

Case Study 8: Building Capacity of Agrodealers Across Africa's Seed Systems

Component: Farmers' Awareness and Participation & Seed Marketing and Distribution

Subtitle:

Building capacity of Agrodealers: Experiences from the AGRA & CGIAR initiatives

Executive Summary:

Smallholder farmers are the majority in agriculture in Africa. They are, however, often disadvantaged in resources for production and marketing and frequently located in remote areas of the country.

Agrodealers, being operators and SMEs engaging in the buying and selling of agricultural inputs, such as seed, fertilizer, seeds, chemicals, and equipment are the closest input sources and product outlets in communities dominated by smallholder farmers in Africa. If agrodealers do not function well, farmers resort to saving seeds or buying old varieties.

CGIAR centers, NARS, seed and agrochemical companies, and AGRA recognized the deficiency of agrodealers in numbers, technical capacity, and managerial and financial capacities to deliver quality seeds and other inputs.

AGRA helped to increase the number of agrodealers in its countries in Africa. It further engaged other service providers to train them in technical and business aspects. The CGIAR further identified the needs of agrodealers for facilitating the adoption of seeds of new and improved crop varieties including maize, small grain cereals, and grain Legumes.

More work needs to be done to determine the critical mass of agrodealers in Africa and standardize their operations and train them in technical and business management areas for effective access to seed to achieve functioning seed systems in Africa.

Context:

Agro-input dealers or simply Agrodealers are operators of micro, small- and medium-scale enterprises (MSMEs) engaging in the buying and selling of agricultural inputs, such as fertilizer, seeds, chemicals, and equipment. Agrodealer operations vary in size, ranging from small stockists to large wholesale stores. There are seasonal agrodealers who stock a small range of agricultural inputs during certain seasons, as well as permanent agrodealers who have stores that sell inputs all year. In Africa and low- and middle-income countries on other continents, agrodealers are small, often independent stockists or distributors of agricultural inputs. The private retail sector, including agrodealers, is often the dominant source of inputs for farmers in Africa. The exact number of agrodealers in most African countries is not known. For example, it is estimated that there are 10,000 agrodealers in Kenya (Bayesian Consulting Group Limited, 2016).

Agrodealers play important roles in agriculture in Africa. Agrodealers are the leaders in ways to reach farmers in remote areas as compared to lead farmers, extension officers, courier services, company vans, local buses, farmer cooperatives/unions, and NGOs ((Access to seeds foundation,2019). The benefits they bring to farmers include 1) increased availability of farm inputs and especially seed; 2) easy access to farm inputs; important sources of 3) technical knowledge, 4) information, 5) access to output markets 6) Improved linkages with other actors, and 7) deferred payment and output marketing. Agrodealers come from varied backgrounds and include people with professional qualifications in agricultural and veterinary sciences and many others who are not agricultural professionals. For this

reason, agrodealers face real challenges including 1) Irregular input supplies, 2) financial constraints and 3) limited technical skills, and 4) limited business skills.

Challenges and Objectives:

Considering the important and unique roles that agrodealers play in facilitating farmers to access agricultural inputs and information, various institutions have in course of time had initiatives for enabling agrodealers to overcome these challenges. Agrochemical industries, agricultural equipment companies, and seed companies have addressed agrodealers at different times.

The CGIAR centers (CIMMYT, ICRISAT, and CIAT), AGRA, and Regional and National Seed Trade Associations have addressed seed issues with agrodealers. The CGIAR centers largely addressed agrodealers as the entry points for the adoption of new stress-tolerant improved crop varieties. AGRA focused developing agrodealers in smaller towns and villages where they were previously non-existent. There are successes in the development and support of agrodealers in improving farmer access to seed in Africa. However, there are still many areas where agrodealer services are either absent or wanting. This case study will show the approaches to improving the presence, reach, and effectiveness of agrodealers; the lessons learned and the gaps of locations and approaches that need to be filled to enable agrodealer system contribution are potential in the improvement of seed systems in Africa.

