

AFRICAN AGRIBUSINESS SUPPLIER DEVELOPMENT PROGRAMME (AASDP) TRAINING MANUAL

*Growing Inclusive Agri-Food Value Chains
Benefitting African Farmers And SMEs*



Acknowledgements

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African Agribusiness Supplier Development Programme (AASDP) Training Manual

Growing Inclusive Agri-Food Value Chains
Benefitting African Farmers And SMEs



Table of Contents

Acronyms

I. Introduction

African Agribusiness Supplier Development Programme	1
ASDP training	2
What is in the training manual?	3
Who is this training for?	4
The learning approach	4
The Trainer a.k.a. The Facilitator	5
Structure of a learning activity	5
List of materials required	5

II. Proposed training programme

III. Training sessions

Session 1. Introduction: participants' expectations and objectives	9
Block A. African Agribusiness Supplier Development Programme	10
Session 2. An African Agriculture Supplier Development Programme	11
Session 3. Key success factors	13
<i>Case study 1: Soy bean supply chain in Kenya</i>	15
Session 4. What's in it for..... World Café	18



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Block B. Stakeholders' roles and responsibilities	20
Session 5. Stakeholders' roles and responsibilities in an ASDP	21
Block C. Phases of an ASDP	24
Session 6. Feasibility and Programme Preparation	25
Session 7. A. Supply Chain Diagnostics	28
<i>Case study 2: Dairy supply chain in Nigeria</i>	29
Session 7. B. Chain Analysis from a Gender Perspective	33
Session 8. Supply Chain Planning	35
Session 9. Supply Chain Implementation	37
<i>Case study 3a: Local sourcing of Sorghum in Sierra Leone</i>	38
Session 10. Phasing out	41
Session 11. Monitoring and Evaluation and Learning	42
<i>Case study 3b: Local sourcing of Sorghum in Sierra Leone</i>	43
Block D. Action planning / way forward	44
Session 12. Towards an ASDP Road Map	45
<i>Case study 4a: Roadmap for a Nigerian ASDP</i>	47
Session 13. Financing an ASDP	54
<i>Case study 4b. Non- validated indicative figure for a Nigerian ASDP</i>	55

Acronyms

AFIM	African Facility for Inclusive Markets
ASDP	Agribusiness Supplier Development Programme
CO	Country Office
CSO	Civil Society Organization
FDI	Foreign Direct Investments
GAP	Good Agricultural Practices
IMD	Inclusive Market Development
KES	Kenya Shilling
KIT	Royal Tropical Institute
LED	Local Economic Development
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
PO	Producers' Organization
PPT	PowerPoint Presentation
RBA	Regional Bureau for Africa
SME	Small and Medium Enterprise
UNDP	United Nations Development Programme
UNDP CO	UNDP Country Offices
USD	US Dollar



Introduction

The African Agribusiness Supplier Development Programme



In November 2010, UNDP launched a strategic, regional private sector and Inclusive Market Development (IMD) project for Poverty Reduction in Africa entitled: the 'African Facility for Inclusive Markets' (UNDP AFIM). This project is led by the Regional Bureau for Africa (RBA) and is coordinated from UNDP's Regional Service Centre for Africa (RSCA) in Addis Ababa. UNDP AFIM focuses on the promotion of IMD in Africa through developing and expanding regional value chains in job creating sectors such as agribusiness, tourism, renewable energy, retailing and mining.

The core mandate for UNDP AFIM is to engage the private sector to work towards reducing poverty and accelerating progress towards achieving the Millennium Development Goals (MDGs) by supporting pro-poor economic growth and IMD across Sub-Saharan Africa. IMD focuses on developing private sector markets to make them more inclusive and beneficial to low income groups such as producers, consumers and employees. Specifically, IMD seeks to empower small and medium size enterprises, producers and distributors to participate in and benefit from the existing potential markets in which they do business.

As part of its mandate, UNDP AFIM, had developed an Agribusiness Supplier Development Programme (ASDP) with the intention of supporting UNDP Country Offices (COs) in Sub-Saharan Africa and their respective government partners in order to develop and establish national ASDPs.



The target beneficiaries of the programme are in the first place, small scale farmers and SMEs, including farmer organizations. A successfully implemented ASDP will promote greater income generation for small scale farmers and ensure the supply chain is more inclusive with greater participation from SMEs. Secondly, off-takers (or lead firms) and other stakeholders in agricultural supply chains, such as input suppliers and financial institutions will benefit. Large firms will have the added benefit of being actively involved in inclusive business, which is becoming an increasingly important business trend.

The objectives of an ASDP to be implemented by UNDP Country Offices (UNDP COs) and their partner governments include:

- To improve the supply of African agricultural products by farmers and SMEs meeting market quality standards, with quicker delivery times, reduced transportation and reduced inventory costs, and as such to access the growing markets that are provided by off-takers;
- To secure and offer off-takers an efficient and high quality local agricultural products supply;
- To contribute to the development of national African economies (through attracting Foreign Direct Investments (FDI), increased government income through taxation, job creation, an improved trade balance etc.) by developing agricultural products that can substitute imports and can access export markets; and
- To contribute to sustainable development goals, especially food security, poverty reduction and gender equity, through job creation and income generation.

At the heart of the programme are 4 key functions, including Organizing support for suppliers, Sharing supply chain information through the supply chain, Facilitating linkages in a sub-sector, and Policy advice. Cross sector learning is a cross cutting function.

All the above need to happen in a sustainable and inclusive manner, meaning that the ASDPs should not compete with local food security neither negatively impact the natural environment nor climate change and should refrain from discriminating vulnerable groups including women, ethnic minorities and youth.

ASDP training

To support the development of the African ASDP, AFIM developed a toolkit and a training manual. The toolkit sets out the programme's conditions for starting up a country ASDP. It describes the programme components, the roles and responsibilities of the various actors within a supply chain as well as possible interventions in order to help facilitate the engagement of off-takers with smallholder producers. This toolkit is targeted towards UNDP Country Offices aiming to work with their partner governments and other development agencies aiming in setting up a national smallholder and SMEs ASDP. The tool provides a framework to facilitate the linkage between the users (UNDP CO and their partner governments), partners (Lead firms) and beneficiaries (Smallholders and SMEs).

This complementary training manual will be used in introducing the ASDP and its major elements and concepts to the relevant UNDP Country Office staff, relevant Government departments and agencies, lead firms and potential implementers.

The objectives of the training are to:

- Introduce the ASDP to participants, including:
- The rationale and objectives of an ASDP;
- The benefits of the ASDP to different stakeholders;
- The major underlying concepts of an ASDP;
- The roles and responsibilities of different stakeholders;
- The implementation of an ASDP in 6 phases; and
- Agree on an action plan to developing an ASDP in the country.

The objectives of the training manual are to:

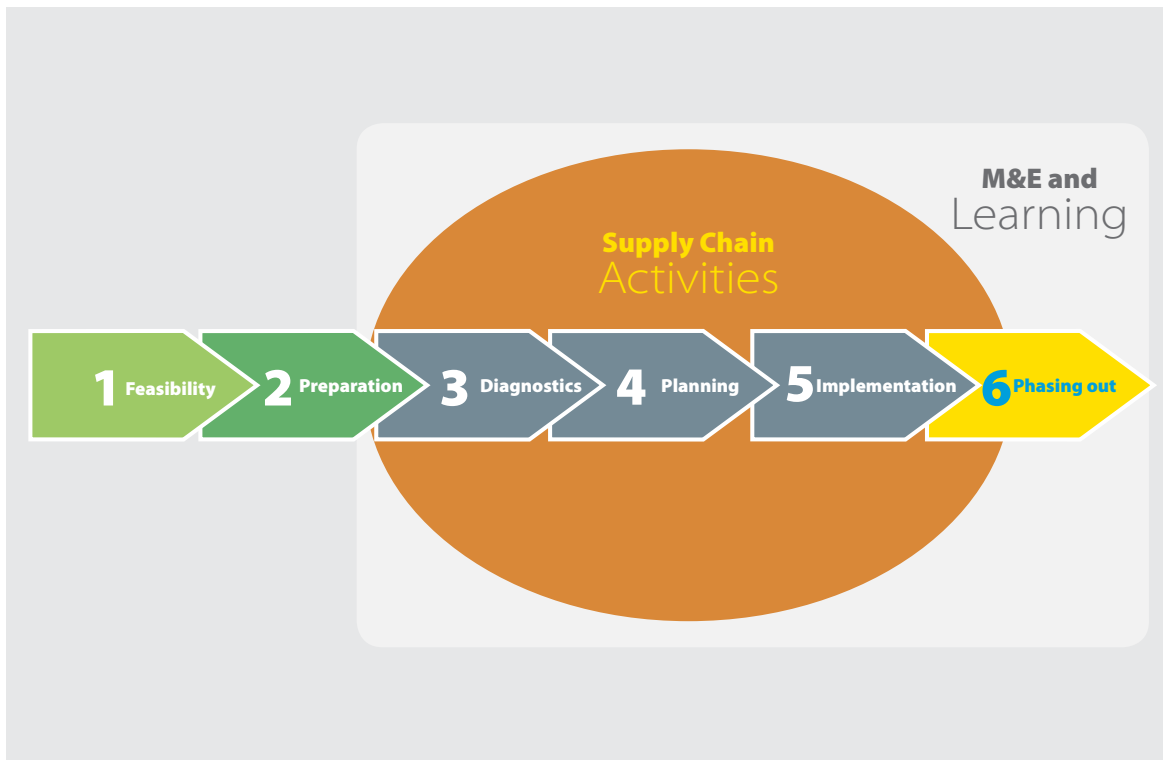
- Equip trainers with practical examples of learning activities and a training programme;
- Design and facilitate interactive and experiential learning-based workshops on the development and implementation of an Agriculture Supplier Development Programme;
- Expose trainers to a range of different learning methodologies in order to exchange subject matter expertise; and
- Make learning an enjoyable process of knowledge sharing.

What is in the training manual?

The manual contains a series of learning activities, helping learners to exchange and reflect on experiences and acquire the knowledge, skills and attitudes required to develop and implement an ASDP. The trainer can choose the learning activities which are most appropriate for his/her target audience. The activities have been designed in such a way that they can be adapted easily to the local context. The manual also includes an example of a suggested training programme. This will give an idea of how learning topics can be structured in a standard training course of one week. It is highly recommended that you organize local study visits and excursions to lead firms and/or smallholder producers and other stakeholders. This real-life encounter and the exchange of experiences and perspectives with important ASDP stakeholders can help the learner to see the learning material in context. After the study visit a debriefing in terms of lessons learned needs to take place in order to link the different learning experiences with the learning material.

The training manual follows the structure of the ASDP toolkit. For each phase, the training manual proposes a number of learning activities.

Fig. 1. Programme phases



Who is this training for?

The training is targeting UNDP Country Office staff members of relevant ministries and departments that will be involved in the programme. It is possible to use parts of the training materials for presenting the programme to key partners, such as off-takers and NGOs. Due to its participatory character, the training targets group between 20 and 25 participants.

The learning approach

The training sessions incorporate a specific approach, which is participatory and learner-centred and designed for flexible use and adaptable to specific contexts. The learning activities are not merely theoretical descriptions of knowledge about supplier development programmes but stimulate active involvement and encourage trainees and trainers to make use of experiences and reflections in the development of the necessary knowledge, skills and attitudes (competencies) needed.

The Trainer a.k.a. the Facilitator

The facilitator of the training should be an experienced trainer with the following skills and subject matter knowledge:

- Displays good overall thematic knowledge of the ASDP;
- Has good facilitation skills and understands what adult learning is about;
- Respects diversity as a core value in the training process;
- Builds trust within the community of participants;
- Is open to feedback and considers it a valuable learning opportunity;
- Is able to adjust the training according to needs;
- Is able to apply principles of adult education, experiential learning; and
- Good knowledge of the basic concepts of the training.

Structure of a learning activity

The learning activities that you will find in this training manual are structured according to session sheets in the following way:


- Title of the learning activity;
- Content of the module, learning topic;
- Objective of the learning activity;
- Learning methodology and process;
- Training tips;
- Learning materials and presentations; and
- Timing.

List of materials required

- Flipcharts
- Coloured cards (1/3 A4)
- Masking tape
- Flipchart stands
- Coloured markers (3 colours)
- White board
- PowerPoint projector
- Projection Screen

A close-up photograph of a woman, likely of African descent, wearing a colorful patterned headwrap and a matching sleeveless top. She is focused on sorting through a large quantity of golden-brown grain, possibly rice, which is being poured from a basket. The background is a soft, out-of-focus green, suggesting an outdoor agricultural setting. The lighting is bright and natural, highlighting the texture of the grain and the woman's features.

Proposed Training Programme



Below is an example of ASDP training programme. The training consists of 13 sessions, which require 3 days. An alternative programme for 1 day is also proposed. The training manual is supported by a PowerPoint presentation which can be found in Annex.

Introduction

Session 1. Introduction: Participants' expectations and objectives

Block A. African Agriculture Supplier Development Programme

Session 2. An African Agribusiness Supplier Development Programme

Session 3. Key success factors

Session 4. What's in it for.... World Café

Block B. Stakeholders' roles and responsibilities

Session 5. Stakeholders' roles and responsibilities in an ASDP

Block C. Phases of an ASDP

Session 6. Feasibility: shortlisting sub-sectors

Session 7A. Supply chain diagnostics

Session 7B. Chain analysis from a gender perspective

Session 8. Supply chain planning

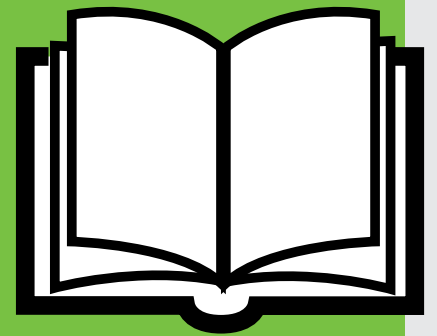
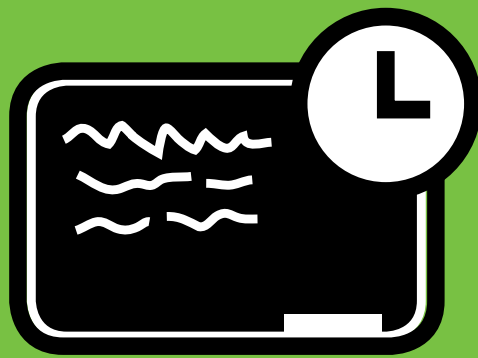
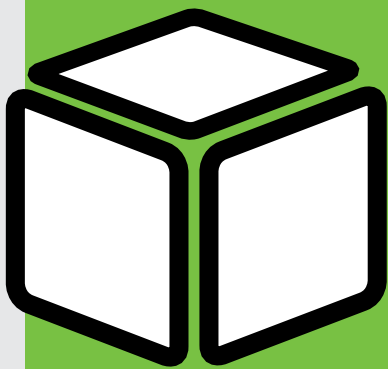
Session 9. Supply chain implementation

Session 10. Phasing out

Session 11. Monitoring and evaluation and learning

Block D. Action planning / way forward

Session 12. Towards an ASDP roadmap



Training Sessions



Session 1

Introduction: Participants' expectations and objectives

Content of the module, learning topic

This first session is important for creating a conducive atmosphere for the participants. Participants are expected to participate actively and share experiences and ideas.

Objectives

- Participants have the opportunity to express their expectations.
- Participants know the objectives of the training.
- Participants get to know each other.

