

Regular planning process resulting in co-investments for upgrading: staggering and scheduling planting



1. Pioneer partnership

2SCALE's Cassava partnership with Psaltry International was implemented in Oyo state from 2012-2018 in the southwest of Nigeria. One of the replicable practices developed in this partnership was of staggering and scheduling cassava planting. The practice was first introduced in the 2015 farming season in the first phase when Psaltry could not find fresh cassava roots to enable all year-round processing. The overall ambition of the practice is to avail supply of high quantity and quality of cassava roots from farmgate to Psaltry factory at cost-effective prices for the raw material and ensuring profitable and sustainable returns for farmers. This is expected to overcome the impact of price fluctuations in the value chain led by Psaltry.

Before the replicable practice was introduced, farmers planted their farms within the second quarter of the year, from April to June when the rains are fully established. This aligns their harvest period within the same period 8-12 months later. At harvest, glut sets in, because all the farmers are harvesting at the same time thus cassava root prices depreciate benefiting the off taker just for that period. After harvest, price spikes due to scarcity thus becoming a challenge for off-takers like Psaltry.



Staggered cassava planting for year-round production

2. Replicable practice

When most of the farmers harvest cassava roots at the same time, the price and demand drops and the farmer lose valuable income. Pсалtry on the other hand has finite factory production capacity therefore, even when the factory works for 24 hours a day it cannot process all the cassava root available within the glut window into starch and high-quality flour to meet the annual demand of its customers. During the scarce period, however, the company must pay more for cassava roots which cuts significantly into its margin. Farmers during this scarcity period do not have enough root to sell and make up for the losses of income during the gloat period. Hence the need to plan and stagger production at farmer level with the buy-in of the agribusiness cluster actors.

Regular planning and co-investment with sector actors (processor, financial service providers, input service providers, transporters, and farmers) to stagger and schedule planting of cassava is one way to guarantee access to quality roots to meet the raw material demand of Pсалtry, ensure sustainable income for farmers and limit the impact of cassava root price fluctuation. The practice involves grouping farmers in blocks within the target cluster areas to plant at different dates from March to August during the peak of the raining season.

To summarize, this practice is addressing constraints in terms of ensuring sustainable cassava root availability both in terms of quality and quantity, minimizing the impact price fluctuation due to scarcity and glut and guarantee better income for farmers throughout the season. This practice is already being replicated in the cassava PPP with Promise Promise Point general trading company within the same region.

In summary, this practice is addressing constraints in terms of:

Inclusion

- **Ownership:** This practice guarantees ownership of the assets at farm level. The farmers own their plots and use this to produce the roots for supply to Pсалtry. The ownership remains with them and extends to the point where they see the value chain and the factory of Pсалtry their customer as their own. During the scarce period when Pсалtry is not liquid, farmer's negotiate and agree to supply to Pсалtry while expecting payment in a future date due to better planning. They do this because they trust the market and try to contribute towards ensuring the company remains operational.
- **Voice:** The core actors in the value chain buy-into the idea and plan together in the governance meetings. The farmers are better organized and empowered to negotiate with the off-taker in a way that is mutually beneficial.
- **Risks:** Pсалtry guarantees access to market for the target farmers all year round because of the factory's capacity and with this practice it ensures Pсалtry stay in business, meets customer demand, and cuts down on losses due to root scarcity during the off-season. The farmers on the other hand are motivated to adapt these practices because it ensures they have control over the income at harvest and not forced to sell at lower prices due to fear of losses.
- **Rewards:** It's a win-win situation for both the farmers upstream and the off-taker Pсалtry. The roots produced and supplied at different periods allows Pсалtry to plan for payments, negotiate better with its customers and suppliers and organize factory operations. This also has a way of limiting the impact of price fluctuations ensuring there is cassava all year round and the prices and beneficial to both the farmers and off-takers. Financial service providers in this case First City Monument Bank (FCMB) became interested and invested in this plan because the supply chain is organized.

3. Preconditions for replication

The following conditions are necessary for this replicable practice to succeed:

1. The market leadership of the business champion is imperative for the success of this practice replication. The farmers and other grassroots actors must trust the champion and the business idea connected to market. The market opportunity must be clear and the champion must agree to enter a supply contract with farmers and other value chain actors needed for this intervention to be successful. Banks want to see a strong business case that ends with a market for the farmers and for the processed cassava products from the champion before they can invest in this type of arrangement.
2. The challenge must affect the core actors of the value chain. In this case, availability of roots for the champion and sustainable income from guaranteed markets for the farmers. This problem provides the motivation for these actors to integrate other value chain actors to invest and make a change in the value chain.
4. Availability and access to quality inputs and finance is needed for this replicable practice to be successful. A coordinated input credit scheme led by the champion is required to provide access to quality planting materials to kick-start the practice including stems and cassava specific fertilizers and pesticides. This scheme can either be financed by the champion or financial credit provider in an inclusive and cost-effective way.
5. Farmers must continue to have ownership of their land to ensure sustainability and not get locked up in one supply chain.

4. Results Achieved

The results achieved during the period include:

- 1. About 3,500 SHFs (Incl. 35% women) were reached and integrated into the supply chain.
- 2. 150 million Naira input credit was mobilized via FCMB to farmer's cooperatives and working capital for Psaltry to boost production.
- 3. Cassava specific fertilizers were channelled to the farmers because of the credit support from FCMB.
- 4. Psaltry is now able to buy about 65 tons of cassava roots daily all year round within 50kms radius from its factory.
- 5. Traceability of raw materials to farmgate became possible.
- 6. Trust and transparency was fostered among the chain actors especially the farmers and the off taker.

Want to know more?

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