



GHANA ADVANCE: THE FARMER, THE PROCESSOR AND QUALITY STANDARDS



Mahama Tia is a maize farmer living in Janga, a small village in Northern Ghana. Mahama is not just a farmer; he is a 'nucleus farmer,' providing aggregation services to other farmers ('out-growers') in the area. Until recently, Mahama sold his maize, and that of his out-growers, to buyers at the local market. He describes the difficulties faced: buyers know that farmers are unlikely to want to incur transport costs of taking grain back from the market, so farmers become 'price takers'. Moreover, the local market tends not to reward for quality. He describes how, with better grain, you are likely to sell more quickly but are unlikely to receive a premium for it.

Two years ago (in the 2015/16 season) everything changed for Mahama. With the help of the USAID-funded Agricultural Development and Value Chain Enhancement (ADVANCE) project, he established a contractual agreement with Premium Foods Limited, a large maize milling company based in Kumasi. In November, at the beginning of the season, Premium provided Mahama and 50 of his out-growers with improved maize seeds and fertilizer. Four months later, he delivered 1,260 bags of grain each weighing 51 kg. For this, Premium paid GHS 39 per bag (about USD 10). In addition, they paid Mahama GHS 1.45 per bag (about USD 0.4) for commission, handling costs and local levies.

Mahama is confident that this is a substantially better price than he would have achieved at the local market. For one thing, it reflects the high quality (Grade One) grain that Mahama and his farmers are producing. But the arrangement brought other benefits too. Mahama and Premium agreed on the price at the beginning of the season, removing uncertainty. Moreover, Premium's financing of improved seed and fertilizer meant that Mahama and his outgrowers were able to use yield-improving inputs that would otherwise be unaffordable.



This arrangement was made possible by a number of factors; not least ADVANCE linking Mahama to Premium and providing training to his out-growers. Underlying these are ADVANCE's efforts through the Ghana Grains Council (GGC) to revise and promote national quality standards for maize. This has been an essential policy change as contracted relationships between buyers and sellers depend on both parties having a shared understanding around weight and quality.

Not all farmers in Premium's network delivered on their contract (in part because of problems with the seed used). Premium Foods has decided to run their own out-grower scheme for tighter control over production. However, with the support of the ADVANCE project, Mahama has secured a similar contract with Agricare Ltd, another large processor in Kumasi, for the 2016/17 season.

Mahama has recently converted an out building into an office (pictured on the preceding page). He is in the process of securing a bank loan for a tractor so that he might offer ploughing services to his out-growers. When asked what the future holds, Mahama replies:

“I plan to expand my network of farmers and I want more off-takers to sell to”.