



Kingdom of the Netherlands



# Communal Approach *to the* Agricultural Market in Benin

AN INNOVATIVE FACILITY TO BOOST  
AGRICULTURAL MARKETING



Consortium members





## Challenges

Despite its agricultural development potential, Benin is not experiencing economic growth in line with its average annual population growth of 2.8% (2007–2017). In fact, the population of Benin was 11,186,785 habitants in 2017, of which 35% still live in conditions of poverty, 11% of households, mostly rural, in food insecurity, and 34% at risk of food insecurity (WFP, 2014). The agricultural sector, which is the basis of Benin's economy, accounts for 75% of export revenues earnings from local products, 35% of GDP, and employs more than 70% of the labor force.

However, agricultural economic actors (producers, processors, and traders) are trying to take advantage of the proximity of Nigeria, the largest economy in West Africa, characterized by sustained population growth. Nigeria and Benin are member states of the Economic Community of West African States (ECOWAS), which promotes sub-regional cooperation and integration with a view to creating a single market. Nigeria is experiencing a growing demand for agricultural products for its food industry. Nigerian agricultural production itself does not meet demand; industries are also sourcing from other West African countries, including Benin.

Economic actors face many challenges in search of more income from the sub-regional market. Their weak organization results in individual moves into the potential markets, which does not yield good results. This hinders their ability to enter highly competitive markets and limits their ability to capitalize upon income earning opportunities. Challenges include sub-regional regulation, which is not adapted to the reality of predominantly small and medium agricultural enterprises, the undervaluing of municipalities (Communes) as well as that of socio-professional organizations, and the absence of collective action to successfully access the Nigerian market. Other common causes include Benin entrepreneurs' lack of information about the Nigerian food industry, stringent Nigerian requirements around food quality and safety, poor supply chain management of agricultural products and the lack of appropriate bulking and storage infrastructure.



## Approach

The Communal Approach to the Agricultural Market (ACMA) program is a facilitating mechanism to strengthen the role of local actors (economic actors and their organizations, communal authorities) in cross-border trade between the Departments of Ouémé, Plateau, and Zou in Benin and Nigeria (Box 1). The program addresses the institutional environment that influences cross-border trade.

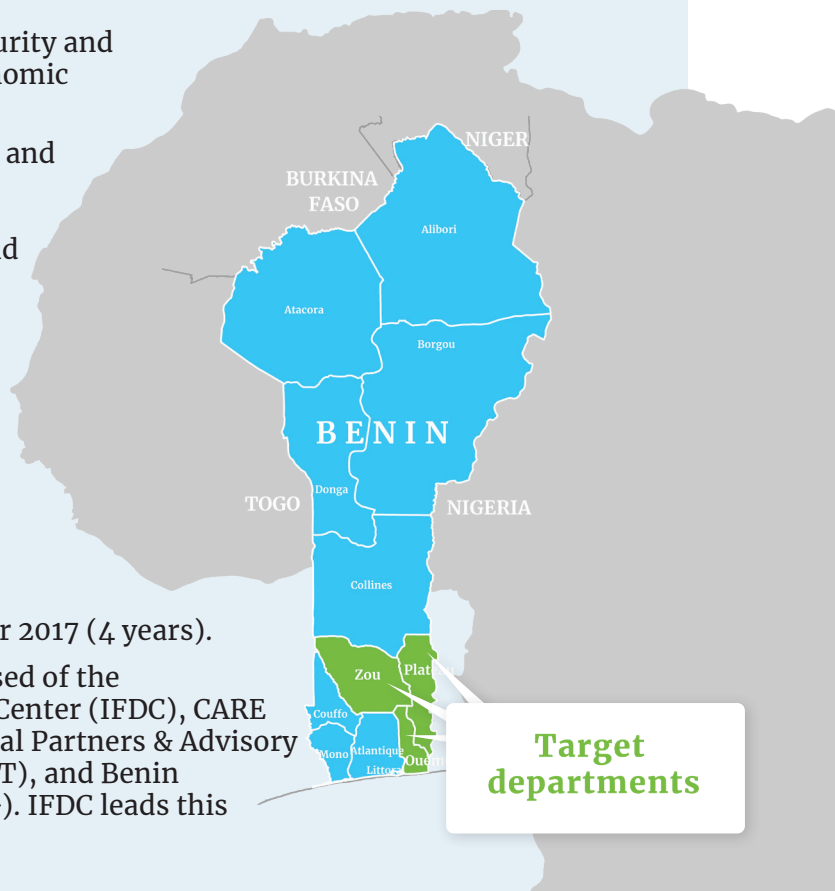
The program's intervention mechanism is based on multi-stakeholder consultations: within the Agribusiness Clusters (ABCs) and at the level of the Intercommunal Consultation Frameworks (CCICs). It is up to the local actors themselves to use their experiences to address the above-mentioned causes and to provide appropriate responses, carried out by themselves. The program facilitates multi-stakeholder dialogues, strengthens their capacity, and facilitates access to funding. Figure 1 below provides information on the ACMA program implementation approach.



