

AGRA Impact Series



Commercialization expands regional trade opportunities for East African farmers and SMEs

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THE REGIONAL EAST AFRICAN COMMUNITY TRADE IN STAPLES PHASE-II (REACTS-II)

One of the constraints to the development of agricultural value chains and commercialization of agriculture by smallholder farmers in the East African region is the limited access to guaranteed and reliable markets.

The Regional East African Community Trade in Staples Phase-II (REACTS-II), a three-year flagship project, sought to support smallholder farming households and value chain actors in Uganda, Rwanda and Kenya to take advantage of structured national, regional and opportunistic international markets for agricultural products.

Another goal was to increase incomes by 20% for 315,795 smallholder farming households, of whom 105,265 were direct beneficiaries and 210,530 were indirect beneficiaries; and a 5% increase for other value chain actors including the SMEs. Among the objectives was the strengthening and expanded access to input and output markets, and improving value chain coordination efficiency.

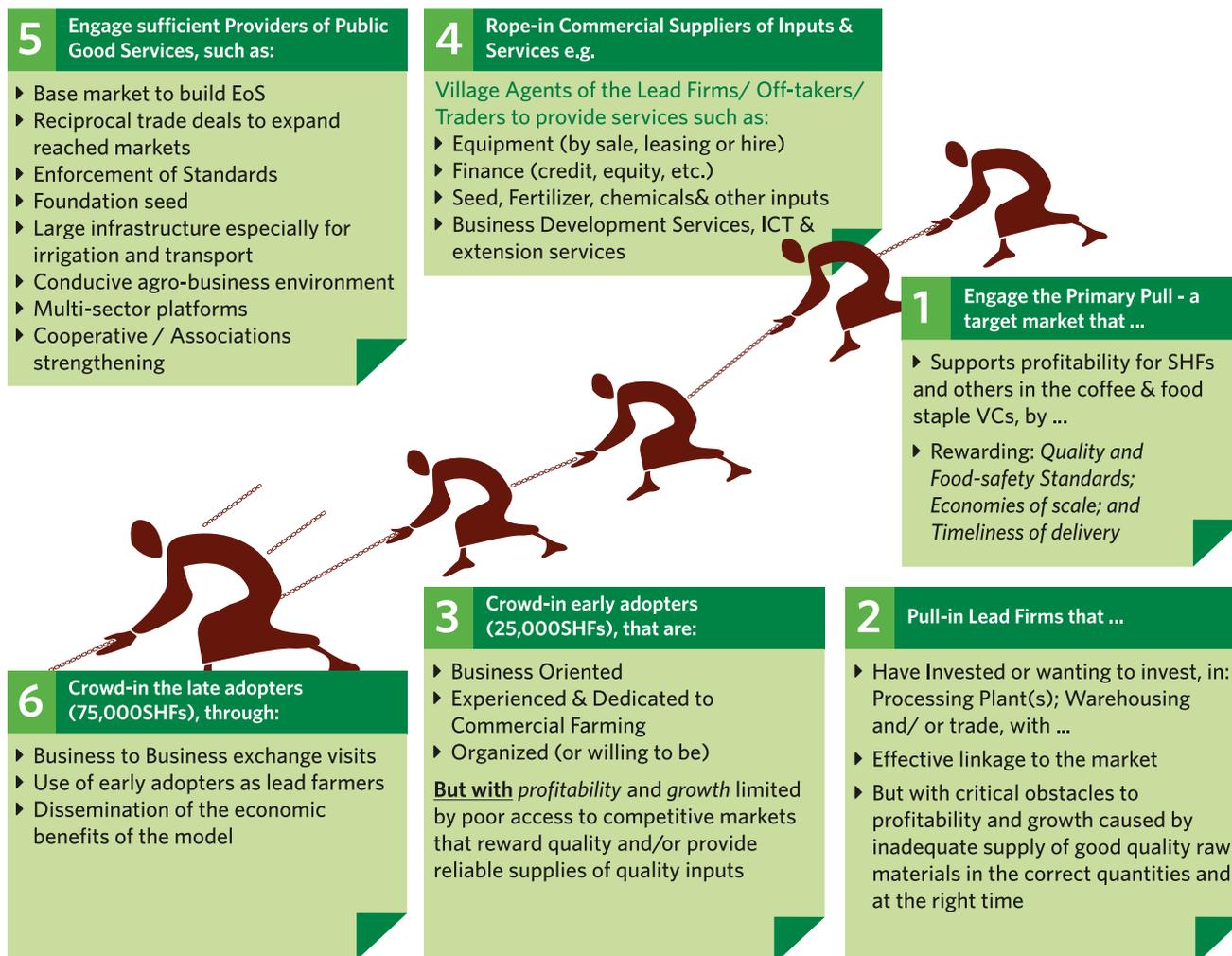
The transformation sought by REACTS-II was

