

# EMPOWERING SMALL SCALE BANANA FARMERS THROUGH LINKAGES WITH THE BUSINESS SECTOR

**Author: José Bombe in collaboration with Kristjan Suurna & Laurens Van Oeijen**

**Country: Mozambique**

**Sector: Agriculture (horticulture)**

## CHALLENGE

Following the analysis of the components in the value chain as well as production, harvesting, bulk, travel, processing, marketing and consumption, three key areas in the banana value chain needed to be solved: improvement of the quality of the produce, access to markets and access to financing. In the case of the banana producers of Manhica, SNV is facilitating to solve these issues to 500 Manhica small farmers, located 75 kilometres North of Maputo City, in the South of Mozambique.

*Improving the quality of the product:* The main objective of this issue is to improve quality, quantity and consistency of the product to be competitive in local as well as international markets. Now, the product is obtaining higher value compared to 2007 when SNV's intervention was started.

- Outputs:
  - **"On the job" training** in best practice of production, harvesting, bulk, transport, marketing;
  - Capacity development to **establishment of a business model** to empower small farmers. E. g. IKURU Cooperative in Nampula Province in North of Mozambique;
  - Based on agro expertise and experienced farmers, **knowledge development and brokering** about production, harvesting, transport, packing house management, seedling technologies have been put into practice.
- Outcomes:
  - Producers organise themselves in **dynamic cooperatives**, that are capable of guaranteeing volume and quality grades for differentiated markets

*Improving market acces:* The aim is to sell bananas in the domestic and regional market. Depending on the production we can use different business models that will promote emerging farmers with capacity to sell bananas in the international markets. But for this they still need to improve their technical (knowledge in nursery management, farm, packing house, transport), technological (change manual agriculture to mechanization/animal traction, fertilization, electricity) and marketing skills. Our intervention considers our client as a serious actor of the market with direct contracts with wholesalers, retailers and exports, thus being able to control a considerable part of their own fate.

- Outputs:
  - **Establishment of own brand** for the market to recognize their banana and differentiate from other bananas.
- Outcome
  - Visibility of the bananas of **APROBAM - G21** in the markets and **increase opportunities through signing many contracts**. E. g. SNV Advisors saw the G21 Leaders making contacts with some retailers while they were visiting Hortofruticola banana Sales Post.



*Improving access to finance:* Main goal of this issue is development of rural business centres to improve accessibility of inputs, logistics, extension services and markets for farmers. Another goal is the establishment of a sustainable business model to link small farmers with the business sector.

**APROBAM – "G21" Brand**

## CLIENTS

- Outputs:
  - Advisory service to create a **sustainable business model** to empower banana small producers;
  - **Brokering of US\$10.000 finance** by ADIPSA (Danish Fund for Agricultural Development) to develop banana producers from Manhica.
- Outcome
  - **Increased sales volume** through project start up finance. The finance has helped to support the costs of transport in first month, small freezer, small roof to packing banana, chemicals to ripen banana.

### **Munguine Banana Producers Association – APROBAM “G21”**

Since 2007 SNV has supported a group of 21 small and medium producers. This group has just been legalized as Association and as soon they will be an Agro Cooperative, when the new Cooperative Law might be regulated at the district level. Their total farm area is 67 hectares, mainly planted with banana. Each of these 21 farmers belongs to one of the 8 formal associations set up by the Peasants National Union (UNAC). The APROBAM- G21 group aims to produce banana on a commercial basis and to become an important source of knowledge for extending agronomic best practices of banana in the area. Another objective is to establish a Sales Post with power to market all bananas from Manhica in the Maputo City Market and export. Currently, beyond their own production, the Group is including production of other 72 farmers to support demand from the local Market and Maputo City.



The target is for APROBAM - G21 growing to 500 farmers organised in one only Association by the end of 2010, representing approximately 71% of the banana producers in Manhica district. The production area should represent almost 800 hectares, 80% of the total area of banana production in the District.

**CEPAGRI (Agricultural Promotion Centre)** is a privileged partner of SNV for the promotion of commercial agriculture. CEPAGRI and SNV joined efforts in a baseline study of banana production in Manhica and Marracuene Districts, showing a potential of 34.000 tonnes per year which can be produced annually by 7.000 families. Also, both were engaged in the recruitment of the marketing enterprise to trade bananas of G21.

Advised by SNV, the governmental body of **District Economic Activities Services** and **CEPAGRI** supported the establishment of fields for multiplication of seedlings of high yielding varieties as *William* and *Grand nain*.

SNV has a good relationship with big scale producers **Bananalândia** and **Tropical Fruits** in Maputo. These producers are exploring a total area of 600 hectares of banana. Their destination production is the Maputo market and South Africa. Currently, they are assisting in knowledge development for Southern and Central Mozambique small scale banana associations in agronomic best practices to improve quality which includes green house management, production, harvesting and packing.

## METHOD / SNV INTERVENTION

Between 2007 and 2008, SNV focused its intervention on transfer of good agronomic practices through Banana Agro whose banana plantations provide Maputo Market and South Africa. Another important role of SNV was linking G21's market access to some Supermarkets as Shoprite and Maputo Shopping Centre and 2 Wholesalers from Maputo City.