Learning methodology and process

- The facilitator welcomes participants.
- If possible, the official opening can be done by the UNDP CO Director, to provide additional motivation to participants.
- The facilitator asks the participants to take two minutes to “buzz” with their neighbour about:
 - What they expect to be their role in an Agribusiness Supplier Development Programme (based on their (possibly limited) understanding of what an ASDP is)
 - Their expectations of the training

- After two minutes a round of introduction will be done. One-by-one participants are given the opportunity to introduce themselves (one minute each), stating:
 - Their name
 - Their organization and position
 - Their expected role in an ASDP
 - Their expectations of the training
- After all participants and the facilitator have introduced themselves, the facilitator presents the objectives and the preliminary programme of the training.
- The facilitator asks participants whether the objectives and training covers their expectation.

Training tips

- The facilitator should ensure that participants do not get into long monologues.

Learning materials

- PPT 1

Timing

- 45 minutes (depending on the number of participants)



Block A

Agribusiness Supplier Development Programme

Session 2

An African Agribusiness Supplier
Development Programme

Session 3

Key success factors

Session 4

What's in it for..... World Café



Session 2

An African Agribusiness Supplier Development Programme

Content of the session

The Agribusiness Supplier Development Programme aims to develop inclusive supply chains, linking smallholder suppliers to off-takers. A supply chain can involve many stakeholders, from chain operators, to chain supporters (service providers) and is situated in a wider context (policy, economy, agro-ecological, etc.). It is important that participants have a good understanding of what an ASDP entails, why it is important and what the key success factors are. In this session, participants first are asked to share their understanding of Agribusiness Supply Chains and based on this, their understanding of an Agribusiness Supplier Development Programme. Topics of this session include:

- Agribusiness Supply Chains
- Agribusiness Supplier Development Programme
- The rationale for an ASDP
- The objectives of an ASDP
- The key functions of the ASDP

Objectives

After the session, participants can explain what an ASDP entails and what its objectives are.

Learning methodology and process

Plenary brainstorming session and PPT presentation.

- The facilitator asks participants to write down on cards 3 words (one word per card) they associate with Agribusiness Supply Chain (max 2 minutes).
- The facilitator asks participants (one-by-one) to stick their cards on the wall.
- Once all cards are on the wall:

Option 1

- The facilitator asks participants to regroup the cards according to their own criteria/logic.
- Once the participants are done, the facilitator asks one participant to present the result.



Option 2 (in case of more than 30 participants)

- The facilitator presents the cards on the wall
- While presenting, the facilitator can try to re-group the words e.g. according to the following categories:
 - ▶ Chain activities
 - ▶ Actors (chain actors, operators, enablers)
 - ▶ Context
 - ▶ Objectives
 - ▶ Other

Continuation (for both option 1 and 2)

- In plenary, the facilitator summarizes the results and allows for a short discussion
- The facilitator asks participants what their understanding of an Agribusiness Supplier Development Programme is.
- The facilitator writes key words on a whiteboard or flipchart
- The facilitator presents PPT 2 and explains:
 - ▶ Rationale of an ASDP
 - ▶ The objectives of the ASDP
 - ▶ Allow for questions and discussion

Training tips

- Option 1 can be rather disorganized if the group is relatively large, but is more participatory and lively. It is a good opportunity to create an active ambiance for the training.
- If there are too many (e.g. more than 30) participants, option 2 might be preferred.

Learning materials

- PPT 2
- Cards, Flipchart, markers, masking tape, whiteboard

Timing:

- 1.5 hour



Session 3

Key success factors

Content of the session

Based on the lessons learned from the already existing SDP in Latin America, a number of key success factors have been identified. It is important to reflect on these factors as they need to be in place to make the ASDP successful. Some of the factors might not be in place, but could be influenced by the ASDP stakeholders.

Objectives

Participants know the key success factors that are required for an ASDP to be successful.

Learning methodology and process

- The facilitator presents the success factors (PPT 3) and asks whether participants can think of any other factors that need to be in place for an ASDP to be successful.
- The facilitator distributes copies of the case study soy bean sub-sector in Kenya and asks participants to read the case (2 pages).

- The facilitator asks participants to discuss in sub-groups of 6 persons whether success factors are (using the table below):

- ▶ In place
- ▶ Not in place but likely to be realized by ASDP
- ▶ Not in place and not likely to be created

Learning materials

- PPT 3, sufficient copies of the case study, flip-charts, markers, masking tape.

Training tips

- In case one or more key-success factors are not in place, the facilitator might ask participants what according to the participants, are the implications for the ASDP, whether and how these factors could be influenced.

Timing:

- 1.5 hour



Key success factor	In place	Not fully in place	
		Likely to be realized through ASDP	Not likely to be created
ASDP should be in line with national and regional policies			
Availability of markets in the form of committed off-takers			
The availability of potential and committed suppliers			
Collaboration with and integration of projects and/or other service suppliers			
A supporting and applied information system			
The availability of skilled consultants to support the supply chain projects			
Commitment of the financial sector to develop suitable financial products			
Public funding for financing the programme			
Profitability and profit margin within the supply chain			
Other...			

- Ask groups to present their tables in plenary
- Allow for questions and discussion



Case study 1: **Soy bean supply chain in Kenya**

Current agricultural context

Agriculture is key in the national economy of Kenya. It directly contributes 26% of Kenya's GDP and another 25% indirectly. 65% of Kenya's export consists in agricultural products and as high as 70% of the rural population earns an (informal) income through agriculture. The sector is mostly run by small scale farmers of 0.2-3 ha. Together they produce 75% of all agri-output and 70% of marketed produce. Small-scale farmers produce over 70% of maize, 65 % of coffee, 50 % of tea, 80 % of milk, 85 % of fish, and 70 % of beef and related products. An important role in linking farmers to markets is played by cooperatives.

In 2003 the new government adapted the Economic Recovery Strategy (ERS) for Wealth and Employment Creation: a new strategy and policies that abandoned the policy on poverty reduction and adopted economic recovery. The ERS was followed up in 2007 with Vision 2030. This vision was translated into the Agricultural Sector Development Strategy (ASDS). Besides ensuring food and nutritional security for all Kenyans, the strategy aims at generating higher incomes as well as employment, especially in the rural areas. Agriculture should be one of the main drivers for economic growth. The ASDS describes all intended government interventions in the agri-sector comprising smallholder crops producers. The current strategy to lift up the agricultural sector in Kenya is to approach farming

as a business. The role of government and government agencies is to provide extension services, invest in inputs and group formation. They furthermore develop policies and commodity strategies and invest in research. However the capacity is limited and not always efficient. Also off-takers are not always committed to support government implementation on the ground.

Soya supply chain characteristics

Soya production in Kenya is still small. It is mainly produced in Western Kenya in arid and semi-arid areas. The current production is about 2,000 MT per year while the demand for soya is about 150,000 MT. Soya is produced by small scale farmers (app. 5,000), mainly female, who also grow maize. The existing association of soy growers (Nigouri) does not function well and thus farmers are generally loosely organized. Farmers sell to agents who then sell to users. Soya is used for edible oil production (10%), food production (Promasidor, Say Afric, Farmer's Choice, Proctor and Allan, Delemere, Alpa Fine Food, Heritage Foods and Intsa Products) and the rest is mainly used by milling companies producing animal feed for cattle and chicken (e.g. Unga Feeds, MCK Feeds, Sigma Feeds, Uni-feed and Lakefeeds) (UNIDO, 2010). Overall production is increasing slowly, but the demand is growing much faster, particularly for animal feed uses. The feed industry now heavily relies on imported ingredients (soya and sorghum).



Constraints in soy supply chains

Kenyan farmers do not produce soya on a large scale. Despite this, it could be a good cash crop in certain areas. There are several reasons for the low production:

- Soya is not a food crop and is considered less important than maize by many farmers.
- There is lack of good inputs for producing soya. Except for some research organisations looking into seeds supply, there is no high quality seeds, let alone hybrid seeds. Off-takers do not supply seeds because they have bad experiences with farmers not selling their crops after harvest (side selling). Also inoculums and fertilizers are not supplied.
- Soy farmers hardly receive public support, such as extension, access to inputs or investments in infrastructure. The Ministry of Agriculture is however finalizing a strategy for soya bean production and marketing which is almost ready.
- Good agricultural practices are not widely spread resulting in a productivity of just 400 kg/ha (as compared to 800 kg/ha in Uganda and 1,200 kg/ha in India).
- Current production costs for farmers are estimated to be 35 KES/kg while sales price is 45 KES/kg.
- Sales prices (and thus margins) are low because Kenyan farmers compete with imported soya (70 KES/kg).
- Low sales prices make other farm crops more interesting for farmers, particularly because soya productivity is very low in Kenya.

- Farmers operate at small scale and are not organized in groups.
- Post-harvest services hardly exist.
- Farmers have a lack of credits.
- There is little value chain coordination and vertical linkages in the chain.
- The soy sector is facing competition with cheap imported edible oil and seedcake.

Several projects have been set up over the years to improve production (for instance the N2 Africa project focused on seeds supply, funded by the Bill and Melinda Gates Foundation). Most of them failed because of a lack of coordination and a comprehensive sector strategy in which all key stakeholders participate. This is different in Uganda where farmers do receive public support and where group production is taking off.

Opportunities in soy bean supply chains

There are, on the other hand, good opportunities for Kenyan suppliers to expand production:

- Soya is a good rotational crop for maize. In addition, since there are maize viruses now, it may be a good alternative.
- Soya grows well in the short rain season.
- There is a growing demand for soya products (human food and animal feed).
- Industries want to replace imported soy products with locally sourced ingredients.
- Opportunities for increasing productivity through improved production practices, and the use of high-yielding and dual purpose varieties.

- Research capacity is available: Kenya Agricultural Research Institute (KARI), Industrial Research and Development Institute, International Institute of Tropical Agriculture, Tropical Soil Biology and Fertility institute.

UNIDO is currently implementing a soya programme in West Kenya that aims to improve productivity of soya. It has already set up 3 micro-plants for processing and is developing the 2nd phase of the soy programme. The first phase was funded by Japan and focused on Food Security. In this programme the soya was sold to the Red Cross. From next year on (2nd phase) it is planning to work with inputs suppliers (MEA ltd for inoculants and SeedCo for seeds). It will provide technical assistance (on GAP), it will help in bulking and post-harvest technology, processing (small processing plants), group formation and finance. This programme should have a regional focus. In addition, the East African Dairy Programme (EADP) together with SNV have an interest in linking farmers to the feed industry in order to provide good quality inputs for the dairy industry (see also the dairy section). Cur-

rently SNV is carrying out a fodder study for exploring opportunities.

There is an increasing market for soya. The demand comes both from the milling and feed industry (for instance Unga Mills, Farmers choice) as well as the edible oil industry (human food). A big oil processor is BIDCO. BIDCO needs a minimum of 100 MT of high protein soya per day for producing edible oil. Current capacity is a total volume of app. 15.000 MT (requiring app. 30,000 ha and 30,000 farmers), but if more is available BIDCO will increase its capacity. BIDCO is trying to source soya locally. In this regard it provides extension training, demonstration plots and access to finance by local banks. It does not want to intervene in seed supply (anymore) because of side selling risks. The planning for 2012 was to source 6,000 MT through the Kenya Soy Farmers Association (KeSoFA), but only 200 MT was delivered mainly due to the lack of seeds and support on Good Agricultural Practices, organization, awareness, finance, infrastructure and a clear sector policy.



Session 4

What's in it for...World Café



Source: <http://www.theworldcafe.com>.

Content of the module

The core mandate for UNDP AFIM is to engage the private sector to work towards reducing poverty and accelerating progress towards achieving the Millennium Development Goals (MDG's) by supporting pro-poor economic growth and Inclusive Market Development (IMD) across Sub-Saharan Africa. IMD focuses on developing private sector markets to make them more inclusive of and beneficial to low income groups such as producers, consumers and employees. Specifically, AFIM's IMD initiative seeks to empower small enterprises, producers and distributors to participate in and benefit from the existing potential markets in which they do business.

As part of its mandate, UNDP AFIM, has developed the African Agribusiness Supplier Development Programme (ASDP) with the intention of supporting UNDP Country Offices (COs) in Sub-Saharan Africa and their respective government partners to develop and establish national ASDPs. It is important that the benefits for the different stakeholder groups are clear to participants.

Objective

After this session, participants are able to explain what are the benefits of an ASDP for each of its major stakeholders.

Learning methodology and process

World Café

- The facilitator asks the participants to mention the major stakeholders categories in an agribusiness supply chain. Broadly there are 4 categories of supply chain actors, 2 enabling organizations and an implementing organization:
 - ▶ Small suppliers (producers)
 - ▶ SMEs
 - ▶ Off-takers
 - ▶ Service providers
 - ▶ Government
 - ▶ UNDP CO
 - ▶ Implementing partner
- Participants will be divided on 4 different tables (6-7 persons) which will be facilitated by one table host to be selected at each table. Every table will focus on one specific question:

Table 1: What are the major constraints/opportunities smallholder producers are facing in accessing markets? What are the possible benefits of an ASDP for smallholder suppliers?

Table 2: What are the major constraints/opportunities SMEs are facing in accessing markets? What are the possible benefits of an ASDP for SMEs?

Table 3: What are the major constraints/opportunities off-takers are facing in sourcing locally? What are the possible benefits of an ASDP for off-takers?

Table 4: What are the possible benefits of an ASDP for governments?

- Cover the tables with flip-charts or brown paper. Participants should be constantly encouraged to take notes, doodle or create diagrams directly on the table. The table host in particular should be instructed to keep track of key ideas.
- Instruct the participants to focus on key points that relate to the questions and to contribute their own thoughts and ideas regularly. They should also listen actively for interesting connections, patterns or additional questions.
- Each round of conversation should last approximately 15 minutes. All of the participants except for the host should move to the next table.
- The host provides an overview of the previous discussion for the next group and steer them towards complementary thought processes in order to avoid repetition.
- It is not necessary for all people to spend time at each table because after a few rounds (typically 2 or 3, depending on the time allocated) the session closes with a debriefing.
- The host of each table presents a synthesis and key reflection points to the entire group of participants either from the table itself, or back in plenary, whichever makes sense for the room set-up and size.
- Allow time for the other participants to add interesting points or further lessons learned after the debriefing by table hosts.
- Presentation and plenary discussion.
- PowerPoint presentation.

Training tips

- This session can be regarded as the direct follow-up of session 2, but can also be considered as stand-alone session.
- In the plenary session, the facilitator can ask what other intervention approaches / mechanisms participants know to support smallholder farmers' economic development? (possible answers include: Local Economic Development (LED), pro-poor value chain development, Markets for the Poor, Sub-Sector development projects, etc.).
- What are the advantages/disadvantages of a Supplier Development Programme compared to the other approaches?

Learning materials

- 4 tables with chairs
- Flipcharts, markers on each table
- Masking tape
- PPT 4

Timing:

- 1.5 hours



Block B

Stakeholders' roles and responsibilities

Session 5

Stakeholders' roles and responsibilities in an ASDP





Session 5

Stakeholders' roles and responsibilities in an ASDP

Content of the module

Key in an SDP sub-sector/supply chain project is the triangular relations and interactions between suppliers (farmers/SME suppliers), lead firms and service providers (including Government agencies and NGO/IO support). They are based on equality principles, yet the starting point for an SDP is an output driven approach, based on the demand for agricultural supply by off-takers. In other words, there should be first of all the full commitment from a lead firm. In this session, participants reflect on the roles and responsibilities of the major stakeholders, i.e.

