Cassava PPP Africa Review and Prospective Study Terms of Reference

DRAFT

Ministry of Foreign Affairs
Sustainable Economic Development Department (DDE)

The Hague

November 2012

1. Purpose of the mission

In November 2009, the Ministry of Foreign Affairs awarded a grant of 6 million Euro's for implementation of a public private partnership (PPP) program 'Helping Farmers Produce Cassava for Profit' (Cassava+). The first phase of the program ends in June 2013. A second phase is being considered to scale up efforts to develop cassava value chains for industrial food products and beverages.

The Cassava+ program is implemented by the Dutch Agricultural Development and Trading Company (DADTCO) specialised in Cassava processing technologies and the International Fertiliser Development Centre (IFDC) a public international organization, specialised in value chain development and integrated soil fertility management. The program works closely with agro-industries (e.g. SABMiller beer brewers, Flour Mills of Nigeria), local governments, research institutions and farmers' organizations).

The mission will focus on[1]:

1. A 'shared analysis' of opportunities and constraints to the development of a partnership in support of cassava value chain development involving small scale farmers.
2. Developing a 'shared vision' of a future partnership to scale up successes and address constraints.
3. Developing the contours of a possible future program based on 'shared ambitions'.

2. Background

Africa is the largest cassava producing continent in the world. About 93% of cassava is consumed as food. Millions of African farmers grow cassava mainly for home consumption and local markets. The competitiveness of African cassava manufactured products has been low until now because cassava is produced and processed for subsistence, not as a commercial crop. Investments to increase productivity and create added value through processing have been limited. Cassava is now gradually emerging as an interesting alternative to imported grains such as wheat, for bakery products, beer and other industrial food products. Moreover, a number of countries in Africa are actively promoting the use of local crops rather than imported staples in a bid to achieve a higher level of food security and promote agricultural growth.

[1] This approach is based on the Partnership Box developed by the Partnership Resource Centre (www.partnershipsresourcecentre. org)

DADTCO has developed a new processing technology involving mobile units to produce cassava cake nearer to production areas. IFDC and DADTCO agreed to join forces to develop the cassava value chain. DADTCO would invest in factories and mobile processing units and develop the market for cassava products, a.o. through applied research and partnerships with industrial end users. The technology for cassava processing developed by DADTCO consists of mobile processing units (AMPU's) which can be brought to cassava production areas, thereby avoiding losses (cassava needs to be processed within 24 hours of harvesting) and reducing transport costs (less weight by removing water before transport). The new technology is recognized as a breakthrough in making cassava profitable for farmers.

3. Cassava+ Program

The Cassava+ program, as approved in 2009, is a public private partnership (PPP) aimed towards making the cassava value chain more profitable for small scale farmers in Nigeria, Ghana and Benin. In these countries the project aimed to strengthen the capacities of 162,000 famers to produce and market cassava to DADTCO processing units. This was expected to result in increased incomes for farmers and a total of US$ 81 million in additional net income for beneficiaries. Supporting measures are improved access to and use of agro-inputs, farming techniques and services and increased capacities on the part of farmer groups to organize and manage the tasks needed to benefit from value chains.

Expected results of the program were:

1. Increased yearly net income of at least $250 for each hectare of cassava and $500 for 162.000 farm families for a total of $81 million in additional income
2. Improved access to and use of improved agro-inputs (e.g increase from 10% to 80% of farmers planting improved cassava varieties and double fertilizer use), farming techniques and services
3. Strengthened capacity of over 100 groups of farmers to organize and manage the tasks needed to benefit from value chains and of public and private organizations to serve farmers better
4. A highly visible and easily replicable model public private partnership that changes the lives of farmers.

At least 60% of the total funding was expected to come from DADTCO and IFDC. DADTCO would invest € 13.3 million and IFDC was expected to contribute € 2 million. The Ministry would contribute a maximum of € 6 million (40% of the funding) for a three year period.

IFDC's role is to develop the upstream components of the value chain for smallholder cassava farmers that supply tubers to the DADTCO processing operations and to leverage the demonstrated improvements in production and incomes to farm families. IFDC organizes the farmers to overcome supply and logistical constraints to ensure they benefit from the market opportunity presented by DADTCO and use this incentive to increase productivity and soil fertility. IFDC assists farmers to gain access to improved cassava varieties, fertilizer, appropriate crop protection products, and train farmers, agro-input dealers and other farm service providers in better farming practices to increase production levels such that more income is generated through cassava production systems.

DADTCO's role is to handle the downstream aspects of the cassava processing value chain. After entering into partnerships with governments, DADTCO decides where to locate the flour mill and satellite AMPUs based on, among other factors, the best areas for cassava production, location of other mills and markets in each country. DADTCO assigns collection dates, records the amounts, and pays the farmers a market related price, but sets and communicates to the farmers a guaranteed minimum price in advance. DADTCO handles the processing of cake and flour, and selling the products in each of the three countries. DADTCO's core business is the collection of cassava, processing, and supplying the market for cassava cake and cassava flour.

