

# 2SCALE



## Highlights 2018

2SCALE Consortium



BoP INNOVATION CENTER



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Netherlands



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# 1. Building agribusiness

## About

2SCALE builds agribusiness networks. We connect small-scale farmers with each other, with produce buyers and processors, and with other partners who supply goods and services. We provide training, technical advice and business linkages to help farmers and small businesses become more competitive, able to respond quickly to new opportunities. We've helped build agribusiness 'clusters' that support local economies and create jobs. Most important, we've shown that the concept of inclusive business – farmers and entrepreneurs working together for mutual benefit – is not simply a theoretical ideal but a practical, effective development approach.

2SCALE was launched in June 2012 and concluded in December 2018. In a little over six years, we've built business partnerships in multiple countries, in different sectors – rice, maize, cassava, potatoes, green vegetables, dairy, oilseeds. We've helped introduce farming innovations, improve business skills, and develop nutritious, affordable food products for the poor. What makes us different from other development programs? 2SCALE is the catalyst, not the financier. More than half the program budget came from private investors.

## Report card

Our end-of-program goal was to reach 550,000 farmers and 2,800 small businesses and farmer organizations, and to attract private sector co-investments of €44 million. We did even better: 627,422 farmers, 4,426 businesses and farmer organizations, more than €60 million in private investment, €4.2 million in 2018 alone. These figures are for partnerships in nine countries: Benin, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Mali, Mozambique, Nigeria and Uganda. They do not include hundreds of small businesses and tens of thousands of farmers in three more countries (Burkina Faso, Niger and Togo) where partnerships 'graduated' in earlier years, becoming strong enough to continue without 2SCALE support.

## Partners

2SCALE is funded by the Netherlands government and implemented jointly by the International Fertilizer Development Center (IFDC) and the BoP Innovation Center (BoPInc). A third partner, the International Centre for development oriented Research in Agriculture, transitioned out this year, having completed its role in 2017.

Behind us are a host of other organizations. Private firms bring in new technologies and



East West Seed, Mali Better seeds, better skills for vegetable farmers

provide technical training. Banks assist with financial literacy programs. Public sector agencies provide staff, facilities and other resources. Development organizations apply inclusive-business concepts in their own programs and fund add-on projects that complement 2SCALE. Universities and international R&D centers support specific research components. For example the Partnerships Resource Centre (Rotterdam School of Management) studies how partnerships evolve, and how they impact on the local economy.

## Process

Profit and development goals do not necessarily conflict. Some entrepreneurs do take advantage of farmers. But many are willing to work equitably with smallholders, and even to invest in building farmer capacity, simply because it makes business sense. We identify entrepreneurs (or business-oriented community organizations) who share our vision, and work with them to move from vision to reality.

The process begins with a business proposal from a group of farmers, a local entrepreneur or sometimes a large company. It could be a new product idea, a diversification plan, a marketing innovation... A small entrepreneur may have the vision but not the resources; a farmer cooperative may need help with business strategy; a multinational may want insights into the local market. There is no standard 2SCALE partnership, no blueprint; every partnership is tailored to local circumstances.

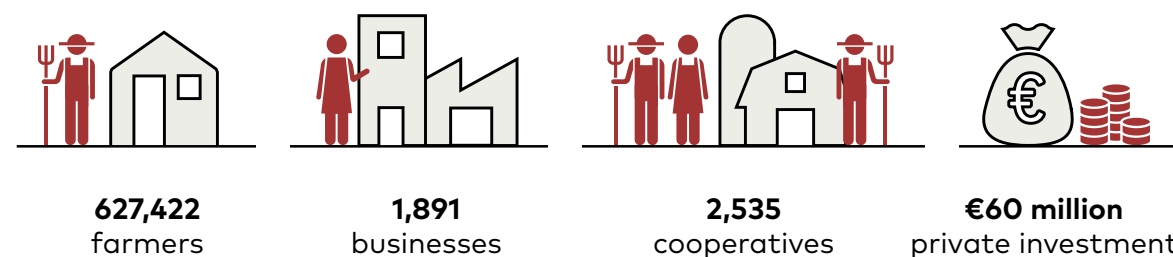
The aim is to build a small business ecosystem; a cluster connecting producers, buyers, and others (mostly small local businesses) who provide seeds, fertilizers, tractors, finance or insurance. The rules of this ecosystem are simple. Determine priorities by consensus, share profits equitably, keep transparent records, and ensure that vulnerable groups, especially women and youth, are part of decision making.

Every cluster has a concrete action plan with timeframes, budgets and responsibilities clearly defined. Implementation is funded largely by the cluster actors, supplemented with a grant from 2SCALE. A trained agribusiness coach, based in or near the community, acts as advisor and mentor.

As business grows, 2SCALE support is progressively reduced. Particularly in 2018, the emphasis was on building for the long term. By December, every partnership in the portfolio had strategies in place to ensure it would remain viable and financially independent post-2SCALE.

## The years to come

We've made progress, but farmers and small businesses in Africa still face formidable challenges. The Netherlands government will fund a similar program starting in January 2019, which will build on the 2SCALE foundation. The new program will be led by IFDC, BOPInc and another international non-profit, SNV.



Achieved by December 2018

## 2. Assessing impact

### Impact

Did 2SCALE succeed? Almost every numerical target was met or surpassed, but there are other dimensions to assessing a large, complex development program. 2SCALE was independently evaluated by SEO Amsterdam Economics, an internationally reputed analytics firm. SEO built on impact studies previously conducted by two other organizations, Research Solutions Africa and the American Institutes for Research.

