



# SCOOPS-PR BARAKADI / NAFASO PARTNERSHIP

Setting up a partnership for rice  
production and commercialization



■ **Purpose**

Setting up a partnership for rice production and commercialization

■ **Value chain**

Rice

■ **Geographic region**

Kénédougou Province, Hauts-Bassins Region, Burkina Faso

■ **Actors**

- Producer organization (PO): SCOOPS-PR Barakadi de N'Dana
- Enterprise: NAFASO SA

■ **Project**

- Agricultural Value Chains Promotion Project (PAPFA) supported by IFAD

■ **Start**

First crop season under way/contract signing in June 2020

■ **Number of producers reached**

404, including 236 women and 230 young people (aged 18 to 35)

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The authors are solely responsible for its content.

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Map:  
Village of N'Dana, Kayan  
Commune, Burkina Faso.

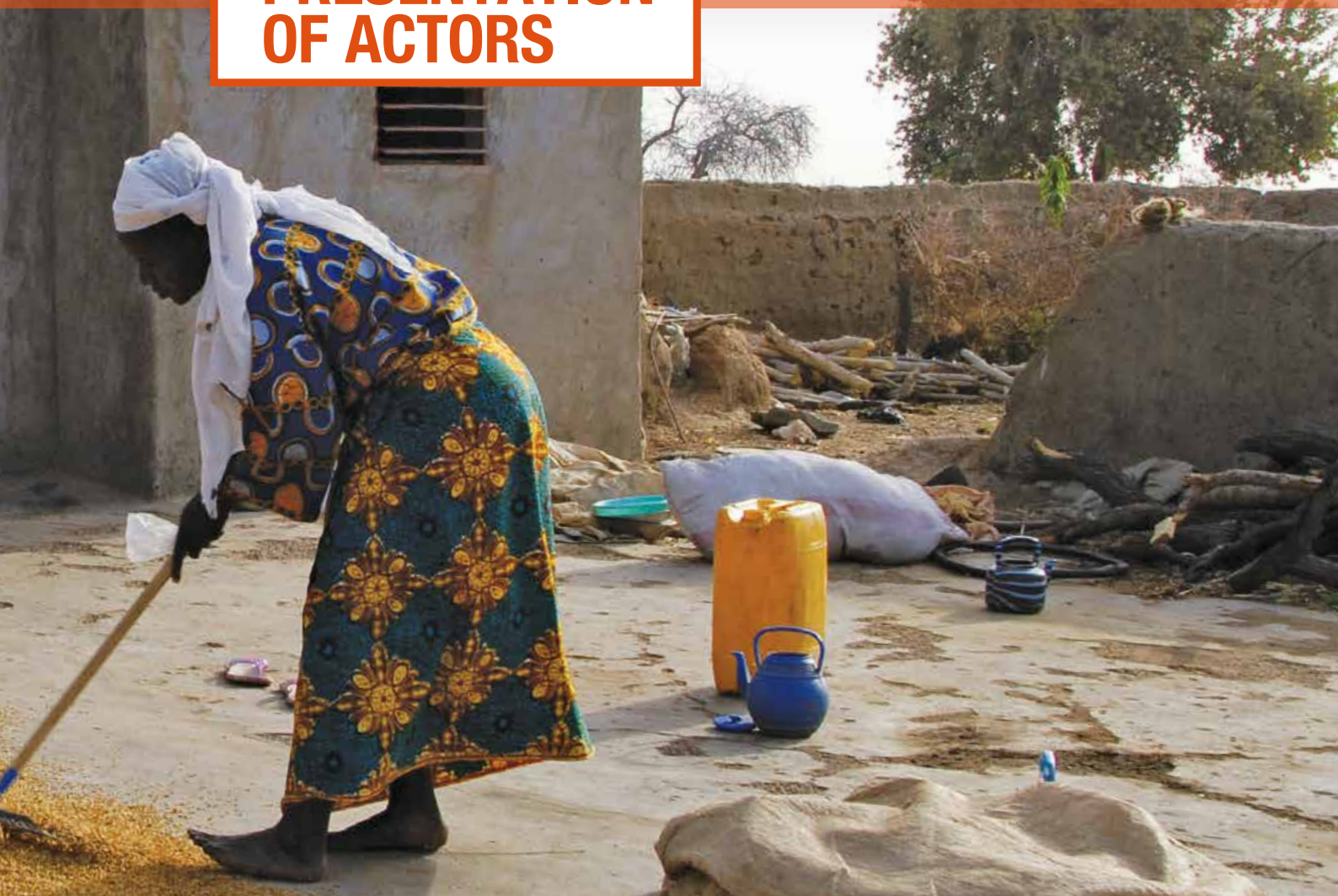
The Agricultural Value Chains Promotion Project (PAPFA) was launched by the Government of Burkina Faso and IFAD in three regions in western Burkina Faso. It supports SCOOPS Barakadi, a rice producers cooperative in the village of N'Dana, by developing lowlands and setting up a market access subproject (SPAM in French). The cooperative receives a subsidy to obtain inputs, farm equipment and agricultural advisory services. To facilitate market access for producers and ensure the sustainability of the project benefits, PAPFA supports cooperatives in facilitating their business relations with enterprises.

Within this context, SCOOPS Barakadi signed a seed supply contract with the enterprise NAFASO. Then, in June 2020, it entered into a rice production and commercialization partnership with the same enterprise, to supply the new NAFASO paddy rice processing factory in Bobo-Dioulasso.

This emerging partnership has, as yet, little to offer by way of insight on factors of success and failure. However, it builds on earlier experiences with partnerships between actors under previous IFAD-supported projects, and on the Regional Agriculture Department (DRA) technical extension network.

The purpose of this factsheet is to build on the perceptions of the actors concerned to highlight the strengths and weaknesses of partnership implementation, and the risks and opportunities for sustainability. The aim is also to understand to what extent the actors have drawn on lessons learned from their previous experiences in designing the current contracting arrangements.

# PRESENTATION OF ACTORS



## SCOOPS-PR Barakadi de N'DANA

The Barakadi cooperative (means “Work is rewarding” in the Dyula language) was created in 2015 by women rice producers in the village of N’Dana located in the Kayan Commune, Kéné Dougou Province, Hauts-Bassins Region, Burkina Faso. The cooperative currently has 404 members comprising 236 women, 168 men and 230 young people (aged from 18 to 35).

