



Netherlands Enterprise Agency

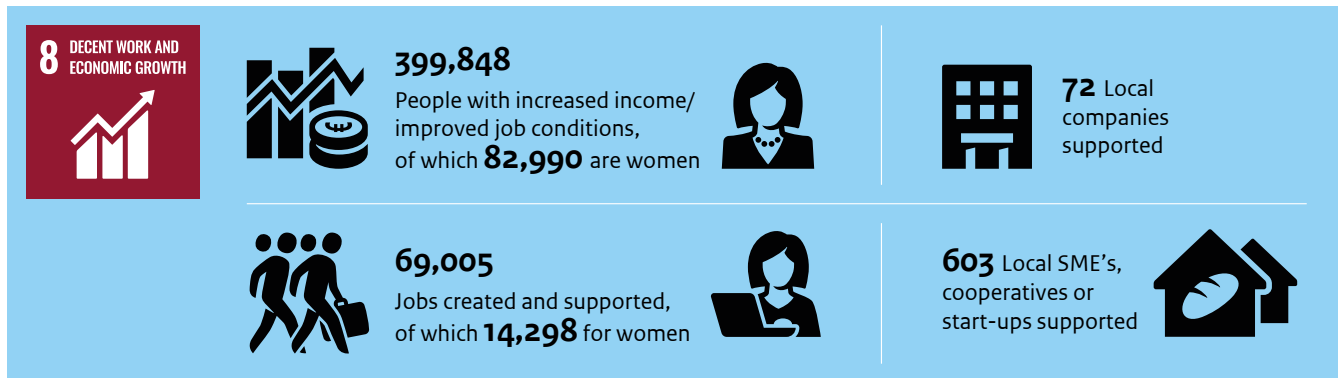


Employment and income

Learnings from public-private partnerships supported by the Facility for Sustainable Entrepreneurship and Food Security (FDOV)

*>> Sustainable. Agricultural. Innovative.
International*

FDOV results



FDOV contributes to employment and income by promoting private sector development through public-private partnerships. The programme's specific intended outcomes are to create new and better jobs and increase incomes among the target groups. Target groups are small-scale farmers or fishers, local Small to Medium Enterprises (SMEs), and labourers, with special attention to women and youth. How does this work in practice?

Employment

In the FDOV portfolio, employment is often created by promoting local value addition to agricultural products. Examples of value addition activities are processing, clearing, sorting, grading, packaging or providing proper storage. The **Potato Processing project in Ethiopia** successfully set up a crisp company called Senselet, and the market for crisp in urban areas has been developed. The company recently attracted foreign investor PepsiCo, adding expertise to the potato sector. The company has generated 317 new jobs and is still scaling up. The project has trained 2,000 farmers, and Senselet sources from 2,900 smallholder farmers. The **Dairy Farm Equipment project in Ethiopia** established production units to produce specialised equipment for the dairy sector. These include milk storage and processing equipment to produce butter, cheese, and yoghurt. The production units have been set up at 3 technical colleges, 2 existing in Addis Ababa and Awassa, and a new technical college in Dire Dawa. The technical colleges produce the milk processing equipment and provide vocational training with high job opportunities to 250 students annually. A key success factor is that it creates job opportunities for youth and fulfils a missing link in the Ethiopian dairy sector: the availability of quality dairy equipment for smallholder farmers, including hygienic milk buckets.

Projects establishing processing facilities have great potential for sector development and generating higher incomes and employment. However, to be successful, they need to be carefully tailored to local circumstances, food safety regulations and (domestic/international) consumer demands. In most cases, processing will lead to higher consumer prices and a change in food texture, taste and presentation. Especially for local markets,

good-quality, fresh products should match consumer preferences and financial means. In addition, diversification of markets reduces risks when consumer's preferences in export markets change. For example, the **She sells shea project in Burkina Faso and Mali** successfully introduced large-scale processing of shea nuts. Growing international demand for shea butter formed a solid basis for this project. It generated an income for up to 35,000 people, mainly women, collecting shea nuts and basic processing. The project also invested in producing and processing sesame and moringa leaves for export but encountered challenges due to high hygiene standards in export markets for sesame products and a lack of international demand for moringa.

The Facility for Sustainable Entrepreneurship and Food Security (FDOV) encourages public-private partnerships in food security and private sector development. Employment and income are important outcomes of the FDOV portfolio.

Decent work

According to the International Labour Organization (ILO), decent work relates to the people's aspirations in their working lives. The following FDOV projects specifically pay attention to the generation of decent jobs.