In summary, SEO liked our work and thus recommended a second phase of 2SCALE to build on the platform created. The new phase, funded by the Dutch government, is already in operation. On the next page you find extracts from the SEO report.



Ethiopia Quality control for chillies at Meki Batu Union

### SEO Report Extracts

#### 2SCALE's bottom up strategy worked well as an incubator model for private sector development

2SCALE plays an important role in building partnerships and value chain linkages, using local knowledge and local networks. 2SCALE's focus on inclusion also played an important role in helping to develop trust between partners and maintain a balanced distribution of market power between actors in the value chain.

#### In terms of outputs and short-term outcomes 2SCALE has generally performed well relative to targets

This is especially the case when taking into account the fact that most partnerships only took off in recent years and it might therefore be too early for all outcomes to have materialized.

#### In most case studies, there is strong evidence of development additionality

Development additionality appears to be particularly strong with respect to the strengthening of the position of (female) suppliers and the introduction of new products aimed at BoP consumers.

#### 2SCALE implemented many measures that help to ensure the sustainability of partnerships

While it is too early to assess sustainability, there are quite a few examples of projects with significant progress towards achieving sustainability, and some are already being replicated by other organizations.

#### 2SCALE has contributed to improving food and nutritional security in many cases

In all but one of our case studies, the partnership appeared to have contributed to reducing malnutrition, for example by increasing the availability and hygiene of fresh dairy products or vegetables, and the development of a nutritious baby food product targeted at BoP households.

#### 2SCALE contributed to inclusive agricultural growth, in particular the position of women

In all partnerships reviewed, 2SCALE increased to some extent the skills, employment, entrepreneurship, productivity and incomes of women.

#### 2SCALE has contributed to ecologically sustainable food systems

Examples range from reducing the impact of roaming cattle on pasture resources to improved soil management practices to reduce erosion and capture and conserve natural soil nutrients.



# 3. Links to markets

2SCALE adds value to value chains. We bridge disconnects between different links, making the chain more efficient and more inclusive. We're working towards an ideal... Small-scale farmers have access to high-quality inputs at affordable prices. Processors have confidence in their supply chain, and are able to offer farmers a reliable market and fair prices. Small businesses provide goods and services efficiently. And consumers – especially the poor – get a wider range of products, better quality and lower prices.

## Better inputs, bigger harvests

 Ghana  Rice seed

As you sow, so shall you reap – which is why we're trying to strengthen seed production and distribution. Rice farmers in Ghana struggled to find quality seed, while millers complained of insufficient supplies. We worked with processing company Wienco to create a 'seed team'. Communities nominated 15 of their best farmers to become seed producers. 2SCALE coaches

provided on-the-job training. Wienco provided foundation seed, fertilizers, herbicides and technical advice, and the Ministry of Agriculture organized quality inspections and certification. In the first season, 72 tons of high-quality certified seed were harvested and sold to Wienco's outgrowers. The seed team aims to double production next season. In Kenya, we partnered with community organization KCSEED to reduce seed potato costs by 80%. Certified seeds can cost up to €800 per acre. Instead, we introduced the concept of 'clean' seed potatoes, which are nearly as good (if grown correctly) and far cheaper. We helped set up and train a small group of seed producers, who now grow seed potatoes of four commercial varieties targeted at different markets. More than 1,000 farmers purchased clean seeds in 2018, many times higher than in any previous year.

Plant nutrition is another priority, because smallholder fields are often deficient in key nutrients. The first step is diagnosis. We work with private soil labs to collect and



Ghana Diagnosing soil sickness in over 376 samples from the rice field



Ethiopia Producing feed for dairy cows at AKF factory

analyze soil samples, and then with fertilizer manufacturers to develop specialized formulations for a particular crop in a particular area. Extensive sampling was completed in Ghana, Kenya and Nigeria in 2018. In Kenya, work on a new fertilizer formulation for potatoes is ongoing, with field trials planned for next season. In Nigeria, we've identified a blend for sorghum, designed specifically to overcome zinc and boron deficiencies, and completed technical discussions with fertilizer manufacturers.



## Crop protection products

 Ghana  Rice fertilizer

In Ghana, we worked with rice farmers to promote Urea Deep Placement, building on previous 2SCALE experience in Kenya. Farmers usually 'broadcast' fertilizer, scattering it over their fields in powder form. Instead, the fertilizer is compacted into pellets and buried just below the soil surface, reducing fertilizer losses by two-thirds and keeping nutrients in the plant's root zone for

much longer. Ghanaian farmers using the new method increased yields by 28% and income by 31%.

## Happy cows

 Ethiopia  Cow feed

In Ethiopia, a partnership with a feed manufacturer and two leading dairy processors is transforming the dairy sector. The key is high-quality feed concentrate, produced by Alema Koudijs and distributed through the processors. Small-scale dairy farmers receive the feed on credit, to be repaid through deductions from milk payments. In parallel, training programs helped farmers upgrade their skills in milk hygiene, animal husbandry, budgeting and accounting. The partnership was the subject of a case study by Wageningen University. Milk yields have increased by 3–6 liters per cow per day. Farmers' incomes rose substantially. Dairy processors Family Milk and Etete increased milk intake nearly three-fold, from 10,000 to 29,000 liters per day.



