



Kingdom of the Netherlands



Networking

AN INCLUSIVE APPROACH TO SMALL ACTORS IN AGRICULTURAL VALUE CHAINS IN BENIN



Consortium members



Challenges

In addition to individual entrepreneurs in agricultural value chains in Benin, there is a category of actors who are very active but whose efforts are not very visible due to their inability to respond to trade opportunities. Still called “vulnerable groups,” this category of disadvantaged actors concerns subsistence producers, producers and processors, small retailers, and traders who are the most affected by food and financial insecurity. These so-called “small” actors, very numerous and overshadowed within communities, must be taken into account in interventions. They can play a very important role in mobilizing supply in value chains and thus also take advantage of the opportunities offered by the Beninese and Nigerian markets.

The proximity of the Communes of intervention of the Communal Approach to the Agricultural Market (ACMA) program to Nigeria and the urban centers in the south of Benin facilitates the sale of agricultural products in local markets where Beninese and Nigerian buyers meet who are connected to a multiplicity of small actors who sell their products there. There are many relationships between these different actors through their membership in farmers’ organizations and other associations that are more or less active and several of which operate in the value chains targeted by the ACMA program (Box 1).

Box 1 | The ACMA Program (2013-2017)

- Overall objective: to improve food security and increase agricultural incomes for economic operators.
- Target groups: producers, processors, and traders, including 40% women, in the 22 communes of three departments bordering Nigeria: Ouémé, Plateau, and Zou.
- Target products: maize, pepper, peanut, soybean, cassava, palm nuts, palm oil, and fish.
- Donor: Embassy of the Kingdom of the Netherlands in Benin.
- Overall Budget: €10 million, of which 40% is for commercial infrastructure under municipal control.
- Duration: November 2013 to November 2017 (4 years).
- Implemented by a consortium composed of the International Fertilizer Development Center (IFDC), CARE International Benin/Togo, Sahel Capital Partners & Advisory Ltd, l’Institut Royal des Tropiques (KIT), and Benin Consulting Group International (BeCG). IFDC leads this consortium.



Target departments

The combination of all these assets (connections with Beninese and Nigerian buyers, membership of organizations and other farmers’ associations) at the level of small actors makes them able to seize market opportunities and contribute to the mobilization of a quality offer. Unfortunately, these small producers, processors, and traders in Benin face enormous difficulties in accessing remunerative markets.

Although markets exist, care should be taken to ensure that small actors are able to provide marketable surpluses in the required quantity and quality. In other words, these small actors would have to be able to produce a supply capable of satisfying demand, which is far from the case. At the same time, there is a high level of dissatisfaction among vulnerable groups regarding pricing. In fact, it is the buyers who impose the purchase prices of the products according to their will, who fix rigged and arbitrary units of measurement (for example: normally palm oil is sold in a 20-liter can, but the actors have distorted this can in such a way that it can take up to 24 liters, thus defrauding the sellers) as well as the terms of payment (sometimes credit sales are followed by a long wait and debt losses). Many people complain about “low prices” and “irregular prices.” This follows from the power relationship between the strongest actors and the weakest actors. Indeed, the strong players – the intermediaries that have the monopoly of the markets with the most facility and resources – overshadow the so-called weak small actors, which does not allow them to stand out. As a result, the incomes of the small actors are dwindling, and the profit is weakened. In short, the balance of power in the markets is not working.

This situation is compounded by other challenges that small actors face on a daily basis. Small actors have little opportunity to obtain financing from financial institutions or are not even aware of grant opportunities. Due to lack of working capital, small actors sell their products to meet their immediate cash needs. They also have limited access to material resources, resulting in a lack of adequate facilities to improve the quality of their products. These actors are unable to seize the few learning opportunities that exist due to the lack of information and the ignorance of standards and norms related to the product market. In addition, they are poorly organized and often work in isolation, without consistency with their peers, resulting in a lack of visibility.

Targeting and Networking of Small Actors

The ACMA program used an approach based on targeting and networking small actors who are members of the Agribusiness Clusters (ABCs) and strengthening their key capacities for mobilizing competitive product offerings.

