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SPHI Annual Technical Meeting, Tanzania

Seed - Farmer - Market - Consumer (SeFaMaCo) Programme

Lead Partner

Farm Concern INTERNATIONAL

For the African farms and markets

Getting Markets to work for Sweet potato in different regions:

Experiences from SeFaMaCo

Farm Concern International

Stanley Mwangi- Associate Director Strategic Partnership and Business Models

Harold Mate; SeFaMaCo Team Leader

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SeFaMaCo Seed·Farmer·Market·Consumer Consortium

SPHI Sweetpotato for Profit and Health Initiative

Bananas | Sweet potatoes | Beans | Cassava | Maize | Rice

i. Overview of SeFaMaCo
ii. Commercial Village Aggregation Model
iii. Farmer Cost Benefit Analysis
iv. Wholesale Buyers Cost Drivers
v. Key learning points

Seed-**Fa**rmer-**Ma**rket-**Co**nsumer, SeFaMaCo is a **commercialization and market access programme** implemented by SeFaMaCo Consortium

- 8 partners;7 sub-grantees and Farm Concern International as the lead partner in Tanzania, Ethiopia and Uganda.

MARKET ACCESS

USD 276,019,904
Commercial Villages Sales
[Anchor Value Chains Only] (Year 1-3)

USD 182,576,966
Year 3 sales
(June 2016 – May 2017)

USD 66,968,749
Banana sales

USD 115,608,21
Sweet potato Sales

Volumes Traded (MT) in Year 3

922,513
Sweet Potato

609,984
Banana

719
Banana & Sweet potato informal Markets

414 sweet potato **305** banana
Wholesale buyers

17
Formal Buyers

52
SME Agro-processors Enterprise Incubation Business support

61
Financial Institutions partnership

1 Export Company.

CONSUMER DEMAND

981
Partnerships with retail outlets
A platform for dissemination of consumer messages aimed at creating demand.

20
Health/Medical Institutions Partnerships Food-based Nutrition Solutions with focus on women, children less than 5 years and entire family.

293 Schools & 1,253 Teachers
for behavioral change campaign
Partnership with Schools to create demand, influence behavioral change and change image of sweet potatoes & banana as energy foods

FARMER AGREGATION

1,242
Commercial Villages

Efficient trading blocs graduating these farmers into competitive entrepreneurs
461,232 Smallholder Farmers

274,143
Hectares under Commercialization

95,704Ha
Banana

178,439Ha
sweet potato
Commercial Villages provides platform for adoption of market demanded varieties, increased production & access to extension services

Complementary Value Chains for Commercial Villages Trade:

Tanzania:	Ethiopia:	Uganda:
Maize	Enset	Cassava
Legumes	*(Abyssinian banana)*	Maize
Cassava	Sorghum	Beans
Rice		

116, 638
Youth entrepreneurs

163,652
Women Farmers in Market Access

2,063,042
MT Volumes
(Banana & Sweet Potato)
in Year 3 (12 months)

813,313 MT
Banana volume

1,249,729 MT
Sweet potato volume

63,025
Number of Farm Employees hired by farmers:
Increased incomes enhance SHFs ability to hire labour

SEED ENTERPRISE

607
Seed Entrepreneurs
Seed Entrepreneurs business development support for enhanced & sustainable seed system to Commercial Villages

267
Input supplier partnerships
Enhanced adoption of quality inputs for anchor & complementary value chains for improved productivity & household income diversification

Smallholder Farmers

Country	Banana	Sweet potato
Ethiopia	-	95,324
Tanzania	73,118	114,262
Uganda	74,373	46,040
Total	147,491	255,626

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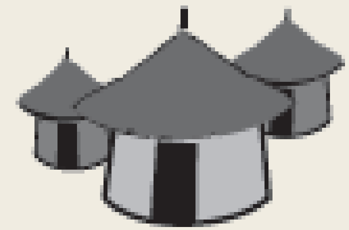
FARMER AGREGATION



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A Sweet Potato Trader in Uganda

Farm Concern International, FCI 2017

Commercial Villages Aggregation

- Quality control and efficiency in building bulk by SHF for supply to markets is achieved through Commercial Villages aggregation centres

Commercial Villages Aggregation

• FCI is applying two types of aggregation:

i. Physical commodity aggregation:

This is applicable for well-structured supply chain systems where days and time is predetermined.

