

SNAPSHOTS OF COMMERCIAL PARTNERSHIPS

SKY-3 INVESTMENTS LTD

SKY-3 Investments Ltd is based in Kintampo on a 50-acre plot where the company's offices, storage facilities and processing units are located. The company has a 100-acre farm with a wide range of machinery, including six tractors, harvesters and shellers, and employs 127 people. SKY-3 has 4,300 smallholder farmers (SHFs) who supply maize, mango, cassava and rice.



Business-to-business partnerships through MADE

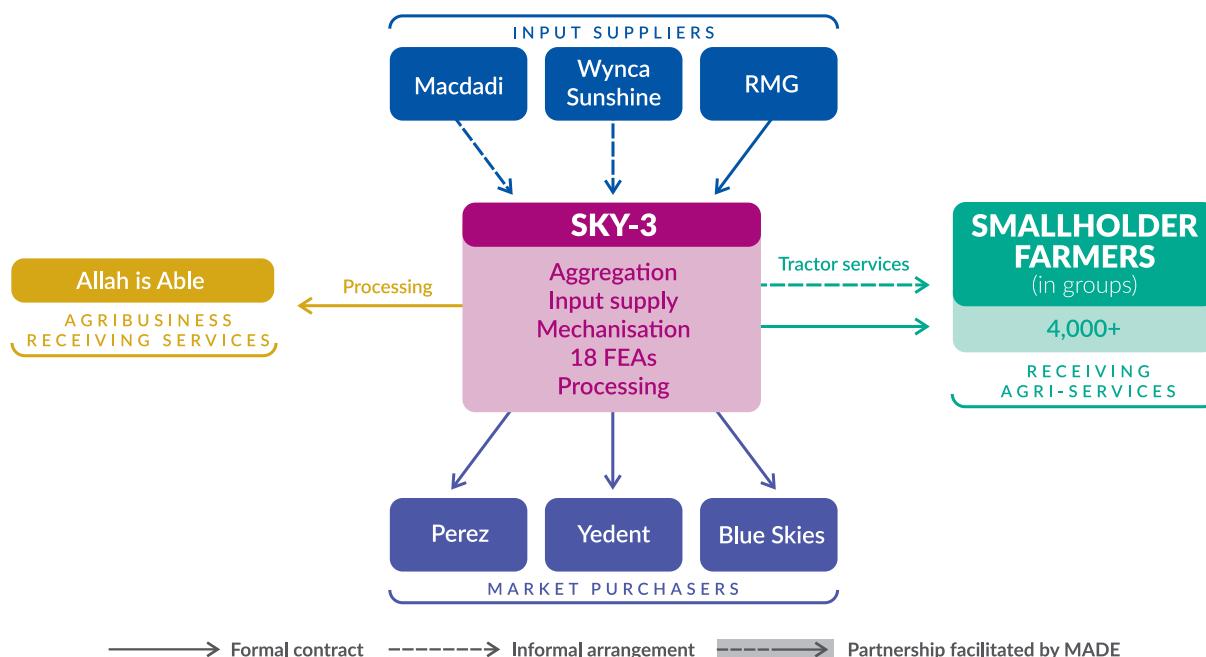
Yedent Limited, a MADE partner, finances inputs for 2,000 of SKY-3's acres. The company also acts as an off-taker so that SKY-3 can contract farmers knowing that the market is secure. The payment terms stipulate 14 days for input payments but Yedent can often take a month to pay; this means SKY-3 has to take out bridging finance which is expensive. SKY-3 has also picked up a new contract to clean and process maize from Allah is Able as a result of a MADE introduction.

Other business-to-business partnerships

SKY-3 buy inputs from Wynca Sunshine but has to pay within 15 days. The company has formal contracts with several other companies, all of which it reports have been strengthened since its participation in the MADE programme: RMG supplies inputs, which are paid for at the end of the season; Peraise Company buys processed raw cassava for fufu flour production; Blue Skies buys mangoes; and Macdadi supplies inputs for mangoes.

Business-to-farmer relationships

For cassava, rice and maize, SKY-3 manages farmers in groups of 10. The company has contracts with all farmers and a different manager for each commodity. SKY-3 provides inputs on credit and its SHFs are obligated to sell 50% of their crop back to the company in addition to their recovery. SKY-3's Farm Enterprise Advisors (FEAs) are restricted to serving a maximum of 250 farmers each, so they can service them well; this has led to some dropping unproductive farmers in preference for better ones.



Business-to-business and business-to-farmer relationships for SKY-3 Investments Ltd

Smallholder farmer safeguarding

For the first time this year, SKY-3 took out crop insurance for its SHFs at the request of RMG. RMG negotiated the premium, which was 6% of the value of the crop, and SKY-3 paid for the SHFs' insurance and rolled up this cost with that for inputs. The SHFs were not pleased that their recovery amount increased. SKY-3 use an irrigated demonstration plot to test seeds before distribution to protect SHFs against low germination rates.

Constraints and opportunities

Finance is a major constraint for SKY-3. The company has a GHS 200,000 loan with the Kintampo rural bank at an interest rate of 38% plus charges. SKY-3 has calculated that with manual harvesting losses are 15–18%, but with mechanisation this is reduced to 2%.

Growth potential

SKY-3 estimates a 40% increase in revenues due to the MADE programme. The company is particularly interested in growing its rice portfolio: there are 57,000 acres of land suitable for growing rice in the area but local farmers are using only 1,200 acres.

Additional insights

The company has trained staff, including four women, on mechanisation, and notes that because women are more careful, their machines break down less often. SKY-3 has seen the benefits of better data management as this has assisted the company in securing input funding for 1,000 acres from the Ghana Agricultural Investment Programme, although the company has had challenges in using Microsoft Access.