



Financial viability of AgroTech in Inclusive Agricultural Value Chains




Outline of presentation

- Research Question - Recap
- Methodology
 - Data collection activities
- Emerging Insights

Research Question and Sub-Questions

Can private agricultural advisory services be financially sustainable with introduction of AGROTECH?

- What value does AGROTECH bring to the business service provider?
 - Which features provide value for service providers and smallholder clients and others?
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Design – Case study (with embedded units)

Delivery Model	No.	No. of Agents
Nucleus Farmer/Outgrower entities with more than 1 field agent	4	16
Individually owned and managed Aggregator business with single agents	12	12
Budding entrepreneurial Agents	8	8

Data and records collected

Business profile

Agent profile

Managerial capacity assessment

Annual Business plan

Sample (model) Farm Plan for farmers

Transactions



Business Profile

Gender of Business owner

Main Occupation

Number of farmers served

(by gender) and gender preference

By age category and preference

Services offered

Criteria for hiring Agent

Sex of Agent and preference by OB


Mobility of Agent

Data and records

Remuneration and basis



Agent Profile

- Gender of Age group of agent
 - Main Occupation
 - Highest Education and work experience
 - Farmer visit; frequency and nature of visit
 - Communities and distance from operational centre
 - Primary and secondary thematic/subject areas for knowledge upgrade
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Annual Business Plans

