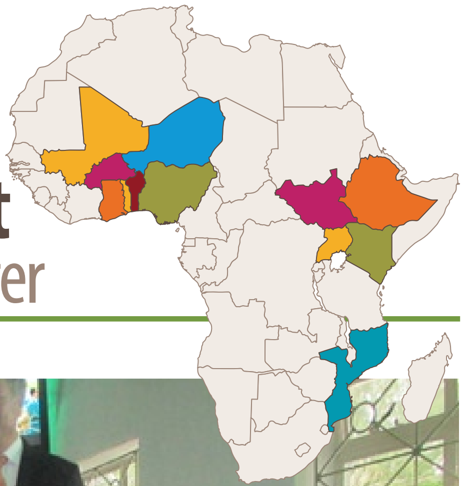
AGRIBUSINESS AFRICA: The 2SCALE Project newsletter

April-June 2014



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Commercializing cassava: right to left, IFDC, Psaltry International, Nigerian Breweries. Extreme left: Lilianne Ploumen, Netherlands Minister for Foreign Trade and Development Cooperation.

New Partnership with Heineken

The cassava sector in Nigeria is expected to grow dramatically, following a Memorandum of Understanding signed in June between Nigerian Breweries (the country's largest beer producer, and a subsidiary of global giant Heineken), IFDC and cassava processor Psaltry International.

Guests at the signing included Lilianne Ploumen, Netherlands Minister for Foreign Trade and Development Cooperation. "Heineken's decision to take part in the 2SCALE program proves there are real opportunities in Africa for the Dutch private sector," the minister said. "I hope more companies will follow their example."

The three partners will work together to transform cassava from a subsistence crop to a valuable commercial crop in Nigeria. Psaltry will source cassava from its network of smallholder farmers and process it for sale to Nigerian Breweries as an ingredient in beer. 2SCALE support will include farmer mobilization, improved production methods (e.g. mechanized planting), training, improving access to credit, and links to local suppliers of stem cuttings, fertilizers and pesticides. The first training program, in July, will focus on soil fertility management.

A strong cassava value chain will increase farmers' incomes and enable companies to achieve their business and development targets. Nico Vervelde, Managing Director of Nigerian Breweries, explains: "Our ambition is to support local economic development by sourcing our raw materials locally, from local companies. Through this partnership, we are taking a big step towards this goal."

Psaltry has a 400 hectare nucleus farm and an outgrower network of more than 500 farmers cultivating 2,000 hectares of cassava. Oluyemisi Iranloye, the CEO, says the company's interventions are already creating substantial benefits. "We have developed feeder roads to enable farmers to deliver cassava to our factory. The same roads also enable farmers to take other produce to other markets." ■

Twin Heads are Better than One

Twin sisters Jenniveh and Janet Lugonia are groundnut traders, and the driving force behind a 2SCALE agribusiness cluster in Chiana, in Ghana's Upper East region. Soon after 2SCALE was launched, they approached NABOCADO (a local 2SCALE partner), which linked them to the project's farmer groups. The farmers now had a guaranteed buyer, and both sides benefited.

Today the Lugonias buy from farmers in Chiana and from traders in nearby Navrongo, aggregating the harvest into truck-sized lots. During the high-season (November to June) they sell a minimum of 40 tons per month.

"Business is good," says Jenniveh. "Because of 2SCALE we have been able to organize ourselves well, which is good for the farmers and for buyers like me. "The next step was a bank loan to buy a groundnut sheller; the investment is soon recovered by the savings in transport costs (shelled, packed groundnuts vs unshelled nuts in bags). 2SCALE helped the sisters develop a sound business plan, and linked them to a local bank. The loan was approved, and the sheller will arrive shortly. ■

Togo – Leaving a Legacy

In May 2014, 2SCALE phased out activities in Burkina Faso, Niger and Togo – on schedule and as planned. Achievements, lessons learned, the phase-out process... here's a summary for Togo.

The number of project-supported agribusiness clusters was progressively reduced, and the portfolio targeted to strengthen four value chains with the best market prospects: maize, rice, soybean and pineapple. The 'closed' clusters are still open for business – but they are now self-sustaining and do not rely on 2SCALE support.

"I built this house from maize money"

2SCALE farmer Bénoît Kodio now earns 4 million FCFA a year. Why build a house in the capital city, 100 km from his village? It's for his children, when they go to university.

Project impacts. 2SCALE has clearly made a difference at multiple levels: household (improving income and welfare), community (creating business networks) and even nation level, by building capacity, creating markets and informing policy development.

