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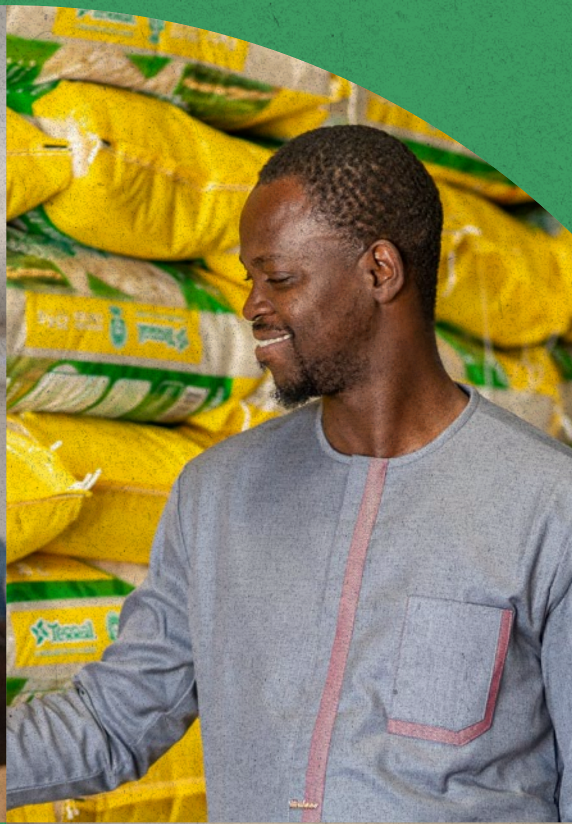
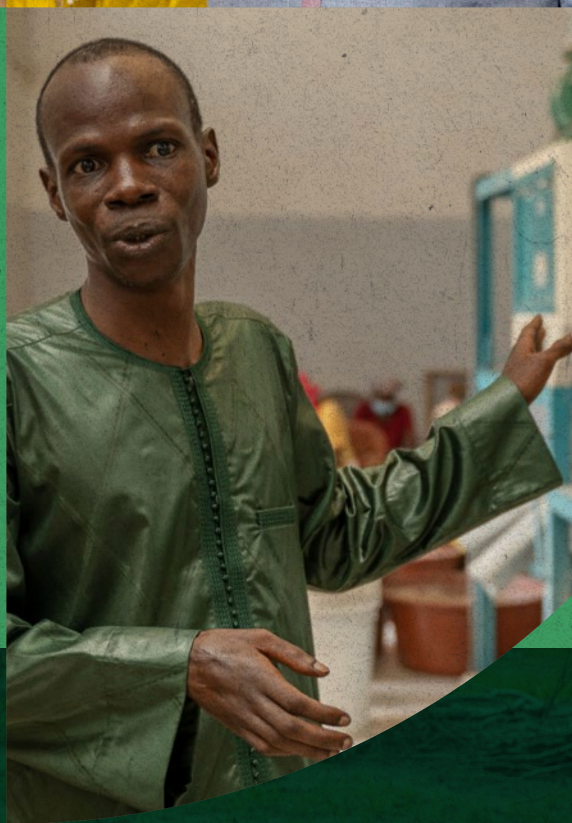
Smallholder SustaiNability Upscaling Programme



