

Incentives and disincentives to invest in orange
fleshed sweetpotato- *The case of pro-poor
public-private partnerships in Rwanda*

Penina Muoki, August 30, 2018

MAIN RESEARCH QUESTION:

- 1) How can incentives be created for OFSP value chain actors to invest at different stages of programme implementation?

Sub questions

- 1) What incentives were created by CIP and its tier 1 partners to get other value chain actors involved? What were the successes and challenges encountered?
- 2) Did Urwibutso Enterprises, the major buyer of OFSP have to make major adjustments to initiate OFSP line of products? If yes, was it cost effective to adjust? Did these adjustments pay off?
- 3) Mode of participation by farmers- successes, challenges and the future role in OFSP enterprise
- 4) What do OFSP value chain actors in Northern Rwanda see as the future of OFSP?

METHODOLOGY

- Data was collected using **Key informants interviews** that were responded to by the following:

Mr. Sina Gereld- The CEO of Urwibutso Enterprises

The head of Bakery at Urwubutso

A Baker at Urwibutso

Urwibutso Enterprises is a major buyer of OFSP from farmers, produces OFSP products (Biscuits and Doughnut/mandazi)

METHODOLOGY

- Focus Group Discussions:

Four groups that sell roots to **Urwibutso Enterprises** were interviewed- 2 groups consistent of male farmers while 2 groups consistent of female farmers. Each group had 8 participants.

A questionnaire guided discussions- Overall aim was to understand what role farmers are playing in supporting the value chain and their perspectives about OFSP as an enterprise.

Methodology

- Focus Group Discussions:

Four groups that sell roots at the **roadside market** were interviewed- 2 groups consistent of male farmers while 2 groups consistent of female farmers. Each group had 8 participants.

A questionnaire guided discussions- Overall aim was to understand operations at the roadside market and current perceptions of farmers regarding the relatively new initiative by CIP and its partners.