- Small suppliers (producers) and SMEs
- Off-takers
- Service providers
- Implementing partner
- Government
- UNDP CO

Objective

Participants know the stakeholders in an ASDP and understand their roles and responsibilities.

Learning methodology and process

- The facilitator explains who the main actors in setting up and implementing an ASDP are.
- Participants are divided in groups of 6.
- Each group is given a set of cards with functions.

- Each group is asked to attribute each card (function) to one stakeholder.
- Once cards are finished, participants are asked to add functions and write these on empty cards.
- If functions are not clear, ask groups to discuss and clarify the functions.
- The facilitator presents PPT 5 in plenary and asks participants to comment (in case they came to other conclusions).

Training tips

- The implementing partner and supply chain broker or facilitator are very important in the implementation of the programme. In the following session the role of the broker will be discussed.
- Group discussion could continue for app. 45 minutes. It is not necessary that each group discusses each card (time is probably too limited).

Learning materials

- Sets of cards according to the number of groups. These cards need to be printed and cut before the training.
- Markers
- PPT 5

Timing

- 1.5 hour



Get organized / form groups	Improve production methods (GAP)
Supply quality products	Commit to and honour contract obligations
Communicate and exchange constant information with the off-taker about production	Invest time and capital in improving business and supply
Commit to the SDP programme on a medium to long term basis	Guarantee markets by setting up fair and sustainable purchasing contracts
Communicate with suppliers about quality requirements, volume, on time delivery etc.	Provide market intelligence information
Provide constant training on Good Agricultural Practices (GAP)	Help accessing quality inputs and logistics
Pay in time	Support access to finance (pre-finance, trade finance, equity investments in hardware)
Develop programme systems, including an information system	Monitor the implementation of supply chain projects
Ensure that the contractual agreements are fair and that the interests of the suppliers are protected	Overall monitoring and evaluation
Reporting	Creating a technical assistance base of consultants and committed programme partners
Ensure that the environment is protected	Training

Align the country ASDP with national and regional ambitions and programmes	Involving and committing off-takers
Attracting donor funding	Involve NGO partners and existing local private sector service providers for farm support
Involving finance organizations, including commercial banks	Monitoring progress and integrating learning
Provide (improved) services	Provide advise related to GAP
Provide quality agricultural inputs	Standardization
Certification	Finance
Group formation	Organizational strengthening
Participating in discussions	Providing data
Accessing the right people and other (semi-) public and private organizations for support	Research finance options (own budget / negotiating with others)
Invest in public goods (infrastructure, water, electricity etc.)	Improving and implementing public services and policies
Creating an enabling environment for agribusiness supply development	



Block C

Phases of an ASDP

Session 6

Feasibility: Shortlisting Sub-sectors

Session 7

- A. Supply Chain Diagnostics
- B. Chain Analysis from a Gender Perspective

Session 8

Supply Chain Planning

Session 9

Supply Chain Implementation

Session 10

Phasing out

Session 11

Monitoring and Evaluation and Learning



Session 6

Feasibility and Programme Preparation

Content of the module, learning topic

Once there is genuine interest for and ASDP in a country, the next step is to identify and select commodity sub-sectors. The underlying principle of the SDP is to contribute to poverty alleviation and this is therefore the most important selection criteria.

The selection process starts with doing a desk review and study on which agro-value chains offer the most prospects for poverty alleviation. Such a quick review should include the following elements:

1. The sub-sector's contribution to incomes
2. The number of people and companies involved in producing, processing and marketing
3. The domestic market potential (interest of off-takers/Lead Firms)
4. Its relevance to food security
5. The number and names of potential interested lead firms
6. The comparative advantage of the sector
7. An analysis of general business and policy environment for this specific chain

In this session, participants are asked to assess the suitability of an ASDP for specific sub-sectors (proposed by the participants themselves). The session ends with a presentation on Programme preparation.

Objective

Participants know the criteria for the selection of suitable supply chains for an SDP and are able to apply the criteria. Participants are also aware of all steps for preparing an ASDP.

Learning methodology and process

- The facilitator asks participants to list criteria for selecting commodity sectors (in groups of 6)
- Describe these criteria: what, how and why?
- Rank the criteria: indicate the most important criteria
- Name 4 commodities with potential for developing an ASDP
- Ask groups to come up with a conclusion on the suitability of the respective value chains.
- A short plenary discussion on the suitability: the facilitator asks why participants think a specific sector is suitable or not (highlighting the major reasons)
- Ask participants whether there are other criteria that can be used for selecting sub-sectors.
- A quick round of answers in plenary
- In plenary: ask participants whether the criteria in the PPT overlap with their own criteria. Would the commodity still qualify?
- Finalize the session with a short presentation on Programme Preparation



Training tips

The facilitator can refer to chapter 4 of the Toolkit. There are tools that could be referred to during the selection process, including:

- Elements for a quick review
- Factors that indicate the importance of a market for the poor
- Pro-poor assessment criteria (UNIDO)

- Criteria that related to economic growth
- Environmental criteria

Learning materials

- Flipcharts, markers, masking tape
- PPT presentation

Timing

- 1 hour

Weight %	Criteria	Score for each value chain (1 to 5)		
		Value chain 1	Value chain 2	Value Chain ...
Poverty reduction, X	Fits the country's Strategy for poverty reduction			
	Potential for employment generation			
	Number of Small producers in the Sub-sector			
	Required investments			
	Entry-barrier Levels for poor agro-processors			
	Geographical Location of producers			
	Sub-total (A)			
Poverty impact $\mu = (X \times A) / 100$				

Economic growth potential, Y	Contribution to GDP - export earnings			
	Potential for domestic/international demand			
	Public and Private investment prospects			
	Potential for Market integration of Local SMEs			
	Promotion of Policy changes			
	Scaling-up potential			
	Sub-total (B)			
	Economic growth impact $\alpha = (Y \times B) / 100$			
Pragmatic aspects, Z	Market demand			
	Extent of value added potential			
	Production costs in comparison to competitors			
	Available resources and number of operators			
	Availabili of raw materials and other inputs			
	Sub-total (C)			
Pragmatic aspects $\beta = (Z \times C) / 100$				
Total score (A + B + C)				
Total score based on weight ($\mu + \alpha + \beta$)				

Source: UNDP, 2010A



Session 7

A. Supply chain diagnostics

Content of the module

Once a sub-sector is selected, a more thorough analysis is conducted to identify the constraints and opportunities in the development of local supply to a Lead firm. The objective of this stage is to assess the supply chain of each identified focal commodity and to look at the constraints along that value chain and what has created barriers for the smallholder farmers of the commodity and the SMEs from engaging in commercial activities and supplying to higher value markets. Herein also Lead Firms' needs are identified so as to identify the supply gap from both the demand and supply side.

The process for mapping a chain includes the following steps (KIT Value chain training 2008):

1. Description of the different functions and technical operations in a chain: functional analysis;
2. Specification of the main actors in the chain and their relations: describe relations between actors (loose or tight relations? Short term or long term relations? Who is in charge of decision making?);
3. Drawing the chain map, including available quantitative data; and
4. Analysis of bottlenecks and opportunities in the chain with regards to technical issues, organizational issues as well as access to services.

During this exercise, participants are asked to map a value chain and identify bottlenecks and opportunities by answering the 4 questions, without going too much into detail.

Learning topic

Supply chain analysis

Objective

Participants are able to engage in supply chain diagnostics around selected commodities/sub-sectors and identify constraints and opportunities.

Learning methodology and process

Group work: supply chain diagnostic.

- The facilitator starts with a short presentation on value chains.
- Participants are asked to read case study 2: Dairy supply chain in Nigeria and to do a value chain diagnostics, by answering the following questions:
 1. What are the different functions and technical operations in the selected value chain (functional analysis) (list)
 2. Who are the main actors in the chain what are their relations (list)
 3. Drawing the chain map
- Identification and analysis of bottlenecks in the chain with regards to technical issues, organizational issues as well as access to services.

- The facilitator asks each group to present their value chain map and constraints and opportunities identified.

Training tips

- The case studies are not providing all information: groups can make assumptions related to the chain functions and actors (making the case a bit fictive).
- The facilitator can also decide to use both case study 1 and 2 for this exercise.
- The facilitator can decide to have presentations after a certain step or to finalise group work first and then have plenary presentations and discussions on the final results.

Learning materials

- Flipcharts, markers, coloured cards, masking tape
- PPT 7A

Timing

- 2 hours



Case study 2:

Dairy supply chain in Nigeria

Agricultural context in Nigeria

In the sixties Nigeria used to be an important exporter of several agricultural commodities (groundnuts, palm oil, cocoa, cotton) but due to a focus on oil and to political unrest, investments in agriculture declined. As a result Nigeria is now one of the largest importers worldwide of wheat, rice, sugar and fish. Despite this and the relative importance of the oil industry, the agricultural sector is still app. 1/3 of Nigeria's GDP and, consequently, an important source of income for many Nigerians. To date the main challenges in agriculture are the scale of farming, the little production and marketing knowledge and capacity, and little developed infrastructure. Access to finance is also a major issue. Youth are not interested in farming and tend to move to urban areas.

At the processing side there are little outlets that want to invest back in the value chain. Also this is caused to a large extent by a lack of finance as well as little comparable advantages (i.e. high cost and low quality) of local produce. Scattered value chains and weak value chain linkages between lead firms, processors and farmers are not helping the growth of value chains either. Finally, the country, particularly in the Northern states, still suffers from ethnic and religious tensions that cause an insecure situation for business as well as support staff.



Nigeria Dairy sub-sector: facts and figures

GDP share	4%
Number cattle	15 million (1990), mostly Bunaji cattle
Region	Mostly Central and Northern states
Milk productivity	0,5-2 litres per day (can go up to 10) or 469,000 MT total per year (ambition 1,1 million MT)
Cattle farmers	12 million (mostly pastoralists) A small number of peri-urban cattle producers exists as well as commercial cattle with dairy processing plants with exotic breeds
Gender	Caring (men), Milking (women)
SMEs	Some cooperative collection points
Industry	3% of fresh milk is processed by industry (Friesland Campina/WAMCO)
Total market	1,5 million litres per year (70% imported powder)

The Agricultural Transformation Agenda

Since the elections of 2007 the country has adopted a clear vision of reform that includes a diversification of the economy, including the agricultural sector. This vision is widely known as Agricultural Transformation Agenda (ATA) and aims “to achieve a hunger-free Nigeria through an agricultural sector that drives income growth, accelerates achievement of food and nutritional security, generates employment and transforms Nigeria into a leading player in global food markets to grow wealth for millions of farmers”. Key to the Programme is treating agriculture not as a development project, but as a business. As such there is much synergy with other ministries, including the Ministry of Trade and the Ministry of Finance, as well as with the Central Bank.

Key sectors of the ATA are larger commodities including cassava, rice and sorghum, but also horticulture, livestock (including dairy) and aquaculture are included. Large sums of public money have been made available and more funding is expected through organizations like the World Bank and the African Development Bank. This is to a large extent allocated for infrastructure (irrigation, mechanization, processing, storage, roads) around 6 processing zones that have already been selected.

The dairy sub-sector

Since 1954 import restrictions were lifted and competition with imported milk powder hampered the industry's development. This changed in 1988 with the Structural Adjustment Programme that supported local industries over imported goods. Dairy is not an easy sector to develop because of pastoralists smallholders not being used to farming as a business. Farmers in different areas react differently to market development activities. As a result costs are high and there is a high level of inefficiency which makes dairy not competitive with imported powder. High level investments and long term investments are required in order to change this sector from subsistence to commercial farming

As part of the ATA the Ministry of Agriculture has developed the Dairy Transformation Agenda (2011). Goals are to increase annual production to 1,1 million MT per year in 2015 and to increase income to 285 million USD for 12 million farmers.

Objectives are:

- Increase productivity through improved organization (clusters), production technology, feed, improved breeds, animal health care and extension services;
- Organize producers in 17 states in producers cooperative associations;
- Support to SMEs (semi urban dairy farms);
- Improve dairy (social) marketing;
- Restrictions on dairy import;
- Link demand to a better production, supply chains, policies and advocacy with end-users;
- Strengthening of the National Dairy Development and Marketing Commission.

Milk collection centres that serve as farm cooperatives are seen as an important mechanisms to organize dairy chains. The government will invest in the required infrastructure.

Most farmers are small scale pastoralists that migrate with their livestock. Key constraints at this level of the supply chain are:

- Unorganized fresh milk collection, processing and marketing, amongst others due to pastoralist system;
- Poor productivity of cows: due to poor nutrition of lactating cows;
- Lack of fresh water;
- Lack of capacity and skills in dairy farm management : no services, poor food safety standards, diseases;
- Lack of clear policy, amongst others on land rights;
- No access to longer term finance (investing in a cow takes 3 years before returns).

There are also opportunities for developing the dairy sector:

- Good climate in Central and Northern states;
- Generally healthy animals;
- Available land;
- Culture of dairy production and consumption;
- Old processing plants available for revitalization;
- Fodder crops can be grown;
- Growing demand urban middle classes;
- Potential investors in processing (yoghurts etc.).



SMEs

In the past, dairy enterprises have tried to develop. They failed particularly because of a lack of sufficient inputs. In addition their scale was not cost effective. There are some SME suppliers left, for instance the Shonga Farms that produce 80% to Friesland Campina, see below. Shonga Farms has 5 farmers with a combined capacity for producing an excess of 8.700 litres of raw milk per day. They also collect milk from local herders and with technical support from IFDC ensure that the milk is the right quality. The challenge is to deliver the right quality and quantity for the market.

Lead firm constraints and needs in local supply

Friesland Campina/WAMCO is the biggest of a very few players in the dairy industry in Nigeria that sources fresh local milk. Other (potential) lead firms and SMEs are Nestle, Olam, L&Z, GAR-KO, Naigari farm, Mazuibe farm, and Farm Fresh.

In agreement with the government, Friesland Campina started to source 10% of the dairy inputs locally. Friesland Campina will need 15,000 – 20,000 litres per day by 2016. A Memorandum of Understanding between Friesland Campina, the state and IFDC was signed with the aim to set up the Nigerian Dairy Programme. Friesland

Campina has committed itself to buying the milk, the state to investing in infrastructure supporting local sourcing practices of Friesland Campina, and IFDC to supporting farmers. To fulfill its part of the agreement, Friesland Campina has established Milk Collection Centers in 2 states (Oyo and Kwara) and plans to expand to Abuja soon. The programme eventually will reach out to 5 more states. The Mueller company provides the equipment. Total investment of Friesland Campina lies in the range of USD 3 million for 40 collection point structures, USD 3 million for equipment and USD 2 million extra for Abuja. The Dutch government (DGIS) funds part of the programme (see IFDC). Currently Friesland Campina sources from 3,500 farmers, eventually this needs to expand to 20,000 farmers.

The challenge is to achieve transparency in the chain. The farm to fork approach that is implemented by Friesland Campina is needed to diminish health safety risks. Finding suppliers that fulfil all quality requirements is difficult. Extra support is particularly needed in:

- Advocacy for investments in infrastructure, amongst others for access to drinking water
- The organization of (more) farmers
- Policy development on land governance
- Learning from practice, monitoring and dissemination



Session 7

B. Chain analysis from a gender perspective

Content of the module

Before intervening, it is important to have a clear understanding of the supply chain. But it is equally important to understand livelihoods systems and gender issues to better target the activities. For example, if a SDP targets the maize supply chain, it is important to understand the importance of maize in a livelihood: is it mainly a food crop, and are only surpluses sold, or is it already a cash crop? What happens to the food security of farmer families if maize is becoming a cash crop? And who is responsible for what activity related to maize production, processing and marketing within a household. And is this likely to change once a SDP comes in? Equally important is to understand the possible impact of an intervention on the environment. If any harmful impacts can be expected, the SDP will not be sustainable. This session on gender mapping focuses on understanding gender dimensions of a supply chain and addressing them in the design of the SDP.