- The UROPC-M maize cooperative in the Maritime region increased sales from 295 tons to 700 tons and yields from 1.2 tons to 5 tons per hectare.
- Clusters in Savanes and Kara increased rice yields from 2.3 tons to 6.5 tons per hectare.
- Clusters in the Centrale and Plateaux regions developed new soya-based products that are selling well in local and export markets (e.g. 400 tons to France).
- Following financial training from 2SCALE, clusters have raised more than $ 100,000 in credit from banks and micro-finance providers.

Exit plan. The number of project-supported agribusiness clusters was progressively reduced from 27 in earlier years to 15 in 2012 and 10 in 2013 and 2014, focusing on a few high-priority value chains. A sensitization program ensured that farmers were fully aware of the exit timeline. Project staff helped each cluster to conduct a self-assessment to understand their strengths and weaknesses, and make business plans accordingly.

A series of workshops in 2013 and 2014 – sponsored and facilitated by 2SCALE – helped bring in new partners (buyers, input suppliers, banks) and expand existing partnerships. 2SCALE continued to provide financial and technical support during the transition, to ensure the clusters remained active and profitable after the project ended.

Networks that last. Clusters were keen to organize themselves better, to ensure post-project sustainability. 2SCALE provided advice and technical support to help create a 'network of clusters' funded through membership fees. Farmers have so far raised 8 million CFA francs ($ 17,000) and the network is operational and financially stable. It serves several purposes: information exchange between clusters, common training platform, forum for advocacy.

Lessons learned

- It takes time to build relationships between buyer and seller, especially when the seller is a smallholder farmer with limited commercial experience. A period of trust-building (with concrete results) is required.
- It's easier to build link the two main actors when other value-chain actors are also involved. Having more partners working together reduces risk perceptions and motivates participation.
- Most new clusters require round-the-year coaching and business support, but project funds may be insufficient, and farmers unwilling to pay for these services.
- The CASE approach, central to 2SCALE, is being successfully replicated by local actors. In most project areas, there are now CASE-type initiatives for commodities not targeted by the project.
- Risk management is critical. Project teams took special care to verify the financial history of actors before linking them to financial institutions. Minimizing production/trade risks is also important, since a problem with one actor could impact the entire value chain.

We Train, We Learn

Capacity strengthening is a key component in 2SCALE. Feedback from our partners suggests we're doing well – but can we do better? The Regional Review and Capitalization Workshop held in Cotonou, Benin, in May helped distil lessons learned from last season, identify gaps in the capacity building program, and agree on plans for 2014-2015.

2SCALE staff and trainers from Benin, Ghana, Kenya, Mali and Nigeria analyzed selected value chains in each country to answer questions such as: which training activities had the biggest impact? what do our partners want? where can we improve?

The workshop highlighted the need to intensify capacity building in two areas: competitive strategies and gender mainstreaming. To improve competitiveness, for example, training programs must enable actors to respond quickly to changes in the market. Trainers must identify the key players in the value chain, i.e. those who are best positioned to increase business volumes – and target this group, for maximum effect.

Training plans for next season, including a certification process for trainers and coaches, were developed for each country and refined based on last season's experience. ■

Cotton Coop Scales Up

2SCALE support is helping the Nyakatonzi Growers' Cooperative Union in Uganda to increase profits by increasing value addition, The 15,000-member cooperative, in Kasese district, produces and processes cotton. Cottonseed oil is a valuable by-product, but the cooperative's processing equipment is outdated, so oil yields and quality are low.

2SCALE consultants worked with Nyakatonzi to compare technical efficiency and investment returns from different options, and identify the most appropriate equipment. The project will partially fund the purchase of oil-pressing machinery; for every dollar invested by the project, the cooperative will invest $ 2 in infrastructure and human resources. Detailed work plans are being developed, and the first tranche of funds will be disbursed next quarter.

The new equipment is being funded as an experiment in innovation. It will be used to produce soya, sunflower and cottonseed oil, tying in with other 2SCALE efforts to introduce soybean and sunflower as rotation crops in cotton-growing areas.

Activities with the cooperative also include field trials of new varieties and specialized fertilizer blends, extension support, and credit linkages. 2SCALE partner BOP Inc. will lead market studies to help sell cottonseed cooking oil to low-income families. ■

Horticulture: 6 Countries, 1 Goal

2SCALE will work with the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP) to strengthen horticulture value chains in six countries: Benin, Ghana, Kenya, Mali, Nigeria and Uganda. The organizations recently signed an agreement to work together to build capacity through training-the-trainers programs.