# Cultivating growth

## The key role of diversified services to smallholder farmers in the economic models of agricultural SMEs

**SENEGAL**



Snapshot insights

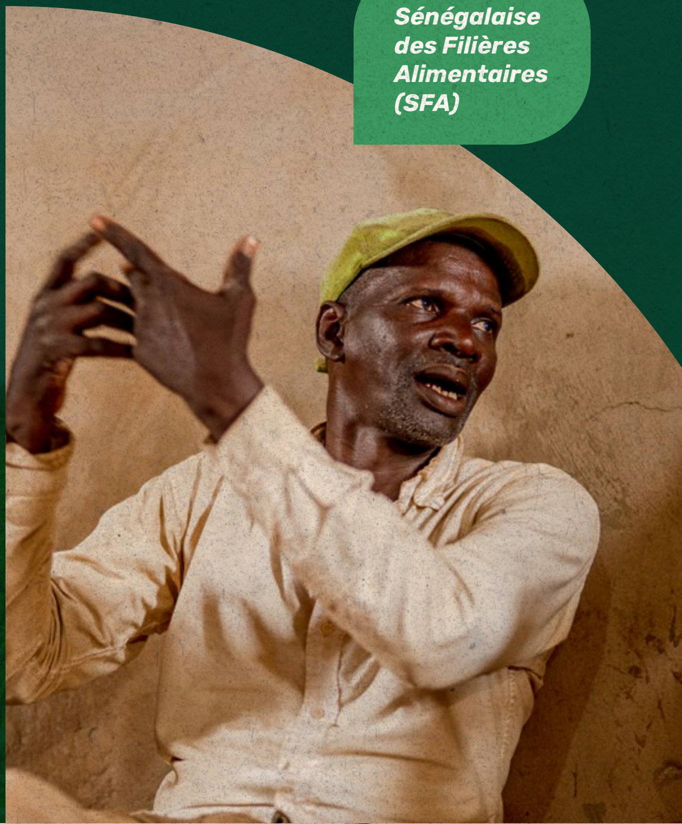
... seeds of agri-SMEs

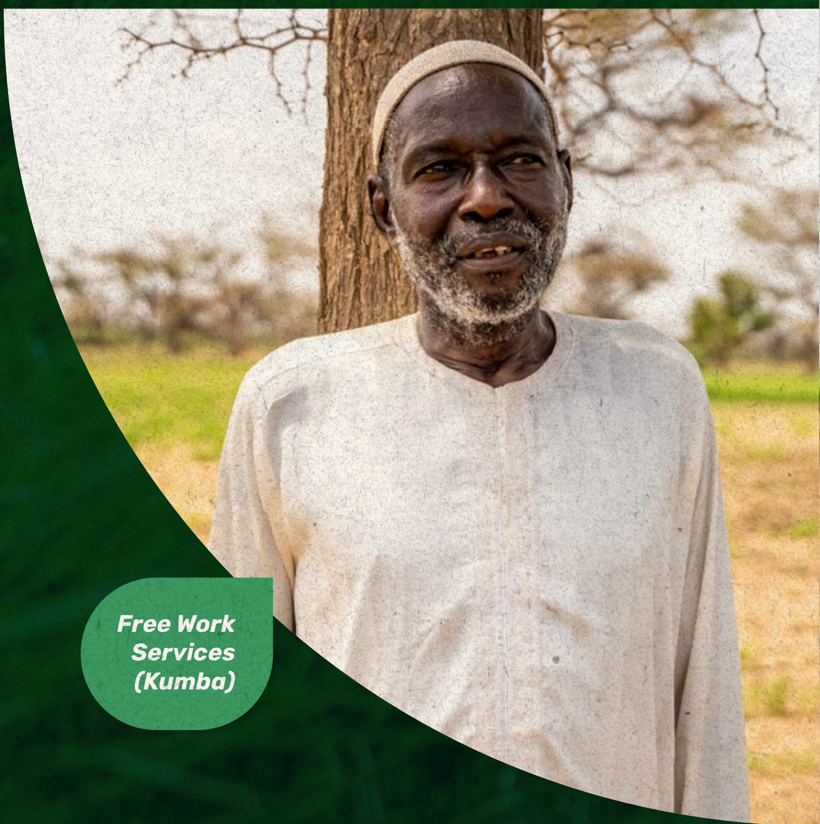
December 2025

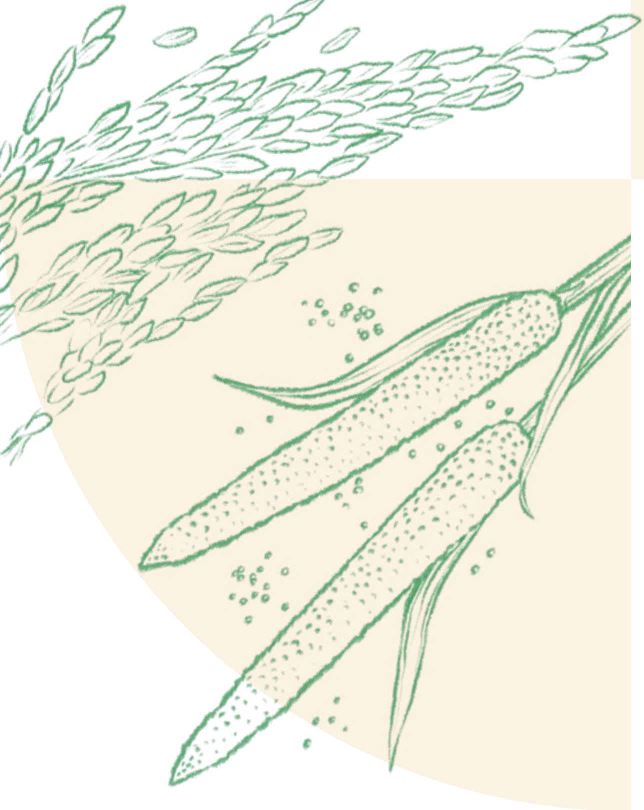
# Integrating services for farmers in practice: *insights* from three agri-food SMEs

