A business approach to diversification

Concepts and experience of the Farmer Business School
**Why?**

| Markets | Demand for cocoa grows - Volatility  
Income opportunities related to other agric. markets |
|---------|--------------------------------------------------------------------------------------------------|
| Business services | Supply-driven or not accessible  
Farmers lack technical and business skills |
| Competitiveness | Despite confirmed Good Agricultural Practice  
Yields are low – quality is an issue |
| Rural Livelihoods | Cocoa alone is no guarantee for attractive livelihoods  
Cocoa smallholders are among the rural poor in Africa  
→ youth leaving the producing regions |
| Intensification Diversification | Farmers do not / can not invest |

**Diversified livelihoods based on a business approach**
But …

What approach to mobilize farmers?
## Income opportunities

### Net Present Value over 25 yrs in USD/ha

<table>
<thead>
<tr>
<th></th>
<th>Ghana</th>
<th>Cameroon</th>
<th>Nigeria</th>
<th>Côte d’Ivoire</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lowest No GAP</strong></td>
<td>1,053</td>
<td>144</td>
<td>-901</td>
<td>385</td>
</tr>
<tr>
<td>Maize no GAP</td>
<td>Maize no GAP</td>
<td></td>
<td>Cassava</td>
<td></td>
</tr>
<tr>
<td><strong>Best cocoa GAP</strong></td>
<td>27,531</td>
<td>19,027</td>
<td>23,265*</td>
<td>20,333</td>
</tr>
<tr>
<td>+Plantain</td>
<td>+Plantain</td>
<td>+Plantain</td>
<td>+Plantain</td>
<td>+Plantain</td>
</tr>
<tr>
<td>+Oil palm</td>
<td>+Oil palm</td>
<td>+Oil palm</td>
<td>+Oil palm</td>
<td>+Oil palm</td>
</tr>
<tr>
<td><strong>Best staple food</strong></td>
<td>23,460*</td>
<td>27,761*</td>
<td>49,198</td>
<td>48,748*</td>
</tr>
<tr>
<td>Plantain</td>
<td>Cassava</td>
<td>Maize hybrid</td>
<td>Cassava</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 cycles GAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Highest</strong></td>
<td>61,530</td>
<td>55,332*</td>
<td>See above</td>
<td>See above</td>
</tr>
<tr>
<td>Export mango GAP</td>
<td>Cocoa+ avocado GAP</td>
<td>See above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* market risk

Source: GIZ/SCB. 2012.
Objectives and elements of approach

Business knowledge

Business skills

Business attitudes

Effective change
→ farming as a business
→ Strong rural entrepreneurs

Adult learning
Questions
Exercises
Role Games
Experience +/-

(Self)Discovery +/-
Opportunities +
Emotions +/-
Self esteem +
Enthusiasm +
Change decision
Farmer Business School

Warming-up, Units, Nutrition

- M1 Is farming a business?
- M2 Know the units to know your assets?
- M3 Manage your farm for enough food

Economics and income opportunities from optimizing

- M4 Money-out/Money-in: Know whether you do good business
- M5 Decisions for more income
- M6 Seize opportunities to diversify your farm enterprises

Financial Mgt. & services

- M7 Manage your money throughout the year
- M8 How to get good financial services

Income opportunities from quality, organization, investment

- M9 Make more money with quality cocoa
- M10 Benefits from membership in farmer organizations
- M11 Investing in planting or replanting of cocoa
- M12 Becoming an entrepreneur in practice

5 subsequent mornings
Covered crops
Cocoa, Maize, Cassava
Some FBS Impacts

52% FBS-farmers adopt at least 1 GAP for food crops
91% adopt at least 4 GAP for cocoa (FBS + GAP-training)
40 to 70% have now bank savings → access to loans
31 to 76% have become members in Farmer organizations
230$ Average increase of non cocoa income per HH
   mainly food crops- over baseline (up to av. 414 $ in Nigeria)

Diversification works!
Farmers can buffer variations of cocoa income

How does it work?

Mood barometer

Income opportunities of GAP
We produce at loss
Women strong in discussion on nutrition
Farm size not precisely known

Truth about poverty impact of financial management and current techniques
New livelihoods perspective with GAP

Module
1 2 3 4 5 6 7 8 9 10 11 12 Evaluation Graduation

Morning
1 2 3 4 5

*) Role game
What’s new?