Can this model be replicated elsewhere? The Wageningen study quantified scalability based on 10 criteria, and concluded: "Scalability... high." For example, on a 1-5 scale we were rated 4.4 for technology, 4.3 for the business case and 4 for awareness and demand. Ethiopia's dairy sector has its challenges – but thanks to our partners, animal feed is not one of them.

### Intelligent systems

Kenya Dairy processing

Supply chain management can be a nightmare for a buyer or processor dealing with thousands of small individual suppliers. We've helped introduce IT platforms to automate the process. In Kenya, dairy processor Feska uses the SmartWeigh system, introduced in 2018. Transactions are fully transparent. Records are accurate and updated almost in real-time. Farmers are paid promptly through mobile money transfer linked to SmartWeigh. The system also ensures traceability and quality because every batch of milk can now be traced back to the individual supplier.

### Investing in growth

Whether the 2SCALE approach works, is for investors to decide. As farmers became more

skilled and value chains grew stronger, private companies have invested heavily in equipment and facilities to absorb (and profit from) the increased production.

In Ethiopia, 2SCALE partner Family Milk built the country's first processing facility for UHT long-life milk. Backers for the €1.5 million plant included an international private equity investor. A crucial factor was the emergence of 2SCALE dairy clusters offering consistent volumes of high-quality milk. Also in Ethiopia, the Tsehay Farmer Union set up factory to produce cooking oil from oilseeds grown by smallholder farmers.

2SCALE, in partnership with PUM Netherlands, brought in a food technologist who helped with design, installation and training. In Mali, partner firm SCS has begun construction of a 40 ton cold storage facility to grade and pack vegetables grown by 2SCALE clusters.

In Kenya, three new products were launched in 2018: Peaks yogurt, Chamcham potatoes and Pishori Classic rice. In each case, 2SCALE teams helped understand the market potential, establish supply lines, and develop branding and market strategies.



Nigeria Quality control at milk collection center



Benin Bringing pineapple to the market





Kenya Paying attention at a dairy training

## 4. Building capacity

If knowledge is power, capacity building is empowerment. 2SCALE aims to help our partners acquire the right skills, and then to apply these skills to make their farms and businesses larger and more productive.

In 2018, 2SCALE capacity building programs reached more than 26,000 farmers (11,000 women) in six countries: Côte d'Ivoire, Ethiopia, Ghana, Kenya, Mali and Nigeria. In the past six years, as a direct result of 2SCALE training, nearly half a million farmers have adopted new technologies or production methods. More than 3,000 farmer cooperatives and small businesses have altered their business practices or introduced new products.

### Training: what, who and how

Training programs cover a range of subjects. From farming techniques to improve yields and quality, climate-smart innovations to increase resilience, business and financial skills for better management, collective action (e.g. establishment procedures for cooperatives),

and others. We combine different tools such as classroom sessions, mango-tree community meetings, hands-on learning plots, model farms, training videos, study tours, exchange visits.

The goal is to cascade knowledge: train coaches who in turn train farmers in their communities. The cascade reaches very large numbers of farmers, keeps costs low, and helps to quickly scale out technology innovations. For example, Nestlé Nigeria was concerned about aflatoxin contamination in sorghum. We helped introduce DryCard technology, a simple, easy-to-use method to monitor grain moisture (moist grain is quickly affected by aflatoxin-causing fungi). Seventeen coaches were trained on aflatoxin control methods, and subsequently trained over 1,000 sorghum farmers. Aflatoxin contamination fell from 12% in 2016 to less than 1% in 2018.

The goal is to help farmers not just produce more, but produce more efficiently, for a

target market. For example, before launching cassava training programs in Nigeria, 2SCALE teams examined costs and revenues to map 'relative resource shortages'. For some farmers the biggest constraint is land; for others, it's the lack of family labor. We also tried to understand why smallholder farmers rarely achieve yields similar to those on demonstration plots; and used these insights to design the curriculum.

2SCALE also helped farmer groups connect with private firms to overcome specific gaps. For example, cassava farmers in Nigeria struggled to control crop pests; we connected farmer groups with spray service providers (trained and supported by 2SCALE partners). Sorghum farmers in Kenya needed mechanization options; we trained 34 young men from nearby communities and linked them to a company supplying farm equipment. They now offer plowing, weeding and harvesting services at affordable rates. Pastoral milk producers in Nigeria had no access to veterinary drugs. In partnership with dairy processor FrieslandCampina and drug supplier CEVA Santé Animale, we set up a pilot program where drugs are delivered to community livestock workers who work closely with milk producers.

### Our training partners

The private sector is a key partner. Input and equipment suppliers provide samples for demonstrations and assist in training. Private partners drive innovations such as new seed varieties, farm equipment and financial tools. From Dutch seed houses (Bejo Zaden, Rijk Zwaan, East West Seed, Enda Zaden, Agrico) to multinational input suppliers (e.g. CEVA Santé Animale, Yara, Bayer, UPL) to African SMEs (e.g. Agrimech, Nyabon, Agventure), private companies are helping transfer skills to small farmers and entrepreneurs, not out of charity but because better skills create a demand for new products and services.

Many clusters are supported by multiple partners, brought together by 2SCALE. In Mali, for example, training for vegetable farmers involves horticultural firm SCS, seed companies Enza Zaden and East West, crop protection specialists CropLife, government agencies (for quality certification) and the World Vegetable Center. In Ghana, two new soybean clusters were established, linking 32 different partners: soya traders, tractor rental companies, input dealers, microfinance agencies and others.



