the country's poor people are small farmers. In colonial times and the first decades after independence Uganda was a large exporter of edible oils, mainly derived form crushing cotton seed. The cotton sector declined during the eighties and nineties as a result of price decline and insurgencies. In the last decade, sunflower became a key cash crop, substituting cotton in the farm system in North Eastern Uganda. After imported palm oil, sunflower oil is now the major edible oil consumed. The Uganda Oilseed Producer and Processors Association (UOSPA) in close collaboration with the National Agricultural Research Organization propagated sunflower production with improved varieties from 1995 onwards, and functioned as a coordination platform of most stakeholders in the sunflower oil chain. The Mukwano Company, a major food company in Uganda, started in 2004 a contract farming scheme with the support of Uganda Agricultural Productivity Enhancement Program (APEP), a USAID programme designed to substitute in part the palm oil imported form Malaysia. With the support of APEP, Mukwano managed to increase the number of contract farmers from 10.000 in 2005 to more than 30.000 in 2007, producing 50.000 metric tonnes of sunflower seeds. Next to UOSPA the Mukwano/APEP oilseeds chain developed its own development logic and entered in alliances with the public institutions involved in oil seed sector development.

In 2005, aware of the need to act with one voice to influence policies and attract public and donor support, UOSPA took the initiative to 'weave the oil seed web', capitalizing initial support from the Dutch organisations in Agri-ProFocus. Instead of being the lead organisation in oil seeds chain governance, they participated as one of the members of a horizontal oil seed sub-sector platform: Ugandan Oilseed Sub-sector Platform (OSSUP).[5] The platform meetings functioned as a mean to define more specific information gaps and research priorities. In a participatory process OSSUP indicated four priorities in their work plan:

- Market Coordination: information to develop new mechanisms of market coordination between produces and processors and transparent information about volumes, conditions and poverty impact of economic transactions within the chain was considered important.
- Financial services: assess the financial needs at various levels in the value chain and develop possible business models of financial services targeting low-income users and towards a viable and competitive oils seed sector
- Innovative Capacity: clustering competencies to enhance innovation, upscale proven technologies and promote a demand driven R&D that links farmers with research and stimulates local innovativeness.
- Enabling policy and regulation: advocacy for a coherent sector specific policy and legislation, stimulating linkages to decentralized government resources and a functional division of labour between stakeholders in public-private partnerships.

Most of these intervention domains are relevant for our discussion on transparency of information and the different dimensions of accountability of chain actors.

Transparency for a license to operate

To improve the efficiency in marketing sunflower for processors, and traders, the problem of scale has to be addresses. Processors and exporters need volume. The scattered produce of small producers is too costly to be collected individually. For efficient transport and processing, these small

quantities have to be bulked in one place somewhere between the farmer and the processing plant; somewhere in the value chain of oilseeds. In the oilseed chain, a range of different arrangements existed to bulk quantity. Traditionally, farm products were collected and bulked by fellow farmers and middle-men in the village. Alternative bulking arrangements for oilseeds existed and in the Uganda sunflower sector, three types of bulking arrangements can be identified: bulking by traders through their agent networks, bulking by contract, as part of company-driven arrangements, and bulking through farmer-led initiatives of collective marketing. All three face different challenges and have different upscale strategies.

Typically, within rural societies, the key agent that realised the bulking of scattered produce from individual smallholders was the village-based farmer-trader who worked as an agent for an urban based merchant or processor. The village-based agent used his house in the village trading centre to store. Some village-based traders hired a store when bulking volumes exceeded the physical capacity of their house. An increase of through-put capacity of the agents- trader network created possibilities to reduce the transaction costs and consequent increase the room for negotiating a higher farm-gate price. The capacity to bulk by agents was constrained primarily by shortage of working capital and only marginally by constraints in logistics, like storage capacity or transport. Up scaling possibilities in these chains are therefore crucially dependent on the availability of trade finance.

Bulking by contract was governed by pre-harvest agreements in which the farmer promised to sell his product in exchange for services provided by the buyer and at a an agreed price. The scope of these agreements varied a lot. In oilseeds the availability of quality seed was key constraint, and, therefore, most contract relations included seed provisioning as their prime service, be it on credit or paid cash at the start of the growing season. The constraints were especially related to the costs of investment in service provisioning and the difficulties in avoiding poaching by competing buyers. The provisioning of embedded services was central to avoid poaching. Provisioning of post-harvest infrastructure to farmers was another service. Limiting the time the farmer has to store the grains in his house, reduced the chance of side-selling to others. Leasing this equipment was a possible venue for up scaling. In leasing, the investment in movable equipment is financed by the bank with the physical integrity of the equipment as collateral.