*To achieve its ultimate goal of strengthening the resilience of smallholder farmers,* ***SSNUP supports technical assistance projects targeting key value chain actors that interact with these farmers, including SMEs.***

*In this context, SSNUP has supported, through its partner impact investors,* ***three SMEs in Senegal operating across three different value chains: rice, millet and groundnuts.*** *Based on project monitoring activities and a field visit, lessons have been drawn regarding their farmer engagement models aimed at strengthening supply reliability and business resilience. These examples illustrate practical ways in which SMEs can adopt and combine different farmer engagement models and strategies to support their sustainable growth.*



# Snapshot *insights*

*SMEs play a critical role in agricultural value chains by acting as intermediaries between smallholder farmers and final consumers.* ***This document explores the operating environment of agri-SMEs, the constraints they face, and the role they play within agrifood systems, particularly in relation to smallholder farmers.*** *It draws on three examples of agri-SMEs based in Senegal and operating in crop value chains (rice, millet and groundnuts) that have benefited from SSNUP co-financed projects. In doing so, it contextualises these interventions by clarifying the constraints they seek to address and their relevance for both the SMEs themselves and the smallholder farmers they work with.*

## Context

### The Senegalese crop agriculture

**Senegalese crop agriculture is dominated by smallholder farmers.**[1] Major commercial crops include groundnuts, millet, maize, rice, and horticultural products. Each crop has distinct market dynamics but shares structural constraints. **Currently, local crop production remains largely subsistence-oriented.** Rice and millet are primarily retained for household consumption, while groundnuts serve multiple purposes: they supply both local and external markets, meet household food needs, and contribute to soil fertility through crop rotation.

## Challenges

### Why does crop sourcing remain high-risk for SMEs?

Senegal's crop sector is marked by a **fragmented supply base,** with smallholder farmers cultivating one to three hectares each, scattered across wide rural areas. This dispersion makes aggregation costly and traceability difficult for buyers. Productivity is hampered by **low yields and quality variability,** driven by limited access to certified seeds, fertilisers, and modern farming equipment, alongside persistent pest and disease pressures. Post-harvest losses are common, reflecting gaps in adequate storage, handling, and transport.

Production remains highly exposed to **climate vulnerability,** as most crops are rainfed and dependent on the timing, distribution and intensity of seasonal rainfall. Increasingly erratic weather patterns exacerbate these risks. Farmers also face **financial exclusion,** with limited access to affordable credit for inputs and repayment terms that rarely align with agricultural cycles.

On the market side, **price volatility** is frequent, influenced by shifting public policies, import competition, and fluctuations in regional demand. At the root of many of these challenges are **logistics and infrastructure gaps** leading to poor feeder roads, insufficient aggregation points, and limited local processing capacity, all of which raise transaction costs and reduce farmgate prices.

For agri-food SMEs in processing, trading or export, securing reliable volumes and quality raw material is a persistent challenge, particularly for groundnuts, where competing uses limit the consistent availability of surplus volumes. Limited and inconsistent crop availability forces many processors to **operate below capacity, creating a "glass ceiling"** for SMEs that caps growth, limits competitiveness, and prevents scaling to meet market opportunities. These challenges are especially **acute for the "missing middle"** - SMEs that are too large to operate like micro-enterprises but too small to fully access formal support.

At the same time, smallholder farmers need diversified services such as input access, technical support, accessing new market and weather information to overcome production barriers, improve yields, and remain loyal suppliers. Thus, SMEs need to guarantee both **commercial viability** to secure reliable, quality raw material, which supports business growth and profitability, and **farmer resilience** to improve smallholder productivity, income, and stability, ultimately enhancing sustainable growth in Senegal's crop value chains.

[1] According to a 2022 COMCEC report, "In 2016, 95% of enterprises operating in the agricultural sector were small-scale farmers with generally fewer than 5 ha of land production area; 5% of farmers were engaged on large-scale farming with above 5 ha." (COMCEC 2022, 44).