Nigeria Transforming value addition: Training for women processors



## More cooperative cooperatives

Cooperatives and other producer organizations are often weak: poorly managed, not fully trusted by communities, and unable to get their members to work collectively. In 2018 we worked with more than 2,000 cooperatives in six countries, helping to streamline management, improve transparency and identify new markets. In Côte d'Ivoire, rice cooperatives were mobilized and then connected to processor RMG, which is setting up a new rice mill. In Ghana, 51 soya cooperatives (2,300 farmers) were organized under apex associations and connected to processor SFMC.

The first step is mobilization. 2SCALE works with cooperatives, government extension services and local entrepreneurs to help farmers come together on a single

platform, creating new groups or expanding existing ones. For example, eight new dairy cooperatives were formed in Nigeria, in partnership with FrieslandCampina and public sector agencies. These included two youth-only and four women-only cooperatives. Forming and officially registering a cooperative involves paperwork, which smallholder farmers are not very good at. 2SCALE provides help: coaching on procedures, assistance to draft applications, practical advice on management structure and financial training. In some cases, we support advocacy with government agencies. In 2018, for example, new youth cooperatives in Nigeria received their official registration documents. In Cote d'Ivoire, municipalities and regional councils are working with clusters to improve access to water, transport and farm credit.



Ethiopia Potato harvest by Liben cooperative

Three farmer unions in Ethiopia are 'role models'. The Tsehay Union is achieving vertical integration, with primary cooperatives supplying oilseeds to the parent union for processing into cooking oil. The Dansha and Setit Humera unions have built up sorghum production, using varieties suitable for industry; they have also developed solid business skills, able to negotiate even with multinationals like Diageo. In 2018, 2SCALE co-sponsored a study tour for representatives of 21 farmer organizations in Ghana, Kenya and Nigeria to visit the three unions. Ideas shared during these visits – administrative procedures, identification of markets, measures to promote inclusion – are already being implemented.

In Kenya, the 6,000-member MRGM rice cooperative has worked with 2SCALE (and previously with IFDC) for several years, mostly on fertilizer technologies. In 2018 the emphasis shifted to marketing. On our advice, MRGM decided to launch a new brand of aromatic rice. 2SCALE teams conducted consumer surveys to better understand price points and consumer preferences.

We provided advice on advertising and packaging, and helped refurbish the cooperative's retail outlets. Sales took off. MRGM has invested in a new production line, which became fully operational in October 2018. Pishori Classic has been tested and certified by the Kenya Bureau of Standards, opening the door to nation-wide sales.

The most dramatic change was the customer profile. Previously, the cooperative relied on bulk sales of unbranded rice, rather than direct (and more profitable) sales to individual customers. In 2017, MRGM sold only 32% of its harvest directly. In 2018, with a new brand and smart marketing, this increased to 73%.

## Better Businesses

We help build private-sector capacity as well, providing advice on product development, marketing and finance to small businesses. The Business Model Canvas has proven to be a particularly effective tool. Business experts guide entrepreneurs (and cooperatives wanting to become more business-oriented) through the various elements of business strategy: identifying target customers, articulating the value proposition, branding, marketing, distribution, budgeting and profitability analysis. The beneficiaries ranged from micro-entrepreneurs (e.g. small women's groups in Ghana and Nigeria) to dairy cooperatives in Kenya, consumer unions in Ethiopia, to large firms such as rice processor Gan Logis in Côte d'Ivoire. One priority was to encourage small-scale value addition through food processing. For example soy-based products for local markets (rural and low-income urban).

Women soybean processors in Ghana used the canvas to identify different customer segments and opportunities for new products. School children like soy kebabs (cheap, sold in single pieces); adults prefer packed soya milk; rural women prefer dawadawa, a soy-based spice. The processors listed concrete steps – even specific criteria to measure customer satisfaction – which were then put into practice. Processors from established clusters trained new clusters, and business is now booming.

We also help businesses acquire new appropriate technology, often replicating successful 2SCALE initiatives from other countries. In Mali we helped maize processor SONAF develop and implement a quality control manual, ensuring full traceability. Every bag of maize can now be traced back to the farm where it was grown. Partner firms have introduced new storage technologies, such as ecofriendly cooling systems for vegetables (SCS in Mali) and low-cost onion stores (Tays Foods in Nigeria).



# Nutrition in Ethiopia

## Food for thought



Home-cooked food isn't just good for health, it's also good for business. In Ethiopia, 2SCALE support is helping women entrepreneurs expand the range and quality of foods they make and sell. The program focuses on selected woredas in western Tigray and the Gondar zone in Amhara. These areas host large numbers of seasonal migrant laborers working on sesame farms – a huge market for healthy, affordable traditional foods.

In partnership with the Food Science and Nutrition Society of Ethiopia, we've developed 'fortified' variants of traditional foods, for example adding soybean to sorghum or wheat flour to increase protein content. We looked at a number of foods: *injera*, *ambasha*, *kitta*, *bonbolino*, *souse* and others. For each, we developed and tested alternative recipes with slightly different blending ratios. The products were taste-tested with rural communities, and analyzed in the laboratory for cooking quality, nutritional value and other parameters.

The program included training for women processors to ensure they delivered a better product, and understood the advantages of blended flour. To support the training, 16,000 illustrated manuals in Amharic and Tigrina were printed and distributed to farmer groups, government extension agents and NGOs. In October, a food technology expert (seconded through the PUM-Netherlands program) led a two-week training program at the processing factory, training staff on best practices in processing, traceability and materials management for both raw materials and finished products.