It is important to understand gender issues in a value chain at various levels, enabling the underlying causes to be identified and suitable interventions to be understood and if required addressed in the design of the SDP. Gender mapping aims to make women more visible when mapping a value chain. Although women participate in most agricultural value chains, they tend to be invisible.

Gender mapping has the following objectives:

- To gain a gender-sensitive picture of the value chain, the actors involved and the percentages of men and women in each segment.
- To gain insight into the differences between men and women in terms of their activities, and their access to and control over resources.
- To identify opportunities for women to upgrade their position.
- To identify constraints and opportunities for women to participate in the value chain as well as analyse differences in power in the value chain governance.

In the previous session, participants prepared a value chain map and identified opportunities and constraints. In this session, groups will revisit their results and reflect on the gender aspects.

Objective

To raise awareness of the different stakeholders that they act in a complex system with mutual influences that can be positive or negative.



Learning methodology and process

- In the previous session, participants prepared a value chain map and identified opportunities and constraints. The facilitator asks the groups whether they distinguished between men and women while doing the mapping exercise and whether men and women are visible in the map.
- The facilitator asks the groups to revisit their supply chain map following the next steps:
 - ▶ Make invisible women stakeholders visible: women who are (probably) not mapped in the first supply chain mapping because they are not considered owners of the business, such as wives or daughters in the family business, or women labourers. You can do this by putting coloured cards on the actor mapping.
 - ▶ Activity mapping: identify which activities in the value chain are done by men, and which by women. Give special emphasis to activities that generate value or improve quality: these may be key to identifying opportunities for empowering women.
 - ▶ Identify opportunities and constraints for women. Analyse the constraints that hamper the competitiveness of women and restrict their inclusion in the value chain. What can reduce these potential limitations? And what are the opportunities for economic empowerment of women?
- Plenary presentations and discussion by the groups.
- Bring to the table the fact that a similar approach can be used to do a youth mapping of the supply chain.

Training tips

- The facilitator should explain that it is important to understand livelihood systems, gender issues and environmental issues related to the supply chain. Only if these aspects are taken into account a sustainable supply chain could be developed.
- In the toolkit, more gender sensitive analytical tools are provided that could be used in this exercise.
- In any case, the facilitator needs to refer participants to these tools.

Learning materials

- Flipcharts, markers, coloured cards, masking tape
- PPT 7B

Timing

- 1 hour

Reference

KIT, Agri-ProFocus and IIRR. 2012. Challenging chains to change: Gender equity in agricultural value chain development. KIT Publishers, Royal Tropical Institute, Amsterdam.



Session 8

Supply chain planning

Content of the module

For developing Supply Chains, strategies need to be developed and translated into practical supply chain implementation plans which, before starting implementation, need to be agreed upon by all stakeholders and involve implementing partners through a partnership agreement. So the objective of this phase is to develop and formally agree upon a supply chain development plan.

The Supply chain planning phase consists in the following activities:

- Selecting strategies and business models.
- Developing implementation plans including interventions, timing, responsibilities, required extra investments and milestones through a validation workshop with Lead Firms, selected suppliers and other support organization.
- Setting up and signing chain partnership agreements aiming at setting up/improving supply chain relations.

In this session, participants will reflect on the functions of an ASDP based on their own cases. Four ASDP key functions are distinguished:

1. Organizing support for suppliers: e.g. access to inputs, advisory services on GAP, access to finance, organization of producers, management training, Business Development Services, etc.
2. Sharing supply chain information throughout the chain (market information, etc.)

3. Facilitating linkages (selection of upgrading strategy and business models, contracting, etc.)
4. Policy Advice (creating an enabling environment: favourable policies and investment climate, market regulation, taxation, etc.)

Objective

Participants understand the ASDP 4 key-functions to develop a supply chain.

Learning methodology and process

- The facilitator presents the 4 ASDP Key function (see PPT).
- Based on the results of the Supply Chain Diagnostic exercise (constraints and opportunities), participants (in the same sub-groups) are asked to identify actions that could be initiated to enhance the supply chain, i.e. to ensure markets for smallholders and to ensure supply to Lead Firms.
- Participants write the options on cards (one option per card).
- Participants regroup the actions according to the 4 ASDP key functions.
- Each group prepares an “action thermometer” on a flipchart (see PPT) by sticking the cards on the flipchart according to the activities, starting on line 1 at each key function.



- Plenary reflection and discussion. The group results provide information on the priority key function: more cards in a certain key function make it a “hot issue”. Few cards imply less priority for a certain key-function.

Training tips

- Make sure the groups do not ignore the results of their gender analysis!
- The facilitator can ask what activities might be required under which conditions. For example: if farmers are not organized and production levels and quality are relatively low, “organizing support to farmers” will be a first priority. In the case that agricultural production is up to standards, but farmers have problems establishing linkages with other stakeholders such as processors or traders, “facilitating linkages” might become more important.

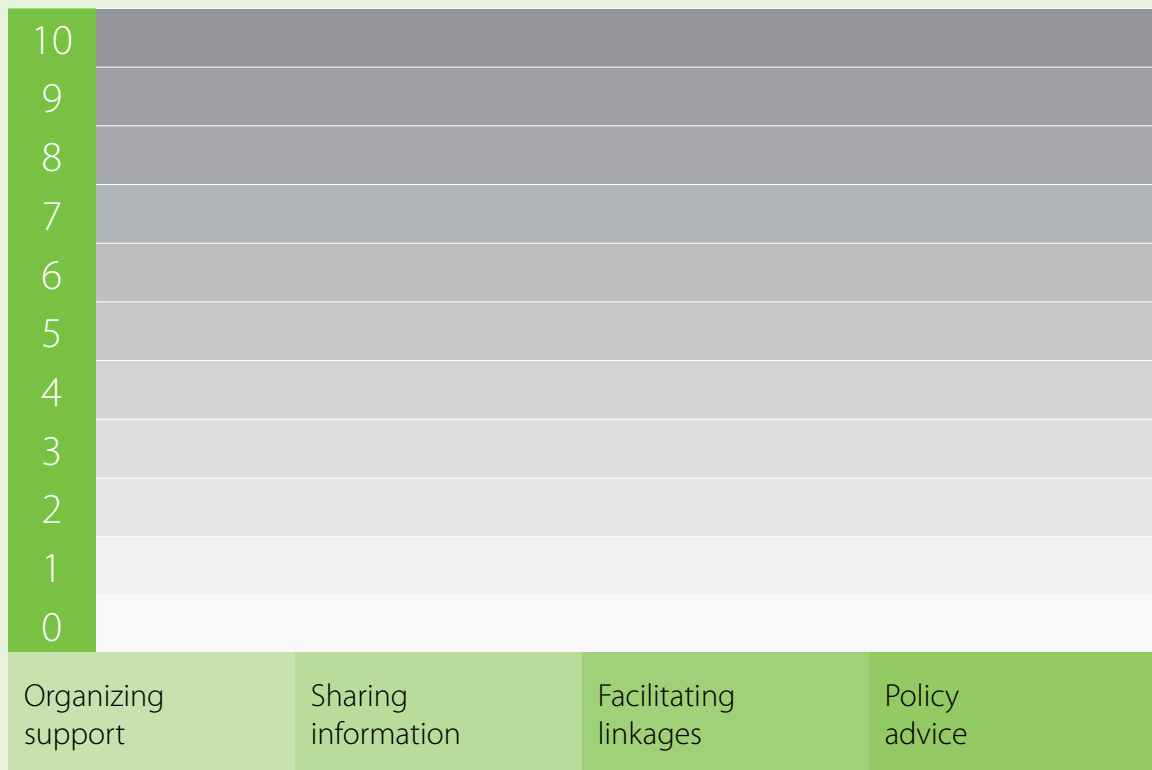
- What, according to participants is the priority function in their country.

Learning materials

- Flipcharts, coloured cards, markers, masking tape,
- PowerPoint slides

Timing

- 1.5 hour





Session 9

Supply chain planning

Content of the module

The objective of this phase is to successfully implement all identified interventions that are needed to improve supply in the respective supply chains. During a period of approximately four production seasons the suppliers, together with key partners (NGO programmes, public and finance service providers etc.), improve production and productivity, quality management, price, lead time and organizational structures, while the buyers invest in improving their technical and financial support towards suppliers, communication of specifications and regulations and in-time payments. This should go hand in hand with additional investments in physical hardware and inputs supply, by both suppliers and buyers.

In this session participants reflect on a case study for a SDP in Sierra Leone. Together they discuss the different activities implemented, but also constraints and opportunities that emerged.

Objective

Participants understand the supply chain activities implemented in Sierra Leone, and reflect on emerging constraints and opportunities.

Learning methodology and process

- The facilitator asks participants to read the case (15 minutes).
- In groups, participants are asked to identify actions in the case study that were initiated to enhance the supply chain (similar to the previous sessions).
- Participants write the activities on cards (one activity per card).
- Participants regroup the actions according to the 4 ASDP key functions.
- Each group prepares an “action thermometer” on a flipchart (see PPT) by sticking the cards on the flipchart according to the activities, starting on line 1 at, each key function.
- Plenary reflection and discussion. The group results provide information on the priority key function: more cards in a certain key function make it a “hot issue”. Few cards imply less priority for a certain key-function.

Training tips

- Make sure the groups do not ignore the results of their gender analysis!

Learning materials

- Flipcharts, colored cards, markers, masking tape,
- PowerPoint slides

Timing

- 1.5 hour



Case study 3a: **Local sourcing of sorghum in Sierra Leone**

(Source: KIT 2012, www.local-sourcing.com)

Starting in Sierra Leone, Heineken saw opportunities to substitute part of the imported raw material by locally produced goods. Together with an NGO, they explored possibilities to build relations with local farmers from whom they could source sorghum. The drive for Heineken to do this was not solely economic, as they could also contribute to the livelihood of poor farmers and provide them with an income. They started over five years ago, and are now in the process of making the sourcing process sustainable on its own.

Local sourcing of sorghum

Beer consists of several ingredients: water, malted barley and hops. Malted barley is a raw material that has to be imported, since it does not grow in Sierra Leone. However, sorghum has potential to partly substitute malted barley and can be grown locally.

Steps towards local sourcing of sorghum

The first step for starting to source locally was to study the feasibility (2005). In 2006 the Common Fund for Commodities (CFC), a UN organization with the aim of promoting commodity trade, became interested in the project. CFC funded a joint sorghum sourcing project in Ghana and Sierra Leone together with Heineken and Guinness (the two major shareholders in both breweries). A five years trajectory for Sierra Leone, leading to a sustainable supply of sorghum was designed. The NGO EUCORD (The European Co-operative for Rural Development) was appointed as the implementing agent.

Total costs for the five year project in two countries (Ghana & Sierra Leone):
USD 2.897.000

Of which the following parties contributed:

CFC:
USD 1.527.000 (grant)

SLBL:
USD 372.000

Guinness Ghana Breweries:
USD 531.000

Other Counterparts:
USD 647.000 (212.000 for Sierra Leone and 255.000 for Ghana)

Project kick-off in Kambia & Port Loko (2006)

- Approx. 150 farm families were registered
- Average farm size was small – 1 hectare was utilized
- Mixed cropping was mainly practiced which resulted to low yield
- Massive sensitization, training workshops & field days areas of production expanded and the production of sorghum increased tremendously
- Construction of two stores in Kambia district provided proper storage facilities for communities

1. Develop, test and introduce new industrial sorghum varieties and technologies

In 2005, VANCIL (a consultancy company) was hired to manage local implementation of the supply of sorghum. The SLARI (Sierra Leonean Agricultural Research Institute) was hired to do research on agricultural conditions and suitable varieties of sorghum for the production of beer. Three varieties were selected by SLARI and VANCIL and tested in two districts (Kambia and Port Loko).

2. Establishment of rapid-multiplication enterprises and collection centres

In the first two years, it proved difficult to get farmers enthusiastic to start with the sorghum production. Some reasons were that most farmers were engaged in subsistence farming only. Another reason was that farmers did not trust NGOs. The farmers that agreed to join and plant sorghum got direct cash for their produce and were satisfied. When other farmers took notice the ball started rolling. Quickly the local growing of sorghum for the brewery took off. In order to manage growth VANCIL started to identify nucleus farmers in several districts who then worked with out-growers.

3. Training of producer associations and credit groups

The nucleus farmers received workshops. They were taught how to calculate costs of investments and profits. They also received training on agricultural practices of sorghum (how to get the right moisture content, how to weigh the bags of sorghum, pre-harvesting and pre-planting training). The nucleus farmers then were required to visit farmers and convince them to join the out-grower scheme. Out-growers received direct cash for the sorghum they delivered to the nucleus farmer. If out-growers were in need of cash before harvesting, they could request the nucleus farmer for pre-financing. They needed to pay the loan back when they delivered the sorghum. The nucleus farmers in turn have access to finance from the bank Finance Sierra Leone.

4. Development of contract/partnership mechanisms between producers, input providers, intermediate agents and agro-processors

Contracts between producers, input providers, intermediate agents and agro-processors include pricing, quotas, services & inputs and finance. In the beginning contract/partnership mechanisms were set up between the farmers, VANCIL and SLBL. From 2012 SLBL took over all the tasks and services of VANCIL. This transition meant that the sorghum project became a long-term sustainable business section within the company.



5. Training of input dealers and credit providers

All nucleus farmers and some agents and out-growers received training from VANCIL and SLARI, organized by EUCORD, including financial training, pre-planting and pre-harvesting trainings, and farmer field school demonstrations. The nucleus farmers need to pass on their new knowledge to out-growers. This is also in the interest of the nucleus farmers, since they need high quality and quantities of sorghum.

Lessons learned

Win-win situation: Local sourcing for SLBL is a superb business case for all actors involved. It has been successful because farmers did not have sufficient alternative sources of income. The income out of rice was little and thus opportunity costs for producing sorghum were low. Growing sorghum therefore attracted many local producers. Simultaneously the costs for using sorghum are substantially lower than importing barley and therefore also the company gains by local sourcing.

Local Sourcing from smallholders takes time, costs money and requires knowledge on local farming: To set up a local sourcing project takes time and costs money. This local sorghum project took six years to become cumulatively profitable for SLBL. It involves building trust and managing relationships with several new stakeholders. Especially in a 'foreign' setting, this is challenging. Through partnering with CFC, SLBL was able to cover part of the total costs for committing farmers to sorghum production.

Use local staff and outsource activities – in order to build trust with the farmers: Involvement of local staff and service providers such as Vancil and EUCORD to build up relations with the farmers is extremely important. Hiring local experts and development/agricultural experts speeds up common understanding and communication. Once farmers were convinced by local staff members to join the sorghum programme, they saw the benefits. This created a snowball effect: other farmers wanted to join when they saw their neighbour, family member or friend benefiting from local sourcing.



Session 10

Phasing out

Content of the module

Phasing-out refers to the gradual withdrawal of resources and involvement. In an ASDP phasing-out happens at two levels: at supply chain project level and at the ASDP programme level.