Since 2018, the cooperative has been a member of the Kayan Rice Producers Union (communal division of the National Rice Producers Union of Burkina Faso).

The cooperative was formalized in 2020 under the Simplified Cooperative Society Statute (SCOOPS). Certification of compliance with the OHADA Uniform Act on Cooperative Societies is under way. The cooperative has opened an account at the N’Dorola Credit Union, a microfinance institution belonging to the Burkina System of Credit Unions (RCPB).

The cooperative has an executive office (with a president, treasurer and secretary), an oversight committee (tasked with monitoring executive office operations and proper management of equipment purchased with PAPFA support) and a land development management committee.

The cooperative provides the following services to its members:

- Training: the cooperative's officers are passing on to members the training they receive from PAPFA on topics such as management, good agricultural practices, production and post-harvest techniques, proper storage and conservation, agroecological practices and adaptation to climate change;
- Supply of seed and mineral fertilizers to producers;
- Collection and marketing of paddy rice; and
- Collection of organic manure produced by each producer for lowlands development.<sup>1</sup>

## NAFASO

Neema Agricole du Faso (NAFASO) is a Burkinabe enterprise based in Bobo-Dioulasso, specialized in improved seed production, marketing and distribution within Burkina Faso and the subregion. Founded in 2008 with SARL (limited liability company) status, it became a limited company or *société anonyme* (SA) in 2013. NAFASO produces and sells an average of 5,000 tons of seed a year, including varieties of rice (50 per cent), maize (40 per cent) and cowpea, groundnut, sesame, soy, sorghum and millet.

NAFASO is a large enterprise in Burkina Faso, with annual sales of CFAF 2.3 billion, 72 permanent employees and 300 temporary employees.<sup>2</sup> It operates in nine of the country's 13 regions and also has branches in Côte d'Ivoire, Ghana and Togo.

To source a readily available supply of seed, NAFASO works with a network of more than 500 seed producers, which it supports with training in production techniques, input supply and, sometimes, intermediation with local financial institutions.

NAFASO has set up 50 sales outlets and village shops throughout Burkina Faso to reach small-scale producers to market its improved seed. The enterprise is positioned as an expert in seed adapted to local agroecological conditions, unlike international corporations that target large-scale agro-industrial farms.

NAFASO has partnerships with several organizations, such as the Environmental Institute for Agricultural Research (INERA), the West and Central African Council for Agricultural Research and Development (CORAF/WECARD), the Alliance for a Green Revolution in Africa (AGRA) and West Africa Food Markets, with which it implements varietal improvement programmes and improved seed production and marketing programmes within the subregion.<sup>3</sup>

Website: <http://na-faso.com/>.

1. Interview with officers from SCOOPS Barakadi de D'Nana on 21/10/2020.

2. According to the classification set out in law N°015-2017/AN on small and medium-sized enterprises in Burkina Faso, a large enterprise is defined as having annual sales of over CFAF 1 billion and more than 100 permanent employees.

3. NAFASO website and information sent by e-mail by the NAFASO marketing director on 23/10/2020.





## PAPFA Project

The Agricultural Value Chains Promotion Project (PAPFA) was launched by the Government of Burkina Faso and IFAD in 2018 in the regions of Boucle du Mouhoun, Hauts-Bassins and Cascades in western Burkina Faso. The project objective is to improve food security and incomes for farmers in four value chains: rice, market gardening, sesame and cowpea.

Component A covers access to inputs, equipment and advisory services, in addition to agricultural infrastructure, in particular the development and rehabilitation of 3,000 ha of lowlands. Component B covers adding value to and marketing of agricultural products, with a subcomponent on “promotion and contracting between grassroots producers’ organizations (POs) and traders”.

In its Component A, PAPFA plans to support POs with market access subprojects, known as SPAMs (French acronym for *Sous-Projets d’Accès au Marché*). These SPAMs provide a package of support over three seasons to an average of 25 to 50 PO members. Packages are comprised of inputs (organic manure, improved seed, certified crop protection products and fertilizer), farm equipment and advisory services.

The PAPFA financing of SPAMs for three crop seasons is conditional on contributions from the PO: in year one, PAPFA provides 80 per cent of the SPAM budget and the PO contributes 20 per cent; in year two they provide respectively 60 per cent and 40 per cent; and in year three 40 per cent and 60 per cent.<sup>4</sup>

Since the project’s start-up, 326 POs have benefited from PAPFA support in the form of SPAMs in the three regions. To purchase inputs, these POs sign contracts with input suppliers that deliver them on credit until the PAPFA funding becomes available; 42 POs have also signed sales contracts with market operators (including SCOOPS-PR Barakadi).<sup>5</sup>

Website: <http://papfa.org>.

4. PAPFA Final Design Report (IFAD, 2017).

5. PAPFA draft Supervision Report (IFAD, November 2020).

# CONTEXT



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## How the cooperative was functioning before the project

### AN EMERGING YOUNG COOPERATIVE

Created by women rice growers in the village of N'Dana, the group had 86 women members when it was established in 2015. It had an office and an accreditation under Law 014/99/AN on cooperative societies and groups in Burkina Faso.

Annual membership fees (CFAF 1,000) were covering costs for ploughing activities and to facilitate access to government subsidized inputs. The group had opened a bank account that was not in use given the low amounts of resources mobilized.

A first lowlands development project was funded by membership fees with technical support from extension agents. The rice growers had obtained 7 ha of village land for the project from the traditional authorities. However, the land developed was quite insufficient (1 ha for 12 producers) and other producers began to cultivate the surrounding area. The group then approached the Regional Department of Agriculture to identify a partner and finance development of the lowlands.