*The Technical Service (ST) of the Intercommunal Consultation Framework (CCIC) Zou meets*

### 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.

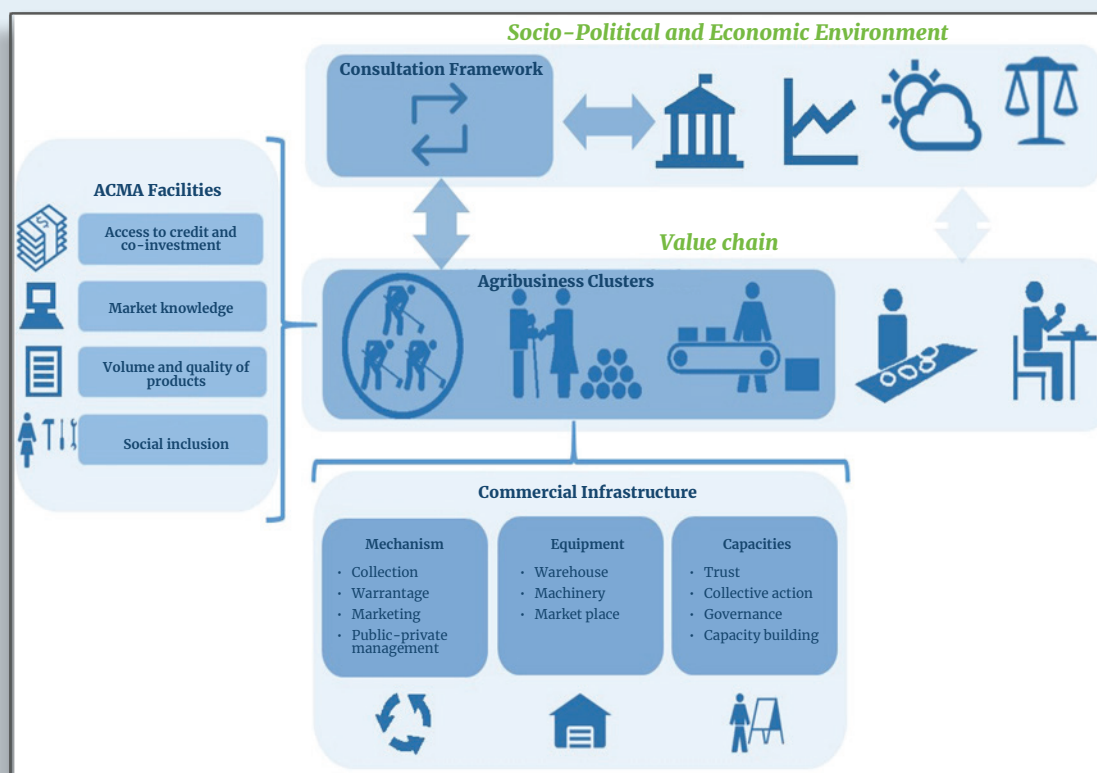


The ABCs are networks of producers, processors, and traders in a given sector who, in collaboration with public and private support structures, organize themselves to provide a competitive supply of agricultural products for the Nigerian market. The ACMA program connects them with buyers in Nigeria; this linkage allows them to better understand the requirements (volume, quality, etc.) of the potential buyer, the procedures to follow, etc. The program facilitates coordination between the ABC members and their training to improve supply to buyers. The program has a guarantee fund with a local financial institution for the granting of loans to agricultural entrepreneurs.

The CCICs are spaces for dialogue, facilitated by the program, between the public sector (communal authorities) and the private sector (members of the ABCs) to jointly address the obstacles that hinder trade in agricultural products in general, and more specifically those that influence cross-border trade. In addition, these frameworks approve the collection and storage infrastructure projects that are identified and proposed by the Agribusiness Clusters. These infrastructures are co-financed by the ACMA program and carried out under the control of the municipality.



