Seed Farmer Markets Consumer Programme; The SeFaMaCo Model

6th SPHI Annual Technical Meeting
Stanley Mwangi - SeFaMaCo Team Leader,
Antony Masinde - CoP SS
Seed Farmer Market Consumer, SeFaMaCo

• **Project Title:** Integrated Value Chain Development and Smallholder Farmer (SHF) Commercialization of banana and Sweet Potato for Tanzania, Uganda & Ethiopia Based on a Seed - Farmer - Market & Consumer Model

• **Goal:** To optimize profitability and productivity by catalyzing market oriented value chain-wide competitiveness and investments in banana & SP for increased household incomes
Dormant capacity (MTs) 83%

Current status (MTs) 17%

Sweet potato - Uganda

Dormant capacity 88%

Current status 12%

Sweet potato - Tanzania

Dormant capacity 81%

Current status 19%

Sweet potato - Ethiopia

Low productivity is expensive, very expensive indeed;

The Combined annual farm gate value is USD 371 Million (Tz, Eth and Ug) against a potential of USD 2.03 Billion; The commercial loss or Opportunity Cost of low productivity: is USD 1.74 Billion annually.
SeFaMaCo Outcomes

1. Enhanced **strategic investments** in commercial **seed enterprises** responsive to **market driven clean and quality** Sweet Potatoes purchased by Small Holder Farmer (SHF) – Seed Marketing Enterprise Development(SEMaD ) Approach.

2. Commercialized SHF through increased productivity and yields of market preferred varieties of SP, strengthened FO for collective marketing and inclusion of youth and women as value producers.

3. Increased market share of SP through enhanced value chain efficiency, market partnerships and competitiveness in informal traditional markets & schools as demand catalysts for other distribution channels.

4. Increased utilization of SP through positive image building, product diversification, nutrition education and enhanced consumer preference in rural and urban areas

5. Enhanced learning networks strengthened through strategic alliances and partnerships based on an upgraded SeFaMaCo model.
INNOVATION AND PARTNERSHIPS

• FCI Existing Models
• Seed Level Enterprises – Strategic Partners
• Development Organizations
• Private Sector Partners
• Investment Platforms

SeFaMaCo
Value Chain Wide Focus

Seed
(Enterprises on clean and Quality Seed)

Farmer
(Collective Action, GAP, Post-harvest Aggregation, Bulking…)

Market
(Efficiency, Business Partnerships and enterprises Competitiveness)

Consumer
(Consumer Preferences, nutrition marketing And better utilization practices)
Targeted Beneficiaries under SeFaMaCo

• SeFaMaCo Sweet Potato clients 541,588
• 102,920 Farming HHs (40% women & 30% youth)
• 844 Commercial Villages
• 303 wholesale buyers
• 279 Seed Enterprises
Inefficiencies encountered in supply chain facilitation.

- 0.01 MT (Scouting farm-to-farm)
- 0.4 MT (Assorted Varieties of SP)
- 1.5 MT Quality Variation
- 3 MT Varied pricing expectations
- 17 Km
- 33 Km
- Inefficiencies encountered in supply chain facilitation.

- 55 Km
- 250 Km
- >200 Km (TOTAL)
- 5 Days & 4 Nights
- 13.7 Metric Tones
- 26.3 Metric Tones Idle
- 19% Sourcing Achievements

- 5 MT Varied pricing expectations
- 17 Km
- 35 Km

- 6 MT No Std Unit of measure
- 0.7 MT
FCI is working with partners to respond to some of Questions asked globally?

• Why are smallholders still not attractive to the private sector?
• Why is the private sector not considering smallholders as part of the supply chain systems?
Who pays for the Inefficiencies in Sweet Potatoes Value Chains?

Options:
1. Trader to absorb cost and compromise profits
2. Sweet Potatoes Consumer prices increased to cater for the high sourcing cost
3. Transaction costs transferred to producers
4. Evenly distribute business cost to all levels

Default solution by buyers: Transfer transaction cost to producers resulting to low & unpredictable commodity prices
SeFaMaCo - Critical Success Factors for a smallholder-based a hybrid business model:

1. Business principles must be respected and practiced. *however*

2. Pure business principles would be too harsh for smallholders; - The need for Value Chain Development facilitators

3. Smallholder farmers must be cushioned but not protected from dynamics in the market environment
Critical Success Factors for a smallholder-based a hybrid business model:

• Private Sector must be re-oriented & refocused to invest in smallholder-based value chains.
• All players must understand that private sector does not practice sympathetic buying.

So...smallholder must:
1. Deliver Value worth paying for!
2. Demonstrate progressive growth in market response
3. Must identify self as a business partner not a poor farmer
LAYING FOUNDATION BUT SOME PROGRESS MADE
Main cost drivers among sweet potato farmers in Uganda.

Extensive research on the extent of use of improved and traditional Sweet Potato seed varieties in Uganda, Tanzania, and Ethiopia.
Mwanakwerekwe Market in Zanzibar

Arba Mich Market in SNPPR

Markato in Addis ABABA
SeFaMaCo has initiated development of 173 CVs across the 3 countries

- Linkages to Seeds suppliers
- Structured governance in various levels
- Business Development Service providers partnership
- Information exchange platform being developed
Commercialization Campaigns
SeFaMaCo is creating efficiency in informal markets and other Markets:

[And who really drives markets in Africa? Answer Underlined]

1. Village & Township
2. Rural Bulking Points
3. Wholesale Transition
4. Rural Wholesale
5. Urban retail
6. Urban Wholesale
7. Centralized Wholesale
8. Supermarkets
9. Business / Industrial
10. Institutional, Govt. & Development Markets
11. Regional Markets
12. International Markets

Caution: A Value Chain Analysis or Market Research MUST carefully reflect the interplay of all levels to ensure no double or multiple counts of food / commodities in transition!!!
Consumer Awareness: nutrition benefits of improved varieties

Market led seed systems for improved varieties

Impact: Increased preference for consumption of improved varieties

Farmer demand for increased production of improved varieties

Increased market demand for improved varieties
Thanks a lot

Winning Markets for Africa!!!

www.farmconcern.org