For input supply, the group relied on the technical extension services and the subsidized input distribution mechanism established by the government in 2013.<sup>6</sup> Frequent delays in subsidized input supply made it difficult to plan production and maintain the cropping schedule. For marketing, the group sold their product to various individual collectors who would set up for a few days at a time in the neighbouring commune of N'Dorola at the end of the season to collect the rice.<sup>7</sup>

### **AN UNSUCCESSFUL PRECEDENT OF PARTNERSHIP WITH COLLECTORS**

In 2015, the group attempted to develop a partnership with one of the collectors, but the effort failed. The collector had supplied inputs to the producers on credit and had committed to purchase the rice harvest at a price of CFAF 2,000 per tine.<sup>8</sup> However, at the end of the season, the collector dropped the purchase price (to CFAF 1,750), as a poor season had caused the women producers to sell rice of lesser quality. According to the cooperative's officers, the collector took advantage of the producers being poorly informed of market prices (wrongly invoking a decline in rice prices countrywide) and the pressures of the upcoming year-end celebration to make them accept the lower price. Moreover, the collector paid cash for only part of the rice collected and never came back to pay the remaining balance. To date, some of the producers have not been paid for the rice they sold.

This bad experience is one of the reasons why the cooperative now undertakes formal contracts, with pricing and quality criteria agreed in advance.

The cooperative signed a first formal marketing contract with the Wend-Yam rice mill in Bobo-Dioulasso, covering the 2019 season. The selection of NAFASO for the 2020 season was based on dividing up the production zones between the two processors.<sup>9</sup>

## **NAFASO experience with PO partnerships and new activities in rice production**

### **LESSONS LEARNED FROM PREVIOUS COLLABORATIONS WITH POs**

For the last 10 years, NAFASO has worked with seed producer organizations and about 100 individual producers in nine regions of Burkina Faso to obtain a supply of seed. NAFASO signs pre-season contracts with them stipulating the crop variety, price of inputs and price of seed. The enterprise supports the cooperatives in supplying inputs (basic seed, fertilizer and pesticide) and in some cases purchasing farm equipment (10 cooperatives have received support to purchase tractors, rototillers and threshers).

6. At first, the distribution of subsidized inputs was entrusted to agro-dealers (such as AGRODIA and COCIMA), which delivered the inputs on credit. Soon, however, the mechanism became unworkable with a very low payment rate of producer contributions to the operator and poor targeting. As of 2015, the mechanism was taken over by the government, with the involvement of the National Chamber of Agriculture, the Farmers Confederation of Faso and the local administrative structures. The inputs were purchased in cash with a partial subsidy from the government: rice seed at CFAF 1,000 per 15 kg and fertilizer at CFAF 12,000 per 50 kg. Beneficiaries were selected by a village-based committee.

7. Interview with officers from SCOOPS Barakadi; interview with ZAT Chief on 9/12/2020.

8. 1 tine = approximately 14 kg of paddy rice.

9. Interview with officers from SCOOPS Barakadi.

The enterprise also takes part in capacity-building for producers (training in production, farming and cooperative management techniques), either by training farmer leaders directly or through technical partners such as the German Agency for International Cooperation (GIZ) or the Ministry of Agriculture and Water.

This experience with seed producers enabled NAFASO to draw lessons on good practices in partnership with cooperatives. The enterprise underscores the importance of proximity to producers and flexibility in contracting. Since agriculture is a risky sector with a high dependence on rainfall, the contract should be adapted to production hazards. “We can’t ask farmers to sell sheep to repay their inputs”, says the NAFASO technical director.

For the enterprise, it is also essential to involve other actors in the partnership, particularly to support producers. NAFASO works with the DRA, which is able to support and monitor producers through its extension agents active at commune level.<sup>10</sup>

### **NEW ACTIVITIES IN RICE PRODUCTION**

In a strategy to diversify its activities, NAFASO began some years ago to undertake rice production activities. This is a sector with potential for the enterprise, which already produces and sells rice seed (50 per cent of its seed production is rice): the sector is not saturated, as Burkina Faso imports nearly half the rice it consumes each year; there are many lowlands and plains being developed in the country; and there are multiple high-performing varieties of rice.

In response to the presidential initiative to produce one million tons of rice in 2020-2021, NAFASO set a goal of making available to consumers in Burkina Faso and the subregion more than 2,000 tons of superior quality white rice at affordable prices (2020-2021 programme).

In 2019, the enterprise was tasked with managing a rice processing unit in Bobo-Dioulasso, constructed under a partnership between GIZ, the Ministry of Agriculture and Water and the Matourkou Multipurpose Agricultural Centre (Green Innovations for the Agrifood Sector Programme). The processing unit is used to train students from the Matourkou centre, who come for visits and agrifood training courses. It has a production capacity of 3,000 tons of paddy per annum.

To supply the factory, NAFASO has signed marketing contracts with 30 POs, including SCOOPS Barakadi de N’Dana, and with individual producers. POs are selected in partnership with the DRA based on NAFASO’s experience in producing and selling rice seed with POs. Priority was given to lowlands not already committed to other processors.

NAFASO does not work directly with the national apex rice growers’ organization but plans to join the rice sector association (CIRB) in the near future.<sup>11</sup>

10. Interview with the NAFASO technical director on 10/12/2020.

11. The CIRB in Burkina brings together the different value chain actors: producers (National Rice Producers Union of Burkina); processors (National Union of Industrial and Semi-industrial Rice Processors of Burkina; National Union of Women Rice Parboilers of Burkina); traders (National Association of Rice Traders of Burkina) and transporters (Organization of Road Transporters of Faso).



In terms of marketing, NAFASO is currently developing a market, and plans to develop a high-end market segment (aromatic rice).<sup>12</sup> In December 2020, the enterprise launched its own “Neema” brand rice, which is sold mainly in a NAFASO shop in Bobo-Dioulasso and in local food stores.<sup>13</sup>

### **PAPFA, a project designed in continuity with previous IFAD-funded projects**

#### **SPAMS: AN INNOVATION FOR MORE SUSTAINABLE SUPPORT**

The PAPFA design followed on previous IFAD-funded projects in Burkina Faso: the Agricultural Value Chains Promotion Project (2008-2016) and the Rural Business Development Services Programme (2010-2016). Supplying inputs directly to producers is not sustainable, and supporting POs with working capital has led to a high failure rate: recoveries are often no more than 20 to 50 per cent. The SPAM model implemented under PAPFA, with grant funding conditional on increasing contributions by the PO, should both avoid the problem with recoveries and enable POs to become gradually empowered in preparation for project exit strategy. The capacity-building provided to POs in the form of SPAMs prepares them for accounting and financial management. The networking strategy (contracting with input suppliers and market operators) should make it possible to obtain results over the longer term.<sup>14</sup>

12. Interview with NAFASO.

13. <https://www.facebook.com/nafasoburkina/> [consulted on 9/02/2021].

