



BUSINESS

TRANSFORMING AFRICAN AGRICULTURE INTO A PROFITABLE SECTOR THAT LIFTS PEOPLE OUT OF POVERTY

IN A WORLD WITH RAPIDLY INCREASING DEMAND FOR FOOD, CONNECTING SMALLHOLDERS TO LUCRATIVE FOOD MARKETS PROVIDES A POWERFUL MEANS TO REDUCE RURAL POVERTY. FARM AFRICA HELPS FARMERS AND AGRIBUSINESSES DEVELOP THE BUSINESS SKILLS, ROUTES TO MARKET AND ACCESS TO FINANCE THEY NEED TO CREATE THRIVING RURAL ENTERPRISES.

Despite the majority of the African population working in agriculture the continent imports the majority of its food and exports just 1.7% of the world's goods. The African continent has enormous potential to feed itself and play a prominent role in global food markets, yet this promise has remained largely untapped.

To realise this potential and turn agriculture into an engine for prosperity the continent must strengthen its portfolio of businesses that connects farmers to markets.

Farm Africa helps smallholder farmers engage with a range of private sector enterprises, spanning from sole traders to multinational companies. We work to strengthen every aspect of farming supply chains to ease the journey of food from farms to markets.



Agriculture



Environment



Business



TRADE

LINKING FARMERS AND AGRIBUSINESSES TO CONSUMER DEMAND

There is a strong push from the food industry to source produce from smallholders. Farm Africa responds to this demand by strengthening the links between smallholders, agribusinesses and retailers. Whether it's premium coffee in Ethiopia or the lucrative French bean in Kenya, we help rural communities identify and tap into consumer demand so they can sell more and sell for more.



Identifying and building strong value chains

Farm Africa identifies value chains that can deliver economic benefits to smallholders. We map out all the players working along the value chain to ensure that all market actors, including smallholders, make a positive return on their investment.

Farm Africa often has to address market failures and distortions. Once a weakness in the value chain has been identified, we work to strengthen the chain. From constructing community-run warehouses to providing financial management training to fertiliser suppliers, we create the business and trading environment needed to profitably and smoothly deliver smallholders' goods to market.



Meeting demand for quality and quantity

Smallholders and agribusinesses often do not know what quantities the market needs, what product quality standards to meet, or how to achieve them, and who the major buyers are.

Through tailored agronomic, processing and marketing interventions we build the capacity of farmers to produce and trade goods to the social, environmental, health and safety standards demanded by high-value buyers and certification schemes, such as the FAO's Good Agricultural Practices. We help translate what markets need into production, processing and trading systems, which open up new markets and allow farmers and agribusinesses to command a higher price for their goods and services.

Smallholders typically produce small quantities of food in remote locations. Conversely, markets require large quantities of food in easily accessible locations. Farm Africa sets up warehouses and aggregation systems that bridge this divide, equipping rural communities with the ability to safely store and sell their produce in bulk.



Addressing information asymmetries

Information asymmetries between supply chain actors often result in farmers receiving less than the true market value for their produce. Uneven access to market information threatens the entire value chain, creating market inefficiencies that can undermine the sustainability of the entire system of production. By using digital trading platforms and fostering new forms of collaboration between players, Farm Africa equips farmers and agribusinesses with access to vital information, creating transparent and competitive value chains that provide farmers with a fair price for their produce.

“We have shown the farmers how to maintain the quality of their crops because high-quality crops can find good markets and earn more money. If they have good quality crops, they will get good money.”

Angelitha B Njau (picture left), agricultural extension worker, Tanzania



“Farm Africa introduced us to new types of finance, this has given us access to capital to purchase inputs and it has been a big help. It means we can get the money when we need it to invest in our farm.”

Joseph Kaunda, a participant in Farm Africa's Growing Futures project in Kenya.

ACCESS TO FINANCE

IMPROVING THE FLOW OF WORKING AND INVESTMENT CAPITAL

Despite agriculture being the mainstay of eastern Africa's economy, the sector remains underserved by the financial industry. Smallholders and agribusinesses lack the financial products they need to develop profitable and sustainable enterprises. Yet, banks are hungry for more customers. Farm Africa works in between the financial and agricultural sectors to match supply with demand and find products that meet the specific needs of both groups.



Smallholders' access to finance

Smallholders often do not receive prompt payments for their produce, don't have readily available cash to buy inputs and lack finance to invest in new technologies. They also often lack awareness about loans and savings that could potentially help them address critical cashflow problems.

Farming and livestock rearing carry significant risk, especially in semi-arid areas that suffer frequent droughts, crop failure and livestock loss. Without some form of insurance, smallholders find it hard to afford inputs for the next season when climate shocks affect their yields and profits.

We work with smallholders to develop access to finance via village saving and loans associations, savings and credit cooperatives and micro-finance institutions.



Agribusinesses' access to finance

A lack of financial and business acumen often stops agribusinesses from obtaining working capital to purchase farmers' produce and offer inputs on credit, and investment capital to grow their businesses. Farm Africa improves businesses' financial management skills so they can identify and successfully apply for loans, and develop well-designed plans for what to do with the funds.



Joining the dots

We facilitate mutually beneficial contracts between farmers, buyers, suppliers and financial institutions. By strengthening links between actors across the value chain we help reduce transactional costs and open up new markets for smallholders. Farm Africa helps design contractual arrangements between buyers and sellers that boost productivity, increase market competitiveness and promote more efficient resource use.

The rapid growth of mobile banking and weather-indexed crop and livestock insurance schemes across eastern Africa offers new tools to help underserved farmers gain access to financial services and information. Farm Africa harnesses the power of new technologies to develop accessible and affordable financial products that meet the needs of hard-to-reach communities.



Farm Africa / Jon Spaul



BUSINESS DEVELOPMENT

STRENGTHENING SMALL AND MEDIUM-SIZED ENTERPRISES AND COOPERATIVES

Rural enterprises vary widely in size, specialism and capacity for growth. Many small businesses lack the basic skills they need to expand operations or develop their business model. We support the start-up of new agribusinesses, improve their sales capacity and foster sustainable trading relationships between agribusinesses and smallholders.



Identifying high growth businesses

Farm Africa identifies and guides the development of agribusinesses with the potential to revolutionise the business environment smallholders operate in. From building the capacity of warehouse workers who store farmers' crops to setting up a chain of veterinary practices in pastoralist communities, we improve the stream of goods and services agri-businesses provide farmers, while simultaneously creating jobs within those businesses.



Training and mentoring support

Farm Africa supports enterprises that contribute to flourishing rural economies. We provide tailored training in important finance and management concepts and help staff write detailed business plans, design marketing strategies and set goals.

Strengthening businesses' internal controls and procedures helps convince risk-averse commercial banks and investors to offer them loans and investment. Farm Africa works with small and medium-sized enterprises to elaborate their business cases and prepare for due diligence processes to support applications for working and investment capital.

Larger businesses higher up the value chain, such as suppliers and wholesalers, often lack the experience to profitably engage with large numbers of smallholders. By helping smallholders aggregate their produce, meet buyers' demand for high-quality produce and respond to the needs of the market, we help build a strong business case for trading with and investing in smallholders.



“We are a bit different to the other beekeepers because we concentrate on adding value to the honey we produce. We sell very little raw honey, and instead we add value to the honey by making other products from it.”

Joyce Lali, a beekeeper and business woman participating in Farm Africa's forest management project in Tanzania.

Investing in smallholder farming is the number one way to combat poverty in rural Africa. Farm Africa is a leading NGO specialising in growing agriculture, protecting the environment and developing businesses in rural Africa.

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