

## Summary of Session 3: Levers for impactful income diversification: Learning from opportunities and challenges in cash crop production

Moderator: Friederike Martin ([GIZ](#))

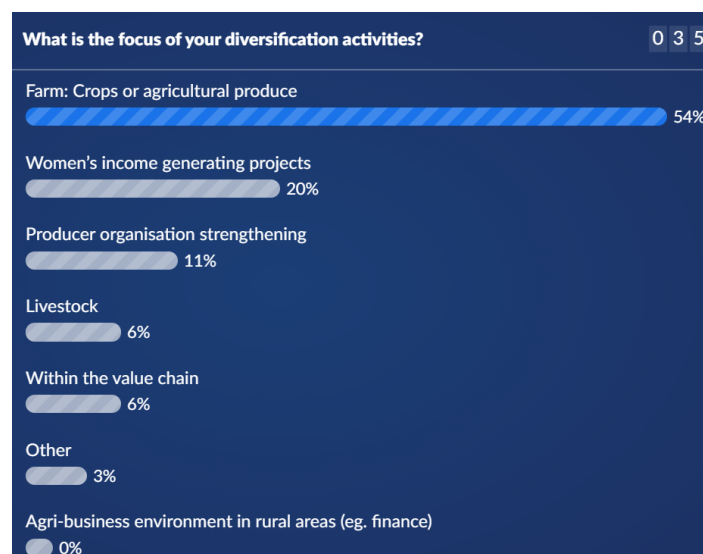
### Session narrative & objective:

Diversifying income sources of smallholding households holds promising potential for increasing income and income resilience, improving food security and promoting viable farming systems. Put into practice, diversification requires enabling agronomic conditions at farm level, investments and adoption of new practices by farmers who might often be lacking the entrepreneurial skills to evaluate risks and returns of such decisions. Whether diversification, be it on-farm or off-farm, can promote higher and more resilient household income also depends on market opportunities and financing options. What have been effective diversification strategies?

The key objective of this session was to

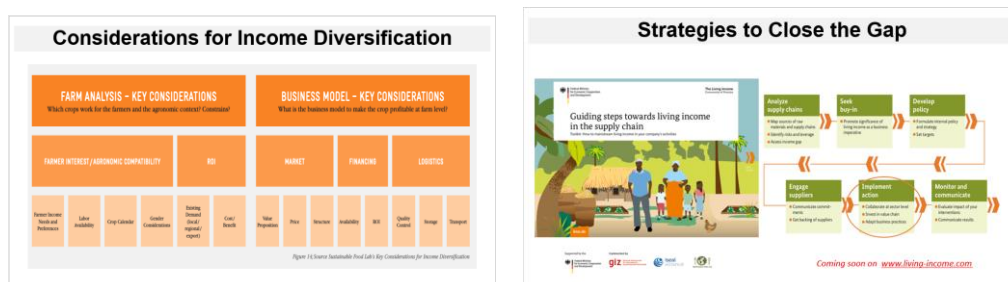
- Introduce diversification potentials at different levels of the supply chain
- Draw from learnings on key challenges of promoting living income in cash crop production to identify levers for effective diversification strategies

At the beginning of the session the audience was asked to participate in two polls over the platform Slido about their diversification activities. The questions and responses to this poll are detailed below:



The session opened with **Christina Archer (Sustainable Food Lab)** framing diversification in the context of living income. She provided insights on:

- How diversification links to the living income concept
- Framing diversification strategies as part of holistic approach towards living income



The next panellist **Anne Marie Matthess (GIZ)** introduced diversification approaches and their leverage for increasing producer incomes. Key points discussed included

- **How do you know the outcome of diversification?** Tree crop, maize, cassava, tomato – analysis of farm enterprises. Risk assessment is to see how robust outcomes are in terms of net household income. Do a systematic assessment. Once you know the outcomes – then diversification becomes a stable part of the program.
- **How do you build diversification efforts with off-takers?**
- **Shouldn't income diversification have a sectoral approach?** Diversification is influenced by supply chains. There is very strong vertical integration. The market is evolving as more people move to the cities. We need forward vertical integration. Producers are organized in cooperatives that have a business purpose – not just for women's empowerment. Can be done through the same producer organization that is working with cocoa – cocoa is seasonal, and this gives you an infrastructure. So you can formalize diversification at this level (cooperative business) and use the fixed costs already embedded in cocoa production.
- It's really important to ask what is going to work – but looking forward as markets and the impact of climate change changes – need to take into account resilience.
- The story of the farmer business school has made a long journey across Africa. It has grown a lot. Entrepreneurship training triggers a lot even without handholding. Handholding should not be the way to go.