For the targeting of actors, criteria have been defined in relation to the standard of living of vulnerable groups who, in a context of agricultural entrepreneurship, have little marketable surplus. These groups have limited access to means of production, including labor, equipment, and financing (working capital for lack of guarantees and organization), and have limited access to market opportunities, mainly because of the fragmentation of supply.

In villages, there are sometimes small actors within local associations, such as Village Savings and Loan Associations (VSLAs), which are solidarity groups in which members contribute to the financing (loans) of income-generating activities. They are also found in processing units and in fields working as labor.



A woman participates in small actor training



Around certain agricultural products (pepper, palm oil, fish, and gari) where there were attempts to organize, the ACMA program was accompanied by support to producers and processors to better organize themselves to discuss market issues and especially their mobilization to sixteen opportunities that have arisen. For example, groups of producers, processors and traders have emerged on the basis of a minimum of principles (transparency in management, trust, respect for product quality, and respect for commitments) with the aim of working together, pooling efforts and being able to raise their voice in trade negotiations. ACMA’s program team has facilitated the establishment of the networks and strengthened their functioning (Table 1).

Table 1 | Networks of Small Economic Actors Supported by the ACMA Program

Commune	ABC	Network	Members
Ouinhi (Department of Zou)	Gari	Gari “sohoui” processors	117 women processors
		Gari Women Processors of Akassa village	4 with 25 actors each, mostly women (90%)
	Palm oil	Producers, processors, and traders	110 active actors
Djidja (Region of Zou)	Pepper	Producers and traders of fresh pepper	38 actors
		Producers and processors of dried pepper	45 actors
Adjohoun (Region of Ouémé)	Pepper	Producers and processors of fresh pepper	10 with 20 persons each
		Processors of dried pepper (pepper powder with spices, pepper enriched with fish, single pepper)	15 women processors
	Palm Oil	Producers and processors	7 with 20 persons each
Bonou (Region of Ouémé)	Palm Oil	Processors and traders	124 active actors
Dangbo (Region of Ouémé)	Pepper	Processors of dried pepper (pepper powder with spices, pepper enriched with fish, single pepper)	15 women processors
		Producers and processors of fresh Pepper	5 with 25 persons each
Avrankou (Region of Ouémé)	Fish	Gbagla-Ganfan and surrounding smoked fish ponds	24 fishmongers
Pobè (Region of Plateau)	Palm Oil	Producers, processors, and traders	85 active actors

Increasing the Quantity and Improving the Quality of Processed Products

The Gari Sohoui Quality in Ouinhi Commune.

The women processors coming from the surrounding villages of Dasso (Akassa, Yaago, Ahicon, Aizè, Zoungo, and Houédjà) in the Commune of Ouinhi, Region of Zou, have received training on the quality standards and norms of the gari “sohoui.” Gari sohoui is a finely processed and clean gari that cooks dry. Many consumers prefer its taste. Women have appropriated quality standards and ensure regularity in the provision of gari sohoui to the Medjlo group (which means “who has



the will” in Fongbé language). This group already has expertise in manufacturing gari sohoui and is connected through the ACMA program to Beninese supermarkets in urban centers (Champion, Mount Sinai, the basket, Petit Prix, Eco Prix, La Tonarde, and La Carmélie). This group makes gari sohoui enriched with coconut, pineapple, and soy. In order to satisfy its customers, the Medjlo group needs to be able to deliver quality gari sohoui, which constitutes its raw material. The Medjlo group has therefore trained the network’s processors on its quality requirements. The network’s processors thus provide the group with the quality of gari sohoui that the company needs and takes advantage of this opportunity to serve women in local markets.

Buyer interest in their products is a strong motivator for women to persevere and improve further, which in turn enhances brand image and increases the reputation of the gari sohoui. However, the group Medjlo, the main and almost only major customer of the network’s women processors, was unable to buy back the entire amount of gari sohoui produced. As a result, the activities of the network’s women processors have slowed down. This explains the need to diversify the sales markets, which will encourage women to increase the volume produced.