14. Interview with the PAPFA regional coordination unit on 20/10/2020.

PAPFA is the first project to implement SPAMs in Burkina Faso. These subprojects had however been tried out in Senegal (since 2014) in various value chains (millet, cowpea, sesame, bissap and poultry raising) under the Agricultural Value Chains Promotion Project (PAFA) financed by IFAD, the OPEC Fund for International Development (OFID), the Government of Senegal and beneficiaries. IFAD drew lessons learned around supporting POs in a partnership dynamic and developing exit strategies to encourage PO autonomy.

The PAFA project completion report indicates that the SPAM model worked well in Senegal, with an achievement rate of 242 per cent. Overall, providing subsidies to POs on a targeted, temporary and diminishing basis enabled farm capitalization, market access for smallholder producers, interesting organizational dynamics among POs and prospects for the long-term survival of some POs (despite initial doubts about the sustainability of a system based on subsidies).

PAFA Senegal supported 313 pairs of POs and market operators (MOs), using the SPAM model to provide market access. Most of the pairs survived past the three-year support period (most of the MOs continued to buy POs' production and there were few sales outside of the contracting arrangements). Most of the partnership relations between MOs and POs were conducted under the supervision of sector associations (consultative platforms for pricing and quality standards). However, some MOs had difficulties paying cash to producers to purchase their production. The existence of a contract facilitated obtaining credit, but access to financing remains a constraint on the growth of both MOs and POs.

The involvement of decentralized government services and local and regional authorities in PAFA implementation has been identified as one of the factors underlying the project's success and sustainability.<sup>15</sup>

The SPAM model is still in the testing phase and further lessons learned will be drawn from PAPFA in Burkina Faso. For instance, in PAPFA, it was recognized that project subsidies to purchase inputs for SPAMs were often transferred too late. POs are also encouraged to sign contracts with input suppliers to enable them to purchase inputs on credit and avoid this pitfall.<sup>16</sup>

### **WAYS OF OVERCOMING RELUCTANCE TO SIGN CONTRACTS**

The actors are very reluctant to sign contracts. Their fears are often related to previous experiences: some of them have signed contracts without ever seeing any results; others have signed contracts and experienced a lack of compliance with the contract terms and conditions.

15. PAFA project completion report (IFAD, 2017).

16. Interview with the PAPFA regional coordination unit.

To overcome these concerns, PAPFA holds meetings between potential buyers identified in each commune and PO leaders, after which the actors are invited to formalize their agreements. These meetings provide an opportunity to raise awareness of the advantages of signing contracts: building trust between the parties; obtaining a price guarantee prior to harvest time; easier access to loans from financial institutions; ensuring POs autonomy post-project; and facilitating borrowing from financial institutions for POs and MOs.

In 2019, the regional chambers of agriculture (CRAs) took over coordination of these meetings. Although only a few contracts were signed, the meetings allowed for a first point of contact. PAPFA also developed a model of contract based on the DGPER<sup>17</sup> and CRA templates, for adaptation by actors. The model of contract takes into account feedback on problems encountered in implementing the contracts: beyond reaching agreement on the selling price, it is often difficult for the actors to agree on deadlines, in other words when the producers may sell their products to another buyer if the partner has not showed up to claim the product.<sup>18</sup>

17. Directorate General of Rural Economy Promotion (Ministry of Agriculture and Water).

18. Interview with the PAPFA regional coordination unit.

# PARTNERSHIP DESCRIPTION



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Lowland development in N'Dana (June 2020).

## ESTABLISHING THE PARTNERSHIP

### PAPFA SUPPORT

To raise its profile among POs, PAPFA launched a communication campaign in the provinces directed to chambers of agriculture, PO officers and mayors. The Barakadi cooperative learned of the project's existence through the technical extension agencies via the Chief, Technical Support Zone (ZAT), Ministry of Agriculture and Water.

The cooperative benefited from the development of a lowland area covering 75.71 hectares, coupled with a market gardening perimeter with large diameter wells covering four hectares. It also received support from the project in the form of a SPAM.<sup>19</sup>

19. Interview with the PAPFA regional coordination unit.



## **STRUCTURING THE COOPERATIVE**

Beginning in 2019, the Barakadi cooperative undertook steps towards compliance with the OHADA Uniform Act on Cooperative Societies. This was one of the requirements for PAPFA support. The cooperative received support from the Kéné Dougou Provincial Department of Agriculture to set up several bodies: an executive office, an oversight committee and a management committee. Two technical units were also established: a unit to monitor plots and lowlands development (comprising four members of the cooperative); and a unit on marketing and credit management (also comprising four members).

With the renewal of the management committee, a new account was opened at the N'Dorola Credit Union, a microfinance institution belonging to the Réseau des Caisses Populaire du Burkina (RCPB). A tripartite agreement was signed by the N'Dorola Credit Union, SCOOPS Barakadi de N'Dana and PAPFA on management of the SPAM: PAPFA transfers the subsidy to the cooperative's account, and the cooperative's disbursements are conditional on the contribution by the cooperative and PAPFA authorization.

Following the lowlands development under PAPFA, the number of cooperative members rose to 404 (168 men and 236 women). The plots developed were distributed, ranging from 0.125 ha to 1 ha per member taking into account those owning or operating areas prior to development.<sup>20</sup>

## **LINKING UP WITH NAFASO FOR SEED SUPPLY**

PAPFA provides a subsidy to the PO to access inputs, but it is up to the PO to find input suppliers. PAPFA's vision is to ensure maximum PO autonomy, "to let the PO play its role as PO".

However, with the early onset of the rainy season and a delay in lowlands development, the cooperative encountered problems finding seed before launching the 2020 crop season. Moreover, a high proportion of seed stocks had been taken up by the government as part of the presidential initiative to produce one million tons of rice. The PAPFA regional coordination unit therefore prioritized linking the cooperative with a seed producing enterprise operating in the area: NAFASO.

With PAPFA support, the SCOOPS-PR Barakadi de N'Dana then signed a contract with NAFASO to purchase nearly three tons of Orylux rice seed to begin the season. The seed was delivered on credit by NAFASO. Once the SCOOPS begins to draw on the PAPFA subsidy in its bank account, it will pay the input supplier.<sup>21</sup>

20. Interview with the PAPFA regional coordination unit; interview with ZAT Chief.

21. Interview with the PAPFA regional coordination unit.



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Work on subdivision and allocation of lowlands in N'Dana (July 2020).