Different products had different requirements. *Ambasha* and *bonbolino* are leavened breads, so the flour must be mostly wheat. *Kitta* is unleavened bread, so the flour can contain more soybean and sorghum. For *injera*, which is traditionally made from *tef*, we developed a sorghum-soya flour blend containing almost no *tef*, that tastes very similar to the original.

Lab analysis showed that the composite flours had huge nutritional advantages. For example, sorghum bread is believed to be healthier than wheat bread; and bread made from composite flour (50-20-30 mixture of wheat, sorghum and soya) is even healthier – 92% more protein, 158% more calcium and 175% more iron than sorghum bread.

Five women's groups have been formed, trained, and officially registered. They are now selling home-made sorghum and soya foods, with technical and financial support from three farmer unions, Selam, Dansha and Humera. The biggest challenges are external – power cuts, water shortages, beyond the women's control. Despite this, four of the five groups report that business is growing. Average sales for each group range from €14 to 19 per day, up from zero a few months ago.

Ethiopia Meki Batu Packhouse





# 5. Pilots for the poor

Low-income families often struggle to access high-quality, reasonably priced food products. 2SCALE helps private firms serve this market, through pilot projects to design and test new products and innovative marketing and distribution methods. Pilots aim to establish feasibility and commercial viability, allowing local entrepreneurs to then take over.

Nineteen new pilots were implemented in 2018, focusing mostly on product development, packaging design, and marketing and distribution strategy. Once completed, pilots were evaluated jointly with partners, beneficiaries and industry experts. Not every pilot was successful, but together, the pilots provided insights on customer preferences and marketing options for a range of products in multiple countries. In 2019, many of these pilots will be scaled out into full-fledged partnerships, led by local entrepreneurs.



Kenya Door-to-door sales agents selling Peak products

## Say yes to yogurt

Kenya Yoghurt

Kieni Dairies, a Kenyan cooperative, has launched its own brand of yogurt, targeted at low-income households. 2SCALE provided support at every stage. First, farmer training to increase fodder production and improve milk yields. Then tech support to Kieni (through linkages with PUM-Netherlands) to improve yogurt quality and shelf life. Finally, advice on packaging, branding and marketing.

Test-marketing began in July 2018, with small batches of yogurt and a single retail outlet. The cups were sealed by hand, using a hot iron. Since then, progress has been rapid. The new brand – Peak – has been approved by the Kenya Bureau of Standards. Production will soon reach 1,000 liters per day; 20 new jobs have been



Cote d'Ivoire Word-of-mouth advertising for groundnut paste

created, mostly for young women... and the cooperative has installed a new sealing machine.

## Fura and the Fulani

Nigeria Sorghum

Fura is a traditional sorghum dish, popular among Fulani communities in Nigeria. It's home-made and sold locally – by children, because women cannot talk to strangers. 2SCALE helped a women cooperative in Kaduna State to expand both production and sales. Processors and retailers were trained on product hygiene and presentation. Four Fulani women were recruited as product ambassadors. They went door to door, promoting the new, improved fura – and recruited 16 more saleswomen. And cultural restrictions? A respected (male) government official addressed dozens of community meetings, convincing husbands to allow their wives to join the fura pilot.

Sales of fura doubled in three months. The women's cooperative now has 25 saleswomen, and also supplies to six grocery

stores. The pilot has created 45 new jobs and a sense of empowerment among women who are part of a highly traditional and conservative community.

## Peanut paste

Côte d'Ivoire Groundnut paste

The Komborodougou women's cooperative in Cote d'Ivoire produces groundnut paste, but struggled to compete in a crowded market. The issue was not quality but marketing. 2SCALE helped the women identify potential customers, analyze pricing and package size, design labels, and create a logo.

The new product was launched in late 2018. On the first two days, 175 jars were sold – more than the previous monthly average. This paste stands out from the competition – lighter, smoother, spreads easily on bread. It's sold in 300-gram sealed plastic jars, not the usual flimsy polythene sachets. The local community has given the women a small plot where they will install simple processing equipment; they are confident of tripling production in 2019.



# Cooking oil in Mali

## Scented soya



### Scented Soya

Soybean cooking oil is healthy and affordable – but according to customers in Mali, it smells. With help from 2SCALE, a woman entrepreneur in Bamako has launched a new flavored soya oil, branded, hygienically packed, and targeted at low-income (BoP) consumers.

Businesswoman Kady Traore processes and sells soya products: pellets for fish food, meal for poultry, unrefined oil for soap production, and cooking oil for households and restaurants. Her company, EKT (Établissement Kady Traoré) has been selling soya oil to BoP markets since 2015. Customers liked the price but not the distinctive odor. More refined, high-grade oil was found only in expensive supermarkets, not in small stores in poor neighborhoods. Traore wanted to bring high-quality, affordable cooking oil to BoP families. This was the idea behind a 2SCALE marketing pilot planned and successfully implemented in 2018.

The first step was market research. We interviewed consumers and retailers in Bamako to understand their perceptions on quality, flavor and price. EKT staff and 2SCALE marketing specialists used the findings to design a new product and a branding and marketing strategy.

EKT produced a 10-liter batch of flavored oil, where extracts of garlic, celery and parsley were added after refining. The flavored oil was taste-tested with consumers in Bamako. Feedback was very positive; EKT standardized its recipe and the processing method to ensure uniform quality.

Next, packaging. Previously, EKT's oil was delivered in bulk to retailers, who resold it 'loose' in plastic bags. Instead, we helped introduce sealed plastic sachets, small enough to be affordable for the poorest households.

