

# Global Commercial Food Production by Smallholder Farmers of Africa



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Innovation - Integrity - Quality

**KILIMO MARKETS LTD**  
*seeds of change* 

# Why Global, Why Commercial and Why Smallholder Farmers?

- ❖ Africa: 60% potential arable land unused,
- ❖ Global food requirements for 10bn people,
- ❖ Huge business opportunity for food production,
- ❖ Agribusiness is the only solution for Africa's smallholder farmers,
- ❖ Most of Africa's farmers are smallholder,

# Content

- ❖ Who is Kilimo Markets.
- ❖ Our Context Globally, Africa and Tanzania,
- ❖ How Kilimo Markets responds.

# Scriptures give Kilimo Markets its Vision

"The Spirit of the Lord is on me,  
To proclaim **good news** to the **Poor**,  
To proclaim **freedom** for the **prisoners**,  
And recovery of **sight** for the **blind**,  
To set the **oppressed** free,  
To proclaim the **year of the Lord's favour**"  
(Luke 4:18-19)

# In 21<sup>st</sup> Century, the Poor, Prisoners & Blind are Smallholder Farmers in Africa

- ❖ ~40% of **POOR** are in rural areas,
- ❖ Smallholder Farmers (SHFs) are **PRISONERS**
- ❖ SHFs are **BLIND** to business opportunities

# Context of Agriculture in Tanzania

- ❖ 27% of potential arable land presently used,
- ❖ 87% of farms are small (2-5ac),
- ❖ 70% of SHFs use hand hoe,
- ❖ Annual economic growth rate for the nation ~7%,
- ❖ Economic growth not inclusive; majority in rural areas remain poor

# Opportunities for Smallholder Farmers

- ❖ 73% of potential arable is unused,
- ❖ Potential for doubling rainfed yields,
- ❖ High food prices in urban areas,
- ❖ Growing Middle Class becoming wealthier,
- ❖ Increasing global demand for food with 40% of World's population (10bn) in Asia,

# What needs to happen for Agriculture Growth

- ❖ Business mind-set,
- ❖ By private sector stakeholders,
- ❖ Productivity increases (seeds, inputs, reducing losses, CA)
- ❖ Aggregate commodities through SHFs business groups,
- ❖ Value addition & processing close to SHFs,
- ❖ Market brokerage for fair shared margins & risks
- ❖ Policy advocacy for SHFs

# Strategy: Balanced Private-Civil Society- Public Partnership

- ❖ Role of NGOs: Farmers Business Organisation
- ❖ Role of Public Sector: Create enabling business environment
- ❖ Role of Private Sector: Profit-sharing businesses with SHFs that sustains for the long-term.

# Business Solutions by Kilimo Markets'

## Three Business Units

1. Organised SHF business associations with microfinance & aggregation capacity,
2. Certified Seed Production & Input Supplies through Agro-dealers,
3. Market Brokerage services to reach profitable markets.

# Farmer Business Training and Organisation

## Kilimo Markets Business Services (Package of Best Agri-Business Practices)

FMA: Farmer  
Marketing Associations  
(registered BRELA  
businesses)



FMAs



FSLGs



FSLGs

FSLGs: Voluntary Savings  
and Lending Groups



# Pigeon pea in CA-managed maize

Zero-tillage

Perpetual  
vegetative soil  
cover

Crop Rotation  
eg: cereal-  
legume

# Community Certified Seed Production



# Pigeon Pea Seed Multiplication



Community-  
based seed  
production

Farmers  
access seed

# Market Brokerage

- 
- **KM aggregates** grain of field crops in warehouses,
  - **International Trade Finance**, guaranteed forward-contracts,
  - **Direct Contract Negotiations**
    - Trust and integrity,
    - Diversity of value chains,
    - Diversity of buyers,
  - **Quality Control & Value Addition**
  - **Logistics and Storage**
  - **Advocacy**

“Farmers sharing risks and profitable rewards”