Interventions:

AGRA

AGRA recognized that seed and other technologies developed by agricultural R&D institutions (NARIS, Universities, and CGIAR) are not reaching most smallholder farmers. Public extension systems are currently poorly supported and weak, leaving farmers to use old traditional varieties that lead to low yields, poverty, and hunger.

Most smallholder farmers live in remote rural areas with poor infrastructure, making input delivery expensive. Smallholder farmers are further limited by their input purchasing capacity, influenced by low and irregular cash flows, lack of access to savings and credit products, and lack of input purchase options. The absence of both guaranteed markets for their products and the lack of effective extension service contribute to farmers' reluctance to invest in improved inputs (AGRA, 2020).

AGRA took the initial agrodealers development pilot initiatives funded by the Rockefeller Foundation to scale in sub-Saharan Africa to create numerous points of sale in rural areas close to smallholder farmers. AGRA developed a strategy to enhance the availability, accessibility, and affordability of inputs by reducing the distance farmers travel and by increasing farmer awareness through shops within the villages. The focus was on developing agrodealers in smaller towns and villages where they were previously non-existent.

Between 2007 and 2020, AGRA with partners embarked on the following:

- Together with a small number of specialized service providers (CNFA/AGMARK), identified and trained potential agrodealers on business management, product knowledge, and safety in use
- Provided the trained agrodealers with small start-up grants towards acquiring basic shop infrastructure
- Provided some agrodealers with credit guarantee funds to leverage commercial bank loans or supplier credit for stocks

- Formally linked the agrodealers to agro-input suppliers (e.g., seeds, fertilizers, and crop protection products)
- Linked agrodealers with government extension workers to establish demos, farmer field days, and input fairs in rural areas and contributed to farmer awareness and increased demand for inputs.
- Some seed companies in West Africa initiated agrodealer networks in target areas.
- Facilitated some agrodealers in farming communities to serve as a market outlet for smallholder farmers.

Since 2007, AGRA has developed approximately 25,000 agrodealers in 18 countries, through whom a total of 404,000 MT of seed and over 1.1 million MT of fertilizers had been sold to farmers by 2018 (AGRA, 2020). They have enhanced access of smallholder farmers to essential input and output markets needed to increase production.

The following challenges were encountered:

- Wide geographical spread and poor rural infrastructure, make it difficult for input suppliers to reach all agrodealers.
- Weak business linkages between input suppliers and agrodealers due to mistrust and poor business ethics among some agrodealers.
- Weak agrodealer associations and regulatory agencies, contribute to input counterfeiting.
- The limited ability of shop attendants to provide technical advice on the use of inputs.
- A tendency for agrodealers to become concentrated in towns and trading centers, while remote rural areas remain under-served.
- Limited awareness of - and demand for - inputs among smallholder farmers, restricting agro-input business opportunities in rural areas.

The following activities were initiated to expand the reach of agrodealers, improve the efficiency of their service delivery, and strengthen the sustainability of their businesses:

- Surveying and mapping agrodealer shops
- Strengthening hub agrodealers
- Expanding agrodealer networks
- Building demand for inputs
- Diversification of agrodealer services
- Use of ICT
- Agrodealer associations.

CGIAR Centers

CIMMYT recognized that agrodealers are the most sustainable and scalable approach for seed distribution within the formal sector. Agrodealers provide affordable and convenient access to technologies and provide localized advice on how to use these technologies. However, most agrodealers have limited scientific knowledge and are challenged by access to finance and certification costs, among others. They play an important role in input subsidy systems in most African countries. While agrodealers play a crucial role in seed value chains, their role in varietal turnover has been overlooked. CIMMYT conducted a study to find out how development interventions can leverage the agrodealer space for improved varietal turnover in the maize seed sector in Kenya (Rutsaert and Donovan, 2020). A total of 80 agrodealers were interviewed across the country in 2019.