### **ESTABLISHING THE PARTNERSHIP FOR MARKETING THE RICE**

To supply the rice processing factory in Bobo-Dioulasso, NAFASO sought out local suppliers capable of producing rice of the desired quality and quantity. The SCOOPS Barakadi, which NAFASO was supplying with improved seed, presented an opportunity to supply the factory.

NAFASO therefore entered into a partnership with SCOOPS Barakadi de N'Dana for rice production and marketing. Beginning with the upcoming crop seasons, seed supply will take place under the partnership and payments for the inputs can be deducted from rice sales to the enterprise.

Although PAPFA did intervene in signing the input supply contract, it was not involved in the marketing contract between NAFASO and the SCOOPS, or in the financial relationship between the two actors around marketing activities.<sup>22</sup>

### **How is the partnership operating?**

#### **A YEARLY CONTRACT STIPULATING THE RESPONSIBILITIES OF EACH ACTOR**

NAFASO and SCOOPS Barakadi de N'Dana signed a paddy rice improved varieties production and marketing contract in June 2020 with a duration of eight months.

PAPFA did not take part in the contract negotiation and signing process. The project should remain outside contractual relationships between actors to avoid liability in the event of any problems with the contracts. The model of contract used by NAFASO and SCOOPS Barakadi is not the one suggested by PAPFA, but rather the one used by the enterprise with other cooperatives, and was discussed with technical extension agents.<sup>23</sup>

22. Interview with the PAPFA regional coordination unit.

23. Interview with the PAPFA regional coordination unit.

The contract stipulates the area (54 ha) and expected volumes (42 tons). It also specifies the floor price agreed on by NAFASO and the cooperative (140 CFAF/kg) and the payment terms: an advance of CFAF 100/kg to be paid by NAFASO upon validation of the quality of the stocks inspected; the remainder to be paid upon pickup of the product at the collection points and warehouses.

The roles and responsibilities of the partners in production, collection and marketing are set forth in the contract. NAFASO is to purchase the rice produced by the SCOOPS after threshing, winnowing, cleaning and drying. Collection normally takes place over a three-month period (between 1 November and 31 January). The cooperative is responsible for collecting, transporting and assembling the rice produced for NAFASO at the village storehouse. NAFASO is responsible for transport from the storehouse to its factory in Bobo Dioulasso.

The production and marketing contract signed allows the SCOOPS to acquire seed and fertilizer from the enterprise at the negotiated price (CFAF 500/kg for seed; CFAF 18,000 per 50 kg sack of fertilizer).<sup>24,25</sup> The price of the inputs obtained on credit is deducted from the price at which the cooperative sells the rice to NAFASO.

This arrangement was not implemented for the current crop season because the seed supply contract had already been signed by the SCOOPS and NAFASO in the context of support provided by PAPFA. The fertilizer was supplied too late to expect the profits to cover the additional production cost. However, the cooperative intends to employ this arrangement for forthcoming crop seasons.<sup>26</sup>

## **THE ROLE OF THE SCOOPS**

Following the exchanges with NAFASO on the production site, the SCOOPS Barakadi de N'Dana met with its members to inform producers of the partnership operations.

The SCOOPS executive office received and distributed the seed provided by NAFASO. The producers having received the seed are required to sell their rice to the enterprise. The seed was distributed on the basis of the area available to each producer in the lowlands. The quantity of seed provided to each producer was recorded in a logbook. Producers receiving more seed are required to sell a larger volume of rice to NAFASO.

As the cooperative has not yet purchased the equipment needed for collection operations, each producer is responsible for collecting and taking their product to the collection point on the date agreed by NAFASO and the cooperative. The enterprise's collection agents then weigh and verify the quality of the product of each producer, after which the enterprise calls upon transporters to take the product to the factory.<sup>27</sup>

24. Market prices are a maximum of CFAF 20,000/sack for fertilizer and CFAF 600/kg for seed, and may vary by supplier.

25. Contract for paddy rice production and marketing between the SCOOPS Barakadi de N'Dana and NAFASO (June 2020).

26. Interview with officers from the SCOOPS Barakadi de N'Dana.

27. Interview with officers from the SCOOPS Barakadi de N'Dana; interview with ZAT Chief.

## QUALITY CONTROL

Before entering into a partnership with NAFASO for rice marketing, the individual collectors who bought from the SCOOPS Barakadi collected different varieties of rice. In the case of NAFASO, the enterprise is expecting a single variety of rice (Orylux), for which it is supplying the seed to the cooperative.

The rice sold by the SCOOPS to NAFASO also needs to comply with quality standards. The contract stipulates that the rice must be free of any foreign bodies and have a moisture content of between 11 per cent and 13 per cent. These quality criteria are already known to the producers receiving technical extension advice on drying rice and removing any impurities.<sup>28</sup>

The Chief, ZAT (technical support zone),<sup>29</sup> will inspect the quality of the rice in the field. The NAFASO collection agents verify the moisture content using sensors at the time of collection. If the quality and moisture content are not correct, the rice will be downgraded by the enterprise and may be bought at below the floor price depending on the enterprise's needs. For NAFASO, downgrading rice is above all a learning tool to help the producers understand the importance of compliance with quality standards.<sup>30</sup>

The producers are not trained to measure the moisture content of rice. The cooperative officers would like to have one or two people trained so that they can check the moisture content themselves to better meet client expectations of rice quality. The cooperative is also considering purchasing a moisture meter.<sup>31</sup>

## ADVISORY SERVICES FOR PRODUCERS

NAFASO relies heavily on the decentralized extension services provided by the Ministry of Agriculture and Water. The enterprise has signed a partnership agreement with the DRA in Bobo-Dioulasso. The ZAT agents at the commune level are responsible for compliance with production techniques and with monitoring the plots. A fuel allowance is paid by NAFASO to the DRA, which passes it on to the provincial agriculture departments, then to ZATs. NAFASO also has technicians. Although who, although they do not monitor producers daily, they conduct supervision missions to check on the progress of the areas developed and the crops.<sup>32</sup>

Following the instructions issued by the DRA and NAFASO is one of the conditions included in the contract signed by the SCOOPS Barakadi and NAFASO.