From the time when a supply chain becomes sustainable, meaning that future supply from suppliers to off-takers is assured, external support from that specific supply chain should be phased out gradually.

In this exercise, participants reflect on the Sierra Leone case and make their own assessment on phasing-out the SDP.

Objective

Participants have reflected on the criteria for phasing out.

Learning methodology and process

- The facilitator asks participants to answer the following questions in pairs:
 - ▶ When can a programme phase-out from a specific ASDP project?
 - ▶ When can an ASDP Programme be closed?
- The facilitator asks the pairs to write down their answers.
- In plenary, an inventory of answers is made and the facilitator writes the answers on a flipchart.

- The facilitator asks if there are any other criteria.
- The facilitator shows the slide with the phasing out model showing the four criteria:
 - ▶ Sustained capacities
 - ▶ Sustained resources
 - ▶ Sustained motivation
 - ▶ Sustained linkages
- The facilitator asks if there are any other criteria that need to be added to the list.
- In groups, participants are asked to reflect on the Sierra Leone case and are asked to check whether the criteria they identified are met.
- Groups prepare a flipchart with their answers.

Training tips

If groups think that certain criteria are not met, the facilitator can ask what needs to be done in order to meet the criteria and make the supply chain sustainable before phasing out.

Learning materials

- Flipcharts, markers, masking tape
- PowerPoint slides

Timing

- 1 hour



Session 11

Monitoring & Evaluation and learning

Content of the module

There are many reasons why different stakeholders would require M&E. The most common ones include (upward) accountability and operational management. In M&E for accountability the objective is to justify, often in retrospect, the use of resources. However, for ASDPs, strategic management and knowledge generation would be equally important purposes. Learning from experiences, for the benefit of improving the ASDP itself, but also for the benefit of future initiatives, is central to M&E.

In ASDPs there are two levels of Monitoring and Evaluation:

1. The development of the ASDP
2. The development of supply chains

In addition, knowledge sharing in a sub-sector programme like ASDP, is essential because it can be applied to trigger scaling up lessons learned and thus to reach wider sustainable development. Learning from the ASDP is important for all direct stakeholders in the supply chains (farmers, SME suppliers, off-takers and service providers), yet also for more indirect stakeholders, namely the national government, the agri-finance banking sector, NGOs, donors etc., who can then replicate lessons learned and increase impact of the programme. In this session, 3 situations related to the local sourcing of sorghum in the Sierra Leone case are provided. Participants will reflect on the situations and discuss the importance of M&E.

Objective

Participants know the M&E framework for an ASDP, and in particular its milestones.

Learning methodology and process

- The facilitator explains that an ASDP is difficult to plan and that continuous monitoring is required. In this exercise, participants are asked to reflect on the following 3 situations (1 per group):
 - ▶ Over production
 - ▶ Monopoly
 - ▶ Power of nucleus farmers
- The facilitator has prepared the case studies (printing and cutting)
- In groups, participants are asked to reflect on these 3 situations (1 per group) that emerged in the local sourcing of sorghum in the Sierra Leone case, answering the following questions:
 - ▶ What are the implications for farmers?
 - ▶ What are the implications for off-takers?
 - ▶ Who is bearing the risk?
 - ▶ What solutions would you propose?
 - ▶ How could you prevent a situation like this?
 - ▶ What are the related indicators that require monitoring?

- Groups present back to plenary. The facilitator allows for discussion.
- The facilitator asks participants what is the importance of M&E.
- The facilitator explains that there are two levels of M&E and Learning: the supply chain level and the ASDP as a whole. The example concerned the supply chain.
- The facilitator reminds participants that for each phase, milestones are available (and already presented).

Learning materials

- Cards with the problem descriptions and questions, Flipcharts, coloured cards, markers, masking tape
- PowerPoint slides

Timing

- 1 hour



Case study 3b:

Local sourcing of sorghum in Sierra Leone

(Source: KIT 2012, www.local-sourcing.com)

1. Over production: In 2010 too much sorghum was produced by the farmers.
 - ▶ What are the implications for farmers?
 - ▶ What are the implications for off-takers?
 - ▶ Who is bearing the risk?
 - ▶ What solutions would you propose?
 - ▶ How could you prevent a situation like this?
 - ▶ What are the related indicators that require monitoring?
2. In Sierra Leone, an unintended monopoly position of SLBL emerged.
 - ▶ What are the implications for farmers?
 - ▶ What are the implications for off-takers?
 - ▶ Who is bearing the risk?
 - ▶ What solutions would you propose?
 - ▶ How could you prevent a situation like this?
 - ▶ What are the related indicators that require monitoring?
3. At one point, nucleus farmers lowered the price paid for sorghum to the out-growers.
 - ▶ What are the implications for farmers?
 - ▶ What are the implications for off-takers?
 - ▶ Who is bearing the risk?
 - ▶ What solutions would you propose?
 - ▶ How could you prevent a situation like this?
 - ▶ What are the related indicators that require monitoring?



Block D

Action planning / way forward

Session 12

Towards an ASDP Roadmap

Session 13

Financing an ASDP





Session 12

Towards an ASDP Road Map

Content of the module

A first step in designing an ASDP is the development of a roadmap. An ASDP roadmap provides general directions for a more detailed action plan. The development of the roadmap is the responsibility of the UN Country Office, but can be supported by a consultant or other service providers with expert knowledge on supplier development programmes. Although there is no blueprint for a roadmap, a typical roadmap provides the following information:

- Country context (a description of the political and socio-economic context)
- Sub-sectors : an overview of the selected sub-sectors, facts and figures, main characteristics, important actors, opportunities and constraints, potential for an ASDP.
- An overview of potential partners and stakeholders, including:
 - ▶ Off-takers for the selected sub-sectors
 - ▶ An implementing organization
 - ▶ Service providers
 - ▶ Donors
- Roadmap
- Socio-economic development potential of an ASDP
- Recommended strategic framework : purpose, objectives, activities
- Next steps / action plan
- Risk assessment
- Budget

During this session, participants start developing a roadmap for their ASDP. If there are representatives from more countries participating in the training, the participants are regrouped according to their countries. During the next session, participants will prepare a budget for their ASDP.

Objective

- Participants understand how to develop an ASDP roadmap.
- Participants have developed a first draft Roadmap for their country.

Learning methodology and process

This exercise is based on the assumption that potential sub-sectors have already been identified in session 6. Based on the selection made, participants will develop a roadmap for the development of an ASDP in their country.

- Participants are asked to develop an ASDP roadmap for their respective countries, based on earlier exercises. They are requested to develop the roadmap, following the provided outline.
- The budget will be prepared in the next session once the roadmaps are prepared.



Training tips

- An example from Nigeria is provided (case study 4)
- If certain information is not available, participants can add the information after the training.
- The risk assessment is an important part of this exercise and might need additional attention.

Learning materials

- Laptops
- Case study 4
- PPT presentation

Timing

- 2 hour

ASDP Roadmap

I. Country context

A description of the political and socio-economic context

II. Sub-sectors

An overview of the selected sub-sectors, facts and figures, main characteristics, important actors, opportunities and constraints, potential for an ASDP.

III. Involved actors

An overview of potential partners and stakeholders, including:

- A. Off-takers for the selected sub-sectors
- B. An implementing organization
- C. Service providers
- D. Donors

IV. Roadmap

- Development potential of an ASDP
- Recommended strategic framework purpose, objectives, activities
- Next steps / action plan
- Risk assessment
- Budget



Case study 4a: Roadmap for a Nigerian ASDP

Development potential of a Nigerian ASDP

Because companies are ready to invest in food markets, the Federal Government of Nigeria is very supportive to diversify its economy and invest in the agricultural sector, and supporting institutions are fully ready for a market led approach. The key conclusion of the feasibility mission is that it is the right time to develop a Nigerian ASDP. Projects have already started to connect lead firms (markets) to small scale farm suppliers. An ASDP could add value to existing initiatives by replicating good practices, developing and disseminating knowledge on lessons learned, and institutionalizing services in the current economic-political system. It would benefit both off-takers, smallholder farmers, SMEs as well as the wider economy:

The expected result of an ASDP would be to scale-out independent value chain successes to sectorial level change and as such contribute to increased income generation, job creation and ultimately poverty reduction as well as development of the Nigerian economy.

Recommended strategic framework

The purpose of a Nigerian ASDP is: "... to improve the productivity of Nigerian smallholder farmers and SME agribusinesses by facilitating support (training, advice, access to inputs, organization, standardization etc.) and linking up with off-takers. Sustainability and inclusion aspects, especially women and youth play an important role".

Lead Firms	Farmers	SMEs	Government
Increased quality	Secured /increased access to markets	Secured /increased access to market	Increased private investments in the agri sector
Increased volumes	Secured /increased income	Secured /increased turnovers/sales	Increased tax income
Increased secure supply	Increased productivity	Increased (cost) efficiency (less losses due to higher quality and in-time delivery)	increased trade balance
In time delivery	Access to (financial services /support	Access to (financial) services support	GDP growth
Cost reductions	Increased Food Security	Increased Value added	Job creation / employment
Increased flexibility (in local chains)	Increased Knowledge/ capacity	Increased Knowledge/ capacity	Increased poverty and Food security
Improved policies/ government support	Improved policies/ government support	Improved policies/ government support	



Objectives are to:

- Improve the supply of Nigerian agricultural products by farmers and SMEs towards market quality standards;
- Secure and offer lead firms efficient and high quality agricultural products supply;
- Contribute to the development of the Nigerian economy by developing agricultural products that can substitute imports and can access export markets;
- Contribute to sustainable development goals, especially food security and poverty reduction, through job creation and income generation.

ASDP activities within the already existing Transformation Agenda include to:

- Play a facilitating role in linking up lead firms with smallholders and related support organizations (government and non-government) in the value chains;
- Develop supply chain training and build capacity of a roster of Nigerian supply chain consultants that are ready to facilitate the development of supply chains;
- Develop and share full information through the supply chain (through tailor made information systems) to create value chain transparency at all levels;

- Organize the provision of services (Good Agricultural Practice training, certification/standardization of supply, access to value chain finance, organizational strengthening, infrastructure etc.) to supply chain actors;
- Advocate for improving policies in the sub-sectors;
- Develop and disseminate practical knowledge in and cross sub-sectors;
- Institutionalize the knowledge and services through training and ultimately handing over responsibilities to a permanent desk.

It is recommended to follow a staged approach where the programme starts working in 2 sub-sectors and adds another 2-3 sub-sectors along the course of the programme (see the graph below). This approach allows the programme to build up capacity, pilot services of the programme and improve these, and select the right sub-sectors that fulfill the selection criteria of both the Nigerian government as well as UNDP.

It is suggested to start the programme in the tomato and dairy sectors because of the interest of lead firms to expand, the number of small scale farmers, particularly women in the supply chains, the potential for SME development in processing. Aquaculture has not (yet) been selected because of the lack of lead firms that want to invest. Cassava has potential. Additional research into interested lead firms need to take place before a decision can be made on the feasibility of this sub-sector for an ASDP.

Time: T=0Y T=1Y T=2Y T=3Y T=4Y T=5Y T=6Y

Preparation

- Developing sub-sector plans
- Contracting Partners lead firms, farmers
- Training materials
- Training Consultants
- Info Systems

Sub sector 1: **tomato**

Sub sector 2: **dairy**

Sub sector 3:

Sub sector 4:

Implementation Subsector programs

- Organizing services
- Information mgmt
- Facilitating sub sector link-ages

M&E and Known development: M&E, developing/implementing knowledge program, platform facilitation, sector activities(eg. standard development, policy developement)

Involved actors

Implementing partner: with regards to the sustainability of the ASDP it is recommended to establish the programme in an existing national service organization. ASDP staff should be working from within such an organization and, depending on the feasibility, eventually handing over the services to this organization. Expected roles are displayed in the graph below.

Potential organizations are:

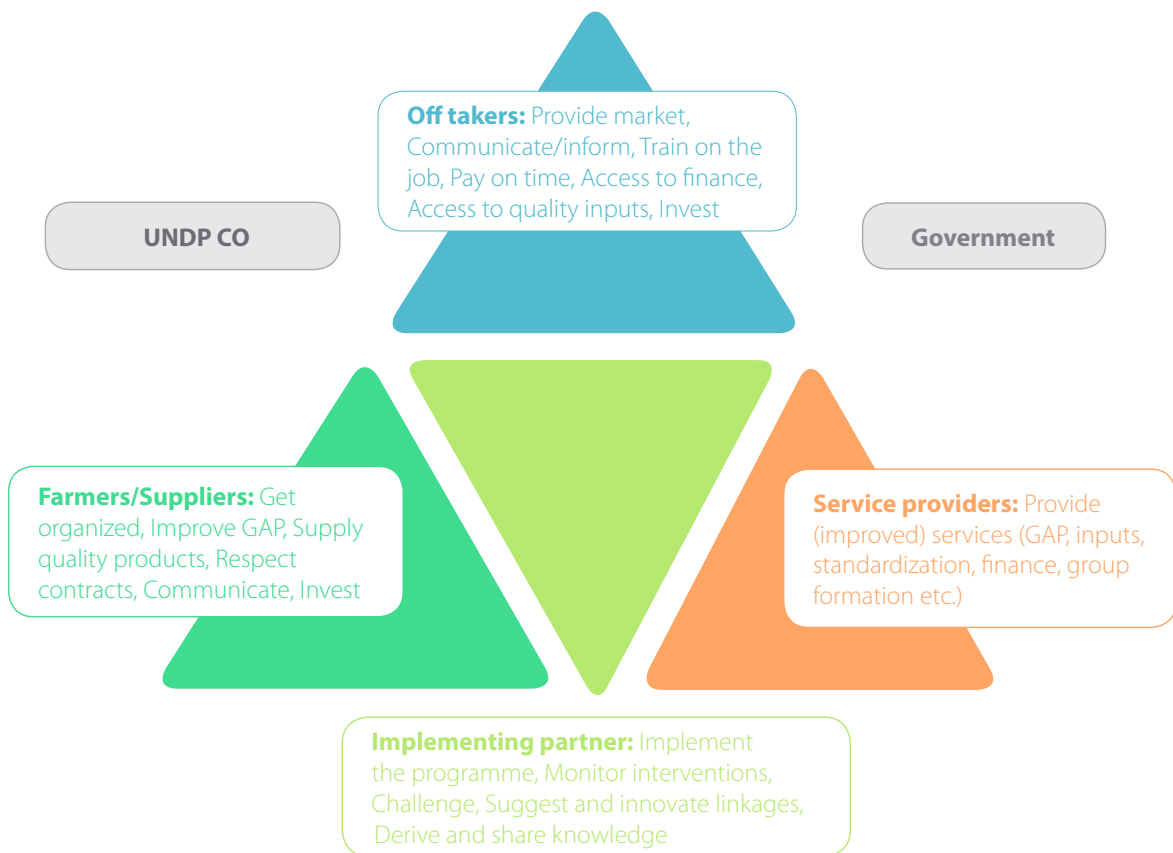
- Bank of Industry (BoI): The BoI is well established in the private sector;
- Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA): This institute is well established and particularly high-valued by the private sector as an relatively independent unit;
- Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL): This institute is independent and private. Also it adds value due to its role in accessing finance from commercial banks for value chain actors;



- Nigerian Association of Small and Medium Enterprises (NASME): This institute is well received by SMEs and private sector actors;
- Community of Agricultural Stakeholders of Nigeria (CASON), part of Nigeria Economic Summit Group (NESG): CASON already works closely with the Federal Ministry of Agriculture, as a platform for government engagement with the private sector on agriculture and agribusiness development.

