

SUCCESS STORY

Investing in Business Linkages: An SME in Lebanon Grows its Business through a Strengthened Supply Chain



Photo credit: ACDI/VOCA

Dirani, a food processor in Lebanon, is investing in its supply chain to increase product variety and quality. As a “Market Driver Firm,” Dirani plays an active role in strengthened business linkages, providing technical and financial assistance to producers from which it sources its raw materials.

The **Lebanon Business Linkages Initiative (LBLI)** is an Associate Award under the FIELD-Support LWA. LBLI works with leading firms in agribusiness and tourism to promote sustainable economic growth and poverty reduction in rural Lebanon. LBLI supports the efforts of local industry groups to develop competitiveness strategies, identify solutions that address constraints to growth, establish backward linkages, and encourage increased productivity and coordination.

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A growing enterprise, Lebanese food processor Ahmad M.S. Al Dirani & Bros Factory was looking to introduce new, higher value product lines. However, many of these new product lines required sourcing new varieties of crops grown by small-scale producers. Being unfamiliar with engaging farmers at this level, Dirani turned to LBLI to provide technical assistance in introducing and promoting new crops as raw materials for jalapeno peppers, sunburst peppers, hybrid squash, and baby cucumbers. Dirani needed to identify and develop consistent sources of high quality varieties of these raw materials for their new product lines.

In late 2009 LBLI began supporting Dirani—a “Market Driver Firm”—to achieve these goals and undertake a number of investments in their supply chain. These included identifying new varieties of seed for field-based trials and establishing linkages with input supply companies to supply seeds for the new crops. Dirani also took charge of establishing demonstration plots for planting the seeds, preparing the seedlings, then transplanting them to fields. Throughout, Dirani provides technical support to the demo plot farmers during the growing period, organizes field days to promote new crops, and develops a tentative procurement plan for new crops the following season.

Dirani assigned two employees to be responsible for overseeing the implementation of the agreed activity including the two demonstration plots. Dirani also engaged two local farmers to manage the demo plots who planted all the assigned crops and are following and registering all necessary data during implementation as per the requirements established by Dirani with technical support from LBLI. Following the introduction of these new varieties in the forthcoming season, Dirani will make arrangements to procure these new seed varieties directly from 22 farmers (including the two demo plot farmers) who will be among those that participate in planned field days to promote the new crops. To ensure farmers grow the appropriate varieties, Dirani plans on providing technical and financial support to participating farmers including facilitating access to inputs through providing credit both in-kind (seed) and in cash.

Since their engagement with LBLI, Dirani has expanded its efforts to introduce new varieties of crops to farmers. Replicating the LBLI methodology, Dirani is introducing new varieties of tomatoes to farmers and linking them with input supply companies that will provide them with improved seed varieties that meet their specifications. After the successful completion of demonstration plots Dirani will promote these new varieties of tomatoes directly to farmers. These new higher value varieties of tomatoes are appropriate for Dirani’s planned line of sundried tomatoes and will result in additional jobs created and income earned by farmers and farm laborers. It is estimated that LBLI’s support to Dirani in creating linkages and introducing new varieties will increase their sales by 20%, lead to increased sourcing of local produce, and generate more income for farmers.