In Senegal, STARS is working to improve access to finance and markets for 49,500 smallholder farmers, impacting a total of 250,000 household members.

To reach this direct and indirect target, STARS works with four MFIs to develop crop specific loans. By the end of 2019, STARS in Senegal was well on track to reach its target, with 32,781 farmers already benefiting from crop-specific loans, including warehouse loans, agri-group loans and value chain financing.

STARS also works with 10 producer organizations in the cowpea and onion value chains, as well as with various other stakeholders to strengthen the value chains to allow farmers to access finance, markets, inputs, and agricultural skills training.

THE CHALLENGE

Microfinance institutions (MFIs), limited in their capacity, do not offer appropriate agricultural credit to smallholder farmers. Farmers have limited access to appropriate loans and affordable quality inputs like fertilizer and seeds, equipment, and extension services.

Producer organizations (POs) have little access to big buyers, lack market information, and do not have good negotiating skills. POs are challenged to supply the right quantity and quality to buyers and do not properly serve their members.

Due to the lack of access to finance and markets, farmers have low yields and face high post-harvest losses. As a result, they have low resilience, low income, and poor food security.

ABOUT STARS

The Strengthening African Rural Smallholders (STARS) program is a five-year program (2017-2021) implemented by ICCO Cooperation in partnership with Mastercard Foundation. Adopting the market systems development approach, STARS improves access to finance and markets for over 200,000 smallholder farmers with emphasis on women and youth in Burkina Faso, Ethiopia, Rwanda and Senegal.

SOME KEY FIGURES IN SENEGAL

- Onion value chain strengthened
- Cowpea value chain strengthened
- 5 loan products developed
- 32,781 farmers reached to date
4. Capacity Building Producer Organizations
A capacity building trajectory was developed for each of the 10 POs, focusing on three areas: improving productivity, coaching in business plan development and finding external finance, and improving the position of POs in value chains.

5. Strengthening Input Supply Systems
To help farmers access agricultural training and quality inputs such as fertilizer, pesticides, and certified seeds, STARS develops and strengthens input supply systems for both value chains. More specifically:

In the cowpea value chain, STARS supports five POs involved in seed multiplication. As a result, three of them are able to produce certified seeds as an embedded service for their members.

In the onion value chain, the Farmer Field School model is used to promote quality seeds and organic fertilizers through five POs. Sessions are held at the school to facilitate input dissemination and uptake. Also, through market information platform Mlouma, more than 18,000 farmers are better informed on agricultural best practices in the onion value chain.

6. Promoting Sustainable Business Development Services
STARS supports business development providers in both value chains to provide advisory and coaching services to POs, helping them to professionalize their businesses. More specifically:

Facilitating input supply by suppliers such as Bejo and Elephant Vert and technical training provided by GAPP through farmers field schools contributed to the positive uptake of new technologies by 2,500 onion farmers.

STARS CONTRIBUTES TO THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS:
STARS PROGRAM EMBEDDED REFLECTION AND LEARNING (PERL)

STARS has been collecting data since 2017, which is being used to analyze the impact for farmers; to guide program changes and to share lessons learned with the wider audience. Here are a few of the highlights:

In 2017, STARS started to develop a warehouse lending product, together with three MFIs, and learned some important lessons along the way. During the first year, farmers did not have access to high-standard warehouses, which greatly affected the quality of their produce. STARS adapted its approach and trained farmers on better warehouse management, which encouraged the MFIs to continue providing warehouse lending, benefitting 2,000 farmers.

In 2019, STARS performed a study on the onion and cowpea value chain in Senegal. The study looked at which price-setting mechanisms are in place for farmers and how they affect their position. STARS will use the learnings of the study to provide price mechanisms that are more favorable to farmers.

STARS PARTNERS IN SENEGAL

STARS in Senegal works with a total of 10 producer organizations, with more than 20,000 members.

For the cowpea value chain: COPAKEL, CORAP, FAPAL FADEC Nord, UGPM.
For the onion value chain: UGPAR, APOQ, UJAK, UGPN, FADEC Sud.

STARS supports the following four microfinance institutions: CAURIE MF, U-IMCEC, MEC FADEC, NDIAMBUR, UFM/MECZOP.