In-depth consultations are needed to make a solid decision on this. Decision criteria should include:

- ability to attract donor funding;
- acceptability to Lead Firms as collaborators for supplier development;
- effective systems and mechanisms for delivering ASDP services;
- ability to respond quickly to client needs;
- being supportive to the overall objective of sustainable and inclusive development.



Partners on the ground: Depending on the sub-sectors the following partners are recommended to start off the sub-sector programmes with.

Tomato: Lead Firm: Dangote; Farm groups: Kano state; Support organizations: IFCD (farm support), UNIDO (infrastructure) and NIRSAL (credits).

Dairy: Lead Firm: Friesland Campina/WAMCO; Farmer groups: To be consulted; Support organizations: IFCD and IFAD (farm support) and FMARD (infrastructure).

For both sectors it is important to involve more lead firms and SMEs. For the M&E and knowledge development component the programme could work with respected knowledge organizations such as the Royal Tropical Institute (KIT) and/or local knowledge institutes/universities.

UNDP's role: UNDP has a facilitating and incubating role. It is mostly involved in the design and incubation of the programme, collaboration with the Nigerian government, fund raising and overall coordination.

Next to the Federal Ministry of Agriculture (FMARD), and in particular the value chain leaders of dairy and tomato (and the other 2 sub-sectors), also the Federal Ministry of Trade and Commerce and the Ministry of Finance will play a facilitating role. FMARD's role is providing (extension) services, investing in infrastructure and developing accommodating policies.

A Steering Committee consisting of UNDP, government, private sector and smallholder representatives as well as donors and other supporters (for instance UNIDO, Nigerian Export Import Bank, Bank of Industry or the African Business Round Table) should be established to govern the programme.

The cost items need to be incorporated in the eventual budget that will need to be prepared for the formal ASDP project document.

Donors that were mentioned in the interviews and that need to be approached are:

- Bill & Melinda Gates Foundation, which is already supporting UNDP Nigeria;
- DFID, which is also active in Nigeria and has a special interest in trade development;
- IFAD, which is already supporting programmes in Nigeria and is also a potential implementing partner on the ground;
- DGIS (Dutch embassy) which is supporting development through Dutch businesses (Friesland Campina);
- UN basket funding (UNDP, UNIDO, UNCTAD etc.);
- Loans from African Development Bank (Project Preparation Facility or Middle Income Countries facility (MIC), Nigeria Export Import Bank and/or Bank of Industry).



The Central Management/Coordination Unit would be funded separately from specific implementation programme for which separate funders need to be attracted.






Next steps

Potential next steps being discussed for developing an ASDP are to:

- Finalize consultations with potential partners of the programme: lead firms (Nestle, Olam, etc.), programmes (USAID Markets) and institutes (NACCIMA, NASME, CASON);
- Commit and involve national government into the programme by consultations at minister / senior level as well as executive level;
- Prepare the project document with support from AFIM and KIT;
- Start attracting donor funding;
- Nigerian representatives to attend AFIM SDP Roll-Out and Implementation Workshop.

Risk matrix for a Nigerian ASDP

Risk	Why
Farmers may not be committed	Many farmers are subsistence farmers that have different interests than lead firms
Insufficient lead firms for scaling-out existing activities	To date only little lead firms invest in improving supply
Security	In Northern regions there are safety issues for visiting people (including Nigerians)
Finance	There are little applied financial products for financing investments in the agricultural sector
Government image	There is a certain level of mistrust by private sector players with regards to effectiveness of governmental policies including the ATA

Level	Mitigation level
	<ul style="list-style-type: none"> • Farmers need to be incorporated in designing the sub-sector programmes from the start. • A medium term approach is needed in which sufficient time is scheduled for sensitization and capacity building. • The programme should partner with respected support organizations in the states (NGOs etc.). • Lead firms need to commit themselves for a longer time. • Services should be adapted to the users, i.e. mostly female farmers. • Farmers could be aggregated around lead farms who will support mechanization, facilitate extension services and guide compliance with quality standards.
	<ul style="list-style-type: none"> • The programme should embed sensitization activities in its plan to attract lead firms. • The Nigerian government should invest in creating an enabling environment for respective lead firms (particularly infrastructure investments).
	<ul style="list-style-type: none"> • The programme should (for the time being) refrain from working in these areas until safety can be secured.
	<ul style="list-style-type: none"> • NIRSAL is a potentially good partner that could bring in financial capacity and access to banks (this needs to be validated). • Sensitization of finance providers should be part of the programme.
	<ul style="list-style-type: none"> • The ASDP should be located in a relatively independent institute that is respected by the private sector such as NACCIMA (this needs to be validated).



Session 13

Financing an ASDP

Content of the module

The budget for setting up and running a multi annual programme such as an ASDP usually consists in fixed and variable costs. The total size of the budget depends on the number of supply chain projects that will be implemented.

Next to funding from government, UNDP, other donors and the chain actors, funding should be shared with already existing programmes on farmer support from other organizations. Several funding tools exist for ASDP programmes, ranging from commercial funding to public funding. With the aim of catalysing independent supplier development services, the programme should however be commercially funded as much as possible. A public-private partnership model in which both public and private players contribute is therefore most suitable. In order to attract funding UNDP country offices should consider the following options:

- Payments by users of the services of an ASDP, including suppliers and SMEs;
- Match funding of private companies: in the Mexican and El Salvadorian programmes companies finance 30% of the costs for consultancy and training in their respective supply chains;
- Commercial funding through development- and commercial- banks as part of their goal to stimulate local, national and regional (agricultural) markets;
- Public funding through national governments, e.g. through ministries;
- UNDP funding through Country Office or the Regional Bureau for Africa;
- Funding through other international organisations, such as IFAD, World Bank, IFC.

Objective

Participants have insight in the costs of an ASDP and the possible funding modalities.

Learning methodology and process

- In plenary, participants are asked to brainstorm about the cost items of an ASDP.
- The facilitator lists the answers on a flipchart or whiteboard.
- After the brainstorming, the facilitator hands out the proposed roadmap and budget for the ASDP Nigeria.
- Provide 15 minutes to read it.
- Plenary discussion.
- The facilitator asks participants to discuss possible ways of funding (work in pairs, 5 minutes).
- The facilitator asks pairs to share their ideas and notes the ideas on a flipchart or whiteboard.
- The facilitator gives a PowerPoint presentation.

Training tips

- Funding depends on the size of the ASDP and the kind of activities that are required.
- The facilitator can ask participants to discuss potential funders in their country for the selected sub-sectors.

Learning materials

- Flipchart, markers, masking tape, whiteboard
- PPT presentation
- Case study 4b

Timing

- 1 hour

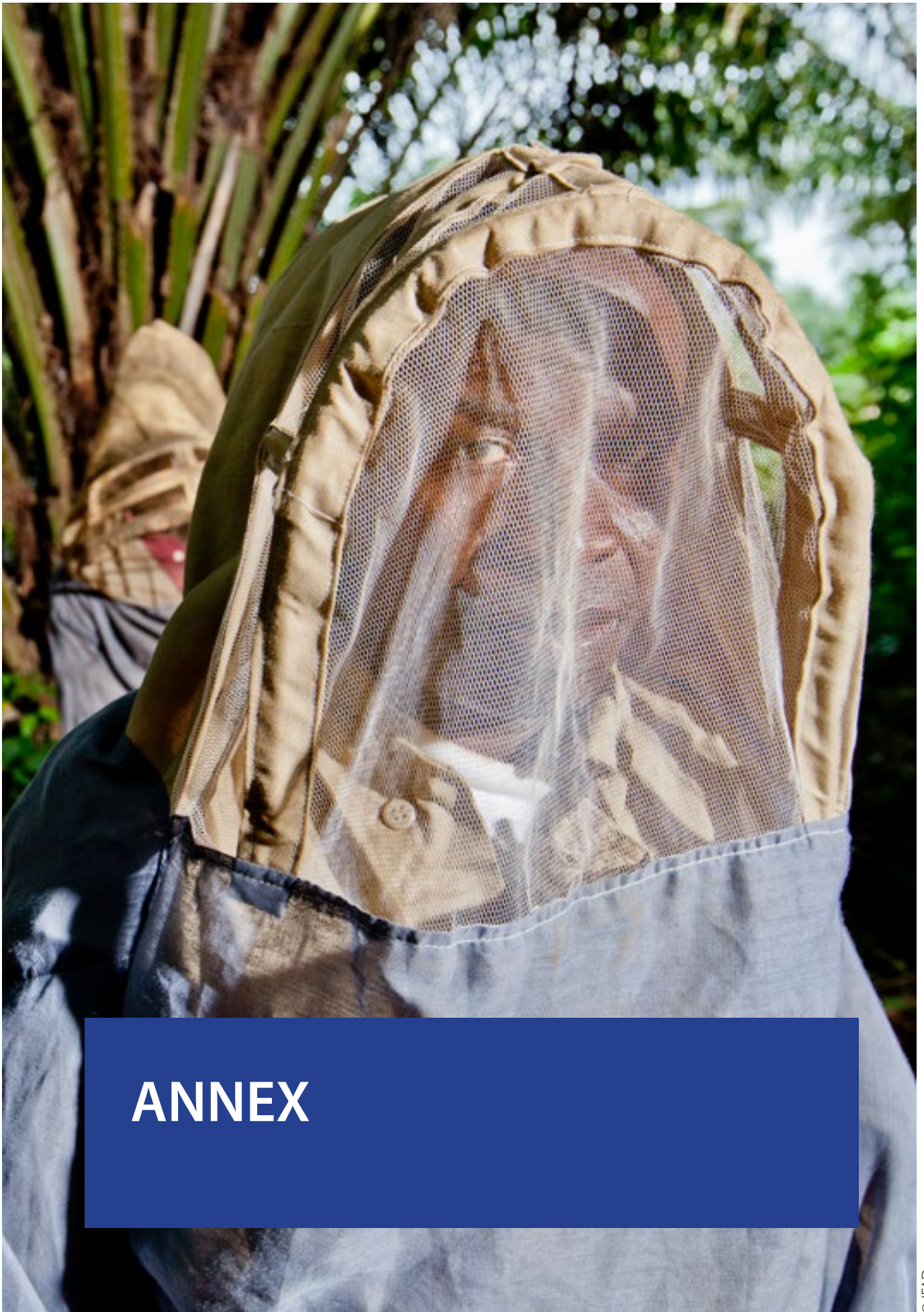


Case study 4b:

Non-validated indicative figure for a Nigerian ASDP

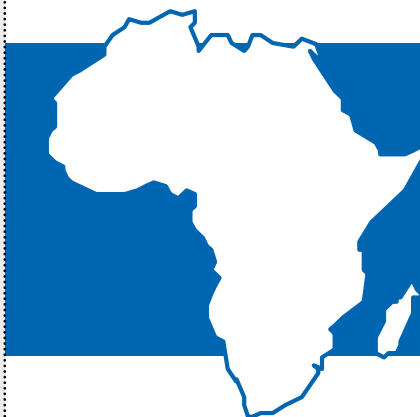
Building blocks	Cost types	Cost indication
Feasibility	Feasibility	25,000 USD
Preparation	Developing programme document	100,000 USD
	Training material development: adapting training material to Nigerian context*	25,000 USD
	Training (20) consultants	25,000 USD
	Information system development: adapting forms to Nigerian context*	25,000 USD
Sub-sector off takers supply chain activities (4 sub sectors * 3 years)	Management and overhead for 1 year	150,000 USD
	Sub-sector off takers supply chain diagnostics, planning and implementation programs (facilitation by trained consultants, specialist support, GAP and other training to suppliers etc.)	2,000,000 USD
M&E and knowledge development	Management (including monitoring) and overhead for 3 years	450,000 USD
	M&E design	15,000 USD
	Knowledge program design	15,000 USD
	Mid-term and final evaluations	50,000 USD
	Knowledge program implementation (platform facilitation, developing and sharing knowledge)	500,000 USD
Total		3,380,000 USD

*Assumption is that programme materials from Latin America SPDs are available to this extent



ANNEX

**UNDP Regional Programme on Private Sector
and Inclusive Market Development in Africa**




An introduction to the African Agribusiness Supplier Development Programme (ASDP)



Introduction



Session 1. Objectives of the training



- Introduce the ASDP to participants, including:
 - The objectives of an ASDP
 - The benefits of the ASDP to different stakeholders
 - The major underlying concepts of an ASDP
 - The roles and responsibilities of different stakeholders
 - The implementation of an ASDP: phases
- Agree on an action plan to developing an ASDP in the country.

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Training programme



Introduction

Session 1. Introduction: participants' expectations, objectives

Block A. Agriculture Supplier development programme

Session 2. An Agribusiness Supplier Development Programme


Session 3. Key success factors

Session 4. What's in it for..... World Café

Block B. Stakeholders' roles and responsibilities

Session 5. Stakeholders' roles and responsibilities in an ASDP

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Block C. Phases of an ASDP

Session 6. Feasibility & Programme preparation

Session 7. A. Supply chain diagnostics
B. Chain analysis from a gender perspective

Session 8. Supply chain planning

Session 9. Supply chain implementation

Session 10. Phasing out

Session 11. Monitoring and evaluation and learning

Block D. Action planning / way forward

Session 12. Towards an ASDP Roadmap

Session 13. Financing an ASDP

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Block A. Agribusiness Supplier Development Programme

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Session 2. An African Agribusiness Supplier Development Programme



Exercise: write down on cards 3 words
(one word per card) you associate with Agribusiness Supply Chain

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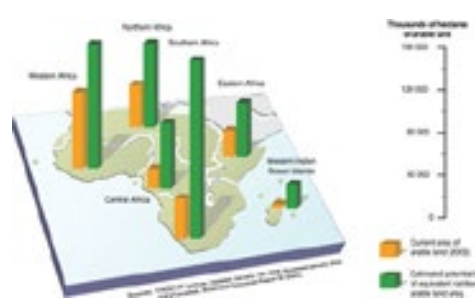
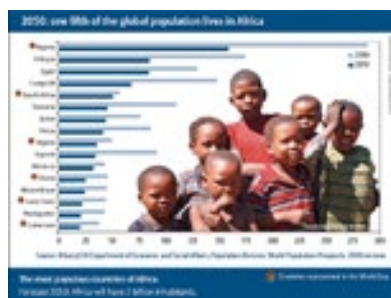
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ASDP Rationale



Agriculture contributes >60% to employment and >25% to GDP in SSA

FAO estimates that less than 15% of Africa's total arable land is under cultivation.



Hugo Ahlenius, UNEP/GRID-Arendal 2006

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8

ASDP Rationale (continued)



Risks to Agribusiness Investment in SSA

Category	Examples
Political	War and civil disturbance, Corruption, Expropriation, Breach of contract, Non-honouring of sovereign obligations
Economic/Financial	Credit risk, Financial risk, Currency inconvertibility, Volatile terms of trade, Price risk, Illiquidity, Cost and availability of capital, Uncertainty of investment returns, Limited availability to maintain and grow equity
Social	Low education/productivity, Disease, Lack of social capital
Environmental	Crop loss, Climate risks, Drought, Flood, Wind, Climate change

Source: Collection of sources in Evans School Policy Analysis and Research Group, 2010

“Eighty per cent of all farms in Sub-Saharan Africa are under smallholder production supplying up to 90% of the food production in some countries (ASFG, Livingstone)”

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9

ASDP Definition



“An ASDP intends to improve the productivity of farmers and SME agribusiness suppliers by facilitating support (training, advice, access to inputs, organization, standardization etc.) and linking up with off-takers.”