In 2009, SNV jointly with APROBAM - G21 made a plan to develop the group, which includes a business Model to empower the group. This plan is focused on linking small producers and business sector and establishes a shared

responsibility between small producers and an Enterprise (Hortofruticola) with experience in marketing fruit and vegetables. The small producers have the responsibility to provide banana with quantity, quality and consistency to Hortofruticola whose responsibility is to market the banana and manage a marketing campaign to increase sales volume. Danish Agricultural Support Program (ADIPSA) has financed part of this program (US\$ 10.000). The funding is to support following activities: Banana conservation (39%), marketing (30%), processing (22%), transport (7%) and treatment (2%).

SNV jointly with the Governmental Agricultural Promotion Centre (CEPAGRI) advised and facilitated the agreement process between Hortofruticola Enterprise and APROBAM - G21 for Sales and Marketing of the banana, including the drawing up of a contract.

In order to facilitate organizational development more closely and timely for APROBAM - G21 becoming able to look for new Markets, manage the contracts, and planning agriculture activities SNV will facilitate the services of a local service provider for a period of maximum 6 months to help the G21 group reach a 'profit' threshold after which the management services can be paid from APROBAM - G21 income.

Through a joint IFAD/SNV program for supporting capacity and knowledge development "SCAPEMA", SNV is conducting an "on the job approach", giving opportunities to the producers for knowledge development in the following areas:

- ◆ Production;
- ◆ Irrigation;
- ◆ Organic fertilizer;
- ◆ Harvesting;
- ◆ Transport;
- ◆ Packing house management;
- ◆ Management of nursery.

## OUTCOME

- As the most important banana farmers' organisation, is getting high APROBAM – G21 *visibility* at the district level to lead the change in mindsets of other producers in the Manhiça area to produce banana with a commercial purpose. Through G21, there is potential to produce at least 80% of total banana production in the District with quality, quantity and consistency
- APROBAM - G21 has signed a contract with a Fruits and Vegetables marketing Enterprise (Hortofruticola) in Maputo
- Through agro expertise from big scale farmers, APROBAM - G21 has obtained experiences and knowledge to maintain the quality standards required by the market
- G21 has expanded its local market to Maputo where it supplies supermarkets, wholesalers, military headquarters and health services

## IMPACT

- As the most important banana farmers' organization, is getting high APROBAM – G21 *visibility* at the district level to lead the change in mindsets of other producers in the Manhiça area to produce banana with a commercial purpose. Through G21, there is potential to produce at least 80% of total banana production in the District with quality, quantity and consistency;
- APROBAM - G21 has signed a contract with a Fruits and Vegetables marketing Enterprise (Hortofruticola) in Maputo;
- Through agro expertise from big scale farmers, APROBAM - G21 has obtained experiences and knowledge to maintain the quality standards required by the market.
- G21 has expanded its local market to Maputo where it supplies supermarkets, wholesalers, military headquarters and health services;

## LESSONS LEARNED

- Although the banana large scale farmers have higher quality, there is an important niche of organic banana consumer produced by small producers, mainly in great Supermarkets from Maputo City. It is important to improve quality to keep the market and increase visibility of banana through marketing;
- The SNV's papers as Advisory Service, Brokering and knowledge development sometimes were replaced by a Delivery Service, because APROBAM – G21 has not a Manager/LCB to care technical or organizational issues. This paper has been so tough;
- Supporting a small group of farmers with Advisory Services shows that it is possible to empower the producers and increase their visibility at the district level which engages and motivates other producers to join to create pro-poor opportunities.
- Although the Local Government acknowledges the importance of banana production in poverty alleviation, its role is still smallest, especially in setting up infrastructure access and technical support in pest and disease control. The District Agricultural Services and SNV already have identified as top priority at the moment a stakeholder platform to deal with this and other issues.
- The baseline study indicates that many different banana varieties are grown, with different market value. Should be advantageous to introduce varieties with a longer productive cycle than those that are cultivated by small producers (Cavendish). The Outcome will be an increase in productivity and acceptance in several markets as fresh, processing locally and export market. For example *William* and *Grand Nain*.
- It is important to follow up with an investment in a Packing house to increase added value. This investment also facilitates better grading of bananas for sale to Supermarkets, processing, export.

### **Way forward**

Jointly APROBAM – G21, SNV is proposed to lead the process of recruitment of a manager who will take the responsibilities that are currently undertaken by SNV. The profile manager is expected to be someone with some knowledge of fruit crops, but without much relevance to the work, strong organizational capacity of the co-operative approach and ability to lead the marketing of banana of APROBAM in several markets. SNV will support the salary of the Manager during six months as a Local Capacity Builder, after that, APROBAM will have sufficient funds to support forever this fee. According to this plan, each kilo will keep US\$ 1 centime and overall 34,000 kilo will be US\$ 1000 per month. SNV will undertake US\$ 720 per month and other will be reimbursed by Association to administrative fees.

SNV will continue to keep a relationship with APROBAM – G21 through Advisory Service and Knowledge Development to new market linkage, fair trade and Packing House.