The **Cracking the Nut project in Benin and Burkina Faso** focuses on processing raw cashew nuts locally (instead of in destination countries). This creates employment and increases the added value of the nuts. The project works with 2 factories that implement the principles of the Fair Factory concept. This means that they pay the farmers a fair price and offer employees a fair salary. In 2020, the factories provided work for more than 5,000 people, of which more than 80% were women. The factory involved another 6,000 farmers in the production of cashew nuts. In addition, the project attracted more women to management positions. Other social standards targeted in the project include worker's conditions, food safety, working hours, safety and hygienic conditions and overtime premium wage.

Decent work, according to the ILO definition, includes:

- Opportunities for work that is productive and delivers a fair income
- Security in the workplace and social protection for families
- Better prospects for personal development and social integration
- Freedom for people to express their concerns, organise and participate in the decisions that affect their lives
- Equality of opportunity and treatment for all women and men.

The **Sustainable, Secure Smallholder Systems at Scale (4S@Scale) project in Kenya** promoted and facilitated the use of biodigesters to provide coffee farms with energy and better manure for their land. Youths from the community were involved in constructing and maintaining the biodigesters. The project also created jobs for other people in the community in farm work, such as weeding, pruning, applying fertilisers and pesticides, picking and sorting. In addition, non-farming jobs such as transport were created in other parts of the value chain. Even though the project's main focus was on increasing the income of coffee farmers, as the value chain expanded, it naturally created more job opportunities.

“The coffee sector was considered an old men’s crop. Young people tend to look for things that are quick and fast. They were not motivated to become active in coffee. The fact that now there is more income from coffee attracted youth.”

– Lucas Chacha (Programme Manager 4S@Scale)

Working towards ‘decent jobs’ is a long process and requires continuous conversations at different levels, including project partners, factory production managers, and workers. It also does not stop at creating new jobs, as labour conditions remain a point of attention, especially when market demand increases and factories increase their production.



Smallholder income

To increase smallholder income, FDOV enhances agricultural production and productivity in different ways. For example, the **Growing out of Poverty with Potatoes project in Vietnam** introduced and registered new (Dutch) table and processing potato varieties. The project also included extensive training and market-led provision of inputs for farmers. In total, 1,830 farmers benefitted from the training on potato production, of which 71% are women. They were able to reduce chemical inputs and use better seeds. Income increases resulted from higher productivity and lower production costs.

“Small farmers depend on production for families. They need to be able to support their family [...] By using better vegetable seeds, they get a better quality product but also better returns.”

– Heleen Bos (Rijk Zwaan)

Furthermore, sustainable training services are at the core of many FDOV projects. The **SEVIA project** introduced hybrid vegetable seed varieties in Tanzania, adapted to local circumstances. In this project, vegetable breeding companies and the private partners Rijk Zwaan and East West Seed integrated capacity-building activities in their business models. This is meant to sustain capacity building beyond project closure for low-income recipients who cannot afford this kind of capacity building on their own. As a result, 48,000 farmers have been reached with extension services and affordable quality vegetable seeds. Farmers report improved livelihoods through better housing, better education for their children, and being able to buy motorbikes for transport.

To increase smallholder income, many FDOV projects focus on diversification of income to reduce the risks of fully relying on one sector. Especially farmers in the coffee sector face challenges of fluctuations in global coffee prices. For example, the 2 coffee projects **4S@Scale** and **Food Security through improved resilience of small scale producers (FOSEK)**, stimulated dairy farming and processing in Kenya and banana production in Uganda. In this way, both projects generate additional and continuous income from the (mere) coffee sales. In addition, diversification into food crops provided direct access to more diverse and healthy food.

Access to finance also plays an important role in the success of many FDOV projects. There are many ways to make access to finance more inclusive for low-income target groups. For example, to overcome the challenge of access to finance to purchase agricultural machinery, the **Sustainable Maize Program in Ghana** leased agricultural equipment to farmers. These farmers paid in affordable tranches until the entire purchase amount had been paid. Moreover, in the **Cracking the Nut project**, loans were conditional on involvement in the project as an alternative for collateral.

Conclusion

The FDOV portfolio widely contributed to newly created and better jobs and increased income among (smallholder) farmers. Employment is often created by promoting local value addition activities or the development of the entire value chain. In addition, FDOV aims to increase the quality of jobs through fair prices, increased diversity in management positions, and improved social labour standards.

To increase smallholder income, FDOV enhances agricultural production and productivity. Key success factors include the introduction of improved crop varieties, sustainable extension services, diversification of income to reduce risks, and promotion of innovative ways to make access to finance more inclusive.

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