

## Replication Briefs

Seasonal planning process to procure inputs (bulk procurement by POs with seasonal forecasting and negotiation with micro-finance banks and agro-input distributors)



# 1. Pioneer partnership

2SCALE Sorghum partnership with Nestle aggregators Nalmaco and Adefunke-Desh in the Northwest Nigeria introduced this replicable practice of facilitating bulk purchase of inputs by sorghum producer organizations. This practice started in 2017 during the pilot phase of the partnership when it became clear that SHFs in the target clusters in Kaduna, Kano and Katsina were not using optimum levels of fertilizer for sorghum production. Usually in northern Nigeria sorghum production uses less inputs compared to maize, however farmers were reluctant to use optimum level of fertilizers because the productivity of sorghum is generally low and its mostly consumed as household staple in more quantities than maize, plus the market for sorghum at that time offers limited incentives for additional investment for production because the price/ton of sorghum is significantly very low.

The overall ambition of the practice is to improve high quality fertilizer as priority, seed and pesticide utilization among sorghum farmers by building linkages with grassroots actors in the value chain such as LAPO micro-finance bank, agro-input distributors such as royal blue contractors and OCP Africa.



Mechanization is helping enhance productivity

# 2. Replicable practice

To summarize, this practice is addressing constraints in terms of access to quality inputs fertilizer, seeds and pesticides to produce sorghum at higher productivity and quality. The replicable practice involved building a four-partied linkage between producer organizations in the target clusters in Soba, Kuki and Funtua with the lead aggregators Nalmaco and Adefunke-Desh (who guaranteed off-take), Input distributors and manufacturers (who supplied the inputs for credit) and LAPO (who supplied the finance for the input credit). The farmers were supplied inputs by the input dealers base on their requirement and the bank credits this input dealers while turning this into a loan to the farmers at 2.5 percent interest/ month for 5 months. The farmers pay for this inputs at harvest when they supply to the aggregators their produce who in turn pays cash to the bank to off-set the loan.

To summarize, this practice is addressing constraints in terms of:

<p>Inclusion</p>	<p><b>Risks:</b> Linking all the actors especially the inclusion of the aggregators ensured access to market for the farmers and incentivised them to invest by taking the input credit. The bank was also motivated to give the credit because of this reason. Framers had access to quality seeds, fertilizer and pesticides overcoming the possibility of buying adulterated products in their communities.</p> <p><b>Rewards:</b> The transaction cost of the input credit and repaying the loan was reduced by more than 90% compared to when individual farmers will do this on their own. As farmers produced and met the quality of the aggregators, the received premium for quality grain supplied. Aggregators find to buy quality grain reducing their cleaning losses by over 80% of grain supplied directly by farmers.</p>
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# 3. Preconditions for replication

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

1. Access to market for produced grains must be guaranteed for the practice to be successfully replicated. With Adefunke-Desh and Nalmaco in the partnership and guaranteeing off-take this incentivized the farmers to invest on inputs and encouraged the banks to provide the credit.

2. Access to quality inputs with potential to improve productivity and market access must be available near the farmers. The input service providers must be aware of the ambition of the partnership or expectations of the farmers and the target market. As best as possible these actors should be integrated in the governance structure of the partnership at least at the field level in the first year of replication to improve the relationship and build sustainability afterwards.

3. Access to low cost input credit and farmer's own equity need to be available for this practice to be successful. Input prices are rising and financial service providers are not ready to fund individual SHF except they are in a functioning producer organization and connected to market. Farmers need to be organized with clear leadership structures and empowered with the ability/skill to negotiate terms with their cluster actors.

# 4. Results achieved

The following results were achieved after this practice was introduced:

1. About 350,000 Euros of input credit have been accessed by farmers through this practice
2. Farmers where able to improve productivity and income during this period by about 35-40%
3. About 2,000 Ha of farm lands where put under eco-efficient production.
4. About 2,500 SHFs were reached and had access to improved production inputs

## Want to know more?

To know more about this practice, please reach out to Johnpaul Chime [jchime@2scale.org](mailto:jchime@2scale.org) Sorghum Partnership Facilitator.

# 2SCALE

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