PAPFA has also signed a collaboration agreement with the DRA. The provincial and regional agriculture departments centralize expressions of interest in receiving support from POs. PAPFA authorizes the ZATs to monitor SPAMs in the field. They then monitor the POs benefiting from SPAMs in terms of providing advisory services on compliance with production techniques, facilitating input purchases and reporting to PAPFA on activities performed and how the crop season is progressing.<sup>33</sup>

28. Interview with officers from the SCOOPS Barakadi de N'Dana.

29. ZAT, technical support zone in French, is a geographical breakdown of the technical services of the regional head of agriculture

30. Interview with NAFASO technical director.

31. Interview with officers from the SCOOPS Barakadi de N'Dana.

32. Interview with NAFASO technical director.

33. Interview with PAPFA regional coordination unit.



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Supervision visit by PAPFA and IFAD (July 2020).

## Main benefits expected

### **INCREASE IN PRODUCTION AND STABLE ACCESS TO MARKETS, SOURCE OF INCOME FOR PRODUCERS**

Increased rice yields in the lowlands is an outcome that all actors agree on. From less than 1.5 tons/ha before the lowlands development, the project expects to achieve 4 tons/ha by the end of the intervention period. The lowlands development, access to improved seed and fertilizer, training and extension will enable rice growers to increase yields and hence production.<sup>34</sup>

The partnership with NAFASO is enabling the SCOOPS to market the rice produced in this lowlands area developed under PAPFA. It also offers an opportunity to access inputs (improved seed and fertilizer) at negotiated prices and on credit.

Thanks to the floor price set in the contract and NAFASO's commitment to purchase the product, the women and men who are members of the cooperative can expect a stable source of income. The price agreed upon with NAFASO (CFAF 140/kg) is higher than the price usually obtained by producers from the collectors (CFAF 1,500/tine, or about CFAF 100/kg). Moreover, knowing the price in advance based on a reliable unit of measure (weight rather than the approximate volume of a tine)<sup>35</sup> allows producers to better calculate costs to make their production more profitable. This source of income will benefit mainly women, many of whom grow rice in the area (236 of the 404 members of the cooperative).<sup>36</sup>

34. Interview with PAPFA regional coordination unit.

35. A tine is measured out using 10 large tomato cans.

36. Interview with SCOOPS Barakadi de N'Dana officers.

### **STRENGTHENING THE COOPERATIVE AND MEMBER SERVICES**

Entering into the partnership with NAFASO, with support from PAPFA and technical extension services, enabled the cooperative to strengthen its structure and formalization (see Structuring the cooperative in section 3.1.). The cooperative grew from 80 to 404 members and set up management bodies and technical units to monitor activities. Certification of compliance with the OHADA Uniform Act on Cooperative Societies is currently under way.

The partnership with NAFASO provides an opportunity for the cooperative to offer more services to members (access to inputs, marketing and collective equipment). It will also allow the cooperative to generate its own resources in order to become self-sustaining and continue with its production and input supply operations after PAPFA support ends in three years.

The cooperative is thinking to carve out a small amount, not from group sales operations but rather from the input supply service to producers. These cooperative resources could be used to acquire collective equipment. For instance, the cooperative plans to acquire a threshing machine, a scale, a moisture meter and a motorized tricycle with PAPFA support.

In previous collaborations, NAFASO helped cooperatives purchase efficient equipment. The SCOOPS therefore hopes to benefit from NAFASO support over the longer term to acquire equipment and infrastructure (in particular, a tractor and a storeroom).<sup>37</sup>

### **QUALITY PRODUCT FOR PROCESSING**

Thanks to the advisory services arrangements and the use of improved, uniform seed, the cooperative will be in a position to provide quality rice of a uniform variety that allows for traceability. Obtaining a superior product for processing is the main benefit of the partnership from the point of view of NAFASO.<sup>38</sup>

37. Interview with SCOOPS Barakadi de N'Dana officers.

38. Interview with NAFASO technical director.

## PARTNERSHIP SUCCESS FACTORS IDENTIFIED



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### Strong demand for rice based on a favourable national policy

#### AN ENABLING NATIONAL FRAMEWORK

Demand for rice in Burkina Faso is much greater than national supply. The country imports 400,000 tons of rice each year, representing about half of consumption requirements.<sup>39</sup> Changing dietary habits among households with an increasing trend to consume local rice represents an opportunity for the local rice value chain and for the partnership between NAFASO and the SCOOPS.

In addition, the local rice value chain is supported by national policies. The partnership between the SCOOPS and NAFASO has been fostered by the presidential initiative to produce a million tons of rice in 2020-2021. The resumption of this initiative and the adoption of a national policy to promote local rice would ensure favourable prospects for a continued partnership between the SCOOPS and NAFASO.<sup>40</sup>

39. Burkina Faso Private Sector Country Diagnostic (World Bank, International Finance Corporation, 2019).

40. Interview with PAPFA regional coordination unit.

### **AN EXPANDING LOCAL MARKET**

At the Bobo-Dioulasso rice market, buyers compete with each other. In addition to NAFASO, the Wend-Yam rice mill and the National Union of Women Rice Parboilers (Uneriz) also buy large quantities of rice. There are many producers but buyers seek to collect large quantities. With continued production in the developed lowlands and the expected improvement in volumes and quality, SCOOPS-PR Barakadi is well positioned to meet this demand.

NAFASO will buy the entire rice production that the SCOOPS wishes to bring to market (at least for this first crop season), since its demand is higher than the cooperative's expected production capacity.

According to the producers, however, even if NAFASO did not buy the entire volume of rice they bring to market they would be able to find other partners, if necessary, with assistance from the ZAT Chief.

NAFASO also plans to install a factory in the rice production area. The factory will serve as a guaranteed long term demand for rice and will facilitate storage and transport of the rice produced by the cooperative.<sup>41</sup>

### **Advisory services using the existing technical extension network**

Advisory services to producers are identified by all actors as a key success factor for the partnership. The DRA technical extension network that PAPFA and NAFASO rely on provides access to a full range of proven proximity advisory services.