The brand is called Wassatoulou, meaning 'Oil that gives satisfaction'. It's available in a 45-gram sachet (about 3 tablespoons) costing 100 CFA francs or 15 Euro cents. Wassatoulou was launched on November 27th. By the end of December more than 1,000 sachets had been sold, in addition to 'bulk' sales in 1-liter and 3-liter cans to food vendors and large families.

The pilot aimed not simply to market a specific product, but to strengthen a small local company for the long term. 2SCALE contracted a professional business support service to assist EKT to improve its internal structures and to monitor sales and customer feedback. Six EKT staff were trained on business processes. Wassatoulou has taken off, but the huge market for affordable soya oil has barely been tapped. In 2019 the pilot will scale up into a full-fledged partnership that will include producer groups, to ensure reliable supplies of raw material. EKT is investing in a packaging machine. The goal is to expand oil production five-fold, from 6,000 to 30,000 liters per year.

Another objective is to create jobs in packaging and marketing, especially for women and young men. Currently, the company sells directly to customers at the factory. It is now setting up its own store and also negotiating with retailers in and around Bamako, aiming to establish a distribution network that reaches every BoP neighborhood.

Mali Consumers testing the new, flavoured, soybean oil from EKT





# 6. Finding finance

Repaying a loan is difficult. Getting one is nearly impossible – ask any small-scale farmer! Small farmers and rural entrepreneurs are often frozen out of the formal credit market for various reasons: lack of collateral, poor credit history, (mis) perceptions of business risk... 2SCALE provides training, advice and business support to help these groups access finance from different sources: banks, microfinance agencies, issue of shares, even self-help groups.

## Financial literacy

Every 2SCALE partnership includes farmer education on budgeting, accounting, savings options and bank procedures. In 2018 we rolled out a new financial literacy curriculum to better structure financial literacy training. In addition to 'conventional' subjects like savings, budgeting and credit analysis, the new curriculum covers fintech, or digital and mobile banking using

IT platforms. We have a diverse menu – training is à la carte, cluster actors choose the modules they need.

Trainers from six countries – 2SCALE coaches, staff of microfinance institutions and representatives of savings groups – were trained on the new modules. They are now working with 2SCALE clusters, opening up credit access and equally important, improving repayment rates. For instance in Ghana, we set up a discussion forum with five soybean clusters that had received input loans last season. The forum developed guidelines on loan disbursement schedules, ceilings for individual loans, and 'group guarantors' to ensure that every loan is repaid, in full and on time.

## Grassroots savings

Village Savings & Loans Associations (VSLAs), which 2SCALE introduced in 2015, continue to grow. For example in



Benin Financial linkages to help vegetable farmers invest in new technologies to improve productivity



Access to working capital is problematic for many businesses

Kenya, a VSLA of women sorghum farmers collectively saved more than €7,000 for input purchases. Another group, women rice farmers, saved €2,500 in their first year and used it to pay crop insurance premiums. In Nigeria, a women's dairy cooperative set aside 10 Naira per liter of milk sold. The savings are managed by a local microfinance agency, and will be used to buy high-yielding crossbreeds next year.

Another option pioneered by 2SCALE is to provide farm inputs on credit, backed by multi-party arrangements to make this work. For example in Nigeria, sorghum buyer Nestle, LAPO microfinance bank and fertilizer manufacturer OCP collaborated to provide €95,000 worth of fertilizers on credit to 716 farmers (205 women). In Mali, BNDA bank provided input credits to maize farmers supplying to trading company SONAF. Input credits worth €442,000 have been disbursed to date.

The biggest strength of farmer cooperatives is their ability to aggregate the harvest or bulk-purchase farm inputs. But this requires working capital, which most cooperatives

lack. In addition to helping these organizations access bank loans, 2SCALE helps them identify and tap internal sources of funds. Thanks to coaching, business linkages and advocacy with local administration, cooperatives are using a variety of unconventional options to raise working capital – production levies (e.g. maize cooperatives in Mali), shareholding expansion (e.g. primary cooperatives in Ethiopia), pooled land (e.g. rice groups in Kenya, vegetable cooperatives in Ghana) and pooled facilities (e.g. fences and barn in the Nigeria dairy partnership).

## Money for business

In 2018 2SCALE directly facilitated access to loans worth more than €1.4 million. Some loans were very small, but even small amounts can make a significant difference to grassroots organizations. For example in Côte d'Ivoire, loans from micro-financier CEDAICI have helped rice cooperatives grow to the next level. The Yerelon women's cooperative received their first loan, €3,000 for rice production. The Gbonkaha cooperative received €3,800 to buy a thresher.



Loans to companies were much larger. In Kenya, two partner firms received nearly €800,000 for working capital. Sorghum processor Shalem received €545,000 from CFC and €18,000 from the Rabobank Foundation. Nyabon Enterprises received €125,000 from a British organization and €35,000 from KCN Bank. In Ghana, Heritage Seeds received €40,000 from Advans Ghana Savings, to finance procurement of seeds from its outgrowers.

In Ethiopia, we worked with the Rabobank Foundation to develop loan packages for farmer unions. Three unions (Setit Humera, Dansha and Tsehay) received low-interest loans totaling €678,000, to help them aggregate sorghum, sesame and oilseeds harvested by their members. And repayment? Tsehay received the money in late-2018, used it to buy oilseeds for its cooking oil plant (established with technical assistance from 2SCALE and PUM-Netherlands). In April 2019, it was ready to repay the complete loan, several months ahead of schedule.

