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
i. Overview of SeFaMaCo

ii. Commercial Village Aggregation Model

iii. Farmer Cost Benefit Analysis

iv. Wholesale Buyers Cost Drivers

v. Key learning points
Seed-Farmer-Market-Consumer, 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.
The SeFaMaCo Programme Launch, Moshi Tanzania attended by BMGF staff, Government delegates, partner organizations, media, Commercial Village leaders and farmers in 2015.

SPHI Annual Technical Meeting, Tanzania

**MARKET ACCESS**

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

**USD 66,968,749**
Banana sales

**USD 115,608,21**
Sweet potato sales

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

- **719**
Banana & Sweet potato informal Markets

- **414**
Sweet potato Wholesale buyers

- **305**
Banana Wholesale buyers

- **17**
Formal Buyers

**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

- **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

- **116,638 Youth entrepreneurs**

- **163,652 Women Farmers in Market Access**

**SEED ENTERPRISE**

- **1607 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

**Complementary Value Chains for Commercial Villages Trade:**

**Tanzania:**
Maize
Legumes
Cassava
Rice

**Ethiopia:**
Ensete
(Abyssinian banana)
Sorghum

**Uganda:**
Cassava
Maize
Beans
<table>
<thead>
<tr>
<th>Country</th>
<th>Banana</th>
<th>Sweet potato</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>-</td>
<td>95,324</td>
</tr>
<tr>
<td>Tanzania</td>
<td>73,118</td>
<td>114,262</td>
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<tr>
<td>Uganda</td>
<td>74,373</td>
<td>46,040</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>147,491</strong></td>
<td><strong>255,626</strong></td>
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</table>
SPHI Annual Technical Meeting, Tanzania

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Bananas | Sweet potatoes | Beans | Cassava | Maize | Rice
SPHI Annual Technical Meeting, Tanzania

Seed - Farmer - Market - Consumer (SeFaMaCo) Programme

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CONSUMER DEMAND

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A platform for dissemination of consumer messages aimed at creating demand.
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:
  1. 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.
Tanzania Agri-Investment Consultative Forum

Supported by Lead Partner

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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
Cost Benefit Analysis for Commercial Villages
Net income Vs. Gross Income at Farm-gate USD per Acre in Arusha, Tanzania

Source: Farm Concern International, FCI 2016
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
Sweet Potato Production Cost share, Mwanza

- Harvesting: 6%
- Weeding: 12%
- Manure: 7%
- Land Preparation: 6%
- Planting: 15%
- Washing: 2%
- Packaging - Gunny bags: 4%

Sweet potato vines: 48%

Source: Farm Concern International, FCI 2017

Sweet potato Production cost Share, Arusha

- Harvesting: 4%
- Land preparation: 1%
- Land leveling ridges: 3%
- Bush clearing: 1%
- Transportation cost: 9%
- Packaging dute bag Cost: 2%
- Sorting and grading: 0%
- Spraying: 0%
- Weeding: 2%
- Planting: 1%
- Chemicals cost: 0%
- Fertilizer: 2%
- Manure: 2%

Sweet potato vines: 73%
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.
Sweet Potato Cost Drivers for Informal Wholesalers From: Mwanza Rural To: Sabasaba Market

- Transport: 43%
- Packaging and packaging materials: 18%
- Loading: 12%
- Unloading: 12%
- Road Cess: 6%
- Broker Commission: 6%
- Market Cess: 1%
- Market Association fee: 1%
- Administration costs: 1%
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 an efficient avenue for facilitation trade through the following
How can the Commercial Village infrastructure use collective action to enhance better prices?

- Commercial Villages provide an efficient avenue for facilitating 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
SPHI Annual Technical Meeting, Tanzania

Seed - Farmer - Market - Consumer (SeFaMaCo) Programme

Thank You