The role of the ZAT extension agents is key. They have facilitated the relationship between the SCOOPS Barakadi de N'Dana with PAPFA and with NAFASO. They provide a broad range of services: advice on production techniques and good farming practices, with an experimental plot set up in the locality; advice on family farm management, and on administrative and financial management of the cooperative; and access to inputs, business relations and partnerships.

The ZAT agents have also assisted SCOOPS Barakadi in contract negotiations (helping producers understand the contract terms and estimating the potential volume to be marketed with NAFASO). The ZAT agents have also taken part in discussions held during the agricultural season to reassess the contracted volume of rice as the season evolves. The contract between the SCOOPS Barakadi and NAFASO stipulates that any disputes are to be settled amicably, and ZAT extension agents may intervene if needed.<sup>42</sup>

41. Interview with SCOOPS Barakadi de N'Dana officers.

42. Interview with SCOOPS Barakadi de N'Dana officers; interview with ZAT Chief; interview with NAFASO technical director.



## Strong engagement by actors

### MUTUAL TRUST

In spite of the unfortunate previous experience with the partnership with the collector, the cooperative has a high level of trust in NAFASO. The reasons cited are: (i) the enterprise's reputation in the region and nationally; (ii) the existence of a formal contract ("they signed a paper"); (iii) the fact that the enterprise travelled to the village to engage with producers; and (iv) the fact that the enterprise has had successful partnership experiences with other cooperatives to which it provides various services (e.g. access to inputs and equipment).<sup>43</sup>

### STRONG MOTIVATION AMONG COOPERATIVE MEMBERS

PAPFA is the first production support project on this scale in the locality. This new opportunity has sparked strong motivation among producers. The PAPFA technicians underscore good producer organization and the involvement of traditional authorities as a success factor in the sound workings of the partnership with NAFASO. The traditional authorities facilitated the identification of village land for development under PAPFA. They are also consulted systematically by the management committee and associated with the different activities of the cooperative.<sup>44</sup>

### FLEXIBILITY IN PARTNERSHIP IMPLEMENTATION

Although the contract stipulates the volume of rice agreed upon by the SCOOP Barakadi and NAFASO, it was renegotiated during the course of the crop season. This flexibility has been identified as a success factor.

A consultative meeting took place in November 2020 in N'Dorola with all cooperatives in the locality having contracted with NAFASO, to adapt the volumes of rice agreed upon in advance of the season. As a result of poor rainfall and the fact that SCOOPS Barakadi is still at the learning stage of contracting, NAFASO agreed to lower the contract volume from 162 tons to 80 tons. There has not been a written amendment to the contract.<sup>45</sup>

43. Interview with SCOOPS Barakadi de N'Dana officers.

44. Interview with PAPFA regional coordination unit.

45. Interview with NAFASO technical director.

# CHALLENGES TO COME



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## Fulfilling the agreed volume

Multiple risk factors have been identified by the actors in terms of fulfilling the commitment to provide the contract volume of rice agreed upon by the SCOOPS Barakadi and NAFASO:

### DELAY IN THE 2020 SEASON

Lowlands development under PAPFA was delayed due to the COVID-19 pandemic. Travel by the enterprise in charge of development was hampered by the travel restrictions imposed by the government. As a result, the rice was sown late and there is a risk that production may not reach the volume initially agreed upon with NAFASO.

The rice was planted even before the lowlands development work was completed, in order to respond to the presidential initiative. Plans call for work to resume as soon as the waters recede.<sup>46</sup>

46. Interview with PAPFA regional coordination unit.

## CLIMATE AND WEATHER RISKS

Rice production is highly dependent upon rainfall, so climate is identified as a major risk by all actors. In addition to the delay in development work, the 2020 growing season also suffered from the early onset of the rains.

PAPFA has nevertheless indicated that in the event of a pocket of drought, the 16 wells installed in the lowlands for market gardening under the project could be used for secondary irrigation.<sup>47</sup>

## PARALLEL SALES

The cooperative's officers feel that the sanctions applied by the cooperative should dissuade producers from making parallel sales. Indeed, failure to comply with contractual requirements in the lowland area managed by the cooperative could result in sanctions in the form of retracting the plot being worked by the producer.<sup>48</sup>

However, NAFASO believes that a spike in rice market prices could lead producers to engage in parallel sales and thus not be able to comply with the volume agreed upon with the enterprise.<sup>49</sup>

## RICE SELF-CONSUMPTION

Calculations of contract volumes take into account household consumption needs. Potential yields of the Orylux variety are in excess of 4 tons/ha. Marketable volume is therefore estimated at 2.5 tons/ha to leave 500 kg to producers for self-consumption with enough of a margin in terms of yield. This calculation has been discussed with producers and the extension agent.<sup>50</sup>

Accordingly, the cooperative's officers feel that self-consumption of rice should not affect the proper workings of the partnership, and that there is no risk to household food security as the staple food is maize rather than rice.<sup>51</sup>

However, since the enterprise's demand outstrips the cooperative's production capacity, there is a potential risk of pressure on producers to maximize the volume of rice sales as they will need liquidity during the period leading up to the year-end holiday.

On the other hand, the ministry's position in the context of COVID-19 pandemic has led rice growers to set aside a portion of production in the fear that imported rice will be difficult to obtain. It is possible, therefore, that they will keep back much of their production for self-consumption. If this occurs, there is no guarantee that the projected quantities will be delivered to NAFASO.<sup>52</sup>

## Quality assurance

Meeting the quality criteria stipulated in the contract between SCOOPS Barakadi and NAFASO is another major challenge.