Farmers' organizations tended to look for ways to substitute intermediaries, working from the assumption that costs for the farmer to find a buyer and complete the market transactions are reduced by eliminating intermediaries and encouraging collective marketing. However, there were also a range of costs associated with collective efforts to perform the same services. In the case of collective marketing without external donor support, a net benefit must be derived from efficiencies in economic transactions compared to the trader, like economies of scale in logistics, market information or post-harvest handling. Bulking in a collective marketing arrangement depended on trust and on finding effective ways to reduce opportunistic action of members and free-riding. Bottlenecks in up scaling of smaller groups seemed to be primarily related with the way the delegation of responsibilities in price negotiation and having a transparent management of working capital. One pathway for scaling up collective marketing appeared to be a model wherein one group becomes sufficiently effective and transparent so that other groups are interested in linking up. To increase working capital in collective bulking creative financing mechanisms were needed, like open credit lines and long term loans.

In each type of bulking arrangement the mechanisms to sustain trust between transaction partners will differ and so will the mechanisms of each party to assess the performance of the arrangement. The bulking arrangement will perform satisfactory when both sides have access to transparent information in and around the market. Enabling institutions are essential for realizing the full potential of market coordination in all three types of bulking arrangements, respecting the differences in chain governance modalities. Donor support can be catalytic in generating the necessary rules and institutions to build trust between transacting partners through establishing price information systems, accountancy support for bulking groups and generate risk reducing buffers for the credit system

through chain finance trust funds. Lack of transparency and trust can create opportunistic behaviour and conflicts between the transacting parties around the 'terms of trade' of the bulking arrangement. Farmer organisations and local politics can voice this discontent of farmers and effectively threaten the company's 'licence to operate'. This took place in a dispute between Mukwano and local traders that opposed the restrictions on sourcing the hybrid varieties and the contracted restrictions of the farmer in selling to others than the Mukwano Company. End 2007, the political pressure on Mukwano came to a peak and resulted in Mukwano to open-up hybrid seed provisioning to farmers outside the contract scheme, through the assignment of a amount of seed to the agro-input dealers (UNADA) who distribute to traders, agents and processors. The political pressures changed a basic characteristic of the contract farming arrangement of Mukwano in which side-selling could effectively be enforced by visual inspection of the seed varieties transported and traded in their areas of influence[6]. Quality seed was now available also to other processors than Mukwano, the company with the financial capacity and linkages to seed providers required to import hybrid seed from abroad, but they lacked good communication channels to the grassroots and lack of capable extension workers to train and supervise the arrangement. This opening up of marketing possibilities for farmers was stimulated by the peaking of international prices of oil seeds late 2007 that influenced local purchasing prices to levels in which the contracted price by Mukwano became much lower than the prices offered by other traders.

Transparency for a license to sell

In the discussion among platform members, the issue of innovative capacity was related to the identification of incentives for a more quality oriented processing. Edible oils in Uganda were sold in a market with incipient quality segments. Most oil was named 'vegetable oil' and sold without branding in spot markets in recycled plastic bottles and tanks. In the international commodity markets, price differentials existed between sunflower oil and other edible oil mixtures, but in the domestic consumption market mixtures were the rule and effective control on the veracity of the quality claim "100% sunflower" was limited. Processed sunflower oil was a largely undifferentiated commodity, with only slight price differential between brands sold in supermarkets or used in the kitchens by professional users who prefer labelled and refined oil of stable quality. The vegetable oil for sale in Ugandan markets was often a blend with lower cost oils, especially imported palm oil, or seasonally more available oils, like cotton oil. 'Low price' was still decisive in the low-income consumer markets.

Quality inspection in the traditional 'non-brand' oilseed chain was limited to the basics: inspection on humidity and cleanness in the bulking site; inspection on oil content and softness (varieties) when entering the processing site; and food safety inspections during processing. Procurement prices were the main incentives within this quality control system. The farmer was paid according to weight with price differentials negotiated with reference to humidity and cleanness. The traders sold to the processing plant and negotiated slight price differentials for the varieties delivered.

As an exception to this rule, Mukwano Industries, with it own bulking centres and site coordinators within the contract farming scheme, implemented a more strict policy and did not negotiate prices but rejected or accepted the sun flower seed according to the contracted quality attributes. The company also limited its procurement to the higher oil content variety PANAR 7153. The discarded sun flower seeds were sold by the farmers to other traders and processors, normally at a lower price[7].

Transparency for a license to be supported

One of the major players that generated the dynamics of the OSSUP platform was UOSPA. UOSPA wanted to attract donor support for the oilseed sub- sector but experienced problems with their major donors, especially USAID. The intimate relations between UOSPA staff and the processing plant for high quality planting seed created a lack of transparency in price setting and fund management and especially USAID-APEP pointed to the limits in outreach capacity of UOSPA as a result of their specialization on just one sun flower seed variety. This resulted in discontinuation of donor support for UOSPA and a need to have another institutional form generating the needed coordination in the oil seed subsector. The OSSUP platform effectively linked the USAID supported contract farming

