

Development of business capacity and organisation of commercial business of Farmer Based Organisations in the West Mamprusi district in the northern intervention zone in Ghana

Tortoe, C.¹ & Amo-Awua, W.¹

¹CSIR-Food Research Institute, P. O. Box M20, Accra, Ghana

Corresponding author: ctortoe@yahoo.co.uk

Abstract

This paper presents an analysis of stage 1 training service provided in the Northern Horticultural Zone to nine Farmer Based Organisations (FBO's) in the West Mamprusi District of the Northern Region in Business Capacity Building from October, 2008 to December, 2010. Farmer Based Organisations (FBO's) of 450 farmers consisting of 65.10% males and 34.90% females were trained by the authors under the Millennium Development Authority (MiDA) Agricultural Project. The FBO's were trained on nine modules in Business Capacity Building and five modules on Organisation of Commercial Business over a period of six weeks. Nine Action Business Plans were developed for the nine FBO's to access financial support from the MiDA participating financial institutions in the horticultural zone for the commercial development of the farmers' organisations.

Key words: Farmer based organisation, Ghana, millennium challenge account, millennium development authority, horticultural zone, west Mamprusi district

Résumé

Cet article présente une analyse du service de formation phase 1 prévue dans la zone Nord horticole à neuf organisations paysannes fondées (FBO) dans le district de l'Ouest Mamprusi de la région du Nord en renforcement des capacités des affaires de Octobre 2008 à Décembre 2010. Les organisations paysannes fondées (FBO) de 450 agriculteurs constitués d'hommes et 65,10% 34,90% des femelles ont été formés par les auteurs relevant de l'Autorité Millénaire pour le développement (MIDA) Projet agricole. Le FBO de ont été formés sur les neuf modules de renforcement des capacités d'affaires et de cinq modules sur l'organisation de l'entreprise commerciale sur une période de six semaines. Neuf plans d'affaires action ont été élaborés pour le FBO pour accéder à un soutien financier de l'APDD institutions financières

participantes dans la zone horticole pour le développement commercial des organisations paysannes.

Mots clés: Farmer based organisation, Ghana, millennium challenge account, millennium development authority, horticultural zone, west Mamprusi district

Background

This paper presents an analysis of stage 1 training service provided to nine Farmer Based Organisations (FBOs) in the West Mamprusi District of the Northern Region (Ghana) in Business Capacity Building from October 2008 to December 2010. The essence of the training service was to develop the business capacity and organisation of commercial business of the nine Farmer Based Organisations (FBOs) with emphases on developing business plan which would enable the organisations to access the Millennium Challenge Account (MCA) Ghana Compact Funds as loans from participating banks. The loans were to enable the organisation function as commercial farmer organisations.

The nine trained FBOs were located in the West Mamprusi district, which was among the five participating districts in the Northern Horticultural Zone. The Millennium Challenge Account Ghana Compact Agriculture Project consisted of three stages. Stage 1: Business Capacity included: Training to develop draft business vision and business plan, Introduction to value chains and how to work with them, Identification of FBO technical requirements (training needs assessment) as base for access to Stage 2 and/or stage 3 activities, Support for analysis of financial situation and preparation of a bankable business plan to access agriculture credit, Support for business plan completion, access to incentives. Stage 2: Technical Training; Access to farm management, production, post harvest, storage, etc. training for members, Access to technical assistance for development of post-harvest facilities-if good investment backed by bankable business plan, Access to technical assistance and support for design of irrigation facilities-requires development of water users association, creation of horizontal linkages, and preparation of bankable business plan. Stage 3: Maximizing sales, Training to responds to the requirements of the various markets, Training in use of marketing and sales techniques, Technical assistance to develop new linkages with buyers and negotiate new contracts, Technical assistance to develop linkages to other FBOs in order to expand bargaining power, Technical

Literature Summary

assistance to support definition of packaging and presentation to expand marketability.

The agricultural component of the Millennium Challenge Account Ghana Compact was to alleviate poverty and improve livelihoods of farmers through commercial development of farmer organisations in the intervention zones in Ghana. The Millennium Challenge Account Ghana Compact was implemented by the Millennium Development Authority (MiDA) in three intervention zones, that is, Southern Horticultural Zone, Afram Basin Zone and Northern Horticultural Zone. There is clear evidence that people retain information better if it is presented in picture or written form compared to hearing it verbally (Zimmerman *et al.*, 1996). Garforth and Lawrence (1997) noted that in both print and broadcast mass media, often little effort are made to involve the user in the design and production of media content, which was an important step if information was to become more relevant, useful and accessible. Similar extension challenges were observed by other authors (Nokiema, 1996). Therefore a participatory development of the training materials and training was adopted at every step of the study similar in other studies (Lupele, 2003; Mody, 1991; Turongruang and Demaine, 2002).

Study Description

Training of the FBOs occurred on Mondays, Tuesdays and Thursdays and each training session lasted for four hours. A total of 72 hours of training (4 hours x 3 days x 6 weeks) were conducted for each FBO. Lectures, discussions, demonstrations and evaluation of topics were the training methods adopted for the training of FBO's. The training employed nine modules as outlined below:

Module 1. The MCA Ghana Compact and course objectives including training policy, analysis of the FBO including organisational structure and activities of the group, training needs assessment, MCA Ghana Compact and course objectives. Emphases on the Ghana Compact included its approach to rural development in the target areas in Ghana and underlined the importance placed on the Compact on FBOs and the significance of their contributions to Ghana's drive towards expanded economic growth and concerted attack on poverty.

