

UNDP Regional Private Sector Programme African Facility for Inclusive Markets (AFIM)

A white outline map of the African continent is positioned on the left side of the slide, set against a dark blue background that also contains the main title text.

Inclusive Growth, Inclusive Markets & Private Sector Development

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II Fórum Nacional de Transformação
CABO VERDE 2030

WS 2.1 Desenvolvimento Rural e Agronegócios

Presentation Outline



1. Definitions
2. Inclusive Business is Good for Development
3. Constraints and Solutions
4. Examples of ongoing work



What are Inclusive Businesses?



- Inclusive businesses **include low-income people to the value chain** for mutual benefit -- on the demand side as customers and on the supply side as employees, producers and entrepreneurs.
- Inclusive Market Development (IMD) approach works to develop private sector markets by strengthening the **whole market system** – enterprises, business relationships, market structures or the business environment.
- Focus is on **target value chains and collaboration** between policy makers, lead firm, MSMEs and smallholders

Inclusive Growth, Markets and Businesses



Inclusive Business: Good for Development, good for businesses



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Inclusive Business

Profitability

Businesses benefit on:

- Demand side: new customers, creating long-term customer loyalty, developing innovations
- Supply side: improving production capacity, getting access to inputs, expanding customer reach

Participation of the poor

The poor benefit from participating in markets:

- access to goods and services
- access to income opportunities as suppliers, employees, distributors and entrepreneurs
- increased choice and power

Human Development

Goods & services provided have a positive impact:

- water & sanitation, energy
- financial services, ICT
- housing, education, nutrition

Sustainability

Inclusive businesses contribute to social & environmental sustainability

- clean energy, protection against natural disasters
- fight against rural exodus and hyper-urbanization etc.

Key Constraints faced by Inclusive Businesses

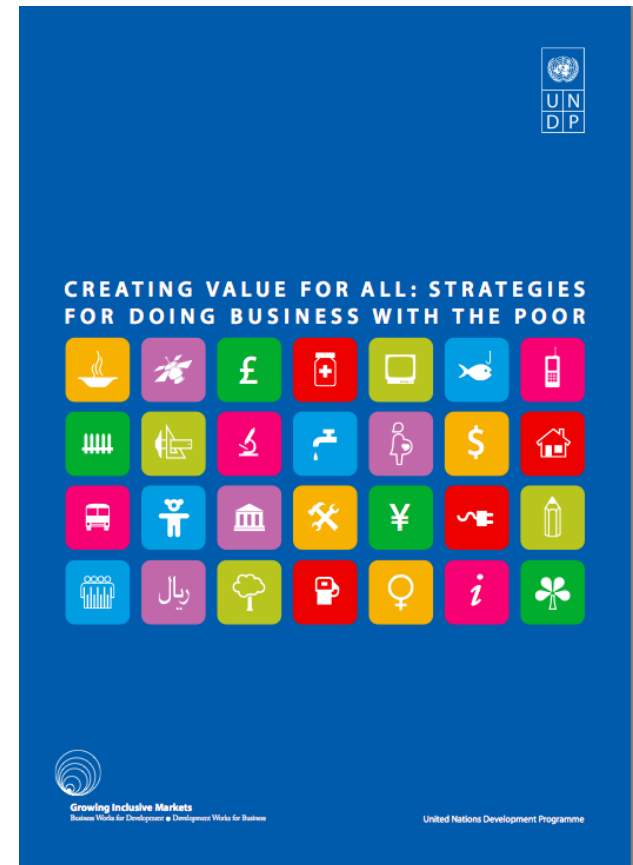


5 broad constraints have been identified in UNDP's „Creating Value for All“ (2008).

Low-income markets typically lack a conducive market environment in terms of:

- Market information
- Regulatory environment
- Physical infrastructure
- Knowledge and skill
- Access to financial services

These constraints hinder inclusive businesses from going to scale.



Report available at
www.growinginclusivemarkets.org

Solutions



1. Inclusive business offers concrete private sector solutions to achieving inclusive growth.
2. Good examples already exist in sub-Saharan Africa, but they struggle with market constraints.
3. A more conducive support ecosystem can help inclusive businesses scale up and replicate.
4. Entrepreneurship and innovation from all actors are key to realize Africa's wealth especially the youth.
5. Ecosystem building initiatives show great promise to create a conducive environment.
6. All actors can contribute (Companies, Policy Makers, Development partners, Civil society, Research institutions, Intermediaries)

Solution to go to Scale: Building Support Ecosystems



4 functions are critical:

- **Information** provides the awareness, knowledge, technology and know-how required to operate in low-income markets
- **Incentives** reward positive externalities and reduce the cost of doing business
- **Investment** provides the financial backing that enables businesses to venture into challenging low-income markets
- **Implementation support** provide local logistics, transaction, marketing and communication, and micro-business support services



Current Regional Value Chain Projects



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ONION

Countries: **Ghana and Burkina Faso**
Target: 2,500 producers and value chain actors
Objective: *Increasing production of onions and productivity of onion value chain actors*

DAIRY

Countries: **Kenya and Uganda**
Target: 4,000 smallholder farmers
Objective: *Building local extension services*

MANGO

Countries: **Burkina Faso, Cote d'Ivoire, Ghana, Mali**
Target: 2,000 producers and other value chain actors and 80 SMEs
Objective: *Improve productivity & quality through increased harvesting and post-harvesting practices*

SORGHUM

Countries: **Kenya and Tanzania**
Target: 2,000 smallholder farmers
Objective: *Accelerating commercialization and regional trade in sorghum*

GROUNDNUT

Countries: **Zambia and Malawi**
Target: 10,000 smallholder farmers
Objective: *Improving production and access to markets through quality management systems*

SOYA BEAN

Countries: **Mozambique and Malawi**
Target: 2,500 smallholder farmers
Objective: *Improve productivity through mechanization of production*

NOTE: All projects have further expansion potential, the target numbers and countries are based on USD150,000 Micro-Capital Grant per project per year

**= 23,000
beneficiaries
in year 1 and 2**

How AFIM works



- Support to **Multi-stakeholder Platforms**(government, private sector, civil society) convened at the sub-regional level in partnership **with RECs** to strengthen the design of specific regional agricultural value chains: EAC, 2012 (Dairy, Sorghum, Soy); COMESA, 2013 (Groundnut, Soy, Maize), ECOWAS, 2012 (Onions, Mango, Cassava, Palm Oil);
- Provision of Catalytic funding of **USD 150,000** to an NGO advancing selected value chain development initiatives in the agri-food sector (**Micro Capital Grants**)
- Grants support projects that generate income and employment and improve food security through inclusive economic growth in order to:
 - ✓ Stimulate cross-border and regional value chain projects
 - ✓ Strengthen existing value chain projects by undertaking interventions to attract private sector engagement and participation
 - ✓ Support the capacity of regional institutions to strengthen regional agro-food value chains
 - ✓ Unlock agribusiness investment opportunities inherent in cross-border and regional value chains thereby increasing food security, regional economic integration and trade

Onion Value Chain (ASNAPP)

Sahelian Onion Productivity and Market Enhancement Programme



Countries: Burkina Faso, Ghana
(UNDP COs in Niger, Benin, Mali, Nigeria and Senegal expressed interest to join)
Beneficiaries : **2,500** producers or onion value chain actors (>30% women)
Buyers: Local markets



Objectives

- 1: Reduce postharvest losses, increase market access and incomes of onion value chain actors*
- 2: Increase access to finance by onion producers and other chain actors*
- 3: Strengthen the Capacity of producers on Good Agricultural Practices*
- 4: Foster cross-border regional market access*

Gender impact:

- About 38% of onions producers are women.
- The women producers are expected increase income from onion sales by 80% from baseline figure due to improved technology transfer on good agricultural and postharvest practices.

Onion Value Chain - Results after 12 months

Sahelian Onion Productivity and Market Enhancement Programme



Results as at September 2013

Current Results

- **80** family based demonstration storage structures established in Ghana and Burkina Faso with 100% utilization of facilities by beneficiary farmers
- **3,140** farmers trained on GAP and post harvest handling in Ghana and Burkina Faso; **30%** of **1,312** farmers trained in Burkina increased average yield per ha by **17% (from 20.5MT/ha to 24MT/ha)**
- **50%, 35%** and **15%** of **34 producers** supported with storage structures in Ghana staggered sales by **1.5, 3** and **3+** months respectively to take advantage of high prices
- 100% of 34 farmers increased income by **110% to 400%+** (onion prices had increased by 400% from GHC50 (\$25) for a 100-120kg bag in March (the glut season) to GHC200 (\$100) in June)
- **Onion bulb sizes have doubled** in Ghana as a result of training and implementation of GAP
- **1,837** farmers trained on access to credit in Ghana and Burkina; **400** farmers from 32 farmer groups were profiled for credit financing. Of these, **150** farmers had their facilities approved.
- Regional competitiveness strategy development process for onion value chain in West Africa put in place in partnership with ASNAAP and ECOWAS

Onion Value Chain - Consolidating results and Opportunities for expansion during 2014