# Response to challenges

## Embedding a package of diversified services for smallholder farmers

**Integrating incentives for long-term farmer engagement into the business model comes as strategic response to these challenges of strutural supply constraints and constitutes a requirement for SMEs long-term sustainability.** By embedding a range of services for smallholder farmers – from access to inputs to greater access to market – directly into sourcing arrangements, SMEs seek to address the root causes of unreliable volumes and inconsistent quality, while building trust and loyalty among their suppliers.

### 1 access to inputs

Providing smallholder farmers with **access to** certified seeds, fertilisers and other **essential inputs** as a way **of improving crop productivity** by enabling farmers to adopt better planting practices and manage resources more efficiently. This access encourages consistent and higher-quality production, which facilitates a more reliable supply of raw materials for SMEs.

### 2 access to credit

Providing access to **credit or advance payments helps alleviate liquidity constraints,** enabling investment in productivity, enhancing practices and inputs, and supporting better planning at the farm level. This tends to improve yields and quality while facilitating more consistent crop production, which in turn helps SMEs secure a reliable supply of raw materials.

### 3 access to technical training

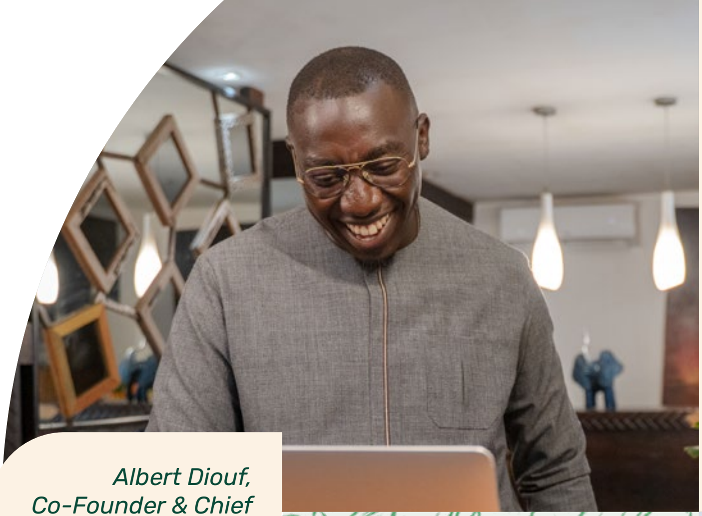
Offering training on crop management, pest control and post-harvest handling encourages farmers to **apply upgraded techniques** and **adopt sustainable practices.** This often results in reducing losses and improving product quality, which in turn facilitates smoother processing operations and more predictable procurement for SMEs.

### 4 access to climate and market information

Providing timely **weather forecasts, weather advisories, and market price information** encourages farmers to make informed decisions on planting, harvesting, and sales. This contributes to reducing losses from unpredictable rainfall or sudden price fluctuations and facilitates steadier supply volumes and timing for SMEs, supporting better planning and risk management.

### 5 access to market

Offering **pre-agreed purchase quantities, indicative pricing or forward contracts** encourages farmers to sell to the SME rather than seeking opportunistic buyers. This generally leads to reducing side-selling and facilitates a more consistent flow of raw materials, while strengthening supplier relationships and supporting the SME's long-term resilience.



*Albert Diouf, Co-Founder & Chief Operating Officer*

# Afrikamart

supported by impact investor

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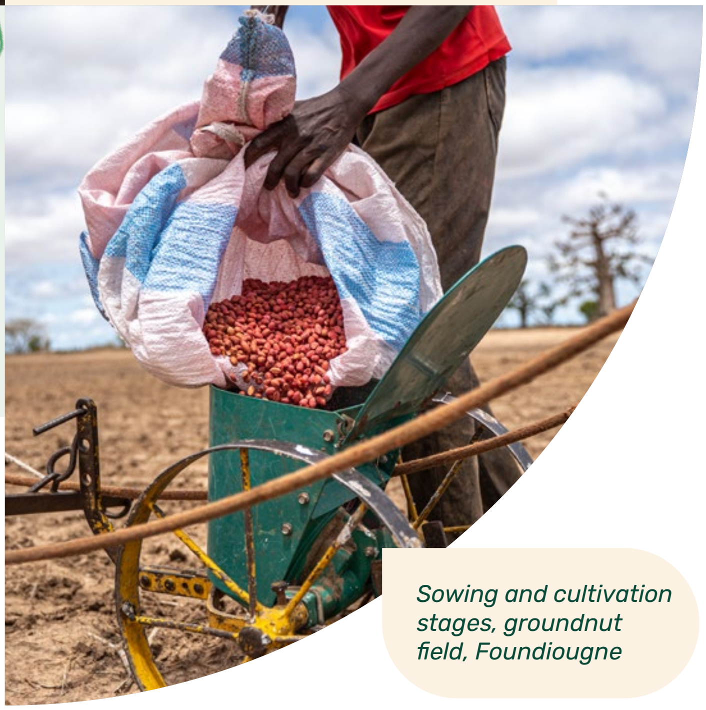