STARS in Senegal collaborates with many government bodies such as FNDASP, ARM, DRDR, as well as with private sector partners including MLouma, Baye Seddo, Elephant Vert, OCP-Africa, Fédération Nationale des Boulangers du Sénégal, GIE des Commerçants de Thiaroyes and La Banque Agricole.

BOOSTING THE ONION VALUE CHAIN THROUGH FARMER FIELD SCHOOLS

In Senegal, onion is the most consumed vegetable but annual production does not cover domestic demand. STARS brings together private sector actors, financial service providers, input suppliers, and producer organizations to connect onion smallholders to formal markets.

Farmers learn to shift towards more sustainable production practices at Farmer Field Schools. On demonstration plots at the school, STARS showed that the combination of the right inputs with the best agricultural techniques enables higher yields.

By linking input suppliers such as Bejo and Elephant Vert with producers, suppliers boosted their sales and farmers doubled their yields as a result of the high-quality inputs and agricultural best practices. STARS also introduced longer cycle varieties, showed best practices in storage management, and provided better storage installations at the schools. These all help farmers to bring their onions to market when prices are high.

In addition, STARS worked with financial institutions to develop financial products specifically for onion farmers. This unique combination of developing both financial and non-financial services for smallholder farmers has facilitated a steep rise in yields and income for over 7,000 farmers working in the onion value chain.

CROSS-CUTTING THEMES

Climate-resilient agriculture: By selecting climate-smart value chains such as cowpea, STARS supports farmers to mitigate the effects of climate change. Also, by training farmers on good agricultural practices, farmers gain knowledge on climate-smart soil management, organic fertilizer best practices, and crop rotation.

Youth and women: STARS launched a loan pilot together with MFI UFM Louga, which allowed 136 young farmers, of which 86 are women, to access investment loans for solar equipment. This will significantly reduce their irrigation costs in onion and horticulture production.
STARS in Senegal supports four MFIs to develop specific financial products that fit the specific needs of cowpea farmers. Cowpea improves soil fertility and helps to increase the yields of cereal crops when grown in rotation. It is climate-resilient as it doesn't need much water to grow.

STARS clients of MFIs now have access to four types of products, depending on their profile and needs (agri-group loan, agri-individual loan, warehouse lending, and cowpea value chain credit). STARS also develops the capacity of four producer organizations to provide better services for their members, including improved cowpea seed multiplication, facilitating access to credit, and product marketing through access to training, coaching, and planning.

Members of these POs also participated in Farmer Field Schools. STARS introduced new cowpea production methods to the schools, which helped 1,700 farmers to increase the quality and quantity of their produce.

STARS linked these POs and their almost 4,000 members to the highly successful market price information system called Mlouma (this means “online market” in Wolof). This allowed farmers to get connected to buyers and receive the latest agricultural best practices for their cowpea crops, as well as weather alerts sent to them by SMS.

Lastly, STARS linked the POs to the Senegalese Bakers Federation, the national union grouping over 100 bakeries. The bakeries appreciated the production increase of the cowpea farmers and committed to include 5 percent of cowpea flour in their bread making. This has opened up huge market opportunities for cowpea producers, as well as for Senegalese consumers, who will enjoy their locally produced, protein-rich bread.

A-CAT - A TOOL FOR RISK ASSESSMENT IN AGRICULTURE FINANCING

Both farmers and MFIs have an interest in how much it costs to produce a certain crop and whether or not a profitable return can be achieved. If only they all had a tool that could assist them to calculate costs and returns of any crop during its crop-cycle.

This is why ICCO Terrafina Microfinance and ICCO Cooperation developed the agri-credit assessment tool (A-CAT) which can be used by MFIs to characterize the economic performance of single crop farming per crop season. The tool estimates the expected amount needed to finance inputs, labor costs, and other costs, as well as the total net income from agricultural activities (using estimated crop yields).

Based on the expected results, MFIs can see what would be the ideal loan size for a particular crop and whether the client will repay the loan from the investment. The A-CAT tool also keeps track of the farmers’ spending on inputs, labor costs, other costs, and actual crop yields, so the net income can be calculated after the season.

An additional advantage is that the client also builds up an agricultural performance history.

"Thanks to A-CAT, we are able to finance more farmers with tailor-made loans, which helps our communities to invest in their farms," Lamine Dia, Director of MFI U-IMCEC says.