**Figure 1 | The ACMA Program's Intervention Mechanism**



## Results

Through 41 ABCs, some 32,000 agricultural entrepreneurs coordinate, collaboration with support structures, the development of competitive offers of agricultural products. The women members of the ABCs (51% of the members) are mainly active in processing (74%) and marketing (83%).

Various ABC members obtained 942 million CFA francs in loans from microfinance institutions, in this case ALIDÉ, a partner of the ACMA Program. 1,498 beneficiaries, including 740 women, benefited from these loans. 1,249 tons of products (maize, gari, and palm oil) were produced.



*IFDC hosts the Alidé Partnership Review Workshop*



The ABCs sold more than 23,900 tons of agricultural products for a total value of 6.3 billion CFA Francs. This includes the aggregated marketed volumes for Beninese supermarkets as well as agro-food companies in Lagos. All of which was produced by women and less endowed smallholder farmers in the ABCs (chili pepper, gari and palm oil), who bulked and sold their products through grassroots networks.

In September 2015, seven Municipalities of the departments of Ouémé and Plateau (Avrankou, Sakété, Ifangni, Adjohoun, Aguégoués, Bonou, and Adjarra) created an Intercommunal Concertation Framework which in February 2016 acceded to Pobè, Akpro Missérété, Kétou, and Adja-Ouèrè, five other Municipalities of the same departments. The CCIC has identified the main obstacles to cross-border trade: multiple local taxes at the municipal level, road traffic congestion along trade corridors, insecurity in all its forms, and a lack of awareness of the laws governing trade with Nigeria.

Following a workshop on the status of the Local Development Tax (TDL), the CCIC of Ouémé-Plateau implemented a trajectory that in 2016 led to the harmonization of the TDL in member municipalities. On the basis of a study on road harassment on three cross-border trade routes with Nigeria (Ifangni – Adjégounlè, Adja – Ouèrè-Odja – Odan, and Kétou – Illara), the CCICs undertook advocacy actions with the authorities concerned to reduce the jams in October 2017 and made contact with Nigerian authorities through visits in 2016 and 2017. The framework has also provided information to transport unions on the procedures to be followed in trade between Benin and Nigeria.

Inspired by the experience in the harmonization of the TDL, the nine municipalities of Zou (Abomey, Agbangnizoun, Bohicon, Covè, Djidja, Ouinhi, Zagnanado, Za-Kpota, and Zogbodomey) created their CCICs in May 2017 and commissioned a study on the state of the TDL in their municipalities in September 2017 to guide them in the harmonization of taxes.

**Table 1 | Main Results of the ACMA Program (December 2017)**

Agricultural Enterprise Clusters		Ouémé	Plateau	Zou
	• Maize	0	3	5
	• Pepper	2	2	2
	• Soybean/peanut	0	0	5
	• Gari (cassava)	0	2	4
	• Palm kernel/palm oil	3	4	2
	• Fish	5	1	1
	• Number of economic actors affected: 32,000, of which 51% are women			
	• Number of organizations affected: 431, of which 35 % are managed by women			
<b>Municipal and Inter-Municipal Consultation Framework</b>	<b>CCIC Ouémé-Plateau:</b> <ul style="list-style-type: none"> <li>• Member municipalities in Ouémé: Adjarra, Adjohoun, Aguégoués, Akpro Missérété, Avrankou, and Bonou</li> <li>• Member municipalities in Plateau: Adja-Ouèrè, Ifangni, Kétou, Pobè, and Sakété</li> </ul> <b>CCIC Zou</b> <ul style="list-style-type: none"> <li>• Member municipalities: Abomey, Agbangnizoun, Bohicon, Covè, Djidja, Ouinhi, Zagnanado, Zogbodomey, and Za-Kpota</li> </ul>			
<b>Business Relationships</b>	<ul style="list-style-type: none"> <li>• 147 buyer-seller business meetings</li> <li>• Database of 246 potential buyers in Nigeria established</li> <li>• 74 sales contracts (formal and informal) concluded</li> </ul>			
<b>Funded by Financial Institutions</b>	<ul style="list-style-type: none"> <li>• FCFA 942 million in loans (working capital and warrantage credit)</li> <li>• 1,249 tons of products (maize, gari, and palm oil)</li> </ul>			