*Sowing and cultivation stages, groundnut field, Foundiougne*

## Example from the Saloum Delta **groundnuts value chain**

As a young yet well-established player in the field of distribution and trade in Senegal, **Afrikamart connects large agro-processors (clients) with smallholder farmers (suppliers).** Its digital platform automates data on farmers' farm size, productivity and guarantees, while digitally centralising raw material supply.

Afrikamart provides the following services as part of its farmer engagement model:

### access to **credit**

Smallholder farmers receive Afrikamart's credit to purchase inputs (such as seeds and pesticides) and modern tools – prior to those provided by the state, helping to secure production and boost farm productivity.

### access to **market**

Selected smallholder farmers sell their production to Afrikamart after harvest, while Afrikamart strengthens its capacity to reliably meet delivery commitments to agro-processors.

### access to **climate and market information**

Afrikamart shares comprehensive monitoring and information during the cultivation phase through their local agents.

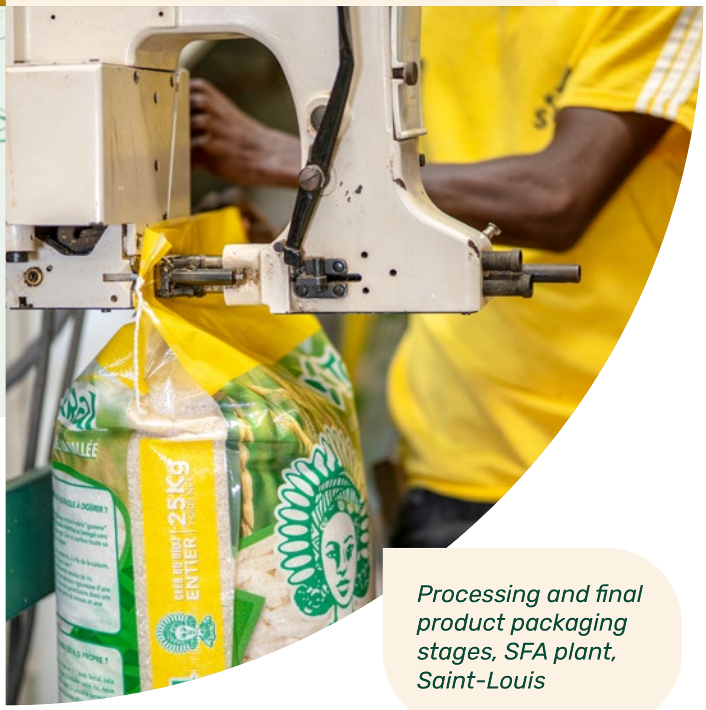
***Enhanced by a digital platform, the model leverages a network of local agents to reduce reliance on intermediaries and enable farmers to engage more directly with the market, improving efficiency and value chain coordination.***

*Assane Koffi,*
*Chief Executive Officer*

# Sénégalaise des Filières Alimentaires (SFA)

supported by impact investor

FONDATION GRAMEEN CRÉDIT AGRICOLE
Microfinance & Social Business




*Processing and final product packaging stages, SFA plant, Saint-Louis*

## Example from the River Valley **rice value chain**

A paddy rice processor among 40 others in the region, *La Sénégalaise des Filières Alimentaires* (SFA) developed an **integrated engagement model** with rice farmers to differentiate itself from the competition, combining input financing and technical support to boost smallholder productivity and market access.

SFA provides the following services as part of its farmer engagement model:

### access to **inputs**

SFA offers an all-inclusive service package to its network of roughly 60 village-based farmer sections, covering certified seeds, pesticides, tools, seasonal credit, and partially mechanised harvesting.

### access to **credit**

SFA has instituted a tripartite contractual system linking banks, farmers, and the processor, which ensures timely access to credit while reducing lending risks.

### access to **technical training**

SFA's in-house technical assistance department provides continuous technical training sessions, including Good Agricultural Practices (GAP) through demonstration plots and lead farmers who train peers and monitor key cultivation stages.