Commercial Villages Aggregation

ii) Virtual aggregation:

- Farm-gate sales remain significant with buyers meeting all logistics costs, which is preferred by SHF for bulky commodities.
- The virtual aggregation is therefore through real time data on volumes planted and harvested which allows forward market negotiations.

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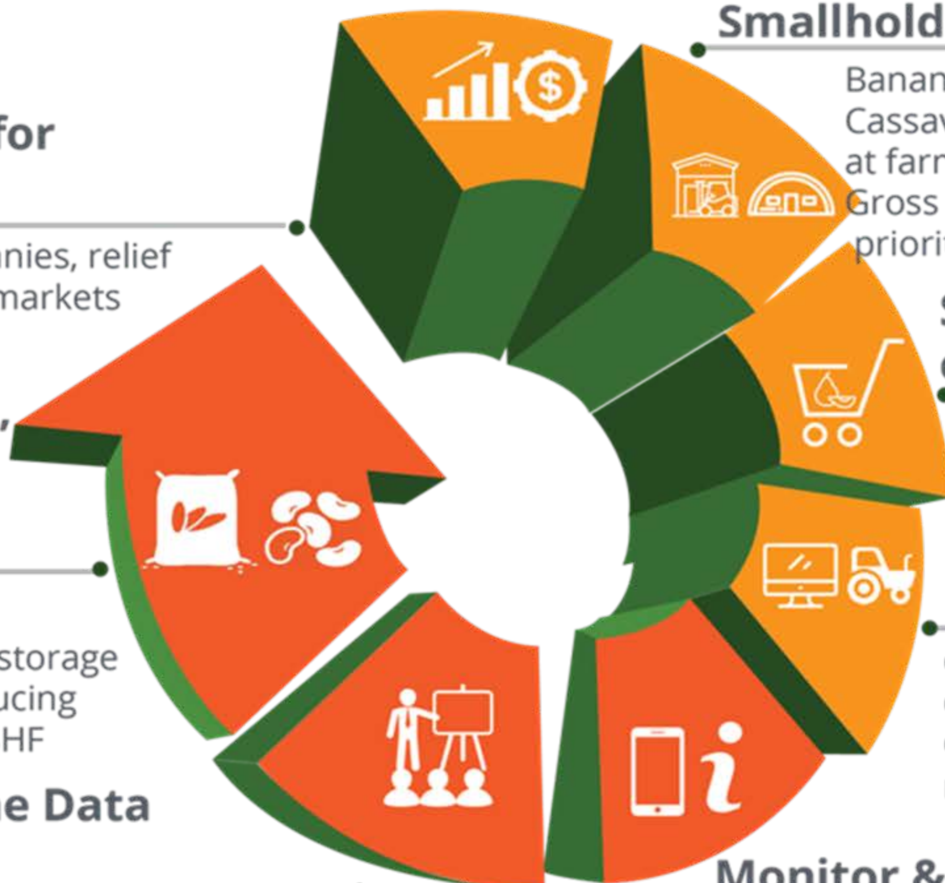
Emerging Statistical Evidence for Scale Up

Commercial Village Model



Demand Expansion for Wholesalers

Working with formal companies, relief agencies and Government markets for expanded trade

Village Harvest Data, Farmer Storage and Aggregation

Harvest Data, cost effective aggregation, why household storage and digital village data & reducing postharvest loss burden on SHF

Smallholders Income Data & Inclusive Growth

Income levels through value chain and market participation & Inclusive economic growth through Commercial Villages Model

Cost Benefit Analysis for Smallholder Farmers

Bananas | Sweet potatoes | Maize | Cassava | Rice | Beans Data on cost drivers at farmer-level for multi-value chains. Gross income Vs Net Income in value chain prioritization