Type of Planned Services and Targeted farmers

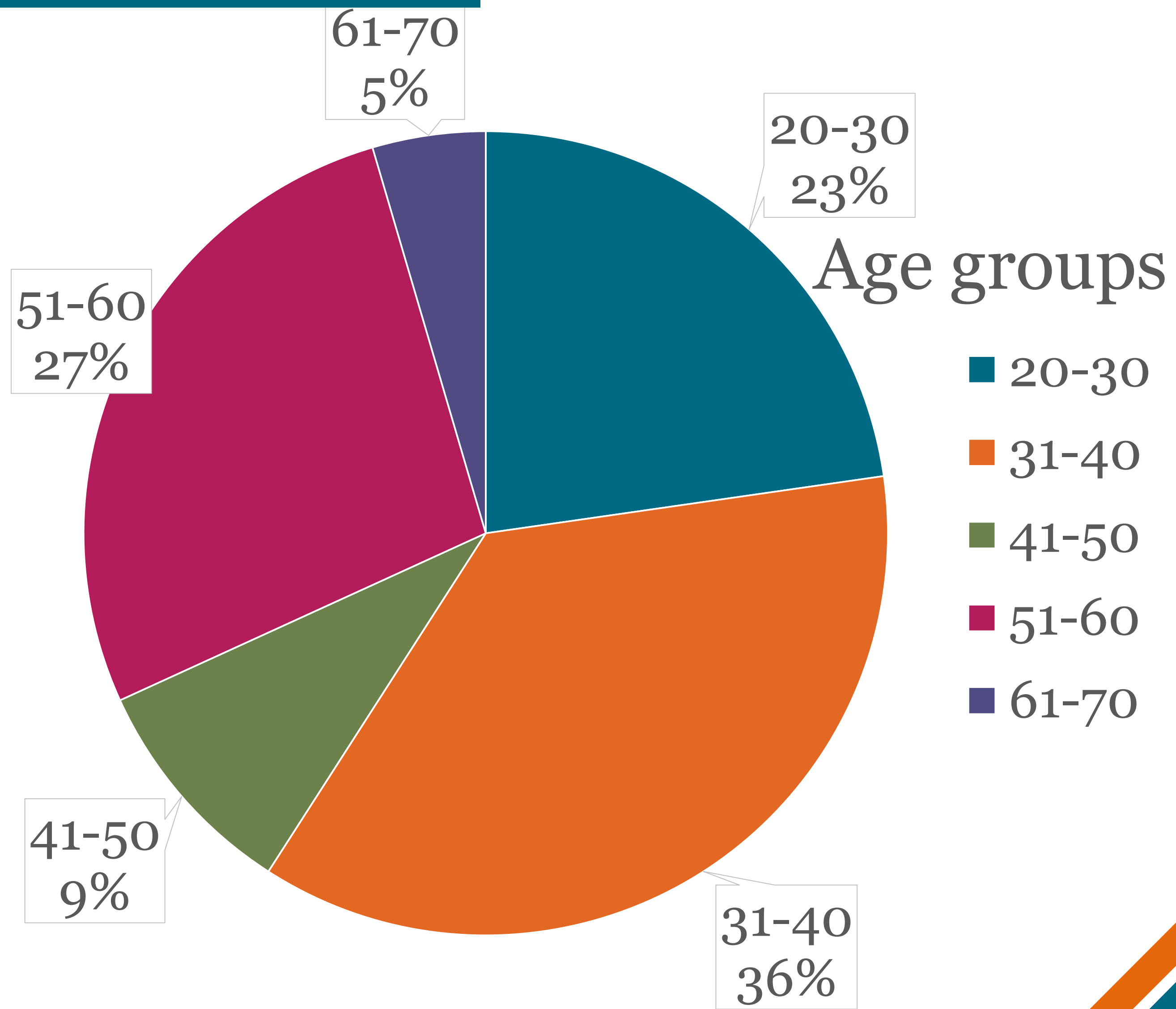
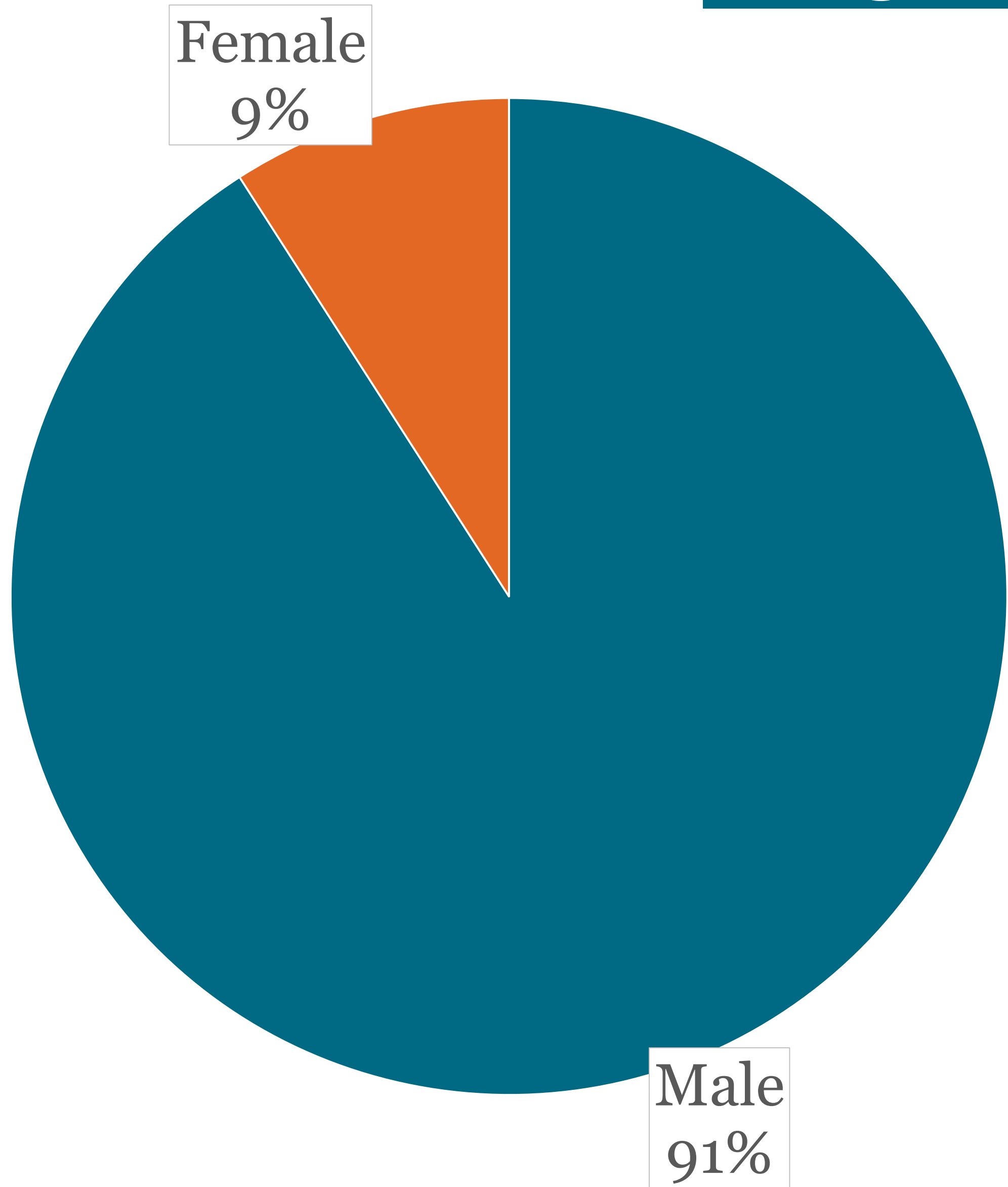
Sources of finance

