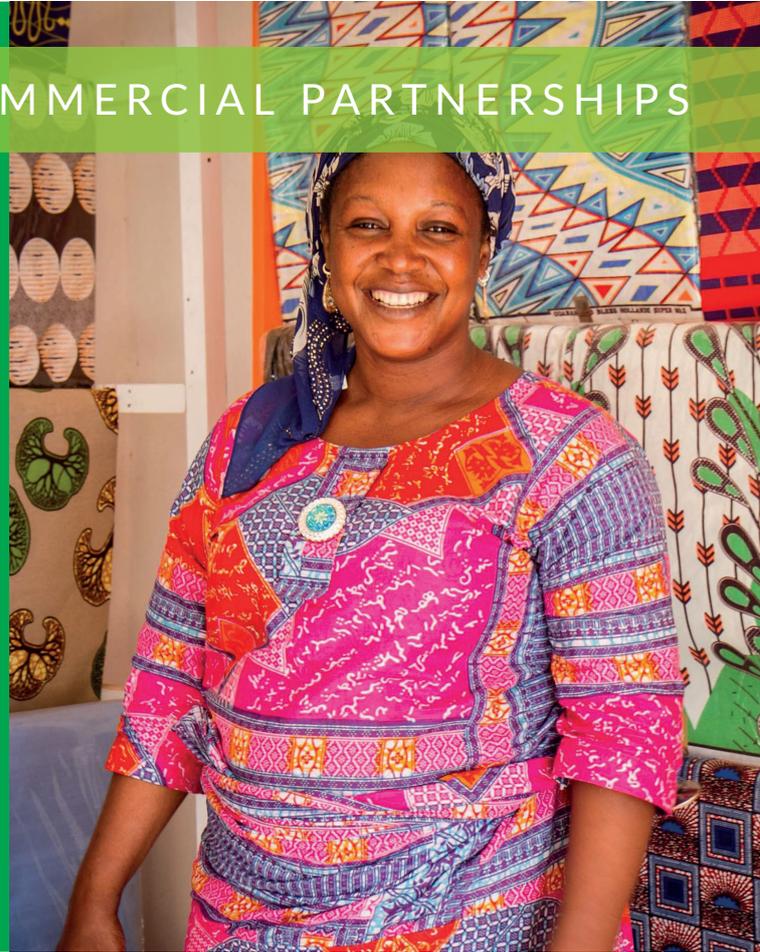


## SNAPSHOTS OF COMMERCIAL PARTNERSHIPS

### ZUG FAAN ENTERPRISE

Zug Faan was established in 2013, primarily as an aggregator operating in seven districts across the Northern Region. The business developed from informal aggregation and market sales of commodities such as millet to setting up a nuclear farm of 40 acres growing groundnuts, maize, rice and soya beans. Zug Faan owns two big stores and shares a warehouse with another aggregator. The company currently sources crops from 2014 out-growers, 25% of whom are women.



### Business-to-business partnerships through MADE

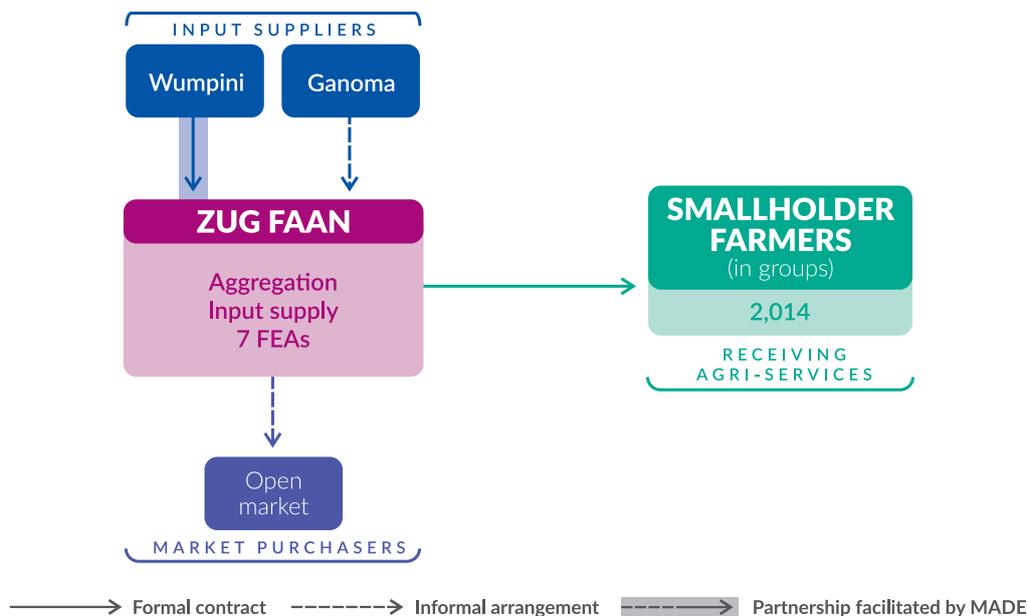
Zug Faan is a support enterprise that was introduced to the input dealer and lead firm Wumpini through MADE. The company was wary in the first instance of taking long-term credit (eight months) for inputs, initially opting to only do this at a small scale. Once the owner, Ms Jawharatu, became comfortable with the arrangement, she scaled up to take inputs from Wumpini on credit for all her out-growers.

### Other business-to-business partnerships

Prior to purchasing inputs from Wumpini, Zug Faan bought from Ganoma, which provides only short-term and *ad hoc* credit.

### Business-to-farmer relationships

Zug Faan has developed strong relationships with its smallholder farmers (SHFs) and achieves high recovery rates (97% in 2018). The company provides 50% of inputs to farmers on credit to manage risk, and records of these loans are managed by the leaders of farmer groups. In addition, SHFs pay for tractor and harvester services in advance. The SHFs have benefitted from support provided by Zug Faan's seven Farm Enterprise Advisors (FEAs) and have found the Wumpini inputs to be of good quality. As a result of the bundle of services, maize yields have increased from five to seven bags per acre and SHFs are increasing their land use, in some cases doubling from two to four acres.



Business-to-business and business-to-farmer relationships for Wabco Limited

### Smallholder farmer safeguarding

Zug Faan's conservative approach to input loans and provision of credit to SHFs reduces its exposure up and down the value chain. While this conservative approach may constrain growth, it reduces the likelihood of the company and its SHFs facing financial difficulties, e.g. in the event of a poor harvest.

### Constraints and opportunities

While Zug Faan sees the benefits of the FEA model, it considers that there remain operational challenges. The company can only afford three motorbikes which have to be shared among seven FEAs, limiting their ability to access and support farmers. In addition, Zug Faan has seen three of its FEAs leave for alternative employment at the Ministry of Food and Agriculture – where salaries are higher than the company can afford to pay – and has had to recruit replacements. Ms Jawharatu also sees the lack of tractor availability as an issue for her farmers, who are in particularly rural locations, and she did not know of any tractor companies with whom she could partner.

### Growth potential

Zug Faan's farmers are increasing both their yields and acreage and the company has previously reported a growth in turnover of 30% driven by the FEA model alone.

### Additional insights

Zug Faan has adopted Microsoft Access and was very positive about the system for managing farmer information.



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Nathan Associates



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Find out more about the MADE Programme, our work and our partners:  
 RC 49A, Gumani, Tamale | +233 372 028228  
 info@ghana-made.org | www.ghana-made.org

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