47. Interview with PAPFA regional coordination unit.

48. Interview with SCOOPS Barakadi de N'Dana officers.

49. Interview with NAFASO technical director.

50. Interview with NAFASO technical director.

51. Interview with SCOOPS Barakadi de N'Dana officers.

52. Interview with PAPFA regional coordination unit.

## **HARVEST AND POST-HARVEST OPERATIONS**

NAFASO believes there is a risk that harvest and post-harvest operations may not be properly conducted by producers and that this will affect the quality of the rice. Rice is harvested at the same time as cotton, maize and sorghum, and producers can prioritize the other crops – particularly when they do not have the means to take on all of the harvest and post-harvest operations or sufficient manpower in the field (many young people have left to take up gold mining). In an effort to facilitate learning and accountability on the part of producers, the enterprise plans to mark the sacks of rice with the initials of each producer so that they can follow up with them if the quality is not up to standard.<sup>53</sup>

## **LACK OF EQUIPMENT**

The lack of equipment is a real challenge for the cooperative. The SCOOPS has a small, dilapidated storeroom that does not provide proper conditions for storing the rice to be sold to NAFASO. The community storeroom has storage capacity of 200 to 300 sacks of rice, whereas the cooperative plans to sell NAFASO more than 400 sacks (one sack for each of the 400 members, and three for some of them). Part of the rice to be sold to NAFASO will be stored in houses as a result. Poor storage conditions risk altering the quality of the rice. The cooperative is in discussions with PAPFA on the possibility of building a larger, more modern storeroom. Centralizing the storage of the rice to be sold to NAFASO will also reduce the risk of parallel sales.<sup>54</sup>

NAFASO also plans to support the cooperative in purchasing farm equipment during the upcoming agricultural seasons, to improve quality. The enterprise could, for instance, provide the bank with collateral for a loan to purchase threshing equipment.<sup>55</sup>

## **Some terms of the partnership still to be determined**

### **MISMATCH BETWEEN CONTRACT CLAUSES AND UNDERSTANDING BY ACTORS**

The contract is an important pledge of commitment by the actors. However, it is not a guarantee of proper execution and the actors appear to place more value on discussions and oral agreements than on the conditions stipulated in the contract. This allows for some flexibility, which can be good for the workings of the partnership (as we saw on contract volumes), but introduces an ambiguity that could pose problems around fulfilment of each party's responsibilities over the longer term.

The interviews with the actors revealed a mismatch between the terms of the written agreement and the understanding by the parties to the agreement. The floor price stipulated in the contract (CFAF 140) is not the same as the price mentioned by the producers (a floor price of CFAF 125/kg, which could be up for discussion and increased to CFAF 140 based on the quality of the rice).

53. Interview with NAFASO technical director.

54. Interview with SCOOPS Barakadi de N'Dana officers.

55. Interview with NAFASO technical director.



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Adama Coulibaly, secretary of the SCOOPS Barakadi, in the lowland developed in N'Dana (July and October 2020).

Moreover, the contract specifies payment terms consisting of an advance of CFAF 100 upon inspection of the product and payment of the balance upon delivery at collection points and storerooms. For the producers, however, the payment terms (cash or credit) are up for discussion.<sup>56</sup>

#### **DISTRIBUTION ARRANGEMENTS AMONG PRODUCERS UNCLEAR**

The distribution arrangements among the producers of the volume of rice agreed upon with NAFASO have not been discussed within the cooperative. Several different distribution criteria were mentioned by the SCOOPS officers: plot size, volume of inputs received from NAFASO, marketable production at the time of collection (volume of rice produced less self-consumption requirements based on household size). Having these discussions at harvest time could be a challenge if the total volume of rice that each member wishes to sell fails to correspond to the volume agreed upon by the SCOOPS and NAFASO.

### **Empowerment of producer organizations after the project**

The PAPFA subsidy for SPAM implementation is conditional on a contribution by the cooperative of 20 per cent in year one, 40 per cent in year two and 60 per cent for the third and final year. However, because of the problems with starting up the season the first year, PAPFA provided support against a contribution in kind (labour) and organic manure collection. For the 2021 season, the cooperative will need to mobilize 40 per cent of the contributions before PAPFA releases the subsidy. The amount to be mobilized at the beginning of the season will therefore be quite large (over CFAF 7 million). The risk that the cooperative will have difficulty mobilizing the contribution is however deemed minimal by PAPFA given the SCOOPS dynamic and commitment, as well as capacity-building of executive office staff in managing the cooperative.<sup>57</sup>

56. Interview with SCOOPS Barakadi de N'Dana officers.

57. Interview with PAPFA regional coordination unit; tripartite agreement on SPAM implementation between PAPFA, SCOOPS Barakadi de N'Dana and N'Dorola Credit Union.

## SOURCES

This experience factsheet was prepared on the basis of:

- An interview with Moumouni Traore (agronomist with the PAPFA regional coordination unit in Bobo Dioulasso) on 20/10/2020;
- An interview with Iratié Coulibaly (SCOOPS president) and Adama Coulibaly (SCOOPS secretary), facilitated by Issa Kouadima (PAPFA branch chief, Bobo-Dioulasso) on 21/10/2020;
- An interview with Zakaria Zombra (Chief, ZAT) on 9/12/2020; and
- An interview with Idrissa Sawadogo (NAFASO technical director) on 10/12/2020 and information provided by e-mail by Ismaël Bayili (NAFASO marketing director) on 23/10/2020.

Documents consulted:

- Contracts: contract for seed purchase between the SCOOPS Barakadi de N'Dana and NAFASO (June 2020); contract for paddy rice production and marketing between the SCOOPS Barakadi de N'Dana and NAFASO (June 2020); tripartite agreement for SPAM implementation between PAPFA, the SCOOPS Barakadi de N'Dana and the N'Dorola Credit Union (2020); the standard marketing contract for POs proposed by IFAD;
- PAPFA Final Design Report (IFAD, 2017) and draft PAPFA Supervision Report (IFAD, November 2020); and
- PAPFA Completion Report (IFAD, 2017).





This is one of a series of experience factsheets on partnerships between POs and enterprises prepared by Inter-réseaux. The objective is to use case studies to illustrate the involvement of national or international enterprises working alongside POs in various production value chains and various African countries. What new forms of partnership are there? What challenges do they pose? Which good practices have been identified?






Based on four factsheets describing PO-enterprise partnership experiences, a synthesis of lessons learned has been prepared. The aim of the synthesis is to facilitate an exchange and sharing of experiences within the community of development actors, to enrich the process of reflection on good practices in PO enterprise partnerships.

This capitalization is part of the cycle of reflection and work coordinated by Inter-réseaux on the topic of private sector involvement in African agriculture. You can read about all the Inter-réseaux activities on this topic here: <https://www.inter-reseaux.org/debats/cycle-sur-le-secteur-prive/>

Do you have an experience with a PO-enterprise partnership to share with us? Don't hesitate to contact us at: [inter-reseaux@inter-reseaux.org](mailto:inter-reseaux@inter-reseaux.org)



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