Sahelian Onion Productivity and Market Enhancement Programme



- Evaluating **baseline data for onion production, sales and incomes** in Ghana and Burkina Faso to measure quantitative catalytic derivatives of the project
- Supporting the up-scaling and establishment of **additional family based storage structures** in Ghana and Burkina Faso to reduce post harvest losses based on positive experiences witnessed in the project
- Expanding outreach of **GAP and post harvest handling training to additional onion farmers** in Ghana and Burkina Faso
- Facilitating **timely access to inputs for onion farmers and access to financial services for onion value chain actors** in Ghana and Burkina Faso as a priority
- Strengthening **competitiveness of the onion regional trade in West Africa** through cross-border strategies (ECOWAS is supporting post conference activities)



Mango Value Chain (ECOWAS-TEN)

West Africa Mango Quality Improvement Project



Countries: Burkina Faso, Cote d'Ivoire, Ghana, Mali

Beneficiaries: 2,000 producers and other value chain actors and 80 SMEs

Buyers: Export markets



Objectives

1. *Improve productivity, quality and label*
2. *Build technical capacities of mango VC actors in harvesting and post-harvesting*
3. *Increase volume of quality mangoes for domestic (regional) mango processing firms*
4. *Increase West Africa sales by 5% and income of mango value chain actors to address food and nutrition security*
5. *Catalyzes ECOWAS TEN incubator programme for supporting small business to increase competitiveness in selected value chains including that of Mango*

Income to be generated

- Smallholders and enterprises 5% increase in traded volumes in the four countries will translate into an extra \$1 million for value chain actors in the four countries.

Mango Value Chain - Results after 9 months

West Africa Mango Quality Improvement Project

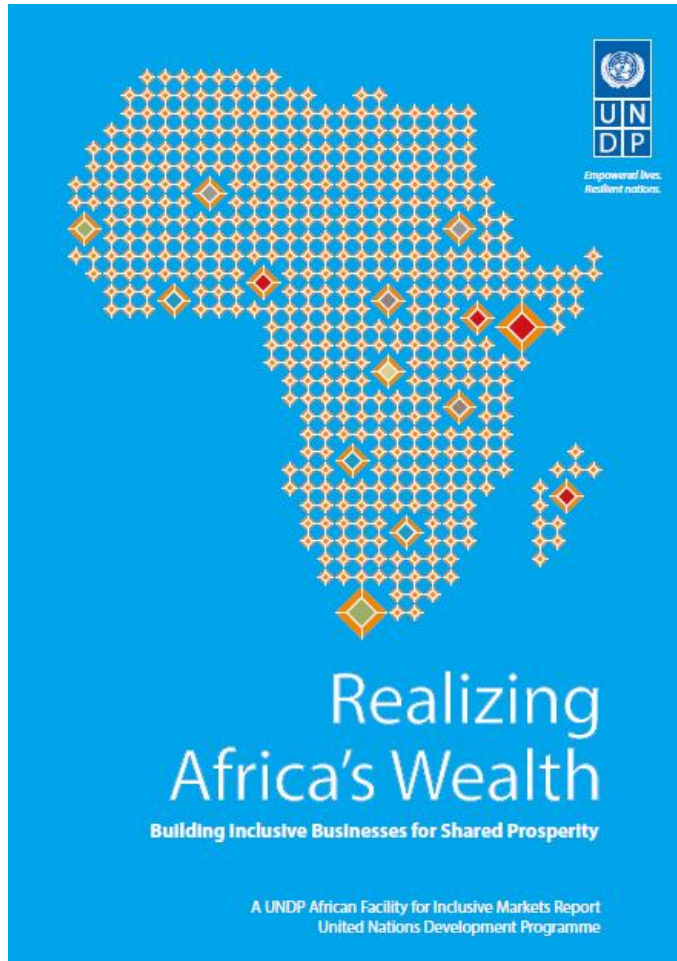


Results as at December 2013

Current Results

- Data collection and benchmarking missions conducted in **30 production sites** of the export mango value chain (farm, packaging, export) in Mali, Burkina Faso, Côte d'Ivoire and Ghana production areas during the second half of the campaign 2013 (May-July)
- **35 Mango value chain actors** including producers ,exporters and export facilitation organizations met and list of priority content for export quality discussed
- Target groups for training pre-identified
- Frame of regional label requirements prepared
- Draft of Export Guidebook and labeling training modules prepared and ready for validation

Knowledge Products



Private Sector in
Agro-Food Industry



Inclusive Business
Finance Field Guide

Plus an [IMD Handbook](#) and three related tools: [Assessing Markets](#), [Inclusive Business Models](#), and [Brokering Partnerships](#).

Find all Knowledge Products at:

www.undp.org/Africa/privatesector

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