Smallholder-based supply chain systems

Develop aggregation efficiency through Commercial Villages Model

Markets & Trade for smallholder farmers

Graduate smallholder farmers in Commercial Villages and Farmers Organizations into competitive market-led suppliers

Monitor & Manage Cost Drivers

Assess the cost driver for doing business along agri-value chains and build efficiency mechanisms

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Cost Benefit Analysis for Commercial Villages

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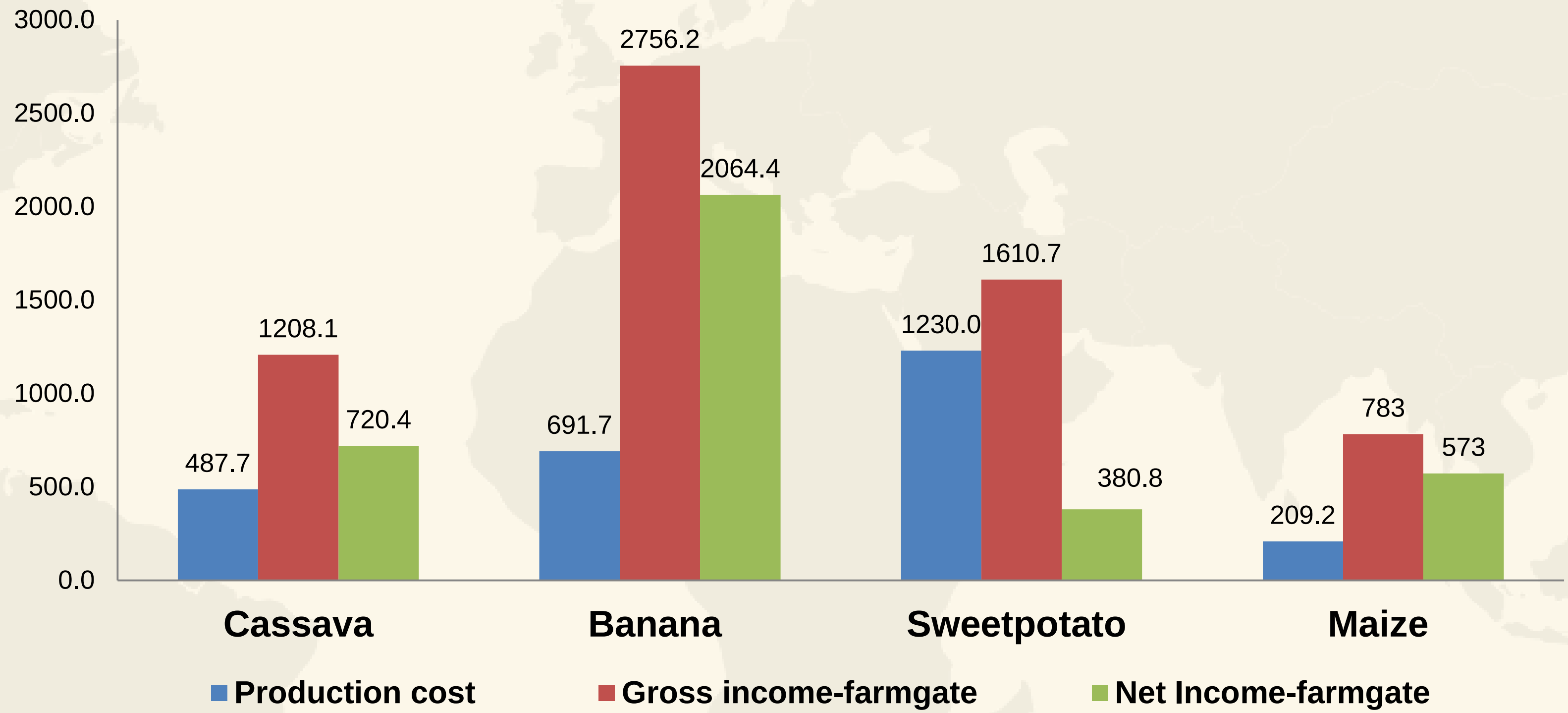
Net income Vs. Gross Income at Farm-gate USD per Acre in Arusha, Tanzania



Implemented by

Source: Farm Concern International, FCI 2016

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Bananas | Sweet potatoes | Beans | Cassava | Maize | Rice

Why Cost Benefit Analysis (CBA) at farm level?