- FBS is a regional standard approach incl. management
- FBS is scalable ➔ over 100.00 farmers trained traceable through monitoring
- FBS affects knowledge, skills and attitudes
- FBS makes farmers more bankable
- Adaptation is easy – economics being the backbone
- FBS for production systems with cotton, rice, or cashew as lead crops piloted Ghana, Malawi, Benin … others in the pipeline
- No stand alone ➔ combination with GAP-training for full impact
FBS graduates are hungry for inputs and credits but services are fragmented, not available or access limited.

**Bermuda Triangle**
- Financial Services for agriculture
- Small farmers in SSA
- Input suppliers
- Agric. R&D Professional qualification

**Magic triangle**
- GAP
- Business skills
- Organization
- Land
- Savings
- Credit
- Banks
- Markets
- Buyers
- Product Standards
- Inputs
- Suppliers
- Extension
- Research

**Challenge**
Link with Business Services & GAP training

Doing good business with cocoa
Producers' reference for an adult cocoa farm

Doing good Business with quality cocoa
Image block for extension sessions

Only quality cocoa pods are good enough for your nursery!
Quality hybrid cocoa pods can only be produced at Seed Production Unit (Cocoa Station). Always take hybrid cocoa pods from Seed Production Unit (Cocoa Station).
Your advantages:
- Easy start if well maintained and fertilized
- Early bearing: 7 years after transplanting
- 2,000 to 2,500 kg per hectare yield
- More tolerant to Black Pod, Bacterial and Anthracnose
You need:
- 40 pods for 1 hectare (1,000 sqm)
- 15 pods for 1 acre
Start your nursery in October!
Call your next Seed Production Unit (Cocoa Station) NOW to get your hybrid pods!

Faire de bonnes affaires avec le cacao de qualité
Référentiel technico-économique pour des cacaoyères adultes Cameroun

Faire de bonnes affaires avec le cacao de qualité
Référentiel technico-économique pour des cacaoyères adultes

Faire des bonnes affaires avec la culture du maïs
Référentiel technico-économique Côte d'Ivoire
Way forward

Business Services

- Develop financial services with focus on food crops
  - Cameroon: CamCCUL, MIFED, M2C
  - Côte d’Ivoire: UNACOOPEC-CI
  - Nigeria: NIRSAL
  - Finance institutions host BSC & contract extension
  - Funding mechanism of training
  - Partnerships with input suppliers

- Develop scalable & cost-effective extension for food crops

Full impact on yields & incomes
…..‘I had been doing business without bothering about what goes out and what comes in, I had wasted my effort and time not knowing what I was doing, henceforth, I will take records of all that I do’
R.E. Okokhuo FBS, Edo State

…“All I can say is that I now know the balance sheet of my life and what I must now do to improve it”
Chief Alalade (80yr. Cocoa Farmer) Obokun LGA Osun State

Merci!
<table>
<thead>
<tr>
<th>Unique selling points of FBS</th>
<th>Potential benefit streams</th>
</tr>
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<tbody>
<tr>
<td>Triggers business consciousness and entrepreneurial aspirations</td>
<td>wealth creation &amp; food security</td>
</tr>
<tr>
<td>Triggers and reinforces good agricultural practices</td>
<td>agricultural revolution</td>
</tr>
<tr>
<td>Incubates new groups and strengthens existing formations</td>
<td>farmgate market power generation</td>
</tr>
<tr>
<td>Fosters regard for women, good nutrition and community cohesion</td>
<td>social and health security</td>
</tr>
<tr>
<td>Enhances demand for superior products and services</td>
<td>derived demand attribute</td>
</tr>
<tr>
<td>Instigates the successor generation</td>
<td>youth engagement &amp; employment</td>
</tr>
<tr>
<td>Induces professionalism in public sector extension services</td>
<td>civil-service delivery enhancement</td>
</tr>
<tr>
<td>Exposes the economics in agricultural research</td>
<td>realigning agric research with business</td>
</tr>
<tr>
<td>Bridges the gap “farmgate ↔ high street finance”</td>
<td>value chain finance development</td>
</tr>
<tr>
<td>Adopted by Cocobod Ghana</td>
<td>technical embedment pedigree</td>
</tr>
<tr>
<td>Adopted by MIFED, Cameroon</td>
<td>financial embedment pedigree</td>
</tr>
<tr>
<td>Endorsed by the MFW4A project</td>
<td>Continental and developmental appeal</td>
</tr>
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</table>