COLEACP's mandate is to help increase horticulture exports from ACP countries to the European Union. The synergies are obvious. 2SCALE and COLEACP both use private sector driven approaches. Horticulture value chains are a priority in nearly every 2SCALE target country. COLEACP training materials and e-learning platform complement 2SCALE's training expertise. Areas of collaboration will include production methods, quality control and increasing competitiveness.

Activities kicked off in April with a 12-day training-of-trainers course in Abeokuta, Nigeria, implemented jointly by ICRA and PIP, a COLEACP program. The course was designed to improve the training skills of technical experts. The 12 participants, from NGOs and private companies, were specialists in pesticide handling, food safety and other areas.

Feedback was very positive, with participants rating the course (average) 9.1 out of 10. In particular, they appreciated their first exposure to the SIOM framework (Subject-Importance-Objective-Method) that helps prepare and structure a training session. Participants will now put their new skills to work, assisting private-sector managers and line supervisors to strengthen the capacity of field staff. ■

Signed and sealed: Amina Mohamed (right), Kenya's Minister for Foreign Affairs, with Rob Groot, IFDC Director for East and Southern Africa.

IFDC Receives Accreditation

IFDC is now formally accredited with the government of Kenya – we say 'formally' because IFDC has worked closely with government ministries, NGOs and private sector partners in Kenya since the 1990s. The accreditation, signed in June, will strengthen the implementation of 2SCALE and other projects in Kenya, speeding up administrative procedures and increasing opportunities for private sector investors.

Amina Mohamed, Minister for Foreign Affairs, said: "Agriculture is the mainstay of our economy. The support that IFDC gives, serves the majority of Kenyans and makes a real difference in people's daily lives. That is why I am happy to be signing this agreement today… IFDC's work will directly contribute towards making this country food secure."

Each partner in the 2SCALE project (IFDC, BOP Inc. and ICRA) has staff based in Kenya. 2SCALE agribusiness clusters in the country involve more than 9,000 farmers and nearly 60 private firms. In the next 3 years, this will increase to over 100,000 farmers and 200 private firms. ■

South Sudan – Training on Seed Potatoes

The 2SCALE portfolio in South Sudan now includes potato. The first phase involves 60 farmers in Palwar and Ierwa *payams* (a *payam* is a group of villages) in the Magwi region. 2SCALE sourced 6.5 tons of seed potato from Uganda for demonstration purposes. Six demonstration plots were established, and are being managed by the farmers, with support from the project team and government extension staff.

In May, 12 'lead farmers' took part in a five-day training program on seed potato production. The training covered the complete production cycle from land preparation to selection of tubers, crop management, harvest, grading and storage. Storage is a particular concern. 2SCALE field staff introduced several low-cost options, and farmers selected one that is similar to (modified from) traditional storage methods for maize and sorghum. In the next phase, project teams will work with farmers to build demonstration storage structures using local materials.

South Sudan produces very little potato. Almost the entire consumption is imported, despite the high transport costs. This offers a huge opportunity for local producers – with 2SCALE farmers leading the way. ■

Forthcoming Events

- **Workshop: New distribution models for low-income consumers, Addis Ababa, July.** Share findings from 2SCALE market research with private sector food processors and other partners.
- **Planning workshop, Cotonou, July.** Develop work plans for vegetable clusters in Benin. Farmer groups will work with East West, Rijk Zwaan (seed companies) and Ferm O Feed (organic fertilizer).
- **ISFM training, Bamako, July.** Hands-on training for vegetable farmers on Integrated Soil Fertility Management. Partner: East West Seed.
- **Tilapia workshop, Abuja, July.** Stakeholders in the tilapia value chain discuss production and market opportunities. Partner: African Fish.
- **Diagnostic & Design workshops, Ethiopia, July-August.** Venues: Weliso, Welkite and Meki. Understand market opportunities, develop work plans for potato and vegetable clusters.
- **Pilot project on forage varieties, Iseyin, July.** Farmer training, launching of a pilot on forage varieties for small-scale dairy farmers in Nigeria. Partner: Advanta Seeds.
- **Training workshop on mFarms, Juba, August.** How to use the mFarms platform to collect and share market information and to monitor project implementation.
- **Pilot on soy cheese, Cotonou, September.** Launch of pilot project on marketing low-cost, high-protein soy cheese to low-income consumers in Benin.

The 2SCALE project is funded by the Netherlands government and implemented jointly by IFDC, ICRA and BoP Inc. 2SCALE was launched in June 2012. In the next 5 years we aim to develop 500 viable, sustainable agribusiness clusters in 12 countries across Sub-Saharan Africa, reaching 1.15 million farmers.