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10



ASDP Objectives



- Improve the supply of agricultural products by farmers and SMEs towards market quality standards;
- Secure and offer efficient and high quality agricultural products supply to off-takers;
- Contribute to the development of the national economy by developing agricultural products that can substitute imports and can access export markets;
- Contribute to sustainable development goals, including food security, poverty reduction and gender equity, through job creation and income generation.

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11

Approach: training specialist consultants



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12

Session 3. Key success factors



- ASDP should be in line with national and regional policies;
- Availability of markets in the form of committed off-takers;
- The availability of potential and committed suppliers;
- Collaboration with and integration of projects and/or other service suppliers;
- A supporting and applied information system;
- The availability of skilled consultants to support the supply chain projects;
- Commitment of the financial sector to develop suitable financial products;
- Public funding for financing the programme;
- Profitability and profit margin within the supply chain.

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13

Exercise: Key success factors



Discuss in sub-groups the Kenya Soy Bean Sub-Sector case Study and assess whether success factors are (using the table)

- In place
- Not in place but likely to be realized by ASDP
- Not in place and not likely to be created

- What information still lacks to answer the questions?


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14




Key success factors



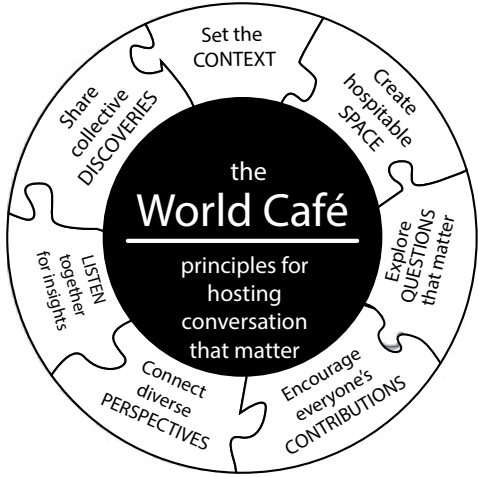
Key success factor	In place	Not fully in place		Remarks
		Likely to be realised through ASDP	Not likely to be created	
1. ASDP should be in line with national and regional policies				
2. Availability of markets in the form of committed off-takers / lead firms				
3. The availability of potential and committed suppliers				
4. Collaboration with and integration of projects and/or other service suppliers				
5. A supporting and applied information system				
6. The availability of skilled consultants to support the supply chain projects				
7. Commitment of the financial sector to develop suitable financial products				
8. Public funding for financing the programme				
9. Profitability and profit margin within the supply chain				

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Session 4. What's in it for.....?



Exercise: discuss at 4 tables the opportunities of an ASDP. Each table discusses one specific stakeholder group. After 15 minutes one changes tables. In total each participant participates in 3 table discussions.



Sources: <http://www.theworldcafe.com>

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What's in it for.....?



- **Table 1:** What are the major constraints/opportunities smallholder producers are facing in accessing markets? What are the possible benefits of an ASDP for smallholder suppliers?
- **Table 2:** What are the major constraints/opportunities SMEs are facing in accessing markets? What are the possible benefits of an ASDP for SMEs?
- **Table 3:** What are the major constraints/opportunities off-takers are facing in sourcing locally? What are the possible benefits of an ASDP for off-takers?
- **Table 4:** What are the possible benefits of an ASDP for governments?

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17

What's in it for..... off-takers



- Increased quality
- Increased volumes
- Increased secure supply
- In time delivery
- Cost reductions
- Increased flexibility (in local chains)
- Improved policies/government support

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18



What's in it for...farmers



- Secured /increased access to markets
- Increased productivity
- Secured / increased income
- Increased food security
- Access to (financial) services/support
- Increased knowledge/capacity
- Improved policies/government support

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19

What's in it for..... SMEs



- Secured /increased access to markets
- Secured / increased turnovers/sales
- Increased (cost) efficiency (less losses due to higher quality and in-time delivery)
- Access to (financial) services/support
- Increased value added
- Increased knowledge/capacity
- Improved policies/government support

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20

What's in it for..... the Government



- Increased private investments in the agribusiness sector
- Increased tax income
- Increased trade balance
- GDP growth
- Job creation / employment
- Decreased poverty and improved food security

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21

Block B. Stakeholders' roles and responsibilities



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22



Session 5. Stakeholders' roles and responsibilities

UNDP CO

Government

Off-takers

Implementing partner

Farmers / Suppliers

Service providers

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Exercise: functions

In groups of 6, attribute each card (function) to one of the following stakeholder:

- Small suppliers (producers) and SMEs
- Off-takers
- Service providers
- Implementing partner
- Government
- UNDP CO

Are there any other functions you could think of?

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Off-takers

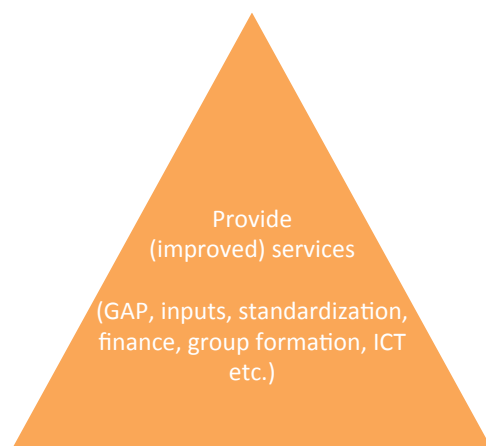


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25

Service providers



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26





Farmers / suppliers



Get organised
Improve practices
Supply quality products
Respect contracts
Communicate
Invest

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Implementing partner



- Implement the programme
- Monitor interventions
- Challenge, suggest and innovate linkages
- Derive and share information and knowledge

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Government role



- Provide data
- Participate in discussions
- Access the right people and other (semi-) public and private organizations for support
- Research finance options (own budget / negotiating with others)
- Actively participate by creating an enabling environment for agribusiness supply development:
 - improve and implement public services and policies
 - invest in public goods (infrastructure, water, electricity etc.)

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29

UNDP CO



- Broker relations between key actors of an ASDP
- Involve key government partner in developing an ASDP
- Ensure synergy between national policies and ASDP
- Align the country ASDP with regional UN ambitions and programmes;
- Involve and commit off-takers
- Involve NGO partners and existing local private sector service providers for farm support
- Involve finance organizations including commercial banks;
- Attract donor funding
- Monitor progress and integrate learning

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30



Roles of an implementing partner per programme phase	
Programme phases	Role of implementing partner
1. Feasibility	-
2. Programme preparations	Prepare the programme including the finalization of the programme document, select support staff (including consultants) and make all other preparations in order to start the programme.
3. Supply chain diagnostics	Hire consultants for doing the analysis; Coordinate and monitor research conducted by consultants
4. Supply chain planning	Monitor supply chain project plans; Contract off-takers and suppliers and other partners.

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Roles of an implementing partner in the ASDP programme	
Programme phases	Role of implementing partner
5. Implementation	Monitor progress of the implementation of the supply chain projects; Encourage cooperation among chain actors; Learning in and between projects.
6. M&E and impact measurement	Monitor all stages of the programme and coordinate external evaluation.
7. Programme phase-out	Ensure follow up to the programme, by handing it over to a suitable party.

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Required Skills for Implementing Partners



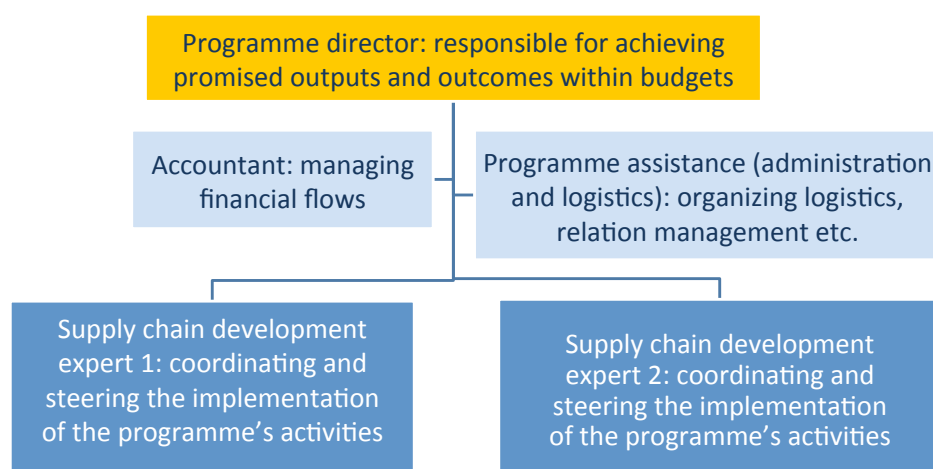
- Project management skills:
 - Planning,
 - M&E
 - Logistics
 - Reporting
 - Budgeting
 - Human resources management
- Contents knowledge on supply chain development

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33

The implementing ASDP team



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34



Approach: specialized consultants per client

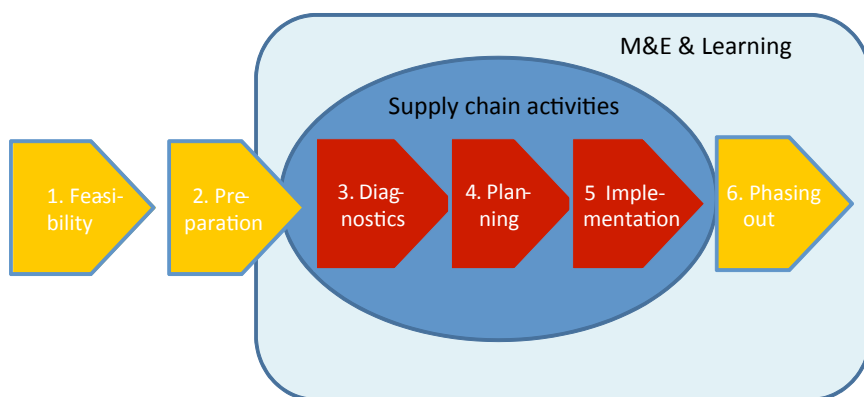
The diagram illustrates the ASDP approach. At the center is an orange circle labeled "Client". Surrounding the client are four blue circles representing "Supplier 1", "Supplier 2", "Supplier 3", and "Supplier 4", each connected to the client by a line. To the left of the client is a green circle labeled "1 or 2 Consultants", also connected to the client. A dotted orange line encircles the client and suppliers. The text "ASDP" is written to the right of the diagram. The UNDP logo is in the top right corner.

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Block C. Phases of an ASDP

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Session 6. Feasibility



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37

Feasibility



Activity	Milestone
Government consultations	Pre-selected potential sub-sectors in line with governmental policies and UNDP objectives
Shortlisting potential sub-sectors	Commitment from national government partners
Feasibility study in a country ASDP for shortlisted sub-sectors	Feasibility report and roadmap for setting up an ASDP

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Exercise: selecting a commodity sector

Discuss in groups :

Which commodities are suitable for developing an Agribusiness Supplier Development Programme?

(use table next slide)

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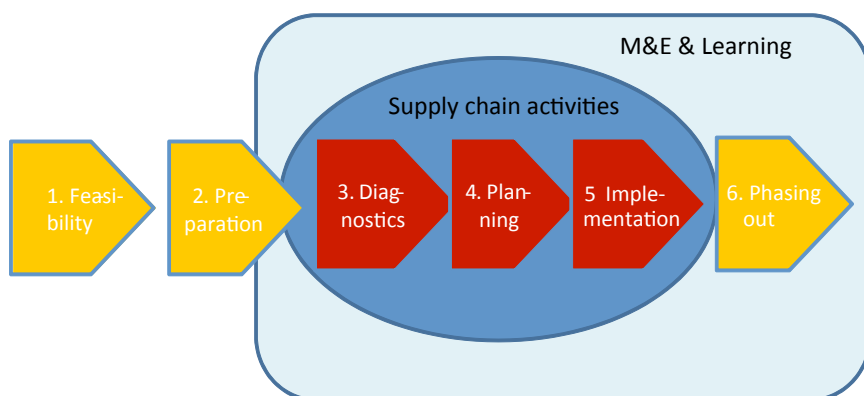


- 1) List criteria for selecting commodity sectors
- 2) Describe each criteria (what, how, why)
- 3) Write * beside the criteria you think are most important
- 4) How well does the criteria fit sectors? EXCELLENT, OK, POOR

Criteria	Description	Value chain 1	Value chain 2
* Potential to engage with lead firms	EXCELLENT	...
* Potential for lead firms to engage with small holders		OK	...
Criteria 3...			
Criteria 4...			

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40

Programme preparation



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41

Programme preparations



Activity	Milestone
Development of a programme document and strategy	National ASDP programme plan in place
Selection of an implementing partner	Implementing partner in place
Development of programme systems	Adapted information system and related training materials in place
Training and selection of supply chain consultants	Base of trained supply chain consultants
Committing off-takers and other key partners	Commitment of off-takers and other key partners (formalized through an Lol)


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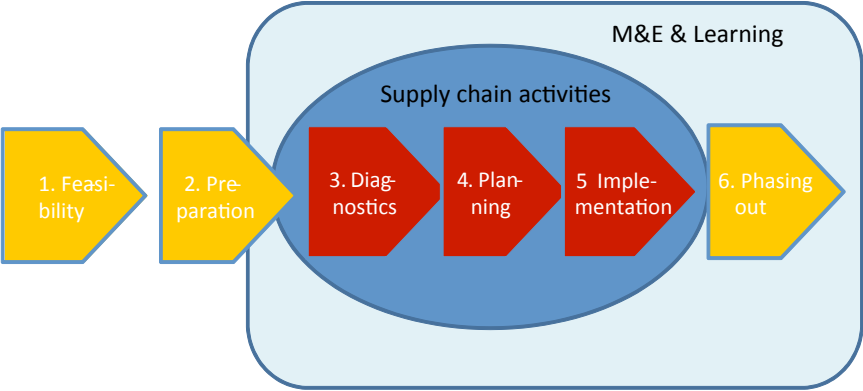
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42




Session 7A. Supply chain diagnostics





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43

Supply chain diagnostics



Activity	Milestone
Analysing constraints and opportunities based on value chain analysis, Livelihoods analysis (including environment conditions), Gender analysis	Pre-selected potential sub-sectors in line with governmental policies and UNDP objectives
Reporting constraints and opportunities in off-takers' chains	All required forms for the information system filled in/accepted (indicating constraints and opportunities for an ASDP)

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Objectives of supply chain mapping



To identify and understand:

- the physical flow of goods
- the price structure of these goods
- the (power) relations between chain actors
- existing markets
- available resources
- opportunities and constraints for chain development and actor empowerment

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Value chain components



Functions: Producers Processors Manufacturers / exporters

Chain operations:

Land preparation
Tree planting
Pruning
Pest and disease control
Harvesting
Marketing raw

Steaming
Drying
Grading
Peeling
Selection

Selection
Grading
Packing
Export

Chain actors



1000 farmers
Sales price
3.24 Euro/kg

10 small scale units,
App. 100 workers

1 medium scale factory
Offering 20% premium price
for dried peanuts

Chain supporters:

Service providers:
training, micro credits,
technical assistance

Government support:
Cashew promotion

Source: KIT, Value Chain Training 2008

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46



Value chain mapping

The diagram illustrates the value chain mapping process. It is structured into three main horizontal layers within a large oval shape. At the top, there are icons representing market indicators: a line graph, currency symbols (€/\$), a percentage sign, and a weather icon (sun and clouds). Below this, there are icons representing various actors and institutions: a person with a bag, a person at a desk, a group of people, a building, and a multi-story office building. The central layer, labeled 'CHAIN ACTORS', shows a sequence of icons connected by double-headed arrows: a farmer with a hoe, a trader with a scale, a processor with a machine, a wholesaler with a truck, a retailer with a cart, and a consumer with a person. Below the chain actors, there is a layer labeled 'CHAIN SUPPORTERS' with icons for a person with a chart, a person with a laptop, a person with a truck, and a person with a house. The bottom layer, labeled 'CHAIN CONTEXT', includes icons for a person with a bag, a person with a child, a person with a sign, a person with a laptop, a person with a document, and a person with a scale.