Results showed that currently, the influence of agrodealers on seed decision-making on variety selection in Kenya is limited. There is a wide range of varieties on the market and new products are being introduced. There is a low engagement of farmers at agrodealer stores as farmer buying is intuitive buying. There is also limited active sales support by seed companies.

New varieties must compete with existing ones in the market. Finally, creating awareness of new varieties is not enough as investments in the display including demos are needed to change purchase behavior.

CIMMYT developed a training manual for agrodealers titled “gender-responsive approaches for enhancing the adoption of improved maize seed in Africa: A training manual for agrodealers (Adam et al., 2019). CIMMYT supports seed companies that produce high-quality, improved maize seed varieties that are distributed to agrodealers, who then sell to the end consumers male, female, young, elderly, and disabled farmers. Women make important contributions to agriculture in sub-Saharan Africa, but they have less access and control compared to men over critical agricultural resources, including improved seeds.

The publication provides a resource to help agrodealers be gender-responsive in their daily operations as they seek to meet the needs of a diversity of farmers. It provides practical suggestions on how to develop an agrodealers business that considers the needs of both women and men and presents gender-responsive approaches to promoting an agrodealers business. The main message of the manual is that it makes economic sense for agrodealers to recognize men and women farmers as customers that may have different needs. CIMMYT is proud to contribute to developing a new breed of gender-responsive agrodealers.

Bean farmers in Africa obtain about 95% of their seed through informal seed systems relying on local grain harvests. To develop market-led bean seed systems, the Pan-Africa Bean Research Alliance (PABRA), brings together 30 member countries and is coordinated by CIAT in close collaboration with the Syngenta Foundation. To accelerate the uptake of improved varieties with valuable traits, such as quick cooking time, superior taste, and higher micronutrient content, the partnership is working with agrodealers to link the use of certified seed with insurance plans that protect farmers from weather-related risks, while also enticing seed companies to invest in these countries.

Results:

AGRA intervention has resulted in an increased number of agrodealers in Africa as well as better equipping them to handle inputs including seed (Fig 1). Since 2017, AGRA has supported the training and creation of networks for about 1,000 hubs and 6,500 retail agrodealers, supplying approximately 61,000 metric tons of seeds and 986,000 metric tons of fertilizers to over 4.8 million smallholder farmers in six countries (AGRA, 2020).

In some countries like Ghana, agrodealers supported by extension workers and Village Based Advisors (VBAs) now play a substantial role in agricultural development and transformation by giving even remote farmers access to quality and appropriate inputs, as well as market information.

Interventions by CGIAR centers have been on identifying areas for useful training of agrodealers. This has been project-based which has led to inconsistent technical support over time. There is a need to equip dedicated institutions like CNFA/AGMARK to develop refined training programs that are informed by the CGIAR research findings.

Supporting Visuals or Quotes:

“While agro-dealers play a crucial role in seed value chains, their role in varietal turnover has been overlooked” - Peter Rutsaert, CIMMYT, 2020

Future Plans:

AGRA and CGIAR Centers have made significant advances supporting the success of agrodealers and are the key source of improved seed for African farmers. While these advances have been significant for hybrid maize, the seed of improved OPV varieties of other staple crops such as dryland cereals (sorghum, finger millet, pearl millet, teff) and legumes (beans, chickpea, pigeon pea, cowpea) should be emphasized to increase farm diversity and nutrition of local communities.

Call to Action (CTA)/Key takeaways:

There is a need to establish the critical mass of agrodealers for an effective seed system in Africa. This will be done through surveys to establish the current numbers and distribution, existing agrodealer capacity, level of knowledge, and volume of seed handled for different crops. This will help to determine local training requirements for a given country. The AGRA has undertaken an assessment of seed marketing and distribution in 11 focus countries (Kenya, Uganda, Tanzania, Rwanda, Ethiopia, Malawi, Mozambique, Burkina Faso, Mali, Nigeria, Rwanda)

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