Module 2. FBO's, Rural Development and Commercialization with emphasis on Topics such as Importance of FBO's for Rural Development, Functions of Producer Organisations, Functions

as Member Services, Unique Characteristics and Challenges of the FBO, Elements of a Strong FBO's, Commercialization and Best Practices and a Reality Check of the FBO on their starting position. By the end of the module trainee farmers will identify some of the commercialization challenges faced by their own organisation.

Module 3. Value Chain Thinking including Why Value Chains are Important for the Ghana Compact, Value Chain Frame Work, Elements of the Value Chain, Why Value Chain Growth was important to FBO and Value Chain Thinking as a Tool for Business Strategy. By the end of the module trainee farmers will look at ways in which value chains provide a tool for defining FBO business strategies.

Module 4. Business Vision through a Value Chain Lens comprises topics such as Business Vision for an FBO and Who Needs It, How FBO's Benefit from Business Vision, Business Vision vis-à-vis Business Plan, Developing Vision for the FBO (visioning process), Employ Value Chain Thinking and Practice Using the Value Chain Lens and Drafting the Vision Statement.

Module 5. A short primer on Leadership, Governance and Management including topics such as Reviewing Concepts of Leadership, Management and Governance, Basics of Board Operations, Review of Key Organisation Documents, Defining Duties and Responsibility of Office Holders, Importance of Member Services and Meetings and Approaches to Financial Management.

Module 6. Developing Business Expansion Strategies included topics such as Organisation Self-assessment and Team Building, What is SWOT Analysis and How to use it, Defining Attributes and Challenges, Brainstorming Strategies, In-depth Technical Assessment (Production Practices, Harvesting Practices, Approach to Harvesting, Post Harvest Handling Practices, Primary Processing, Storage, Value Added Practices, Organisation and Management Practices), Sources and uses of Funds, Identifying Tactics, Finalizing Strategies, Final Check on Vision, Target and Strategies.

Module 7. Developing the Action Agenda included topics such as From Strategy to Action (Review Strategies and Tactics, Identify Requirements for Change, Move to Taking Stock), Defining Resources Requirements (Strategies, Tactics,

Requirement for Change, Actions to Tactics and Implement Change), Resources Requirement, Customizing Training and Technical Support (Technical Training and Maximizing sales), A Note About Performance Monitoring, From Action Agenda to Business Plan.

Module 8. Driving the Organisational Change included topics such as Requirements for Change Identified by the Business Planning Process, What Organisation Changes Need to be Made, Change Agenda Components, Defining Tasks/Steps (Member level, Organisation level), Assigning and Agreeing on Responsibilities (Completing the Plan, Developing Work Plan Per Strategy, Ensuring Carrying out of the Agreed Actions in the Business Plan.

Module 9. Action Business Plan: Directions for Completing the Business Plan (Background to Action Business Plan, the Action Business Plan). Using information generated during the training, the draft Action Business Plan was developed for completion in week 6 by successfully finalising the group's vision and targets. The strategies, tactics and actions to achieve their vision were finalised during the week understudy. The vision statement and targets were agreed for completion in week 6.

Module 9a. Completing the Draft Action Business Plan. Trainee farmers put the information they have developed into the format for an Action Business Plan and define the steps they will take to carry their planning activities forward. Next steps for completion and moving into implementation were identified. The evaluation of the 6 weeks training was conducted and the training came to an end.

Research Application

The trained Farmer Based Organisations (FBO's) had 450 farmers consisting of 65.10% males and 34.90% females (Table 1). Age ranges of trainee farmers were 30 - 39 years for males and 40 - 49 years for females. In terms of educational levels of trainee farmers, 9.90 % males and 1.91 % females had completed primary school. Trainee farmers who had completed senior high school were 2.73 % and 0.64 % for males and females, respectively. There were no university graduates among trainees of the nine farmer groups trained. Farmers with no formal education were the majority, 81.91 % male and 91.72 % female. Trainees' farm sizes were 0.4 - 2.0 hectares (Table 2). In terms of attendance over the period of six weeks, males and females, respectively attended all the

trainings (Table 3). Nine Action Business Plans were developed for the nine FBO's to access financial support from the MiDA participating financial institutions in the horticultural zone for the commercial development of farmers' organisations.

Table 1. Percentage distribution of farmers by sex in the Farmer Based Organisations.

Farmer Based Organization	Percentage	
	Males	Females
Anye Nua Farmers Group	50.0	50.0
Tiwalsi Nya Farmers Group	52.0	48.0
Suguru Vaala Farmers Group	53.1	46.9
Bomanga Farmers Group	100.0	0.0
Tuvuu Beligu Farmers Group	73.9	26.1
N-Ningbani Felia Maize Group	62.2	37.8
Tichemtoni Production Group	83.7	16.3
Malimanga Maize Farmers Group	50.0	50.0
Yizebisi Sunga Veila	54.1	45.9

Table 2. Percentage total farm size of major crops distribution of farmers by sex in the nine Farmer Based Organisations.

Total Farm size of major crops (hectare)	Percentage	
	Male	Female
0.4-2.0	57.43	66.45
2.4-4.0	22.47	12.26
4.4-6.0	4.73	10.97
6.4-8.0	7.77	8.39
8.0-10.0	5.07	1.94
10.0+	2.03	0

Table 3. Percentage weekly attendance by sex of the nine FBO's .

Training week	Percentage	
	Male	Female
1	87.71	80.89
2	90.78	85.99
3	90.78	91.72
4	86.69	89.17
5	90.44	92.36
6	92.15	93.63

Acknowledgement

Sponsorship from MiDA Ghana Compact (Agriculture Project) is gratefully acknowledged.

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