The upstream components of the programme (funded through the subsidy to IFDC) are heavily dependent on the ability of the private sector partner (DADTCO) to mobilise funding for investments in processing facilities. In November 2011 it was agreed (with DDE/DGIS) to (i) release funds only on the basis of solid evidence that DADTCO would invest in processing facilities, (ii) expand the country scope to areas where opportunities existed for investments in processing facilities (Mozambique, South Sudan) and (iii) close down operations in areas where factories were not operational (e.g. Benue State, Nigeria).

A number of constraints in the cassava value chain emerged which were not initially foreseen. An innovation fund was approved in 2012 to allow the programme to respond to these challenges.

In the last 2 years some breakthroughs were realized in the market for cassava products. The first was the use of cassava cake for the brewing of beer with the beer giant SABMiller of South Africa. This has definitely put cassava as an industrial crop on the map in Africa now that a major multinational has made cassava its primary raw material under the beer brand "IMPALA" launched in Mozambique. The second was the decision made by the Federal Government of Nigeria to enforce the cassava flour inclusion decree. Since September 2011 this has led to a very high demand of cassava flour in Nigeria. HQCF can be used in many food products such as bread, biscuits, pasta, pies, chips, etc.

4. Cassava PPP Africa Review and Prospective Study

4.1 Review phase

The review is focused on taking the lessons learned from the cassava+ pilot phase taking into account the challenges of developing a new (industrial) value chain for cassava products in Africa. The objectives of the review are:

- To identify factors which determine the success of activities at the local level,
- To identify constraints during implementation of the program and assess the effectiveness of the program in dealing with these constraints,
- To develop an understanding of how the cassava value chain has developed during the course of the program, including attention for external factors which determine success or failure.

The mission will conduct a desk review and interviews with key persons/institutions in The Netherlands before departure to the field (2 days). DADTCO and IFDC have also established relations with a number of companies (e.g. SabMiller) to explore new opportunities for the use of cassava in processed products. These companies will be asked to give their views on the DADTCO processing technologies and the (potential) relevance for their companies. DADTCO has also contacted other organisations which could provide assistance in developing/providing technologies (e.g. special enzymes needed to process cassava). This is part of the product development work led by DADTCO.

The review team will examine constraints which limited program activities in Nigeria, Benin and Ghana as well as factors which facilitated the launch of activities in Mozambique and South Sudan.

During this phase of the mission, field visits will be undertaken to Nampula Province in Mozambique (3 days) and Taraba State in Nigeria (3 days).

4.2. Developing a 'shared vision': Opportunities and challenges for the development of a commercial cassava value chain

During this phase, the mission will conduct further interviews in Abuja (IITA, Netherlands embassy, IFDC and DADTCO staff, Flour Mills of Nigeria, Nigerian Ministry of Agriculture) (2 days).

The mission will subsequently meet with DADTCO, IFDC and BUZA. During the meeting the focus will be on:

- Understanding the context in which the program will operate
- Analysis of the issue the partnership needs to address in terms of opportunities for further development of a commercial cassava value chain,
- Developing a vision and mission statement for a second phase of the program,
- Ensuring that all parties involved understand their respective roles and responsibilities and share a common vision on how the program will be developed.

(2 days)

5. Work Planning

5.1. Preparatory meeting

A half day meeting will be held in The Hague (BUZA) in January 2013 to finalise/refine the Terms of Reference and organise logistics for the mission.

5.2 Field Studies (Mozambique, Nigeria)

In Nigeria the main focus will be on a review of the DADTCO processing facilities and related IFDC activities with producers in Taraba State (case study). In Mozambique the team will also liaise with representatives of SABMiller involved in the production of cassava beer. A discussion with IITA in Nigeria is also recommended.
(10 days)

5.3 Debriefing/reporting

A visioning/debriefing meeting will be held in Abuja at the end of the mission to review the results and develop a common vision of opportunities and constraints for continuation of value chain development of cassava through a PPP.
(2 days)

6. Expertise Required

The mission will be led by the BUZA special envoy for food security and nutrition for development, Paulus Verschuren. Two additional senior experts on partnerships, private sector and value chain development and agricultural development in Africa will be recruited. The team should have expertise in organisational assessments, innovation processes and responsible investment.

7. Reporting

During the meeting in January an agreement will be reached on the content of the final mission report. The mission will complete an draft outline of the report (max. 5 pages) before departure from Abuja. The report will summarise the key results of the review and the outcomes of the visioning meeting. The final report should not exceed 10 pages and will be submitted within 1 week of the end of the mission.

Reports should be written in English.

8. Time Schedule

Date / period	**Activity**
10 January 2013	Team recruited/preparatory meeting (1 day)
January 2013	Desk study documents (2 days)
04 -15 February 2013	Field work in Nigeria and Mozambique (12 days)
22 February 2013	Submission of Final Report/debriefing DGIS (1 day)

9. Budget

	Unit	Unit cost	Total
Air fares 2 x NL- Maputo – Abuja- NL	2	€ 7000	€ 14000
Internal Mozambique	2	€ 500	€ 1000
Internal Nigeria	2	€ 500	€ 1000
Per diem	2 x 12	€ 150	€ 3600
Consultancy fees	2 x 16 days	??	