### Digital fintech

IT platforms are transforming banking; and we're trying to make sure small-scale farmers are part of this revolution. Two digital financial platforms were successfully piloted: AgriWallet in Kenya and Doni Doni in Mali. Both platforms enable farmers to automatically deduct an agreed percentage from harvest revenue, save it in an electronic wallet, and use the money to purchase inputs for the next season. AgriWallet has been a huge success: by December 2018, 2,758 farmers (1,589 women) were registered, and more than €100,000 transacted in payments and savings. Doni Doni means 'small small' – farmers can save in amounts as small as €0.15. Promotional campaigns began in November 2018. By December, 500 farmers were registered, and two retail kiosks built, funded by the company, owned and operated by local franchisees. Farmers will begin input purchases in mid-2019, ahead of the next planting season.

Likie sales agents in the Guts Agro partnership using phones for payments





# 7. Empowering women

Women play a central role in agriculture, but their contributions could be even greater if gender biases were eliminated. Even in relatively liberal communities, women have less power, fewer resources, less access to training, and lower participation in cooperatives than men. 2SCALE tries to break these gender barriers not through generic 'sensitization' campaigns but with interventions designed to address specific gender challenges within each partnership.

## The gender lens

Our staff are trained to look at every activity through a gender lens. Coaches in Ethiopia, Ghana and Kenya completed this training in 2018 (training in other countries was completed last year), and are using the knowledge to catalyze change in their communities. We're reaching out beyond 2SCALE as well. For example in Ethiopia, participants in our gender training programs included heads of farmer unions and senior staff from government agencies.

Coaches and partners understand the dynamics within each value chain and community where we work. To build on this understanding they use a standardized method (described in a 2SCALE field guide) to structure discussions, identify barriers limiting women's participation, and enlist community support to overcome these barriers.

This approach leads to concrete solutions. For example, we commissioned a study on financial services available to Fulani women in Nigeria, and then partnered with a local microfinance agency to introduce more women-friendly financing options. In Côte d'Ivoire we worked with partners and contractors to increase the number of women coaches, and participation by women farmers increased sharply. In Ethiopia, farmers (both men and women) struggled to find good seed potatoes. We trained 80 women farmers on seed multiplication, and they now supply farmers in several communities.



Nigeria Women's cooperative selling traditional processed sorghum called Fura

Women farmers often find it difficult to access specific services such as plowing, crop spraying or soil testing. In Kenya, we worked with partners to train and equip 50 young men to provide spray and soil testing services; their 'core' customers are women potato farmers. Similarly in Mali, a pool of young entrepreneurs provides plowing, spraying and threshing services to women maize farmers.

## Women inspire women

Our empowerment agenda focuses particularly on two areas: food processing and marketing. Women's cooperatives are producing a range of rice, sorghum and soya-based products for local markets. For example in Ghana, seven new women's groups were formed in 2018, and now have a thriving business selling soya kebabs. They also trained 40 women from a neighboring community who launched their own cooperative in November 2018. Marketing pilots in several countries – Ethiopia, Ghana, Kenya, Cote d'Ivoire, Mali, Nigeria – involved women micro-franchisees who are contracted by food processing companies. They act as saleswomen and also educators, improving health and nutrition awareness in low-income urban areas.

To encourage women entrepreneurs, we began an experiment in 2018. 2SCALE organized an interactive webinar – attended by over 200 aspiring businesswomen – where successful women entrepreneurs shared their experiences in setting up and growing a business. We then asked attendees to submit business ideas. From the many applicants, 45 were selected for a three-day entrepreneurship training program. The top three (voted by their peers) received additional, intensive coaching, and are now finalizing their business plans. The program will expand in 2019, aiming to create new businesses linked to partnerships in 2SCALE's portfolio.

## Catalyzing change

In Nigeria, we worked with FrieslandCampina to train and support Fulani women to set up retail outlets, selling dairy products to low-income consumers in their communities. In Kenya, two of our partners – dairy cooperative KDPL and community organization KCSEED – have, for the first time, reserved positions for women on their executive board. In Ghana, a mechanization pilot linked 200 sorghum farmers (especially women) to bullock owners and labor gangs. Result: the number of women sorghum farmers in the target communities increased by 50%.

In Ethiopia, we focused on ensuring gender inclusion in primary cooperatives. Several cooperatives are modifying internal procedures, e.g. loosening some of the requirements (land title, quantity harvested, etc) to make it easier for women to participate. And because some women could not afford membership or did not have their husband's permission to buy shares in the cooperative, we helped introduce discounted fees and special low-denomination shares for women.

2SCALE's gender focus has attracted attention from local administrators, public sector agencies and development organizations. For example, AgriProFocus recently published five case studies on gender mainstreaming in agriculture. Two of these are 2SCALE partnerships: onions in Mali, dairy in Nigeria.

Change comes slowly, but in almost every partnership women are participating in greater numbers, strengthening their farming and business skills, and gradually taking on leadership roles in their communities.



# 8. Partnership portfolio

2SCALE works through partnerships that connect entrepreneurs – farmers, traders, processors and others – who, together, develop a business idea into a robust, financially stable,

sustainable relationship. In previous years the portfolio was larger and more diverse. In 2018 (the final year of the program) we focused on 18 partnerships in six countries: those with

excellent potential for scaling-out, or those that had begun only recently. In addition to 18 partnerships, we launched 19 pilots to test new ideas or to replicate business models from

earlier partnerships. The aim was to broaden successful pilots into full-fledged partnerships in a second program phase. Here is a sample of our work in 2018.