**Table 1 | Main Results of the ACMA Program (December 2017)** (continued)

Commercial Infrastructure	Commune	Type of Infrastructure	Volumes (tons)
	• Adjarra	Fish market	100
	• Adjohoun	Palm oil storage center	300
	• Aguégoués	Fish market	100
	• Avrankou	Palm oil storage center	150
	• Bonou	Palm oil storage center	350
	• Dangbo	Storage facility for pepper	100
	• Adja-Ouèrè	Storage facility for gari	1,000
	• Ifangni	Storage facility for maize	1,000
	• Kétou	Storage facility for maize	1,000
	• Pobè	Storage facility for maize	1,000
	• Sakété	Palm oil storage center	300
	• Djidja	Storage facility for maize and pepper	500 and 250
	• Ouinhi	Storage facility for maize	500
Marketing of Agricultural Products	Product	Volumes (tons)	Value (millions FCFA)
	• Maize	7,958	1,029
	• Gari	8,810	2,439
	• Palm kernel	962	3,321
	• Palm oil	5,432	2,253
	• Soybean	103	20
	• Pepper	493	91
	• Fish	170	118
Increase in Agricultural Income	Products	2015-16	2016-17
	• Maize	Growers: -18%	Growers: +10%
	• Pepper	Growers: -12%	Growers: -17%
	• Gari	Processors: 100%	Transforms: 28%
	• Palm oil	Processors: 28%	Transforms: 28%

With reference to the situation in 2014, the income of the producers generated by the sale of maize and pepper peaked with an increase between 2014 and 2015, followed by a decrease between 2015 and 2017; and a recovery in prices for maize between 2016 and 2017. On the one hand, these fluctuations are explained by the production (supply); on the other hand, by the devaluation of the Naira in Nigeria in mid-2016. Demand for white (human consumption) and yellow (poultry feed manufacturing) maize remained relatively strong and prices recovered.

As for gari and palm oil, products produced by local processing and marketed by processors, the incomes generated by these processors have gradually increased, despite the devaluation of the Naira. Here, too, demand seems to remain strong in the Nigerian market. In addition, gari and palm oil processors have succeeded in expanding the Beninese market by investing more in improving product quality.





# Lessons Learned

**The development of a competitive supply of products** adapted to market requirements (volume, quality) remains the best learning ground for Beninese producers and processors. The collective marketing actions carried out by producers and processors make it possible to have a shared knowledge of the experiences already in progress and to add to them in order to improve their commercial practices. Through the commercial exchanges initiated by the ABCs, they learn how to exploit the opportunities offered by both the Nigerian and Beninese markets.

As the market is dynamic, it remains the driving force behind the changes. Subsequently, **prioritizing flexibility in facilitating dialogue within the ABC** is proving to be effective. To this end, demand on the Nigerian market remains strong, but this market is not immediately within the reach of all producers and processors (volume and quality required, costs of formal proceedings). Therefore, the ACMA program has chosen to identify market opportunities in Benin and to facilitate access to them.

**Market orientation remains fundamental**, but at the same time, it is limiting; it is important to develop value-added actions on all the links in the agricultural sectors in order to seize market opportunities. Considering trade alone, which is only one link in the chain, minimizes the chances of seizing other existing market opportunities.

**Networking** of producers and processors with few productive resources through the ABCs is proving to be an effective approach to integrating them gradually into the organization of group sales. The accompanying of these actors in the trade highlights the obstacles encountered but also stimulates the emergence of local solutions as well as proposals for changes to be made at the national and sub-regional levels.

**Credit warrantage** financing is proving to be a decisive factor in mobilizing supply, both in terms of volume and quality. Credit is an important lever to increase the mobilized volumes of maize, gari, and palm oil (up to 33% increase). At the same time, it is a means of encouraging producers and processors to improve the quality of produce produced under guarantee (quality control).

**The public-private** dialogue within the CCICs around cross-border trade, which is the common interest of all, contributes to mutual understanding and the creation of a climate of trust between these actors to act together. The consultation frameworks also contribute to a better governance of public investments (realization of commercial infrastructures) by their economic orientation.



*The ACMA Monitoring Committee visits field sites*



These commercial infrastructures, which have been built under the control of local authorities, play their role (grouping and storage of products, collective marketing) only if the appropriate management arrangements are put in place. These arrangements involve a combination of measures: mobilization of supply; quality control; financing of operations (pre-financing of purchases from producers, credit warrantage); collective marketing (stock management, contractualization), and public-private management of infrastructure.



***Ikpilè boasts a 1,000-ton Gari Warehouse***



***A committee tours the inside of the Ifangni 1,000-ton Maize Warehouse***

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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".

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