*Q: The challenge seen for the cooperative to base their choice on market information. Too often non-market factors are used to decide how to diversify. This results in disappointment.*

*A: Yes, For this reason entrepreneurship at smallholdings being members and at cooperative level (services) is key.*

The next panellist **Aaron Mead-Long (WCF)** provided a background on the **Cocoa Livelihood Programme**.

- **Project vision:** Double income for 200k farming households in Cote d'Ivoire, Ghana, Nigeria, and Cameroon within 10 years. (Link to detailed reports on CLP: <https://www.worldcocoafoundation.org/initiative/cocoa-livelihoods-program/>)
- **Phase 1 focus:** 1) Market efficiency, 2) Cocoa production and efficiency, 3) Farmer competitiveness on diversified cocoa farms
- **Phase 2:** used a matching grant & incentive-based payment model with 10 WCF member companies to increase cocoa productivity, improve service delivery & diversify livelihoods. These were tracked against a range of indicators and payments were based on 3 areas.
  - Adoption of cocoa pruning
  - Adoption of food crop GAP
  - Adoption of improved food crop varieties (*Success on food crop GAPs and varieties: First focused on cassava and plantain – popular in local diet and provide shade to cocoa plants (then companies could also promote other food crops and livestock)*)
- **Lessons learned**
  - Did not properly understand the amenability to adopt food crops – need to assess farming families' willingness to adopt certain food crops (*Local tastes, etc*).
  - If considering food crops for income, need to be sure those market linkages exist and are enough to handle the amount of diversification (*When it became clear that this was an issue – WCF tried to make those linkages, but they didn't really pan out.*)
  - Food crops as income – farmers need more flexibility for when and how they sell excess crops – they need storage and processing capacity on the community level (*For example, solar dryers were successful*).
  - This study from T. Reardon at Michigan State University speaks directly to the urgent need for more post-harvest processing in Africa: <https://barrett.dyson.cornell.edu/files/papers/BRSZ%2013%20Aug%202019.pdf>
  - Heavy reliance on government and knowledge partners in the food crop space for technical assistance and design (In the future we would leverage experience of the donor sector as well)
- **Gender Integration**
  - Companies had very little experience in gender integration. There was a need to train companies to build capacity
    - Trained women farmers to become farmer trainers
    - Designed trainings with women's availability and literacy in mind
  - Gender Action Learning for Sustainability (GALS) methodology was very effective in supporting women build business planning skills.
  - Engaging men to support women empowerment is needed.
- **Food crop interventions can work IF:**
  - Market linkages exist
  - Market analysis is performed
  - Storage / processing capacity exists

- Farming HHs, esp women have capacity to start and manage IGAs
- Men and women are engaged give women a stronger voice in decision-making and income generation

Next, **Tawiah Agyarko-Kwarteng (Sustainable Sourcing Representative, Hershey West Africa)** shared [The Hershey Co](#) experience as a Matching Grantee. She described that many rural communities' farmers were already diversified, and it was important to identify the role a company could play.

- **Partnerships and market access**
  - Farmers were already growing and drying chili peppers
  - Hershey was able to connect with ECOM – they were trained how to grow chili peppers with GAP
  - Off-farm production
    - Training on soap production by a partner organization
    - Companies don't have to do it all by themselves – they can work with others
  - Kombu nuts
    - Farmers collect these and use these for medicinal purposes or cosmetics
    - Worked the NCRC – to explore this as another potential area to sell these nuts on a larger scale through market access
- **Enhancing capacity of women**
  - Increase capacity in what they are already engaged in and know how to do
  - For example, providing access to improved varieties of cassava
  - More yield – can sell more
  - Processing the cassava into the staple food.
- **Looking at nutrition**
  - Snails in hot soup
  - Trained them in groups in snail production to increase protein and income
  - Training them in a group helped them to pass on learnings
  - Vegetable production (cabbages)
    - Very profitable for those who have access to land
    - For those who don't have access to land, you need to think of other ways to support
- **Income and nutrition**
  - The intersection of income and nutrition is important!
  - Orange fleshed sweet potato – good for nutrition and income – popular in North – not as common in the central region
  - Introduced into the central region through the platform about dietary diversity
  - Now a lot of the families find it lucrative (local markets and factories)
    - Supported them to process it into other types of food and flour

The session concluded with the following **message**.

- Take the farmer perspective and learn at the community level what people need and want (instead of it being centred on you). Then figure out what are the roles for each of the actors in the sector.

## Post-reads

- Factsheet [Cooperative Business School – Agri-Business Facility for Africa Sustainable Smallholder Agri-Business \(SSAB\)](#)
- Factsheet [Agri-Business Facility for Africa](#)
- Factsheet [Farmer Business School](#)
- Factsheet [Processor Business School](#)
- [Agricultural Value Chains for Sustainable Development](#) (A4SD)
- [Sustainable Smallholder Agri-Business Programme](#) (SSAB)