## Côte d'Ivoire

RMG



RMG, one of the largest rice millers in Côte d'Ivoire, sought 2SCALE assistance in building a reliable supply chain with small-scale farmers. This partnership has helped mobilize and train farmer groups, create a farmer loyalty program (RMG provides inputs and extension support), and substantially reduce aflatoxin contamination in rice grains. In addition, 2SCALE helped link RMG enter a large new market. The company now supplies fine broken rice to the Brassivoire brewery.

### Figures

- 2,564 farmers (744 women)
- 44 cooperatives
- 2 local businesses
- 7 agribusiness clusters

*RMG, which previously purchased only from irrigated areas, is offering production contracts, training, inputs and extension support to small-scale farmers in lowland rainfed areas*

*DryCard technology introduced, supported with intensive capacity building, to control aflatoxin contamination.*

*Three new cooperatives (540 farmers, 317 women) from the Daloa region mobilized and trained; they will supply RMG's new rice mill.*

## Ethiopia

Farmer unions



This partnership has helped diversify sesame monocropping systems, introducing rotation crops such as sorghum, mungbeans, soybeans and cotton - improving soil health, generating additional income, and improving food supplies for the million-plus seasonal migrant laborers working on sesame farms in northern Ethiopia. Value chains are being built up for each crop, linking producers to markets. Partners include CDI/Wageningen University.

### Figures

- 52,864 farmers (15,693 women)
- 59 cooperatives
- 69 local businesses
- 31 agribusiness clusters

*Following 2SCALE mediation, sorghum buyer Diageo now pays in 60 days rather than 30; smoothening cash flows for farmer cooperatives.*

*Sorghum variety Deber (introduced by 2SCALE) confirmed suitable for injera and for brewing. Ongoing research by Ethiopian partners to further increase yields.*

*€232,000 loan from Rabobank to Setit Humera union for working capital; this will help bulk-purchase inputs and scale up production in 2019.*

## Mali

SONAF



SONAF is a leading maize aggregator and trader. 2SCALE support has helped the company progressively replace imports with locally produced yellow maize. This partnership has created a stable market and transparent pricing for yellow maize in the Sikasso region. Growth has been driven by SONAF's commitment to local sourcing, farmer training and provision of farm inputs on credit. Farmers, in turn, have delivered on schedule and implemented quality and traceability systems.

### Figures

- 36,869 farmers (10,461 women)
- 184 cooperatives
- 35 local businesses
- 45 agribusiness clusters

*The maize innovation platform (previously built with 2SCALE support) established a levy system which funds most training and administrative costs.*

*24 youth entrepreneurs trained and equipped (partnership with CropLife), and now provide crop spraying services.*

*Input supplier Doun Ka Fa established a digital platform allowing farmers to save for the purchase of farm inputs; two input kiosks in operation.*

## Kenya

KCSEED



KCSEED is a community-based organization that operates like a commercial business. This partnership has helped introduce new varieties and improved crop management, set up an efficient system to produce and distribute seed potatoes, and link farmers to new markets. Partners include private firms, the National Potato Council and government agencies KALRO (research) and KEPHIS (plant health). A complementary Irish Aid funded project promotes low-cost storage methods.

### Figures

- 3,070 farmers (1,420 women)
- 20 local businesses
- 3 agribusiness clusters

*KCSEED launched Chamcham, its own brand of potatoes, sold through a network of micro-franchisees.*

*Canola introduced as a rotational crop. Development organization SNV and private firm Agventure helped train 960 potato farmers (527 women) on canola production.*

*Pest and disease control: in partnership with CropLife; 30 youth trained, equipped, and now provide crop spraying services.*





Nigeria Youth employment in processing cassava

## Ghana

Savannah Farmers Marketing Cooperative  
Farmer cooperatives

Ghana Soy beans

Savannah is a business cooperative, aggregating grain from small-scale farmers for resale to bulk buyers in the food, poultry and other industries. This partnership has two components: building the supply chain (farmer training, market linkages) and small-scale value addition, specifically, support to women processors making soy-based food products for local markets. Another partner is processing company Yedent, which is a major buyer and also supports training programs.

### Figures

**15,083** farmers (6,614 women)

**137** cooperatives

**170** local businesses

*51 producer organizations (2,300 members) were organized under apex associations and connected to Savannah.*

*Women processors have developed marketing strategies for home-cooked soya products (kebabs, soya milk, condiments).*

*In collaboration with private firm Heritage Seeds, three demonstration farms promoted new varieties and better husbandry.*

## Nigeria

FrieslandCampina Wamco

Nigeria Dairy

*FrieslandCampina Wamco is a partner in a government initiative to gradually replace imported milk powder with local milk. 2SCALE is helping to expand the supply chain, mobilizing and training Fulani pastoralists and 'sedentary' dairy farmers in Oyo State. Federal and local government provide support for infrastructure and tsetse fly control. Private firms offer products and services: chilling equipment, feed concentrate, forage seeds and vet services.*

### Figures

**2,292** farmers (1,253 women)

**24** local businesses

**5** agribusiness clusters.

*An AgriProFocus study documented the partnership's role in empowering rural women, and specifically in creating women's dairy cooperatives.*

*Innovative grassroots-based model piloted for delivering veterinary drugs to remote communities, in partnership with drug company CEVA Santé Animale.*

*Fulani women, trained and supported by 2SCALE, are retailing FrieslandCampina products in their communities.*



