

# Big firm and small farmers on the journey toward a fair deal

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**Key themes:** PO development, PO-Firm relationship, Organisation empowerment

## Cassava – Nigeria PPP

The partnership is led by Pсалtry Ltd, a cassava starch processing company supplying Nigerian Breweries, that intends to secure its supply of raw material from small-holder farmers through organisational support.

## Summary

**This story highlights the reflections of the author on how strong an apex farmers' organisation has become since they have been coached in soft skills. The farmers have become so empowered that they can now embark on negotiations with the Pсалtry Ltd processing company on their own, and without the support of the partnership facilitator.**

In March 2017, I got a call from Nasiru Oladokun that the apex farmers' organisation was planning to meet Pсалtry Ltd, the lead firm processing cassava into starch for sale to Nigerian Breweries. The meeting was to enable them to negotiate a new price for their cassava produce. I told him to give me about an hour to be ready to join them. To my dismay, he said the call was just to inform me and not necessarily to invite me.

Two hours later, my UB40's Many Rivers to Cross ring tone came alive again. It was Nasiru Oladokun at the other end. He sounded upbeat. "We just agreed to 18,000 naira (€50) per tonne, he told me. Before I could respond to congratu-

late him, he added again, ... "and this time excluding transportation costs to Pсалtry." This came as another shock as I could not have pulled a better deal. This was a victory for the cassava farmers – but I also wanted to make sure that Pсалtry could stay in business as well. This was another step on the journey toward fairness.

### The actors involved

Nasiru Oladokun is the chairman of Pсалtry's out-growers association, an apex body of 33 farmers' groups with about 1,300 members. The group under his leadership had com-

plained that Pсалtry set prices of cassava tubers on their own, and this set price was not favourable to the farmers. This occurred because the farmers were not organised into groups, had poor access to information and low productivity.

Nigerian Breweries is the largest brewing company in Nigeria that markets well-known brands of beers, malt drinks, and soft drinks. The company is interested in strengthening and expanding its local business activities particularly in the local procurement of cassava-based products. Pсалtry is a medium-sized agribusiness company that works to supply high-quality cassava starch to food and beverage companies. The company also produces cassava on its own farmland but this is far below the company's yearly 100,000 metric tonnes needed.

### Price negotiation, a continuous challenge

To compensate for the gap, the company runs a comprehensive outgrower scheme with smallholder cassava farmers. It also provides incentives such as agro-inputs on credit (stems, agrochemicals), through linkages with banks and clear contractual arrangements with farmers (at annually set prices). Despite the incentives, price negotiation has been a challenge in the continued relationship between the company and the farmers. Yemisi, Pсалtry's director explained that she had a yearly contract with buyers and could therefore only negotiate prices once a year.

The challenge therefore became how to bring both parties towards a win-win sustainable business. This question be-

came more important as new buyers came into the picture, making competition for cassava tubers tougher than in past years. To help the farmers address these issues, 2SCALE's trainer-mentor and agribusiness coaches facilitated workshops on farmers' group formation and registration, farm operation planning, use of improved farm inputs, access to finance strategies and negotiation skills. After these and other capacity-strengthening exercises, the farmers gained better access to information and market trends, became better organised and now meet regularly. And finally, their cassava yields rose from 9 metric tonnes per hectare in 2014 to 14 metric tonnes per hectare in 2016.

As our phone call ended, it took me some time to understand the new reality. In 2015, shortly after the partnership started, Nasiru Oladokun, requested that I lead their group to negotiate prices with Pсалtry. Now in 2017, they no longer needed me as their lead negotiator. Our months of hard work were yielding results before my very eyes. That evening, as I opened a bottle of Goldberg beer, I was happy at the progress made so far. The farmers' association is getting to understand the business dynamics within the cassava value chain. For them, the journey to a fair deal is beginning, and they can ensure that Pсалtry never runs out of good quality starch.

<sup>6</sup> An apex farmers' organisation represents all the local level farmers' organisations linked to this partnership.