Moreover, because quality issues are crucial, the ACMA team’s coaching has enabled the network’s processors to improve their know-how in order to satisfy customer expectations and conquer other markets.

With the support of the ACMA program team, marketing committees have been created to manage group sales operations. Each committee is composed of three members who are responsible for the information, engagement and sales. The committee deals with sale operations and reports to the entire network. Tools were developed, and committee members were trained on technical and organizational aspects.



Women from the Medjlo Group package Gari in Bags

the Beninese (supermarket) and Nigerian markets in the period from February to June 2017 at a price of 500 CFA francs/kg of sohoui gari and 300 CFA francs/kg of ordinary gari. Nigerian buyers come directly to Benin for their purchases or in other cases, express the demand remotely and the gari is transported to Nigeria through various transport opportunities.

Box 2 | Testimony of a Woman Gari Processor



Two buyers came to my village to buy my gari because of its quality. With the isolation of our village no one had done this in the past. I sold the available stock and they asked me to produce more to meet their demand.

The Medjlo group is the main purchaser that receives the gari sohoui from the other members of the network for processing into enriched gari before its marketing to Nigerian buyers. However, provision is made to ensure that in the event of a single order for a large volume of sohoui, each processing unit contributes directly to the mobilization of this offer and is remunerated directly by the buyer.

The improvement of the quality of the product and the quantity of the offer was also made possible by equipment support (construction of a modern processing unit equipped with grating machines, presses and Basins) to the Medjlo group. According to statistics collected from the group, some 2,344 tons of enriched and ordinary gari sohoui were marketed on



Production of Pepper Powder in Dangbo

On the initiative of pepper-drying, the ACMA program team has supported two pepper-processing women's groups for better pepper preservation in order to help them to avoid selling off their products at very low price in the abundance season. Since then, these women have been making efforts to produce pepper powder, which they have started selling at the Coop supermarket in Porto-Novo. These include, but are not limited to, simple ground pepper, spice-enriched ground pepper and fish-enriched ground pepper.



Ground dry pepper can be a new lucrative option

However, these processors are limited in their processing activities because they do not have adequate processing equipment and do not always take all necessary food hygiene precautions. A learning and exchange visit to Royale Spices, a grocery store in the commune of Abomey-Calavi, a few kilometers from the capital of Cotonou, allowed the processing companies of Dangbo and Adjohoun to better understand the importance of quality in the transformation process and thus to strengthen their know-how. In addition, given the low-performance production means, the volume marketed is still low but makes it possible to make the product known through certain supermarkets. The next step will be the development of a marketing strategy to increase the market share of processed pepper in the near future.

Production of Smoked Fish

The ACMA program team has carried out a series of activities at the fishmongers level in the municipalities of Avrankou, Sèmè-Podji, Aguégues, Akpro-Misséréte, and Adjarra in order to improve the production of smoked fish through the introduction of advanced technology. The fishmongers of these municipalities have benefited from the technical support, and a modern pilot processing machine has been installed in Avrankou and Gbagla-Ganfan.

Because quality is expensive, smoked fish is slightly more expensive. However, this did not cause any difficulties for the marketing of the product. Smoked fish is sold in both Benin and Nigeria.



Modern fish smokers, as shown above, transform fish processing

It should be noted that in the process of improved fish smoking, it is essential to comply with hygiene and quality standards in order to guarantee the well-being of consumers. For example, through training in improved fish smoking techniques, the fish workers became aware of good hygiene practices (BPH) and good manufacturing practices (BPF) related to the handling of fresh fish. They understood that at each stage of the smoking process, there are certain preventative and corrective measures that must be taken to ensure that the quality of the smoked fish is not compromised.

From March to June 2017, the fishmongers sold 1,968 kg of fresh fish in the form of smoked fish on the Nigerian markets (Yana Oba, Owodé, Sabo, and Odjou Olobou) for a total amount of 2,133,225 CFA francs. Based on the experimental data, which show that the amount of smoked fish obtained is one-third of the amount of the cost, it can be concluded that the women sold 656 kg of good quality smoked fish during this period at a price of 3,255 CFA francs per kg.



