

## SNAPSHOTS ON SMALLHOLDER FARMERS

# A step change for smallholder farmers in Northern Ghana



The Market Development Programme for Northern Ghana (MADE) aims to build and consolidate agribusiness linkages for pro-poor development. Building the capacity of rural enterprises to work effectively with smallholder farmers (SHFs) is a key part of its strategy to achieve this. MADE works through partners who provide SHFs with bundled inputs and services that they can use to boost their productivity and earn a better livelihood.

MADE works directly with agribusinesses such as aggregators and input suppliers, encouraging the development of business-to-business (B2B) relationships that facilitate an improved, higher volume traffic of inputs and services to SHFs. This supply occurs mainly through business-to-farmer (B2F) relationships created through the deployment of Farm Enterprise Advisors (FEAs) hired by MADE partners.

Fundamental to the B2F relationship is the concept of the 'seven rights' for SHFs developed by MADE, which stipulates that farmers should receive the right quality of inputs and services, in the right quantity, at the right time, at the right price, in the right place, in the right form and, crucially, should know how to use them in the right way. This approach aims to boost the productivity of SHFs, generate larger crop volumes for agribusinesses, and accelerate the pace of development across the Northern Savannah Ecological Zone. The following snapshots look at the impacts of B2B and B2F relationships on SHFs.

### Indication of MADE's success

The success of the MADE programme can be estimated in part by analysing the growth generated through the commercial partnerships between agribusinesses. However, it is the success of individual SHFs working with MADE partners that determines whether the market development achieved in Northern Ghana is pro-poor or not. MADE partners have reported greatly increased recovery rates, that is the degree to which farmers are paying back the inputs and services received from suppliers, either in cash or in produce. SHFs have been able to do this because their productivity has improved. As a result, others are queueing up to join the contract farming schemes – with only the capacity of agribusinesses and their access to finance constraining their ability to do so.

### Increased productivity and production

Agribusinesses have reported impressive rises in SHF productivity. For maize, yields increased between 60% to 140% in just two years, with companies such as Alokodongo reporting a doubling of output for SHFs. In real terms, this represents an average yield increase of 1.05 to 2.1 metric tonnes per acre. Similar significant increases in yields have been reported for other cereal and legume crops. Both Faranaya ABC and Agriaccess reported yield increases of over 60% for sorghum in the 2019-20 season.

Even taking into account changes in costs of production and market prices, these productivity gains have resulted in income rises for most SHFs receiving inputs and services from MADE partner firms. From a combination of yield improvements and larger plot sizes, 66,830 SHFs received income rises of £80 or more in the 2018-19 and 2019-20 seasons. Often, productivity boosts have directly influenced farmers to take on more acreage. The success of SHFs

enrolled in contract farming schemes has had an incentivising effect on other farmers, too: MADE partners report that up to three times as many farmers as they already work with are interested in joining their contract grower schemes.

### Factors behind improved farmer livelihoods

The increases in SHF productivity and acreage, and rising number of SHFs signed up to contract farming schemes, is directly attributed by MADE partners to the provision of quality inputs and FEA support services, as conceived by the MADE programme. The Advanced Business Model – whereby partners deliver integrated bundles of inputs and key services such as mechanisation, at scale and on credit terms – is central to this success. Agribusinesses have often been able to achieve this expansion by entering into commercial partnerships with specialist suppliers in order to share risk. Deepened partnership networks and financing arrangements have also allowed partner firms to achieve a wider geographical coverage. In the 2019-20 season, MADE partners were operating across five districts in Bono East and Oti, four in Upper West, six in Upper East, four in North and one in North East region.

### Safeguarding smallholder farmers

Currently, both SHFs and MADE partners seem satisfied with 'rounded-up' costs when exchanging bundles of inputs for bags of produce at harvest; but as the MADE partner contract farming models become embedded, and the steep increases in yields taper off, the next stage for farmers to develop as microbusinesses will be to understand and manage their costs and revenues more tightly. SHFs will need to have greater access to market information and be able to negotiate with input suppliers and aggregators to ensure that their seven rights are upheld.

The provision of farm enterprise advisory services enables SHFs to develop the right skills to help them address the challenges they may face as they scale up their operations and adopt new practices and technologies. The continued success of high-performing adopters, who form a small proportion of SHFs in Northern Ghana, can provide a model that can help drive pro-poor agricultural development.

The advanced model adopted by agribusinesses has helped move a substantial number of northern farmers away from subsistence level farming into semi-commercial production. Progress has been rapid and far reaching and some significant changes have been achieved, particularly in B2F and B2B relationships. There has also been significant progress in recognising the role of women in leading the adoption of new ideas and driving change. More than 45% of new entrants into the partner outgrower schemes are women and the opening up of new land for agricultural production has given women a greater opportunity to contribute to household income generation and decide how that money should be spent.

### Encouraging further expansion of MADE's Advanced Business Model

Three key additional actions can be taken to help build on the success and foundations laid through the introduction of the advanced model.

- Most SHFs are contracted in community groups or through farmer associations and represented by lead farmers or heads of association. These leaders need to improve their business skills and knowledge, including market information on inputs, services and crops, to be able to negotiate effectively with aggregators and suppliers.
- Aggregators can reduce the risk of crop failure, for example by testing seed germination before distribution to farmers. They can also promote crop insurance to prevent farmers from falling into debt in the event of crop losses.
- Improved access to financial services and investment capital is needed so that aggregators can unlock growth and expand, innovate, add value through processing and provide a more stable market for SHFs.



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