Value of goods and services generated

Costs, expected revenues and financial indices



Sex and age distribution of Outgrower Business owners



Main Occupation	Number	Percent
Aggregator/Buyer	4	18.2
Agro-Input dealer	2	9.1
Commercial farmer	3	13.6
Head of farmer-based organization	5	22.7
Nucleus Farmer	4	18.2
Other	3	13.6
Processor	1	4.5
Total	22	100

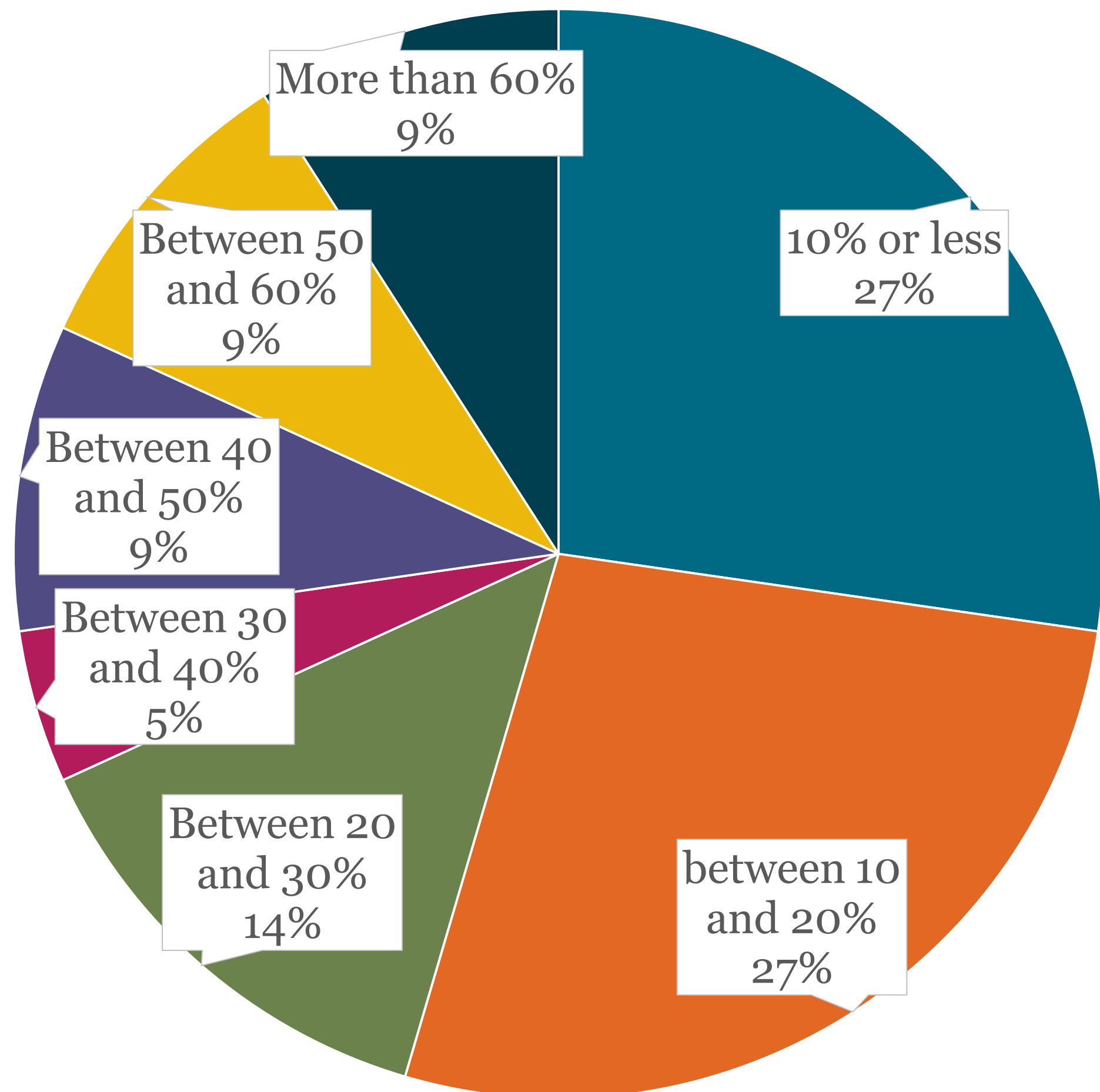
	Frequency	Percent
Less than 1 year	4	18.2
Between 1 and 5 years	10	45.5
Between 5 and 10 years	5	22.7
Over 15 years	3	13.6
Total	22	100