Box 3 | The Modern Fish Processing Center of Gbagla-Ganfan

The smoking center at Gbagla-Ganfan in the municipality of Avrankou is being built and equipped with four improved Thiaroye-type smoking rooms fully funded by the ACMA program. The equipment allows the fishmongers to improve the quality and quantity of their product, in order to present a competitive offer of smoked fish in the markets frequented in Benin and Nigeria.

The smoking room is equipped with five screens, each of which has a capacity of 20 kg of fresh fish for a total of 100 kg of fish per smokehouse and 400 kg of fish for the four furnaces installed. With these smoking rooms, the fishmongers realized that after six hours of smoking time, they were getting as much smoked fish as they were getting after two days of smoking activity in the past.

In addition, the Thiaroye smoking rooms considerably reduce the arduousness of the women's activities, being much less in contact with the fire. These smoking rooms do not produce flames or smoke at all, thus safeguarding the health of the users. The smoked fish obtained at the end of smoking is of very good quality.



Group Selling Facilitation

Fresh Pepper Bundling in the Commune of Adjohoun

The program team coached and monitored the members of the supply pepper mobilization committees (also known as the Marketing Committee) located in Adjohoun on their roles and responsibilities. The group selling mechanism was reviewed, the management tools (stock and sales notebooks) were revisited with the managers of the operations to explain their importance in the transparency of operations and the establishment of a climate of confidence vis-à-vis their peer representatives (other members of the groups). However, there were still difficulties in filling out the documents because the workload was often heavy on the few members who could read and write French. It is in this perspective that the ACMA program team does a permanent monitoring and that the actors redouble their zeal for their literacy in language that started timidly in places (example of the network in Adjohoun).

The managers have appropriated the management tools for a transparent administration of the group sales made. Experience has shown that good quality products are sold well and at a better price. Thus, the group sale allowed to sell 40.74 tons of fresh pepper in the market of Azowlissè in the town of Adjohoun during the season from March to June 2017 for a total amount of 20,565,500 CFA francs.

Box 4 | The Bundling Benefits

Group selling benefits if members adhere to the following principles:

- They consult and agree in advance on the selling price, which allows for uniform prices.
- Members avoid selling their products. For example, chilli producers agree to harvest chilli in turn. As a result, the product is no longer flooding the market, and this promotes real-time sales at a fair price. This initiative is led by the agricultural



Box 4 | The Bundling Benefits (continued)

service of the communes of Dangbo and Adjohoun and works well without the producers complaining.

- All are rigorous on product quality. When a producer presents a product that does not meet the required quality standards, its product is rejected.
- Proper management of products stored and sold: sell products at the right time, accurate reporting to other members, followed by stored products, no theft or parasitic attacks and return of monies owed to each member as soon as sales are completed.
- According to the testimony of a producer who is a member of a group: “When we are not finished selling our chilli on the market, the others do not find customers because of the quality of our products.”



Assessment of Production and Processing Costs

Producers and processors in general, and particularly small actors, in their marketing activities are not always able to determine whether the prices at which they sell their products are profitable, remunerative, or fair to them. Since the evaluation of production costs is crucial in trade negotiations, a total of 57 people, including 33 women, have been trained in the analysis of production costs and are now able to take into account, inter alia, depreciation costs in economic calculations. The application of the knowledge acquired can be seen in group sales and through firm pricing.



Access of Small Actors to the Formal Financial System

One of the challenges for the small actors is to make them better able to contribute to the efforts to mobilize the supply of agricultural products. To this end, access to formal financial resources by the small actors has enabled them not only to take part in the commercial exchanges carried out but also to market their agricultural products directly and independently. The first case was observed in various group sales of gari, palm oil, and corn through the warrantage system. The second case is illustrated by the sales made by the producers and processors of pepper independently. It is equally important to note that, with a revolving fund, vulnerable groups that were then in the



Stock is mobilized in Ifangni



throes of selling their products and of taking out high-interest loans that kept them in the circle of precariousness, have retreated from this practice. In fact, only 16% of those surveyed (40 people) by the ACMA program say they continue with the sale and 26% still take high-interest loans (Figure 1).