for profitable, structured and integrated trading systems; strengthened technical capacities for smallholder farmers and other value chain actors; improved and inclusive business linkages; and improved value chain coordination and efficiency.

However, the underlying challenges to the development of sustainable, structured and integrated trading systems drive the need for effective and efficient access for smallholder farmers to inputs, finance, technologies and markets.

The project relied on the Kilimo Trust Consortium Approach to Value Chain Development (KTCA2VCD) model, a facilitative initiative centered on market off-takers and aggregators as anchor partners providing a market pull and crowding-in sufficient partners to develop market systems. The REACTS-II project also integrated the village agent model to increase the participation of youth and women along different value chains.

The focus on SMEs growth, including



cooperatives and large-scale national grain handlers, illustrated that the provision of tailored business development services could ease market access for smallholder farmers.

The implementation of REACTS-II showed the strengthened capacity of trade associations to support their members enhanced their ability to take advantage of profitable trade opportunities. A case in point being the partnership between Agro-Processors Association of Kenya (APAK) and the Network of Producers and Exporters Uganda Ltd (NePEU), to meet the required trade volumes and quality standards. This relationship resulted in over 15,000MT of maize and beans worth US\$3.1 million imported by Kenya under the structured arrangements.

A lesson from the project's implementation was that although agricultural infrastructure investments such as storage facilities were important, it was equally critical to invest in skills for their sustainable management. For

example, the engagement of youths in the target value chains as village-based agents (VBAs) and equipment operators, provided specialized commercial services and products to smallholder farmers.

Similarly, in Rwanda with and anticipated export target equivalent to 16MT of yellow beans per month, the challenge was to secure adequate volumes for the market as well as resolving quality issues. The multiplication of the desired yellow bean seed in adequate volumes for distribution to farmers, building their capacity to increase yields and quality through good agronomic practices and post-harvest handling resulted in a decline in bean rejects from 20% to 8%.

At the regional level, market off-takers require support to access low-cost trade financing to facilitate produce aggregation especially in the peak season. Access to timely, accurate information has greatly guided decision-making,

reduced the cost of aggregation. The women cross-border traders and processors linked to NePEU and APAK participated in trading activities via the WhatsApp platform to make orders, transfer funds and receive cargo without having to travel physically across the Kenya-Uganda border to the source markets. Within a nine-month period from June 2020, the women

traders imported 2,000MT of maize and beans worth US\$383,562 from Uganda.

REACTS-II is proof that increased collaboration among implementing partners enhances synergies for greater impact in agricultural development.

KEY INDICATORS	Target	Achieved	% actual against Target
Smallholder farmers reached	105,625	110,662	105%
Public and private Investments leveraged (US\$)	3,500,000	4,648,931	133%
Sales value (US\$)	40,560,000	63,125,924	156%
Produce sold (MT)	120,000	152,715	127%
Produce directly sold to export markets (MT)	No Target	19,314	-
Farmers selling through structured arrangements	No Target	43,796	-
Number of new jobs created	No Target	120	-
Village Based Agents providing technological services or engaged in trade along focus VCs	500	416	83%
Loans accessed (US\$)	1,500,000	1,692,552	113%
Genuine inputs accessed by farmers (certified seeds and fertilizers)	7,235	9,089	125%
Change in yields from baseline (MT/acre) from different cases			
maize	1.4	1.7	21%
Rice	5.1	6	18%
Beans	0.4	0.7	50%
Green grams	0.2	0.5	150%
Individuals who have received trainings	80,000	115,267	144%