Agricultural input shops

Target audience
This good practice fact sheet is aimed at actors interested in agricultural input shops, especially umbrella and grassroots producers’ organizations (POs), men and women farmers, as well as partners and other development stakeholders.

Objective
The purpose of this fact sheet is to promote the use of agricultural input shops as a good agricultural practice and to encourage producers’ organizations and development stakeholders to adopt this technique for distributing inputs, so as to ensure better availability for men and women farmers.

Geographical coverage
This good practice fact sheet is based on experience acquired by partners of the Capitalization project being implemented in Niger in the regions of Agadez, Diffa, Dosso, Maradi, Niamey, Tahoua, Tillabery and Zinder.

Introduction
In Niger, access to inputs is crucial to the development of the agriculture and food security sector. If a country’s agricultural production is strongly affected by climatic variations, it will also be strongly influenced by poor soil fertility, characterized by a general lack of phosphorus, which severely limits productivity, even when there is good rainfall. Efficient use of mineral and organic fertilizer, combined with good crop practices, such as crop rotation and intercropping, helps to halt soil degradation, restore fertility and increase agricultural production.

However, in Niger, as in other countries of the Sahel, lack of availability of quality inputs in the right place, at the right time and in small packs is one of the main reasons for low levels of use. Demand for inputs by most small-scale farmers is in fact for very small quantities, due to their lack of financial resources and irregular rainfall, which increases the risk of poor harvests. In addition, demand is scattered, a factor which complicates supply, given farmers’ poor levels of organization and coordination. The packaging of fertilizer, usually in 50 kg sacks, is not suited to the low demand levels of the poorest farmers, who generally only buy a few kilos at a time.

To address this problem, external stakeholder initiatives set up input banks at PO level, to ensure local supplies. However, use of these banks was based on voluntary management by a village management committee, using a seasonal supply, a distribution system and sale on credit. This quickly revealed its limitations in terms of an offer that was poorly adapted to the needs of the poorest men and women farmers, who were not often members of a PO, and issues of ownership and financial viability, due to high risks of non-repayment.
With support from the FAO Project for the Promotion of the Use of Agricultural Inputs by Producer Organizations, better known as the Inputs Project, innovations were introduced in order to adapt the offer of inputs to the needs of the poorest, through the model of cooperative agricultural input shops. Between 1999 and 2008, the Inputs Project and partners helped to set up a number of input shops in Niger. Between 2009 and up until 2012, the Intensifying Agriculture by Strengthening Cooperative Input Shops (IARBIC) project and other rural initiatives continued to set up and rehabilitate input shops.

**Stakeholders**

**Men and women farmers**

Men and women farmers are the main beneficiaries and users of this practice. They may or not be members of an input shop.

**Producers’ organizations**

A producers’ organization may be a grassroots one (with female, male or mixed membership), or it may group together several grassroots POs at intermediate level, through a union, or, at a higher level, through a federation.

An input shop may belong to a grassroots PO, to a union or to a federation of POs. The following are among the main owners of a number of input shops:

Mooriben, Fédération des coopératives maraîchères du Niger (FCMN-NIYA), Dadin Karkara, Marhaba, Fédération des Unions de Boutiques d’Intrants de Zinder (FUBI), Fédération des producteurs de Tahoua (FUCAP), Fédération des Unions de producteurs de Maradi (FUMA), Fédération des producteurs de Souchet SAA, Union des Coopératives Maraîchères de l’Air (UCMA).

**Partners**

The following partners may support the setting up or effective operation of an input shop belonging to a PO, through financial, technical or methodological support:

- non-governmental organizations (NGO);
- international institutions;
- cooperation agencies;
- government technical services with departments that are decentralized from the Ministry of Agriculture and Livestock, such as agricultural districts and veterinary stations at cantonal level;
- national or international research institutes.

**Others**

Other stakeholders may include financial institutions, private input suppliers and the supply centre for inputs and agricultural materials (CAIMA), as well as community radio stations.
Methodological approach

Between 1998 and 2000, the Inputs Project worked to integrate producers’ organizations into the supply/distribution of agricultural inputs. This was done through technical strengthening and improvement of access conditions for these inputs on the one hand, especially via inventory credit, and on the other through improvements in the structure of the sector on both the supply and demand side. The Inputs Project promoted access to inputs by introducing grouped orders and setting up input stores to meet widespread demand from men and women farmers in rural areas.