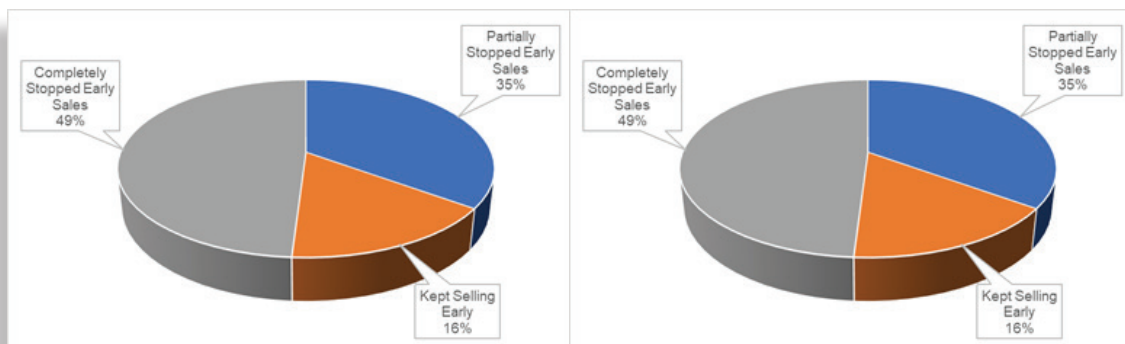


Figure 1 | Effects of the Participation of Vulnerable Groups in Warrantage

Halting the practices of early sale and obtaining of high-interest loans contributes to increasing the incomes of vulnerable groups. Through participation in the warrantage, the vulnerable groups have begun the shutdown of the informal system of financing economic activities that negatively influence their incomes.



Box 5 | Testimony of A Palm Oil Transformer who Participated in the Warrantage System

With the loan I obtained by depositing seven cans of oil, I was able to continue processing in my small unit, and I will be able to deposit at least 20 more cans before the end of the warrantage. You know, when I look at my previous situation, it's a big step forward in my business because I used to produce oil and sell it automatically to the shopkeepers with whom I used to make advances. Now the oil cans I came to drop are for myself... and if only I could have more resources, I will be able to compete with these large processors

Access to Market Information for Small Actors

The ACMA program has informed the small actors on the possibility of following the information on the prices of agricultural products broadcast on the radio through the information system set up during its first phase. Small actors also inform themselves through their peers by calling each other to find out the prices at which products are sold in local markets. They are so close to each other that the sharing of this information is systematic. For example, in the case of the group sale of palm oil within the networks of small actors, the buyer, unaware of the information system set up, wanted to abuse the actors by offering them a lower price at which the oil is sold on the market. But very quickly, Bonou's producers called those of Adjohoun and Avrankou to inquire about the current selling price in these markets and were thus able to fix their price in a fair and profitable way for them. Faced by this done deal, the buyer bowed and bought the product at the sales price set by the small actors.





Lessons Learned

Small producers and processors have untapped potential. Networking has fostered increased participation of vulnerable groups in group sales and increased volumes of marketed agricultural products and incomes. In addition to these quantitative gains, the supported producers and processors have strengthened their decision-making power to the extent that they now have an influence in determining selling prices. They no longer scatter throughout the markets, each with a small quantity of agricultural products. Thus, with larger quantities on the market, they also get greater visibility. Moreover, with better access to information, their organization allows them to be on the lookout for market data.



Network of Fishmongers in Avrankou pose with their product

The lack of cohesion between the actors explains the fragmentation of the observed offer and the non-uniformity of the price within them. Despite this fact, the so-called “small” producers and processors have a great potential to meet the growing demand for raw but, above all, processed agricultural products (local added value) for specific markets, with the aim of improving their incomes. For this, it is necessary first and foremost to equip them in the search of the markets that are within their reach, secondly to facilitate the relationships, and finally to accompany them in the development, mobilization, and management of a competitive agricultural products offer in order to create confidence at the customer level.