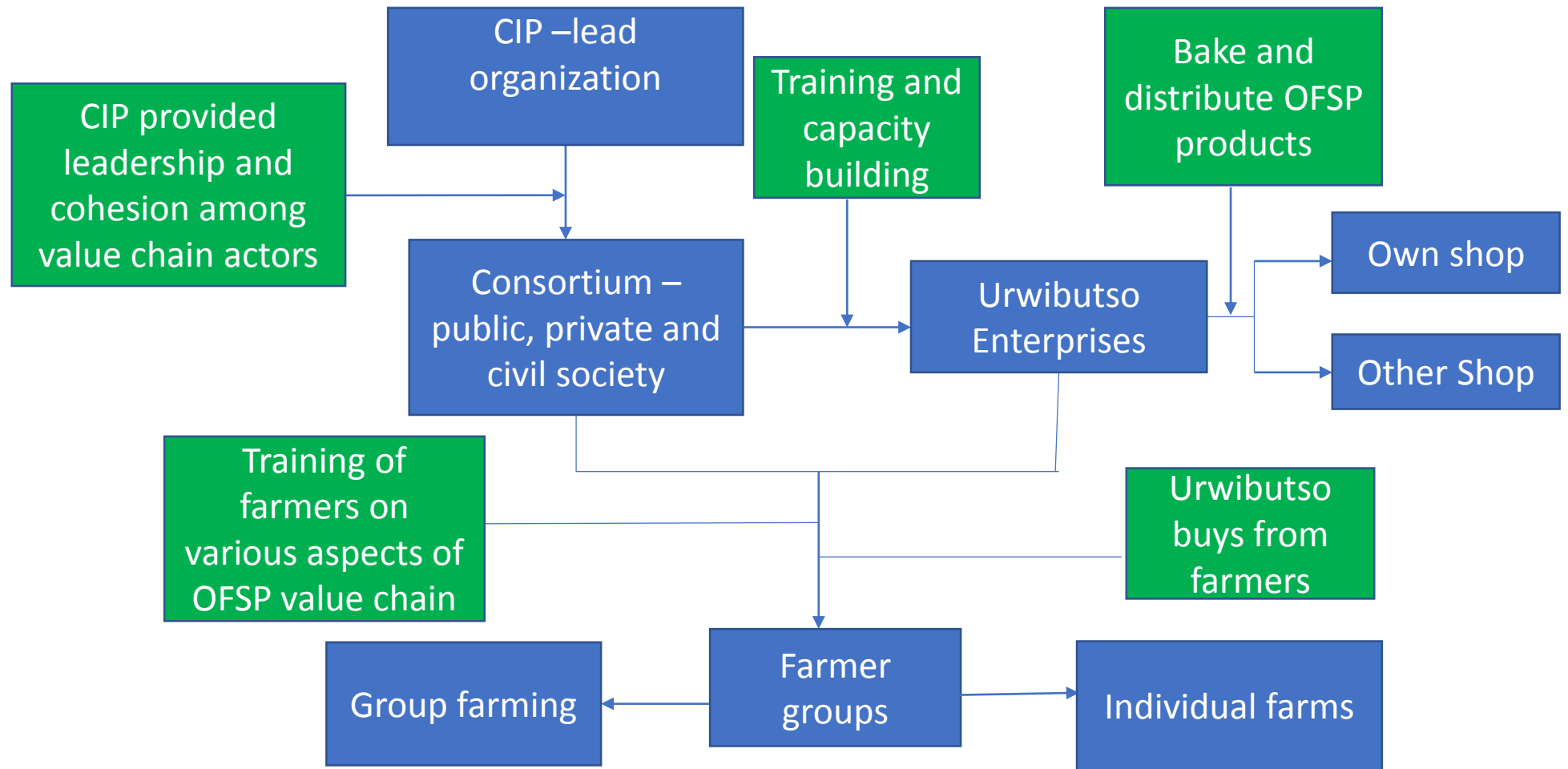
METHODOLOGY

- Key informant interviews with shops that sell OFSP products- Two shop attendants were interviewed.
 - One of the shop was part of the elaborate chain of shops owned by Urwibutso Enterprises.
 - The other shop – was supplied by Urwibutso Enterprises.
- Key informant interviews with 2 interns that supported cooperatives that produced OFSP products- cakes and doughnuts/Mandazi
- Key informant interview with head of sweetpotato program at Rwanda Agriculture Board- RAB

RESULTS

- A pro-poor approach was used:

pro-poor growth can be defined as one that enables **the poor to actively participate in and significantly benefit from an economic activity**. However, pro-poor development does not only aim to create incomes and employment, **it seeks to empower micro and small entrepreneurs to defend themselves against the forces of competition** (Peppelenbos, 2008).



Schematic illustration of OFSP value chain actors and their roles

Characteristics of a pro-poor approach

1) Time investment in building the value chain

- RAB and CIP initiated work on OFSP over 20 years ago. Trials and pilots characterised learning and skill enhancement.
- SUSTAIN came in to scale up work achieved by other projects.

2) Identification of the private sector

- Track record of buying from farmers
- processor was looking to add a line of product (says was easy to integrate OFSP products)

3. Adaptation for a pro-poor PPs- The incentives

- Lead Organization- Creation of an enabling environment for the private sector- Set forward a business case
 - Support for vine multiplication and root production
 - Support with farmer organization- NGOs sub-contracted _Break cultural barriers to reach farmers.
 - Support with identification of equipment, installation and purchase of some
 - Support of the private sector with branding and packaging of bakery products

Farmers' views working with Urwibutso

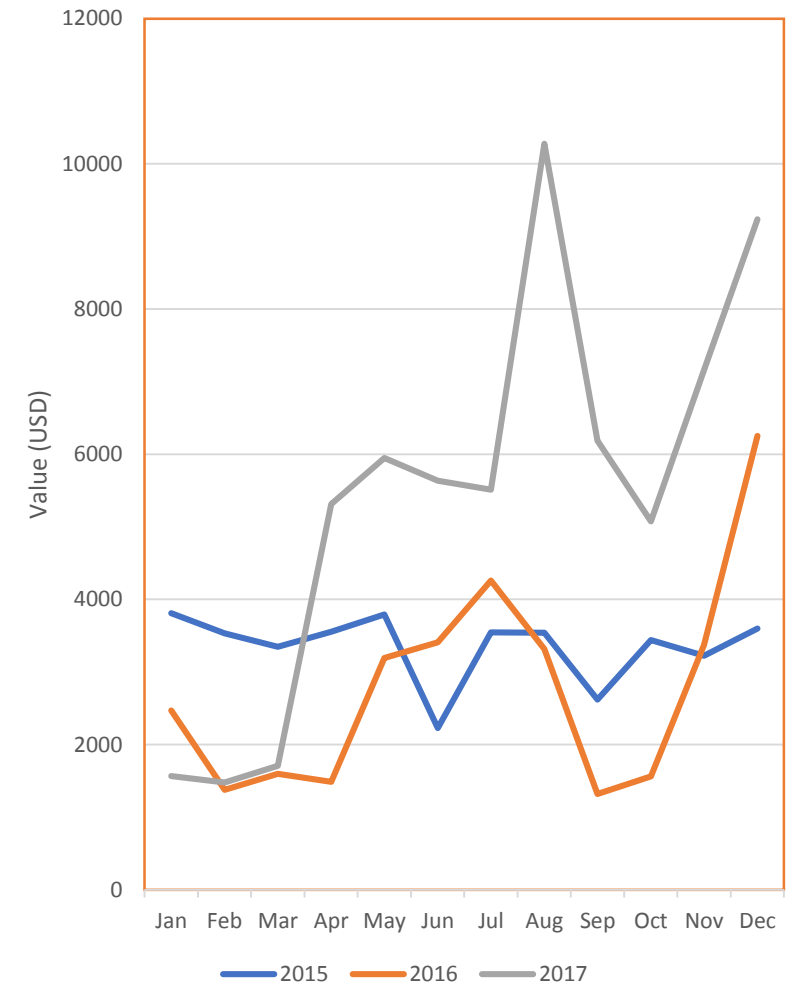
- **Urwibutso purchased OFSP at 20RWF higher than the prevailing market price (200-220RWF)**
- When asked about the experience of working with Urwibutso Enterprises, the farmers recall that they had to deliver undamaged medium to large orange fleshed sweetpotato, washed and in a clean gunny bag. Deliveries had to be made on the assigned date and payment was expected within 7 days

