Partnership context

In July 2004, at the high-level seminar Solutions to Hunger: Innovative Approaches to Meeting the Hunger Millennium Development Goal for Africa, UN Secretary General Kofi Annan urged participation from all sectors to support the development of African agriculture and for a uniquely African Green Revolution. Norway’s Yara was one of the first private-sector companies to heed this call, and has since followed up on its commitment to support an African Green Revolution with several business partnerships at multiple levels including initially leading on the development of the Agricultural Growth Corridors and subsequently playing a key business lead role in the establishment of the Grow Africa initiative. In Ghana, this has resulted in the Ghana Grains Partnership (GGP), which supports maize growers.

Agriculture remains a backbone of Ghanaian society, yet agricultural sustainability remains low, largely due to depleted soils and low productivity. Although the absolute number of poor people has fallen as a result of consistent economic growth, one third of Ghanaians still live below the poverty line. The great majority of growers are smallholders producing at subsistence level.

Ghana’s agricultural sector suffers from historic low investments in areas such as basic infrastructure, market development, extension services and financial tools. It remains a challenge to include all parts of the agricultural sector in functional value chains, and to improve productivity levels in order to tap the potential of the country’s farming sector.

Partnership development

Yara initiated the Ghana Grains Partnership in 2008, inviting a bottom-up dialogue including local growers. Involved partners include Yara, local input trader Wienco, the Africa Enterprise Challenge Fund as a financing partner, and operational and analysis support partners TechnoServe and Prorustica.

After identifying the main challenges preventing Ghanaian farmers from producing better yields, work commenced with local government, donors, private-sector players, scientists and farming communities in a structured effort to strengthen and streamline the infrastructure for marketing, warehousing, logistics and input services. Roll-out began in 2009 with the establishment of the maize growers’ association (the Association), Masara N’Arziki (‘Maize for Prosperity’ in the local Hausa language).

In the absence of initial external financing support, Yara has – together with the Ghanaian inputs trader Wienco – financed the initial input requirements and logistics by establishing a revolving fund for input credits and by granting two long-term loans of a total US $3 million. Yara Ghana also coordinated the supply of fertilizers to the project. Several warehouses have been rented for storage. The Association purchases the farmers’ entire maize crop, paying for the maize supplied minus the cost of inputs they have received.
Project scope

The Ghana Grains Partnership intends to improve productivity and to make a significant and lasting impact on rural livelihoods and food security.

GGP encompasses political and commercial objectives at a national level. Its focus is on complete agricultural value chains, with a holistic approach to meeting the needs of the farmers with respect to efficient inputs and finance, as well as addressing constraints to more effective agricultural commodity output markets. A key objective of the partnership is to ensure that farmers have access to affordable inputs and profitable output markets through effective institutional arrangements and the establishment of a revolving credit fund acting as a catalyst for wider private-sector participation in rural agricultural finance. The program is currently being implemented in the northern districts of Tumu, Gwollu, Nakpanduri, Kintampo and Wa, as well as the sub-zones Damongo, Tamale and Chereponi.

In early 2009, the GGP ran a sensitization exercise to explain the benefits of joining the Association. The response to the marketing and sensitization drive was positive, with about 2,200 farmers signed up with Masara N’Arziki for the 2009 season; over 10,000 acres were cultivated. Through relevant training, extension and inputs distribution, average yields improved considerably in just the first year.

Farmers who join the program need to become members of Masara N’Arziki. There is a modest membership fee, which confers a number of benefits, including credit for inputs, guaranteed purchase price for outputs, quality extension services and training.

Results

Entering 2013, more than 8,000 farmers had joined Masara N’Arziki, which has seen yield levels triple the Ghanaian average. Cultivated acreage was 28,600 acres, and 95% of farmers remained in the program from the previous year. Masara N’Arziki has scaled up its capacity, adding 25 new field officers during 2012, bringing the total staff to 73 employees. The debt recovery rate from the program was at 92% in the 2011 season, despite a drought affecting 1 in 5 farmers in the program.

The estimated revenues to farmers were about US$4 million in 2012, or on average about US$369 net cash return per hectare farmer (i.e. after input and other costs have been repaid). The baseline before the project was US$142/ha net. This is a considerable additional cash injection into the participating rural economy, which has some of the highest poverty rates in the country, and where household size is 7 persons on average.

Yield levels have steadily been rising, and in 2012 the association was Ghana’s biggest maize producer.

Key success factors:

- Dedicated partners with complementary, supplemental skill sets, operational foundations and on-the-ground experience
- Thorough modelling of how to scale roll-out
- Financing model to fit a rural poor economy
- Comprehensive value chain approach, including understanding of end markets and the necessary logistics for support
- Agronomic knowledge to enhance input use, disseminated through the delivery model