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Supply chain diagnostics

- Functional analysis: description of the different functions and technical operations in a chain;
- Actor analysis: specification of the main actors in the chain and their relations;
- Drawing the chain map;
- Identification and analysis of bottlenecks in the chain with regards to technical issues, organizational issues as well as access to services.

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Chain mapping – group exercise



For the selected sub-sectors / commodities:

- What are the different functions and technical operations in the selected value chain (functional analysis) ? (list)
- Who are the main actors in the chain what are their relations (list)?
- Draw the chain map
- Identification and analysis of bottlenecks in the chain with regards to technical issues, organizational issues as well as access to services.

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49

Session 7B. Gender mapping objectives



- To gain a gender-sensitive picture of the value chain, the actors involved and the percentages of men and women in each segment.
- To gain insight into the differences between men and women in terms of their activities, and their access to and control over resources.
- To identify opportunities for women to upgrade their position.
- To identify constraints and opportunities for women to participate in the value chain as well as analyse differences in power in the value chain governance.


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50



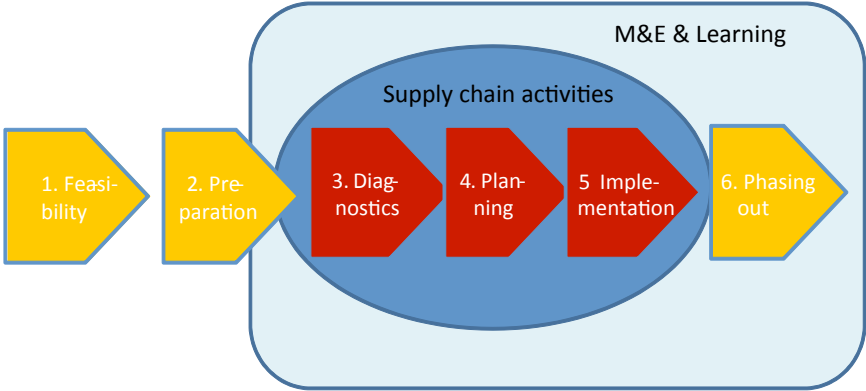

Analysing the chain from a gender perspective



- Make invisible women stakeholders visible by putting coloured cards on the actor mapping.
- Activity mapping: identify which activities in the value chain are done by men, and which by women? Give special emphasis to activities that generate value or improve quality.
- Identify opportunities and constraints for women.

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Session 8. Supply chain planning



The diagram illustrates a six-step supply chain planning process. It begins with '1. Feasibility' and '2. Preparation' in yellow chevron boxes. Steps '3. Diagnostics', '4. Planning', and '5. Implementation' are shown as red chevron boxes within a blue oval labeled 'Supply chain activities'. This oval is contained within a larger light blue rounded rectangle labeled 'M&E & Learning'. The process concludes with '6. Phasing out' in a yellow chevron box.

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Supply chain development planning



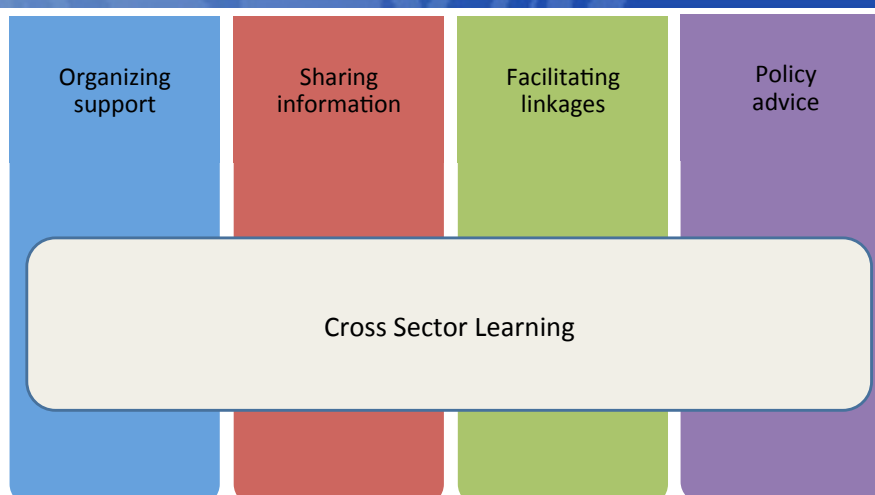
Activity	Milestone
Selecting strategies and business models	Clear strategy/business model for the respective supply chain
Developing implementation plans including interventions: <ul style="list-style-type: none"> - timing - responsibilities - required extra investments - milestones 	Validated/approved supply chain development plans
Setting up and signing chain partnership agreements aiming at setting up/improving supply chain relations	Signed chain partnership agreements between suppliers, off-takers and other support organizations (NGOs, banks etc.).

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53

Key functions of the programme



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54



Key functions of the programme



- **Organizing support** for suppliers (with specialized consultants): e.g. access to inputs, advisory services on GAP, access to finance, organization of producers, management training, Business Development Services, ...
- **Sharing supply chain information** throughout the chain (market information through applied IT systems),
- **Facilitating linkages:** selection of upgrading strategy and business models, contracting,...
- **Policy Advice:** creating an enabling environment: favorable policies and investment climate, market regulation, taxation,....)

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Planning exercise



Based on the results of the Supply Chain Diagnostic exercise (constraints and opportunities), in the same sub-groups:


Identify actions that could be initiated to enhance the supply chain, i.e. to ensure markets for smallholders and to ensure supply to Lead Firms.

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56

Activity planning



5			kkf';k';kfa	
4	kfhahflahflkja		fdhfkjljhkf fkhjlkfha ffj;jf	
3	kkf';k';kfa		kkf';k';kfa	
2	fdhfkjljhkf fkhjlkfha ffj;jf	fakjflkj fajflkajfa;l filajfja	fdhfkjljhkf fkhjlkfha ffj;jf	
1	fs;jfajljk fsajfl;j	mktjakj	fs;jfajljk fsajfl;j	fs;jfajljk fsajfl;j
0				

Organizing support


Sharing information

Facilitating linkages

Policy advice

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57

Session 9. Supply Chain Implementation




The flowchart illustrates the supply chain implementation process. It begins with '1. Feasibility' and '2. Preparation' (yellow chevron arrows pointing right). These lead into a large light blue rounded rectangle labeled 'M&E & Learning'. Inside this rectangle is an oval labeled 'Supply chain activities' containing three red chevron arrows: '3. Diagnostics', '4. Planning', and '5. Implementation'. Finally, a yellow chevron arrow labeled '6. Phasing out' points away from the 'M&E & Learning' box to the right.

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58




Supply chain development implementation



Activity	Milestone
Carrying out interventions	Interventions successfully implemented (Milestones defined in Supply chain development plans)

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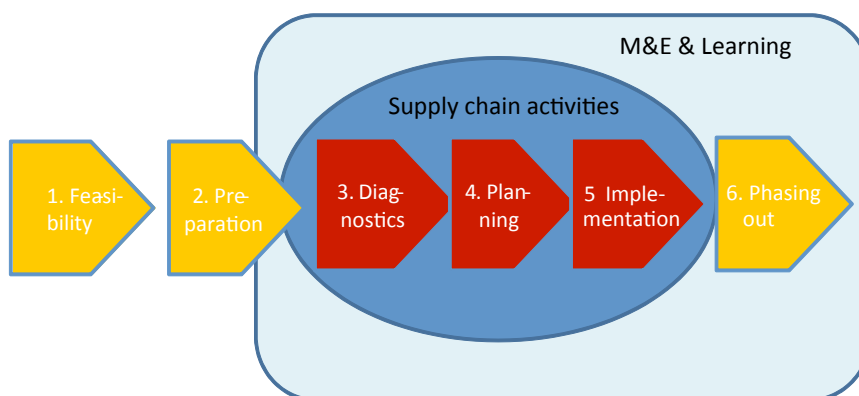
Implementation exercise



Identify actions in the case study that were initiated to enhance the supply chain (similar to the previous sessions).

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Session 10. Phasing out



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61

Phasing out



Activity	Milestone
Developing and implementing phasing out strategies for the supply chain projects and eventually the ASDP programme	Phasing-out strategies at supply chain level in place Phasing-out strategy at programme level in place


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62



Phasing-out exercise

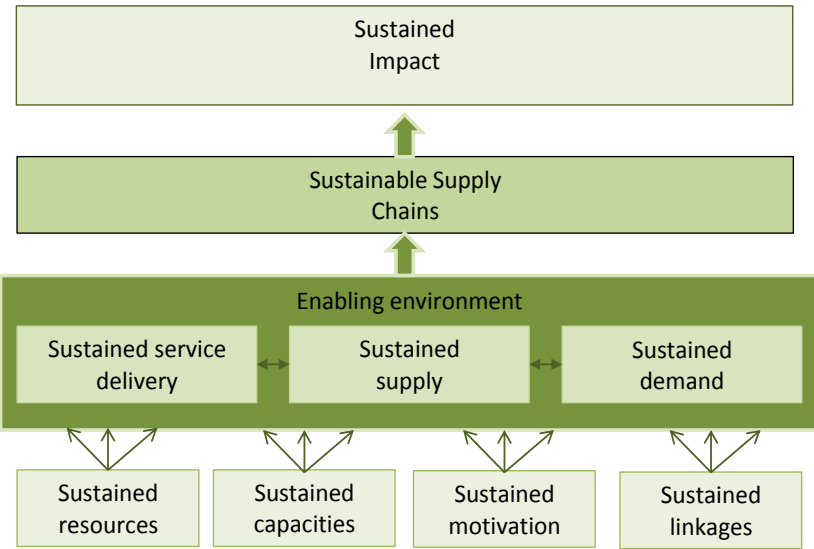



Answer the following questions in couples:

- When can a programme phase-out from a specific ASDP project?
- When can an ASDP be closed?

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Phasing out



The diagram illustrates the 'Phasing out' process as a vertical flow of interconnected components. At the top is 'Sustained Impact'. Below it is 'Sustainable Supply Chains', which leads to 'Enabling environment'. The 'Enabling environment' is a large box containing three sub-components: 'Sustained service delivery', 'Sustained supply', and 'Sustained demand', which are interconnected by double-headed arrows. Below the 'Enabling environment' are four boxes: 'Sustained resources', 'Sustained capacities', 'Sustained motivation', and 'Sustained linkages'. Each of these four boxes has three arrows pointing upwards towards the 'Enabling environment' box.

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Elements of a phasing out strategy



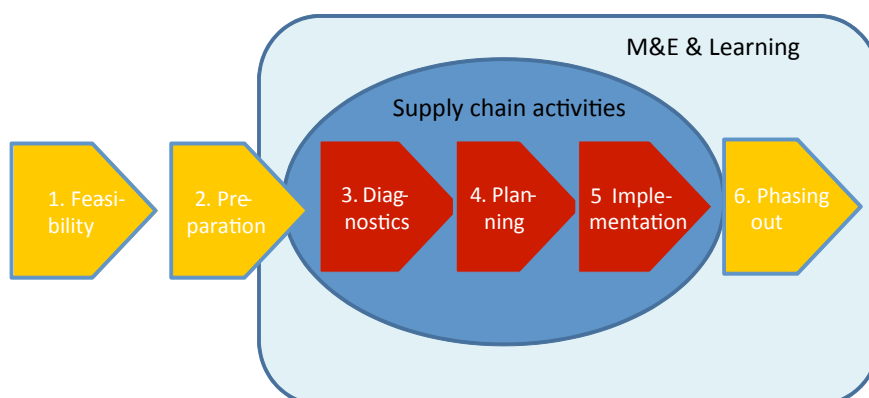
- Specific criteria for exit
- Specific and measurable indicators for assessing progress toward meeting the criteria. By putting a number to the indicators targets are set
- Identification of action steps to reach the stated criteria and of the responsible parties to take those steps
- A time line, recognizing that the time line, especially in early stages, needs some flexibility
- Mechanisms for periodic assessment of progress toward the criteria for exit and for possible modification of the exit plan.

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65

Session 11. M&E and Learning




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66




Milestones: Monitoring, Evaluation and learning



Activity	Milestone
Informing stakeholder on progress on the development and the implementation of the ASDP	Annual progress reports of the programme and projects
Informing stakeholders on achievements of the ASDP (outcomes and impact)	Mid-term and impact evaluations
Cross-sectoral learning	Learning products developed and shared

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M&E exercise



Read the case study, reflect on the 3 situations (1 per group) and answer the following questions:

- What are the implications for farmers?
- What are the implications for off-takers?
- Who is bearing the risk?
- What solutions would you propose?
- How could you prevent a situation like this?
- What are the related indicators that require monitoring?

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Over-production



- In order not to harm relations with the farmers, SLBL decided to buy the overproduction.
- In subsequent years this problem was solved by introducing production quotas.
- Memoranda of Understandings are now signed on quotas for the nucleus farmers.
- The lesson learned is to clearly manage and communicate required volumes.
- This almost made the project fail and raised costs for SLBL.

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69

Monopoly situation



- There is no real alternative market yet.
- This created risks for both the farmers and SLBL.
- For the farmers it is risky since they are dependent on SLBL as the only buyer and price setter for sorghum.
- If SLBL is unable to buy all the produce, the relationship with farmers will be harmed.
- The only thing SLBL can do is to clearly communicate about price setting, make clear agreements on volumes, and offer a competitive price.

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70



Power of nucleus farmers



- It is in SLBL's interest to make sure all farmers benefit, not only to secure supply but also for the social drivers of local sourcing.
- SLBL now checks the prices that out-growers receive, and makes sure they benefit substantially from producing sorghum.
- Nucleus farmers receive a set price they have to pay the out-growers, and this is monitored by SLBL staff.

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71

Session 12. Towards an ASDP Roadmap (1)



- I. Country context (a description of the political and socio-economic context)
- II. Sub-sectors: an overview of the selected sub-sectors, facts and figures, main characteristics, important actors, opportunities and constraints, potential for an ASDP.
- III. An overview of potential partners and stakeholders, including:
 - Off-takers for the selected sub-sectors
 - An implementing organization
 - Service providers
 - Donors

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72

Session 12. Towards an ASDP Roadmap (2)



IV. Roadmap

- Socio-economic development potential of an ASDP
- Recommended strategic framework: purpose, objectives, activities
- Next steps / action plan
- Risk assessment
- Budget

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73

Session 13. Financing an ASDP



Exercise:

- In plenary: brainstorm about the cost items of an ASDP.
- Read the case study
- Participants discuss possible ways of funding (work in couples, 5 minutes).

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74



Funding mechanisms



Possible mechanisms for funding:

- Private / commercial funding
- Public funding
- The programme should however be commercially funded as much as possible.
- A public-private partnership model in which both public and private players contribute is often most suitable

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75

Thank you!

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76

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