A minimum of organization of the small actors is a favorable factor. The networking of small actors is an effective way to appreciate their capacity to mobilize supply, but it is more likely to succeed with economic actors with a minimum of organization and leadership in marketing. To this end, the existing organizations, including the VSLAs, provide a forum for dialogue and exchanges that have made sensitization and mobilization easier and more effective. The links already established within these organizations and the climate of trust in them are key factors in establishing the networks. In addition, the members of these associations already have a culture of mobilizing funds to cover certain expenses (telephone calls, travel, market research, etc.) through membership fees and loans among themselves and thus have a minimum understanding of management.

Market diversification is a key factor for success. The quality of the gari sohoui produced by the Medjlo group opens up other market opportunities likely to increase the demand that will attract more supply from the networks of women processors. However, for more impact, it is necessary for the entire gari sohoui value chain, in particular of the buyers, to allow them to have more capacity to receive from sellers’ offers. If the buyer sells more, it offers more market opportunities to the networks of small actors.



Effective access to credit is also a key success factor. The ACMA team's support focused particularly on access to credit (working capital), in combination with the acquisition of processing equipment (investment funds), the improvement of product quality and marketing, and the entrepreneurial management of collective economic activity (networking, groups). Warrantage is a funding mechanism that is accessible to small actors. However, other mechanisms can be developed and tested in collaboration with local financial institutions. The acquisition of (subsidized) equipment also requires alternative financing mechanisms such as the constitution of an investment fund based on sales made by members, the cooperative model (like the agricultural equipment cooperatives [CUMA]), or investment by an individual with the financial capacity to provide services to other members.

Control of product quality and production costs remains crucial. The conquest of markets, including supermarkets in urban centers, was possible by improving the quality of products, through technical training and the provision of processing equipment. As a result, producers and processors need to invest more in quality control and maintenance (control mechanisms, maintenance, and equipment renewal). This implies a knowledge of the levels of production costs, not only to negotiate fair prices with buyers but also to take into account the depreciation of equipment.

Publication February 2019

Contributors: Ursula KHONEN, Constant DANGBEGNON (PhD); Bertus WENNINK, Chantal BOSSOU AHOKPOSSI; Agbéwonu Kosi DAVO; Colette KIKI HOUZE-BIGA; Valérie HOUNSOUNOU LEGBA; Benjamin D. HOUETO; Olga KOKODE NOUNAGNON; Rassidatou MOUSTAFA; Wabi OBADIMEDI; Edmond ZINZINDOHOUÉ; Clément G. K. MEHOUENOU; Aude Roland GLELE; Juliette AZIAGLO; Adjovi Hugues; Edwidge BANKOLE; Pacôme TOGBE; Mariano DOSSOU-KPANOU; Daniel Morin; Falak TIDJANI; Tunji AFOLABI; Tamou Boko GOUNOU; Sylvanus ZOLIKPO; Andy THIGPEN; James THIGPEN; Julie KOHLER; Courtney GREENE

This publication is the result of the project Communal Approach to the Agricultural Market in Benin (ACMA)

financed by the Embassy of the Netherlands and implemented by a consortium of five institutions - International Fertilizer Development Center (IFDC - Lead Partner), the Royal Tropical Institute (KIT), CARE International, Sahel Capital Partners & Advisory Ltd, and Benin Consulting Group International (BeCG). It has been developed (from november 2013 to 31 december 2017) in three Nigerian border departments with high agricultural potential - Ouémé, Plateau and Zou through seven value chains (VC) initially: palm oil, maize, gari, chilli and fish, then peanuts and soya. The overall objective of the ACMA programme is "the improvement of food security and the increase of agricultural incomes of the direct actors".

Design: Farris Okou (PhD); www.fbhafrica.com