- Enables Commercial Villages to effectively compare and determine the profitability of various commodities
- Create an opportunity to identify and invest into farming as an enterprise based on value chains with better net income, minimal risk and lower cost of production

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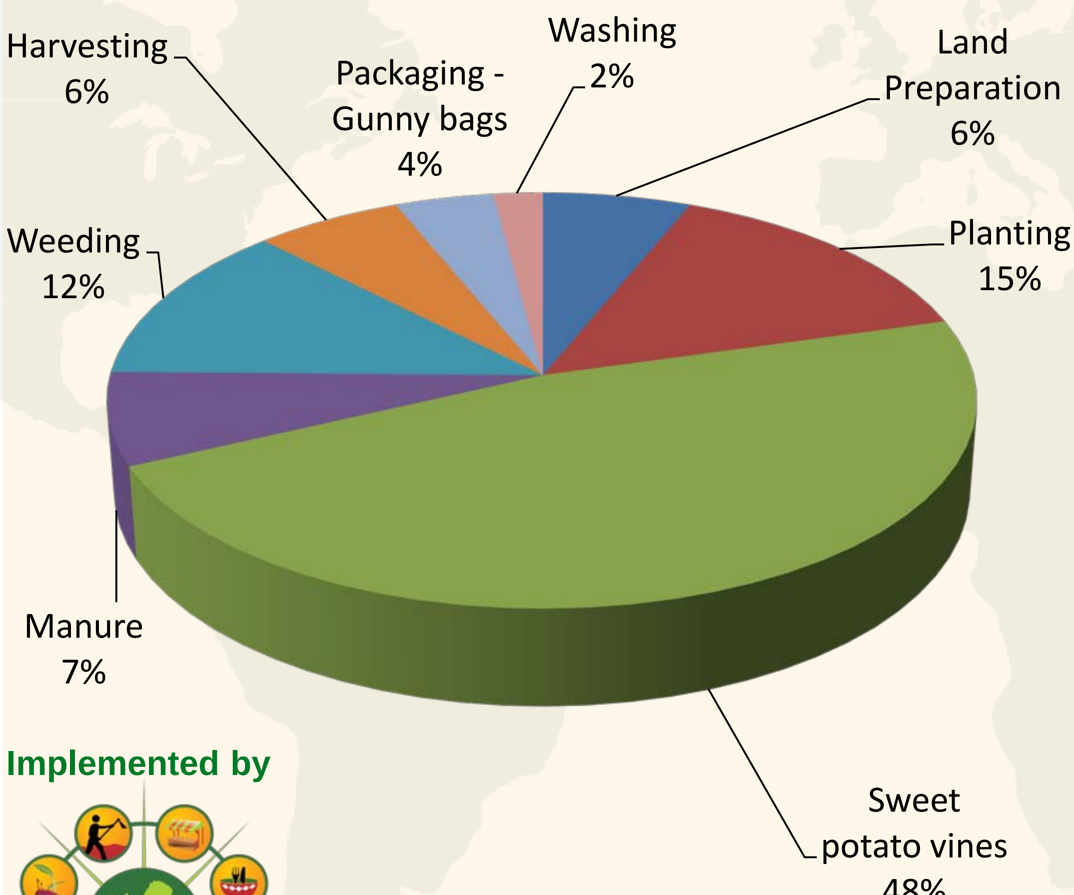
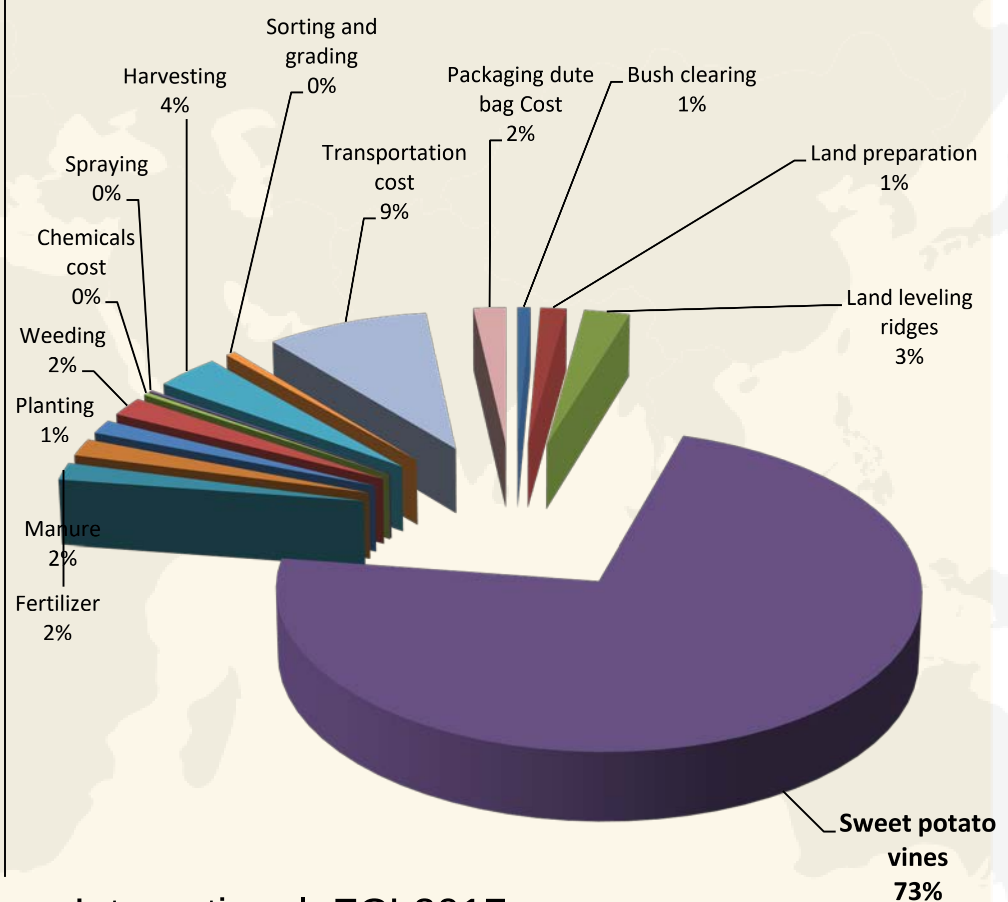
Sweet Potato Production Cost share, Mwanza



