

2017



Self-Help Initiative Support Request



PROPOSAL SUMMARY

TITLE OF PROJECT: Self-help Initiative: Ghana

AREA OF INTERVENTION: Districts of Berekum, Dormaa, Tano South

START AND END DATES OF THE PROJECT: January 1, 2017 – October 31, 2017

OVERALL PROJECT COST AND REQUESTED FUNDS: \$365,000

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THE SITUATION

About 1.2 million people, representing 5 percent of Ghana's population, are food insecure. Thirty four percent (34%) of the population are in the Upper West region, followed by Upper East with 15% and the Northern region with 10%, amounting to approximately 453,000 people. Throughout the country, about 2 million people are vulnerable to become food insecure. Their food consumption patterns are barely acceptable and can quickly deteriorate following a natural or man-made disaster.

About 507,000 (40%) people are vulnerable of becoming food insecure in the rural areas of Upper West, Upper East and Northern regions. Up to 1.5 million people vulnerable to food insecurity live in the rural and urban areas of the remaining seven regions, with the largest share of them in Brong-Ahafo (11%), in Ashanti (10%), followed by Eastern (8%) and the Volta region (7%).

Inadequate household food - Most farmer households in Ghana Africa are experiencing significant degree of food insecurity with food insecure periods spanning between 3 and 7 months. Upper East Region was the worst affected as it experienced the longest food shortage period of 6 months. The Northern and Upper West regions recorded 5 months of food inadequacy.

Coping strategies adopted by farmers - As indicated above, farmers are not able to produce enough food to last throughout the year and are also unable to store enough produce for home consumption throughout the year. The crucial question is: how are they able to survive? The table below provides some insight about coping strategies adopted by famers during periods of food insecurity. Other strategies reported to sustain food security in Ghana include shifting to less expensive and less preferred foods, borrowing food or money to buy food, purchasing food on credit, seeking assistance from friends and relatives and/or purchasing food from street vendors.

COPING STRATEGIES	Upper West	Upper East	Northern
Reduce the number of meals served each day	87.2%	97.0%	71.6%
Reduce the portion/sizes of meals	89.8%	89.9%	69.0%
Eat less preferred foods	76.2%	72.4%	40.3%
Eat wild vegetables and fruits	80.1%	71.3%	33.7%
Sell chicken and fowl	78.1%	97.0%	67.9%
Sell livestock (goats, pigs, sheep)	81.6%	96.0%	70.8%
Send certain members of household to live elsewhere	9.2%	9.1%	10.7%
Sell durable household possessions (small items)	16.5%	21.6%	21.5%
Sell personal valuables	17.0%	19.6%	22.8%
Seek food from relatives/friends	24.4%	11.2%	17.1%
Work for pay in food	7.5%	23.1%	12.4%

Current Outlook - The Peasant Farmers Association of Ghana and the Agric Chamber of Commerce has warned of impending food shortage in the country if immediate steps are not taken to provide farmers with improved seedlings and fertilizers to avert low crop yields. About 88% of farmers do not have access to these resources, hence they are unable to expand their farms and improve on their yields.

PROJECT DESCRIPTION

The Self-help Initiative is dedicated to equipping small-scale farmers in developing countries with the tools they need to reduce hunger and food insecurity within their communities while also meeting the growing food demand. This program helps to maximize the potential of small-scale farmers by enabling them to afford high-quality seeds and fertilizer, learn improved farming techniques, grow their produce and connect with the best local crop buyers.

Engagement of the entire agricultural value chain is critical to increasing food security and ensuring the sustainable development of farming communities. The Self-help Initiative is designed to carefully manage the value chain from seed to market. Program implementation is delivered in four phases: input suppliers, farmer-based organizations, output market buyers, and credit.

PHASE I - Input Suppliers – One of the key reasons that Africa cannot feed itself – though 48% percent of its population works in agriculture is because farmers lack access to farming inputs like seeds, fertilizers, insecticides, fungicides and other agricultural resources.