Year	Quantity sold (tonnes)	Value of root sales (USD)
2014	16.7	2912
2015	33.5	33475
2016	56.5	56451
2017	46.7	61202

Increasing trend

Bakery manager's Opinion

When the bakery manager was asked what the trends are on consumer demand for OFSP products, he responds, 'it is increasing'. *With a smile he reiterated that 'the bakery is able to meet its costs and make profits. The bakery section has been able to employ more people while other staff members have received rewards through pay rise'. He added, Urwibutso Enterprise staff have received new skills through the partnership and new products emerged. Jobs have also been created for farmers that sell OFSP to us'.*



Trends in sales (USD) of OFSP based Mandazi (doughnut)

4.1 Social responsibility- Root supply exceeds demand

- CIP and the municipality collaborated to create additional market- The road side market
- The FGD yielded positive and negative feedback about this market

Negatives included

In ability for females to carry roots for display to passengers in the buses

- Distance/transport cost from farms to the roadside market
- Unsold roots- had to carry back home
- A tendency for wholesale as in the case of Urwibutso was eminent from these discussions

4. 2 Social responsibility- Government subsidy

OFSP vines were distributed as relief following the drought of 2016.

Likely to have resulted in surplus roots in 2018, that farmers could not market fully

- Value chain distortion/
enhancers?

Year	Total value USD (including vine sales from farmer groups)
2015	27,880.87
2016	40,024.49
2017	293,895.96

Value (USD) obtained by multipliers from sales of vines

5. Role of communities and NGOs

- Farmer involvement was well intergrated- Local NGOs identified as the lead organizations to foster community involvement-Embaranga and Young Women Christian Association.
- Community participation in this value chain allowed for securing of monitoring and enforcement of mechanisms- A self regulating mechanism.
- Benefits of collective action where cited- Group marketing, training, savings and credit.

5.1 Effect of OFSP marketing and processing on well-being of farmers

- Various aspects of improving wellbeing of farmers were cited:
 - pay for family healthcare insurance dues- USD 30 per year/person
 - Purchase of various types of livestock; sheep, pig, cattle for manure was mentioned as part of the benefits farmers have accrued from sale of OFSP
 - Livestock as an indicator of Wealth
 - For manure
 - Construction/rehabilitation of permanent house was seen reported by both gender

5.2 Improved Nutrition and gender relations

- *'Eating in the family has improved due to the kinds of foods we purchase from the money we got from vines' Another respondent said 'we got money that helped us to buy various foods'*
- *Women have gotten money from vines and roots. Before it was not easy for a woman to get money for her personal needs or even be able to contribute to household needs such as food and clothing'. In specific, one woman said that women have gotten money that they can spend without asking men.*
- *In a male group, men indicated that their participation in OFSP value chain was minimal at the start of the project. However, gradually they became interested when women started making money from OFSP. One of the men retorted 'When a woman comes home with 100,000RWF from OFSP, will you stay at home or you will follow her?'*

6.1 Capacity building and learning

- Training of farmers on production, post-harvest handling and value addition.
 - *We have known the value of OFSP- how to prepare it and its nutrition'. 'We have received new varieties that are rich in vitamin A. We only knew white varieties'.*
 - *One female farmer indicated' we have learned how to plant on ridges.*
 - *Another farmer added 'We used to plant two cuttings in a hole, now we plant one cutting'.*

6.2 Capacity building and learning

- *Training of cooperative on bakery business*
- The interview with the interns depicts 15 months of deliberate patience as effort was put in to support the 2 cooperatives to run profitably.
- One intern notes that '*market was a challenge; our principle was that to produce medium size mandazi that were nutritious. However, the market was looking for a big mandazi, like what was well established in the market prepared from 100% wheat flour.*
- *He added, the low-income consumers we targeted were hungry, they were interested in quantity not quality as was the case for our marketing philosophy'.*

6.2 Capacity building or 'fake market'

CLP presence in the cooperative created a 'fake business environment'. CLP should give the business to independent entrepreneur'. She added, sometimes farmers could sell roots at high price because they knew it was an NGO buying'.