Data collected

	No Service	Linkage Service only	Service Provision and Linkage	Service Provision only
Output Market	6	9	3	4
Cash credit	6	7	2	7
Input credit	2	9	4	7
Tractor Plough	6	4	9	3
Threshing	9	4	6	3
Transport	8	7	6	1
Technical Advice	1	0	0	21
Storage	15	0	0	7

% Female farmers



Sex preference for farmers

	Frequency	Percent
Female farmers	1	4.5
Male Farmers	9	40.9
No particular preference	12	54.5
Total	22	100

Reason for preference

	Frequency	Percent
No Particular Preference	12	54.5
They are better organized	1	4.5
They are more hardworking and achieve more	6	27.3
They know more about cultivation of the crop	3	13.6
Total	22	100

Most important risk factor for agribusiness service provider (Research Participants)

No	Risk factor	Identified as primary risk	Identified as next important risk (% of participants)	Third most important risk
1	Credit default by farmers	20	0	14
2	Dishonoring of contracts by bigger buyers/processors/institutions	0	20	0
3	Weather variability/unpredictability	60	20	0
4	Crop Disease and pest epidemic	20	47	7
5	Policy and politics	0	7	21
6	Market failure – price volatility (both inputs and outputs)	0	7	14
7	Logistics and infrastructure	0	0	42

CURRENT KEY SKILLS	% of OBs
BUSINESS PLANNING	13.3%
FINANCIAL MANAGEMENT	13.3%
MARKETING	13.3%
PERSONNEL MANAGEMENT	53.3%
RESOURCE MANAGEMENT	6.6%
TOTAL	100.0%

REQUIRED SKILLS	% OF OBs
BUSINESS PLANNING	20.0%
MARKETING	20.0%
PERSONNEL MANAGEMENT	33.3%
RESOURCE MANAGEMENT	6.6%
RISK MANAGEMENT	20.0%
TOTAL	100.0%

Main Crop	% of OBs
Cassava	8.0
Eggplant	4.0
Groundnut	4.0
Maize	58.0
Mango	8.0
Rice	12.0
Yam	6.0
Total	100.0



General Sources of Finance

Source	% of OBs
Borrow in-kind	4.0
Cash and In-kind borrowing	4.0
Other	4.0
Own Resources and Cash borrowing	30.0
Own Resources and in-kind borrowing	8.0
Own Resources Only	50.0
Total	100.0


Service Mode

Service Mode	% of OBs
Borrow to on-lend to farmers	27.0
Link farmers to actual service providers	19.0
Other	8.0
Own Resources and equipment	46.0
Total	100.0


Business Plan Summary

TYPE OF SERVICE	Number of Services	Mean Expected Revenue	Mean Expected cost	Mean Expected Profit
CASH CREDIT	3	6,877,266.67	214,258.33	6,663,008.33
FIELD TECHNICAL SUPPORT AND INFORMATION	5	29,640.00	77,283.33	(47,643.33)
INPUT CREDIT	8	899,655.06	203,923.88	695,731.19
MARKET (BUYING OF PRODUCE)	9	61,550.00	147,208.83	(102,715.08)
TRACTOR PLOUGHING	1	11,875.00	176,108.60	(164,233.60)
Total	26	1097810.212	160574.4773	973228.1427

Summary of Insights

- Women may not have equitable access under private extension business models under current circumstances
 - Competition in agribusiness service delivery is minimal, and this stifles record keeping and innovation, including incorporation of ICT into business,
 - Business Service delivery practice require attention to enhance efficient incorporation of Agricultural extension
 - There is the need for policy/regulation on agribusiness record Management
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Looking Ahead

- Include female city-based buyers in research
 - Mid season review of business plans
 - Participant observation activities
 - Arrange for training programs on business practices
 - Position paper on policy on business records?
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Thank you for your attention



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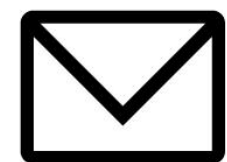
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