First, there is the need to train a network of rural stockists that can supply fertilizers and other inputs to farmers. Many of these stockists, where available, do not have knowledge of improved seeds and fertilizers, or safe handling of agrochemicals. Consequently, they are unable to provide farmers with credible information on agricultural inputs use. To solve this problem, the stockists are trained using commercially-delivered training modules to develop their technical, product, and business management skills. The modules cover areas such as knowledge of fertilizers and seeds, bookkeeping, costing and pricing, managing business relations, sales and marketing, stock management, and managing working capital. Once completed, these stockists become certified as “agro-dealers.”

Second, these certified agro-dealers are linked, using credit guarantees, to major agricultural input supply firms who supply them with stocks for 30 to 60-day credit period. The credit guarantee covers 50% of the risk of default. The choice of agro-dealers to whom credit guarantees are provided, is made independently by the companies based on their own selection criteria. In other words, becoming a “certified” dealer does not guarantee access to supplier credit.

Third, to improve affordability of inputs for farmers, the agro-dealers pack and sell seeds and fertilizers in small packages, ranging from 1 kg for seeds, to between 2 kg and 10 kg packs of fertilizers.

Fourth, to help achieve economies of scale in sourcing and transporting fertilizers and other inputs, the agro-dealers form themselves into purchasing groups with group members providing joint collateral to guarantee the supply of inputs from the companies. As the number of agro-dealers expand, the flow of farm inputs, particularly fertilizers and improved seeds, into rural areas will increase significantly.

PHASE II - Farmer-Based Organizations (FBOs) – Relationships are then formed and built with FBO’s and members are trained in key topics such as agricultural best practices, farm management and financial literacy. These FBOs have well-defined geographical areas, and are predominately concerned about inputs. The overall objective of this component is to:

- make extension services available to groups of farmers rather than individuals for more cost-effective and rapid diffusion of appropriate technology;
- strengthen the capacities of FBOs to play an enhanced role in priority setting and decision making in agricultural and community development programs; and
- facilitate access to inputs, credit and markets.

Farmer-Based Organizations (FBOs) are businesses owned and controlled by people who use its services for their mutual benefit. FBOs provide greater benefits to the members such as increasing individual income or enhancing a member’s way of living by providing important needed services. FBOs are vehicles to obtaining improved markets or providing sources of supplies or other services otherwise unavailable if members acted alone. FBO targets to receive assistance are listed in the following table.

FARMER-BASED ORGANIZATION (FBO)	REGION	DISTRICT	AREA
Benkasa Cocoa Farmers Association	Brong Ahafo	Berekum	Nsapor/Benkasa/Amonaso
Wamfie-Area Cooperative Oil Palm Growers	Brong Ahafo	Dormaa	Wamanafo
Victory Vegetables Association	Brong Ahafo	Tano South	Derma
Boa Wo Nua Maize Growers Association	Brong Ahafo	Tano South	Derma
Nyamebkyere Marketing Association	Brong Ahafo	Dormaa	Wamanafo

PHASE III - Output Market Buyers – We work to facilitate contractual arrangements with agribusinesses to purchase our client farmers’ crops, transport them to the best markets, store them for future sale or enhance with value-added processing. This ensures that the farmer receives fair crop prices, providing enough income to cover loan repayments and key house-hold expenses.

PHASE IV - Credit - Groups of farmers have stronger credibility than an individual, and can overcome the problem of collateral to get credit. Banks extend loans to the FBO, which then lends to its individual members. The burden of recovering loans from individual members lies with the FBO, and not with the bank. If someone fails to repay a loan, the bank can disqualify the FBO. This puts pressure on other members in the organization to make sure the defaulting person pays up. The FBO processes applications for loans, and all loan repayments are deposited directly into the account. The members decide on vital details such as interest rates, fines, repayment periods and how to recover unpaid loans.

PROJECT TIMELINE/BUDGET TIMELINE: January 1, 2017 – October 31, 2017

BUDGET

Inputs	BUDGET USD
Equipment	\$60,000.00
Seed	\$45,000.00
Fertilizer, herbicides and pesticides	\$85,000.00
Credit (financing to farmers)	\$175,000.00