Long distance sourcing of roots vs constant selling price

A close alignment of actors

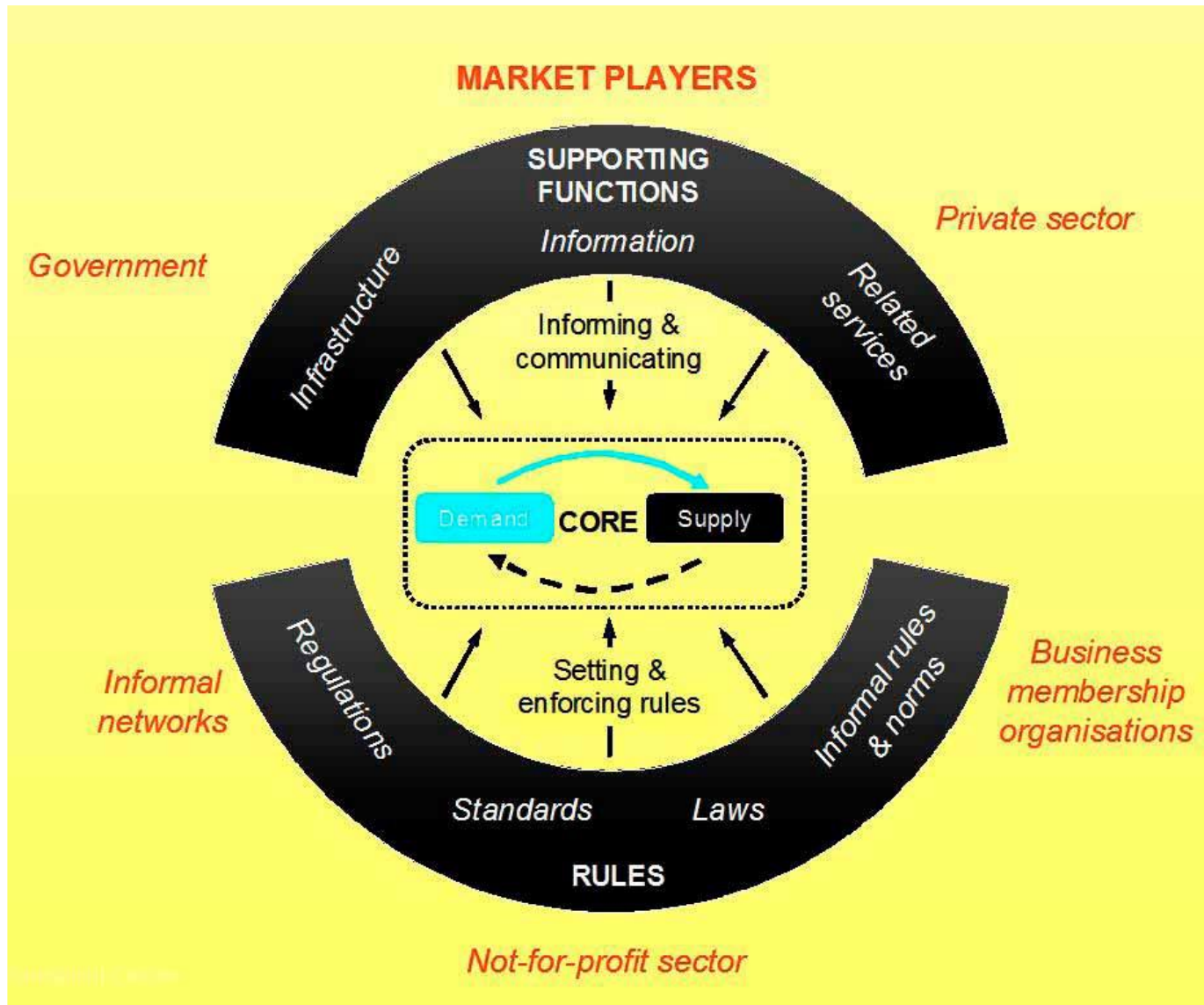


Figure 1: Illustration of market actors in a pro-poor approach
(Source: Presentation given by Marshall Bear, November 2005)

Summary- COLLECTIVE PATHWAYS OF PRO-POOR APPROACH

Pathways of working with smallholder farmers were applied collectively in the Rwanda case:

- A) identifying and working with weak links within the value chain,
- (b) improving flows of knowledge and resources along the chain;
- (c) improving the efficacy of linkages between chain actors; and
- (d) developing new or alternative linkages in the value chains.

Uncertainties however exist

- In 2018 production exceeded demand – Likely to trigger dis-adoption?
- Government subsidy/ support/ political goodwill – appear to support growth. How about in the event of change of government? How strong are institutions to sustain-being cognizant of this uncertainties?

The case of sorghum in Kenya, now flour blending initiative