Sweet potato Production cost Share, Arusha



Source: Farm Concern International, FCI 2017

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Traditional Informal Wholesaler & Aggregators

Cost Drivers

Why are traditional informal wholesaler aggregators such an important facet in agri trade?

- Traditional wholesaler buyers are key actors in agricultural commodity trade
- The wholesaler facilitate up stream and down stream financing through advancing cash to agents who purchase on their behalf as well as selling on credit to retailers and other formal actors such as supermarket, groceries & processors

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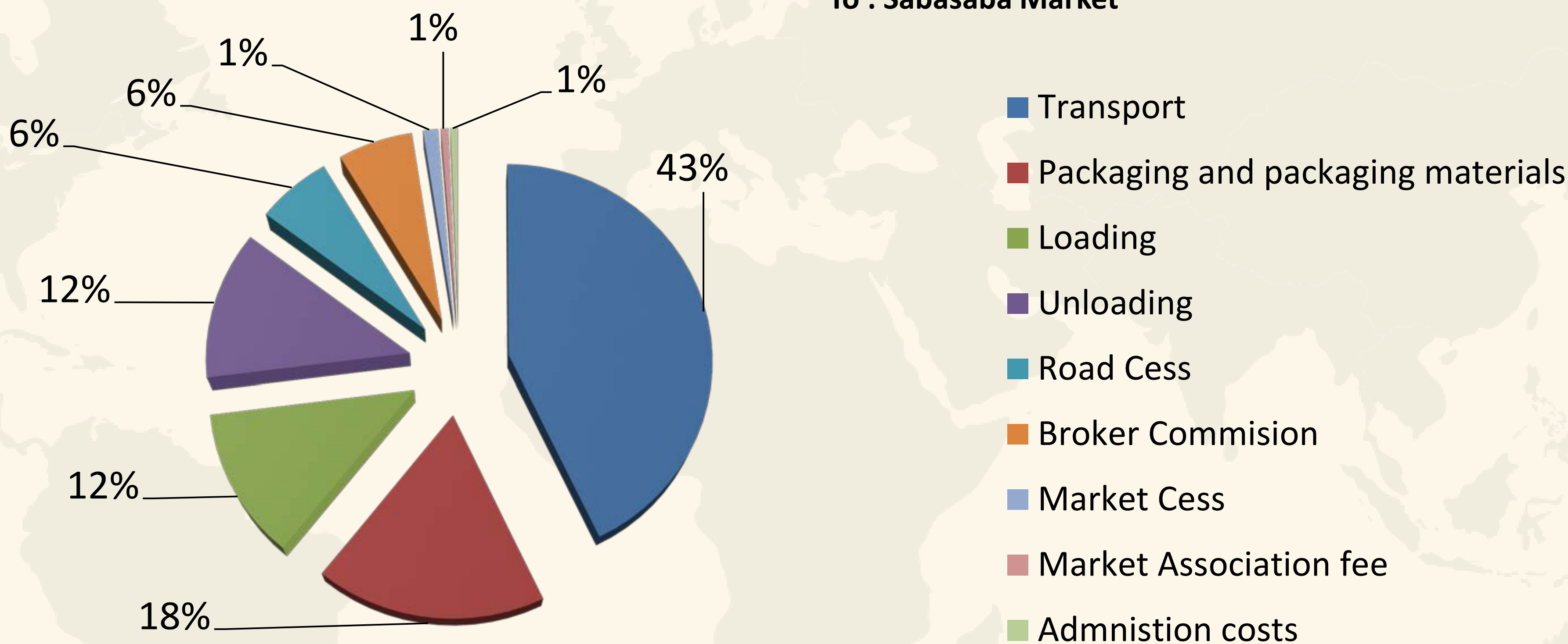
Sweet Potato Cost Drivers for Informal Wholesalers From: Mwanza Rural To : Sabasaba Market



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Bananas | Sweet potatoes | Beans | Cassava | Maize | Rice

How can we reduce wholesale aggregation costs?

- Commodity prices at the retail end have continued to rise over time
- This has been misconceived to be as a result of profiteering by traders, however, the logistical cost involved in sourcing and movement of commodities are huge contributors to these high prices

How can we reduce wholesale aggregation costs?

- Since consumer prices are controlled by demand from the retail selling point, price movements can only be adjusted downwards at the farm gate level
- Buyers offer lower prices to farmers in order to cover for these costs and also safeguard the profit margin

How can we reduce wholesale aggregation costs?

- Lowering sourcing and logistical cost is a major way of reducing trading costs
- Commercial Villages provide a efficient avenue for facilitation trade through the following

How can the Commercial Village infrastructure use collective action to enhance better prices?

- Commercial Villages provide a efficient avenue for facilitation trade through the following;
  - ❑ Aggregating huge volumes
  - ❑ Managing quality reducing sorting costs and losses for traders

How can the commercial village infrastructure use collective action to enhance better prices?

- ❑ Consistency in supply
- ❑ Offering a negotiating platform based on pure trade engagements

Key learning points for SP marketing

- Reduction of sourcing cost for buyers increasing margins for farmers
- Price ranges (when and where)
- Quantities & quality
- Varieties
- Seasonality
- Understanding cultural setting

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