arrangement of APEP-Mukwano with the Dutch development support to UOSPA, the IFAD-supported governmental Vegetable Oil Development Programme (VODP), research institutes and financial service providers. The Netherlands Development Organisation SNV facilitated operational costs and moderated the OSSUP platform meetings. Downward accountability of decisions and activities defined in the national OSSUP platform was generated by several regional oil seed platforms where UOSPA and SNV invested in communication with the farmers and small and medium processors.
OSSUP proved effective in positioning itself as the chain coordination platform for the VODP II, the second phase of the IFAD supported sector policy on vegetable oils. It also positioned itself as a positive example of synergy in Dutch development cooperation. Other sector policies used the OSSUP example as a pro-active private driven platform to influence government policy. The transparency and accountability of OSSUP financial management towards donors cannot be evaluated yet, as major financial funds are not yet managed. The initial idea of OSSUP to look for funds to contract a full-time OSSUP coordinator to coordinate activities and funds were contested, also by reference to experiences in other countries with platform dynamics (Ton and Vellema, forthcoming). The challenge for OSSUP was in developing a dynamic of member-driven follow-up to the priorities defined in the national platform meetings. The transparency and accountability of OSSUP policy positions to the members and to external audiences was inherent to its function and reflected in the vivid discussions in the platform meetings. Accountability to the government and other donors of the activities realized and planned will be the prime focus of a strategic conference in 2009 where major stakeholders in agricultural policy and practice are invited to present their sector proposals, and discuss these in subgroups with the involved chain actors and chain supporters. By doing so, OSSUP itself is developing itself as an enabling institution that increases transparency and accountability in the oil seed sector.

5. Conclusions

The paper investigates intervention strategies targeting transparency in information flows in agri-food chains. Delivering new information to the right place and in a compelling form may introduce new feed back loops that are necessary from the perspective of adjusting a system state (Meadows, 1999; Vellema et al, 2006). Systemic changes are a necessity for reaching the Millennium Development Goals. However, transparency enhancing interventions in chains are often confined to operational technicalities in the form of certification of ICT, or primarily responding to quality requirements in export markets. Consequently, this paper starts from the observation that the donor's rationale for the intervention is generally related to earning a 'license to sell' in a specific market segment. The paper however shows that impacts are wider than just technical conditions for market access. The two case studies suggest that the wider rural development impacts of the interventions are related to earning a 'license to operate' in the context of agricultural production, e.g. by managing locally embedded competing claims or linking in with endogenous development trajectories; and by earning a 'license to be supported' through constructive networking and 'bridging' with supporting institutions in an enabling environment, e.g. by creating a strategic fit between stakeholders and increasing the visibility of the public goods produced. The establishment of vertical and horizontal coordination institutions like chain platforms, business associations implanting codes of conduct and bulking arrangements are important leverage points to generate systemic change. The paper indicates different entry points for connecting public intervention to transparency in agri-food chains beyond the present focus on traceability and quality certification.

In the case of the Code of Practice in Ethiopian floriculture, restructuring information flows for market access certification was combined with strengthening negative or correcting feed back loops in the chain system aimed to alter labour practices and environmental management that made the chain vulnerable to social conflicts. The corporate social responsibility of the exporting firms strengthened also their eligibility to donor support. In the case of the multi-stakeholder platform in Uganda's edible oil industry, the shared interest in market coordination and bulking models was motivated by the need for stabilising buffers and stabilising stocks in the form of institutional arrangements and material lay-outs of bulking sunflower seed to processors. However, an additional impact of the platform was

related to its function as an informal instrument for conflict resolution and a window for public-private chain partnerships through specific oilseed related sector policies. Eventually, both intervention strategies may create more leverage in improving the performance of the chain through generating information flows and trust for establishing effective sourcing arrangements, both market and non-market based, that is socially embedded in local development dynamics.

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7. NOTES

[1] http://www.fairfood.org/producten/

[2] http://www.weetwatjeeet.nl/

[3] MPS started in 1993 in the Netherlands as a certification programme aimed at reducing the environmental impact of the floriculture sector and improving the sector's image. In February 1995 MPS was turned into a national association of all the Dutch flower auction houses, LTO [Federation of Agricultural and Horticultural Organisations] Netherlands and LTO Glasshouse Cultivation. (http://www.my-mps.com/asp/page.asp?sitid=336)

[4] Research for this case study was executed by the action research programme 'Value Chains for Pro-poor Development' executed under the DGIS-WUR Partnership Programme *Globalisation and Sustainable Rural Development*. OSSUP as a platform is the steering committee of this research, which is executed in collaboration with UOSPA, Makerere University, and SNV.

[5] In 2007, Wageningen UR started a DGIS funded action research project with this Ugandan Oilseed Sub-sector Platform (OSSUP) where most organisations related with oilseed sector development take part. The action research had the objective to discover how the sub-sector platform can be an effective instrument for a sustainable, pro-poor and viable oil seed sector in Uganda.

[6] The PANAR 7153 variety has a different colour than the local varieties and the improved cross-pollination variety Sunfola multiplied by NARO and UOSPA.

[7] Exceptionally, during the 2007 price peak, some farmers sold this 'bad quality' even at a higher price as part of a side-selling arrangement with traders (Ton, 2008).

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