Insight Brief

Peeling the Onion

Insights from ICCO Cooperation in the onion value chain in Senegal

INTRODUCTION

Onions have a prominent place in the Senegalese food consumption and a major impact on the country's economy. Annually 360,000 tons of onions are produced in Senegal, which is basically enough for the needs of the entire population. However, due to insufficient quality and storage options, part of the onion harvest is lost. Consequently onions have to be imported during a four to five months period (October to February).

Strengthening African Rural Smallholders, or STARS, is a five-year program of ICCO Cooperation, in partnership with the Mastercard Foundation. In Senegal, STARS strengthens the capacity of 8,000 onion smallholders by developing and financial products; by building the capacity of farmers and their producer organizations; and by linking farmers to markets. More productivity and food security for the farmers will support Senegal to become self-sufficient in onion production in the near future.

In this Insight Brief, we highlight ICCO Cooperation's efforts to improve the productivity of the onion value chain in Senegal. Part one zooms in on the farmer field schools, part two on a crowdfunding finance product, and the last chapter deals with digital marketplaces.

1. FARMER FIELD SCHOOLS

Salif Sow (59) is one of seven small-scale onion farmers in Rao, a district in the dry, hot north of Senegal, who runs a Farmer Field School. Sow is encouraged by STARS to produce more profitable onion varieties and is provided with information about innovative production and storage methods.

"In the past, the entire production process was dominated by onion buyers," Salif Sow says, standing among the rampant onion plants in his field. "They used to come to the villages at the start of the season to sell the farmers seeds on credit. At the end of the season, they picked up the harvest and sold it to traders in the city. It could easily take two to three months before you got your money. As a farmer you were completely dependent, because prices were determined by buyers too."

In the new situation the local producer organization UGPAR, which Sow and almost a thousand other onion farmers belong to, plays a key role. High-quality seeds, fertilizers and crop protection products are purchased collectively by UGPAR and distributed to its members. The organization works exclusively with input suppliers selected by the STARS program.

Ismaila Ndiaye (29), a young onion producer who, like Sow, runs a Farmer Field School, is aware of the benefits: "By purchasing collectively we get much better input. And what's more, everything is scheduled on time. The risk of having to delay cultivation is much less now."

Equally important is the fact that the power of onion buyers is significantly reduced by the intervention of UGPAR. The producer organization buys the harvest from its members and pays them directly. Market prices are carefully monitored. Farmers are encouraged to participate, on condition that the way their crops are grown corresponds with the production method introduced by the STARS program. The main aim of the Farmer Field Schools is to

spread this production method to other UGPAR members.

Mamadou Diagne (45) is already convinced: "Salif Sow is my role model. Basically, I do everything he does, but in my own field. I know for sure that the seeds he uses produce much better onions." Smiling: "And better onions make for a better price."

Development Union Value Chain
A Farmer Field School is not an isolated testing ground, but a business model that contributes to the development of the onion value chain by strengthening the capacity of its producers. Characteristic of the inclusive STARS approach is the intensive cooperation with other actors in the chain. During exchange meetings and training sessions, depending on the phase of the production process, farmers are put into contact with input suppliers, financial service providers and traders. Each of these actors transfers knowledge and information to the smallholders.

Optimistic Future
Meanwhile Salif Sow, father of six, is looking forward to the future with optimism. His Farmer Field School will most probably produce two to three times as many onions as before the STARS intervention. Sow's conclusion for the time being: "It is worth learning something new."

2. CROWDFUNDING

Innovative providers of financial services like BaySeddo are playing a key role to facilitate access to finance for producer organizations," says Idrissa Ba of STARS.

BaySeddo is a (digital) platform that puts producer organizations into contact with individuals who are looking to invest in short-term agricultural projects. "The farmers have land and therefore potential, but they lack the resources to exploit it," explains manager and co-founder Mamadou Sall. "We attract investors and ensure a win-win situation."

Crowdfunding approach
In partnership with the STARS program BaySeddo is conducting a pilot project with UJAK, a cooperative of onion farmers in the region of Podor. The investors – a relatively large number of Senegalese who live abroad – put in at least 100,000 CFA (152 euros) before the start of the season.

When the harvest is gathered, the profit is shared: 50% for the farmers, 25% for the investors, 25% for BaySeddo.

Mamadou Sall calls BaySeddo's crowdfunding approach an example of a "virtuous economy" based on solidarity. The farmers do not pay interest, they are not requested to provide a financial guarantee and if the harvest fails, the investors and BaySeddo share the loss.

Harvest failure is not something Sall is afraid of: "The strength of the STARS program is that farmers are coached in order to improve their production. Combined with financial services this approach is very promising. It's obvious that the pilot project will succeed." In the future BaySeddo will set up similar projects with other producer organizations participating in STARS. "And we also are facilitating BaySeddo to develop its business in Mali, adds Ba."

3. DIGITAL MARKETPLACE

The production of high-quality onions under fair financial conditions stands or falls by improving market access of small-scale farmers . For Aboubacar Sidy Sonko, founder of digital market platform Mlouma, it all started with a competition organized by French telecom provider Orange, which wanted to make USSD codes available to social entrepreneurs in Africa.

Sonko, son of a small-scale farmer family, wanted to change the fact that producers do not have reliable information about current market prices: "Buyers go to remote villages, pretending the market is down. In this way they manage to purchase products far below the regular price."

Aboubacar Sidy Sonko developed the USSD application Mlouma that allows farmers to check market prices of various products on their mobile phone. Louma means weekly market, M is for mobile. In 2016, Sonko won the Orange competition.

New Technologies and Market App Currently around 11,500 Senegalese onion farmers check market prices via Mlouma for a small amount. Sonko is working with ICCO Cooperation on an extension of the application that fits in with the inclusive STARS approach. This means, for example, that agricultural advice is given through MLouma or that meteorological information can be requested. In addition, information that is also important for other actors in the value chain will be made available. Input suppliers can indicate which products are offered at what price; traders are given the opportunity to check where and when farmers are putting their harvest up for sale.

The next step in the partnership between ICCO and Mlouma is the development of new advisory services to farmers as well as to provide information on available financial products developed by the MFI partners.

We Help Farmers and Small Businesses Grow.

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