# Quality Control and Warehousing

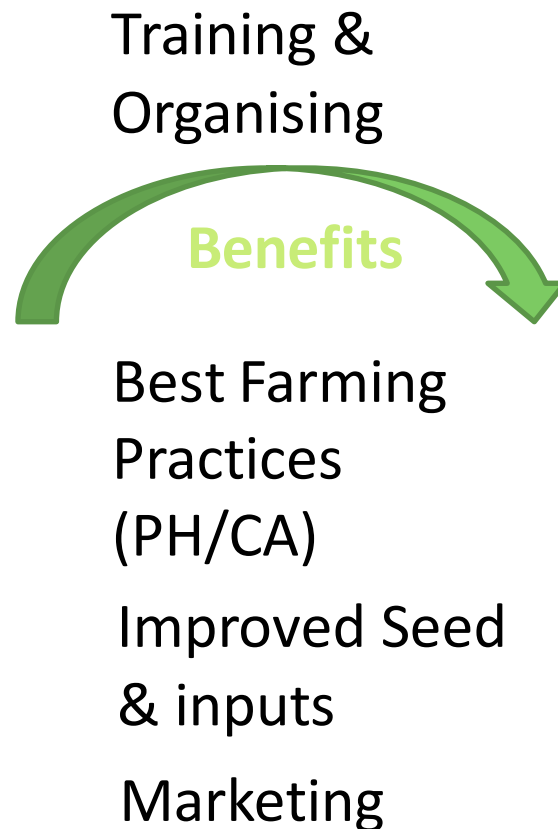
Post-harvest  
losses  
reduced

Traceability  
enhanced

Quality & Value  
Addition  
Facilitated



# Benefits for Farmers with KM



Entrepreneur  
**Dependency on middlemen**  
Members of a Farmer Association  
**and trading system**  
Market access  
**Incomes reduced**  
Increased income by 200%

# Innovation – Integrity – Quality

## Innovation

- Farmer Owned Businesses
- Warehouse Receipt System; Bank Financing
- Business Margin and Risk sharing with FMAs
- Real-time Data management phones & computers
- Zero-tillage Conservation Agriculture

## Integrity

- ❖ Good governance,
- ❖ Transparency, Reliability
- ❖ Fair prices
- ❖ Certified weights and measure standards
- ❖ SHFs in FMAs share in governance of KM

## Quality

- Quality business Standards
- Export Quality at Farmgate Level
- Certified Quality Seed
- Traceability
- SOPs for FMAs & Certification of FMAs by SHFs

Farmer owned  
Businesses  
linked to  
profitable  
markets  
using  
Best Practices &  
Seed & Inputs

# Team of Warehouse Managers



# Projections to 2020

## Currently

**Warehouses:** 26 in Karatu, Babati,

**Commodity:** Pigeonpea 6000Mt, chickpea 250Mt, Greengram 100Mt, beans 100Mt,

**Farmers:** >20,000 farmers

**Market Channels:** Local, Regional, and Export Markets

**FMA:** 25

**VSLGs:** 120, 3,700 members, >55% women & ~\$100,000 in savings.

**Seed/Inputs:** 15 seed growers producing 10mt of 5 registered varieties (Pigeon pea and Chick peas)

Innovation

Integrity



Quality

## 2020:

**Warehouses:** >50 in Karatu, Mwanza & Shinyanga Rural, Babati, Arusha

**Commodity:** Pigeon pea, Chickpea, Maize, Rice, Sesame (each ~ 5000mt), Greengram and Beans ~500mt

**Farmers:** >70'000 farmers

**Market Channels:** Local, Regional, Export Markets

**FMA:** 100

**VSLG:** 1000, >25,000 members, >55% women & ~\$600,000 in savings.

**Seed/Inputs:** >100mt Seed of improved demanded varieties, fertilizer, plus other quality inputs marketed through agro-dealers.

**Crop Insurance:** Weather insurance

# Conclusions

- ❖ **Agriculture in Africa is growing.**
- ❖ **Business Opportunities are huge for Africa/Tanzania.  
Must have Global orientation linking to SHFs in OD.**
- ❖ **Importance of Business organisations with SHF focus.**
- ❖ **Quality is key for inputs, outputs and OD of SHFs  
Business Groups**
- ❖ **Importance of Business trust relationships for the long-term.**

**Thank you  
Asanteni sana**

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