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## Getting a better deal for organised women

Propcom



Mai-karfi

Making rural markets work for the poor

### Commercialising through community-based organisations

- It is not easy to reach many women farmers in northern Nigeria, but an efficient way is through community-based organisations (CBOs).
- With support from Propcom Mai-karfi, one Nigerian CBO has become a commercial services provider, linking its member farmers to major private-sector buyers for their products.
- Since 2015, over 3,000 women farmers have gained access to a guaranteed market for their harvests of shea nut, soybean and ginger.
- Significant challenges, such as late payment by buyers, still need to be overcome if this business model is to be a widespread success.

The Propcom Mai-karfi programme recognises that if agricultural markets are to work for the poor, women must have similar opportunities to men for accessing buyers, services and inputs. However, many factors – cultural as well as practical – make it difficult for external organisations and companies to reach women in northern Nigeria. To overcome this, Propcom has approached women farmers' need for commercial outlets through a type of partner that is already present in their villages: community-based organisations.

Since 2015, Propcom has helped the CBO Quintessential Business Women's Association to develop a business model which encourages the organisation to function as a commercial enterprise, linking its members to the private sector. This has enabled thousands of women to improve their incomes through the sale of commodities such as shea nut and soybean.

Despite challenges including late payment by buyers, the logistics of aggregating crops, and the difficulty of leveraging loans from financial institutions, the programme has illustrated that CBOs can become efficient channels for commerce between poor women farmers and private companies.

## Getting a better deal for organised women

### A business for women

Life can be particularly harsh for women in Nigeria. Many girls give birth in their teens; the country has one of the highest maternal mortality rates in the world; and almost two-thirds of the population live on an income of US\$1.25 or less a day. While male literacy has reached 70%, female literacy is still below 50%.

Propcom recognises that one of the best ways of tackling poverty lies in helping women to improve their incomes. Wishing to engage the organisations with the most significant reach among rural women, it began looking for CBOs to work with in 2015. There are a number of CBOs in northern Nigeria, but they rarely engage with the private sector and are mainly involved in implementing donor-funded projects. Propcom was keen to help one or more CBOs become commercial service providers, independent of donor funding and fully engaged with the private sector.

The business model it had in mind was simple. CBOs would source agricultural produce from their women members and set up trading

arrangements with private companies. They would also facilitate access to inputs such as fertilisers for members. The CBOs would make a profit from transactions and charge a small commission to their members for services rendered, thus ensuring their long term financial sustainability.

### In search of partners

In 2015, Propcom assessed the potential of some 20 CBOs operating in northern Nigeria. After a rigorous filtering process, it decided to work with two organisations: Quintessential, which is active throughout Nigeria and has some 80,000 members in the North, and the smaller Fantsuam Foundation. Following a needs assessment of their members, which identified lack of access to finance, inputs and reliable markets as key constraints, a pilot programme was launched.

During the first year, both CBOs made successful transactions on behalf of their members. After an evaluation Propcom decided to continue working with just one CBO, Quintessential. It operates on a much larger scale than the Fantsuam Foundation – in fact, across all states of Nigeria – and, unlike the latter, it had an exclusively female membership.

Since the pilot phase, the focus has been on three commodities: shea nut, soybean and ginger. Shea nut is a particularly important crop for women's empowerment as it is women who collect and cook the nuts, to prepare them for extraction of shea butter which is used in cosmetics and confectionery. Demand for shea is rapidly rising, providing an important commercial opportunity for poor women in northern Nigeria.



## Encouraging enterprise

A key component of Propcom's support has been capacity building. Throughout 2016, Quintessential developed its ability to operate as a commercial enterprise and link its members to private sector buyers. Propcom helped the group enhance its skills along the length of the value chain. Quintessential learnt how to aggregate supplies of shea nut, soybean and ginger, and to negotiate payment with women farmers, while Propcom provided monitoring and supervision.