### access to **market**

Farmers benefit from market assurance through guaranteed purchase at the state-set price, offering stability in a fluctuating market environment.

***This integrated model provides smallholder farmers with a comprehensive range of services, offering close, hands-on guidance throughout the production cycle and fostering productivity as well as long-term, trust-based relationships.***

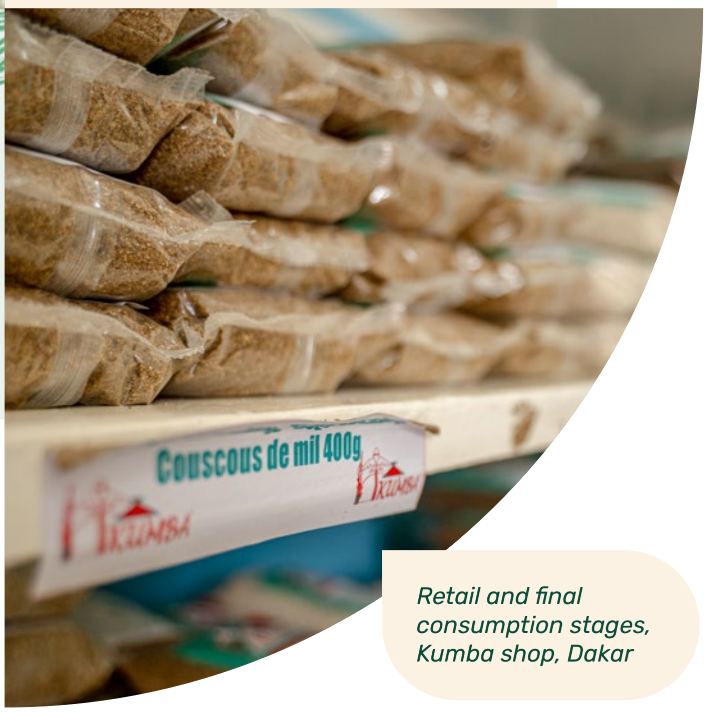
**For more information, consult SFA Snapshot**

# Free Work Services (Kumba)

supported by impact investor

balim INVESTMENTS

*Elhadji Maguette Diack, Chief Operating Officer*




*Retail and final consumption stages, Kumba shop, Dakar*

## Example from the Groundnuts Basin **millet value chain**

As one of the most well-established SMEs in the millet agro-processing space in Senegal, Free Work Services (Kumba) built its model on **direct sourcing from producers, offering both fair value distribution and quality incentives.**

Kumba provides the following services as part of its farmer engagement model:

### access to **market**

Kumba offers the formalisation of supply contracts with representatives of cooperatives. This approach is designed to strengthen predictability and security of raw millet supply while reinforcing farmer confidence in the partnership.

Farmers also benefit from a premium purchase price of 8% above the prevailing market rate. To ease cash flow and challenge side-selling, Kumba applies a staggered payment schedule, disbursing 50% at delivery.

### access to **technical training**

Kumba offers training on agroecological practices to cooperatives and their members, enabling farmers to sustainably expand the share of their harvest available for sale to Kumba.

***By partnering with established cooperatives, this model helps smallholder farmers secure a stable supply to the market, ensuring predictability and reliability for both producers and the processor.***

For more information, consult Kumba Snapshot

# about
# the SSNUP Snapshot series

The SSNUP Snapshot series is a collection of knowledge products designed to examine the role of SSNUP-supported organisations, namely small and medium-sized enterprises (SMEs), financial intermediaries, and cooperatives, across the value chains in which they operate. It focuses on the challenges and opportunities embedded within these value chains, analysing how organisations position themselves and tailor their business and engagement models across different segments. By examining how these organisations engage with and support smallholder farmers, the series seeks to inform actors supporting agri-food systems by shedding light on the range of possible levers for action within diverse value chain contexts.

# about
# the SSNUP programme

The Smallholder SustaiNability Upscaling Programme (SSNUP) is a 10-year programme launched in 2020 that aims to improve the resilience of smallholder households through technical assistance and investment in agricultural value chains, ultimately enhancing the well-being of low-income populations. Funded by the Swiss Agency for Development and Cooperation, the Liechtenstein Development Service, and the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, SSNUP works as a facility to co-finance technical assistance projects led by impact investors active in the field. ADA is responsible for coordinating the programme and managing its knowledge management component.

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