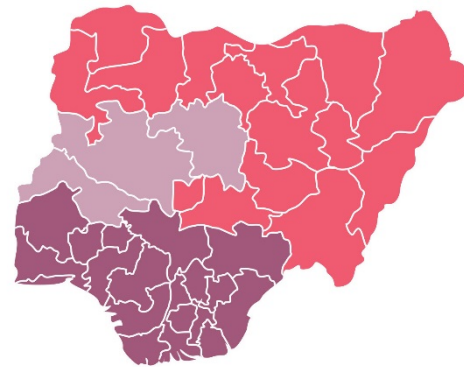
Propcom also facilitated negotiations between Quintessential and private sector companies, including two of the major buyers of Shea nuts. As a result, Quintessential was able to provide its women members with alternative buyers to the middlemen and traders who had frequently exploited them in the past.

It became clear during 2016 that there was a problem with funding, as farmers needed to be paid immediately for their crops, while the commercial buyers were not always so prompt. To help Quintessential make advance payments, Propcom provided the CBO with a returnable grant worth ₦9 million (£20,000), with a maximum of ₦3 million (£6,700) being available at any one time. This is helping Quintessential to generate a history of trading which it will be able to use as proof of commercial viability when seeking investments in the future.

## Tonnes of impact

The project has had a significant impact, with the number of women farmers benefiting steadily increasing from one year to the next. The pilot phase of the project in 2015 benefited over 1,000 women farmers in three northern states of Kaduna, Kwara and Niger. The same year, Propcom also convened a

### A local aggregator with national reach



- Commercialisation pilot states (3,000+ participants)
- Northern Nigerian states with Quintessential chapters (30,000+ members)
- Other states with Quintessential chapters (300,000+ members)

major shea conference for buyers, exporters and other stakeholders in the capital, Abuja.

During 2016, Quintessential and Fantsuam Foundation sold 156 tonnes of shea nut, 173 tonnes of maize and 75 tonnes of soybean on behalf of their members. A total of 2,296 smallholder female farmers benefited from the new trading arrangements.

By April 2017, Quintessential's total profits from its trading activities amounted to ₦1.2 million (£3,000). The value of sales made through the CBO amounted to over ₦46 million (£115,000), with 3,548 women benefiting. Harder to measure, but just as significant, has been Quintessential's institutional development. It has developed its negotiation skills and been commended by buyers and processors for encouraging smallholder farmers to focus on quality as well as quantity.

## Getting a better deal for organised women



### Market reality and promise

Quintessential and its members have faced challenges along the way. It had been hoped that payment by businesses would be made to Quintessential within 48 hours of the receipt of goods, but this is often not the case in Nigeria. One buyer delayed payment for a consignment of shea for over three months, while the other paid one-third of the amount it owed on delivery, but delayed the rest for a further two months.

Given the challenges of rural access and transport, procurement and aggregation also took more than a month, rather than the two weeks anticipated. An estimated 16 tonnes of shea nut was either lost or stolen from warehouses, and Quintessential was unable to supply the full amount of ginger and soybean pledged to buyers. Furthermore, financial institutions showed little interest in providing loans which would enable Quintessential to expand its business. Yet despite these challenges, Quintessential was able to make a 15% profit on its first trades, validating the potential of its commercialisation model.

By mid-2017, Quintessential brokered the sale of 200 tonnes of shea nuts, just a fraction of the 10,000 tonnes a year which major commercial buyers would like to buy. As this phase of Propcom comes to an end, the programme has introduced three further types of training to help Quintessential and its partners scale up their activities to meet this enormous demand over the coming years.

The first training scheme is for investors, and designed to give them a better understanding of the cash flow and investment requirements for shea nut, soybean and ginger. Among other insights, this shows investors why late payment is a problem for CBOs and how invested funds can bridge the gap.

The second training scheme is designed to help Quintessential improve its ability to operate as an effective commercial enterprise. Lastly, the third focuses on quality assurance. This is relatively simple when supplies are modest, as they have been so far. It will be another matter when Quintessential's women farmers are supplying the market with thousands of tonnes of shea, as they very well may be doing soon.

### Propcom Mai-karfi

Propcom Mai-karfi (which means 'stronger') is a programme supported by the UK Government to make rural markets work for the poor.

By engaging with private sector partners and governments, Propcom Mai-karfi has raised the incomes of over 500,000 people in northern Nigeria.

Through its partnership approach, the programme has stimulated £20 million in private and public investment into the rural economy.