From 2000 to 2008, several phases of the Inputs Project were implemented, with the core aim of promoting the setting up of input shops. The approach of this project was based on synergies and partnerships to be created with actors involved in these themes (technical and financial partners, POs, NGOs, government services, etc.).

The project activities were mainly carried out by local public and private operators, on the basis of partnerships contracts, sub-contracts or service provision arrangements.

For their part, communities made significant contributions to setting up working capital for input shops, as well as to training PO members. The Inputs Project was heavily decentralized at regional level, with the aim of supporting producers’ organizations directly involved in developing plans of action, based on partnership agreements.

The Inputs Project has popularized the concept of “input shops”, which has now been extensively adopted and rolled out by several projects, NGOs and by a number of federations. The term “input shops” was deliberately chosen to highlight the radical difference between this model and the concept of “input banks”. The input shop is designed as an economic enterprise with the aim of facilitating access to inputs for small-scale farmers and supplying local services. Indeed, the features of an input shop mean it has a greater chance of being sustainable than an input bank, which mainly handles credit sales.

During its three phases, the Inputs Project has contributed to the creation and/or strengthening of a network of nearly 350 input shops in eight regions of the country, based on partnership agreements with federations, unions, projects and NGOs. In parallel, it has played an important role in the emergence of dynamic POs in dealing with simple themes which answer the needs of men and women farmers. By putting POs in touch with each other, it has encouraged new unions and federations to be formed, consolidating those that already exist. The setting up of infrastructures has been closely linked to capacity strengthening for POs, especially through training in the role of associations in community life, as well as in accounting and stock management, and by organizing exchange visits. By means of techniques developed and the advisory support set in place, the Inputs Project has also helped to provide producers’ organizations with the capacities to supply local services to their members.

In 2006, FAO and the Inputs Project also engaged in developing a decentralized and partnership strategy on input supply for sustainable agriculture (SIAD), while launching two projects, one of which, IARBIC, was national, while the other, the Capitalization of Good Practices in Support of Agricultural Production and Food Security project, was international. Although some of the 300 input shops registered at the end of 2007 quickly showed signs of weak management or unsustainability, the government of Niger, through its Rural Development Strategy (RDS) and together with FAO and a number of donors, pushed for a new FAO project to be launched that would set in place new input shops, so as to contribute to one of the RDS goals – that of bringing the number of input shops in Niger to over 1000. The result was the IARBIC project, which was created to set up – through a call for proposals – some 200 new input shops and to rehabilitate about one hundred others.

All the POs in Niger responded to the three calls for proposals launched by the project between 2009 and 2011. A number of them were selected on the basis of predefined criteria and a Memorandum of Understanding was signed between them and FAO to enable them to obtain the funds needed to set up and/or rehabilitate input shops, purchase small-scale equipment and build working capital fund to kickstart the shops’ activities.

The Capitalization project, a strategic partner in this initiative, was set up to build on all the lessons learned from the Inputs Project and the IARBIC project regarding good practices for agricultural input management, while being careful to analyse the issues from a gender perspective.
The input shops set in place in Niger, following the model recommended by the FAO projects, are autonomous entities of an associative or cooperative nature which sell agricultural inputs (fertilizer, seeds, phytosanitary products and livestock and veterinary products, etc.). They can be grouped into a network and are owned by grassroots producers’ organizations, unions or federations of POs.

The activities and services offered by input shops are varied:

- Selling day-to-day agricultural inputs on a cash basis (fertilizer, seeds, pesticides, veterinary and livestock products, small-scale agricultural materials);
- Grouping orders for inputs;
- Phytosanitary treatment in collaboration with recognized handlers;
- Hiring out small-scale agricultural and veterinary material (equipment for phytosanitary treatment, HATA hoes, seeders, wheelbarrows, carts, motor pumps, etc.);
- Advisory support to men and women farmers on agricultural techniques (fertilization, weeding, etc.) and basic veterinary treatments (deworming, livestock vaccination);
- Disseminating information on types of inputs available in the shop, as well as on prices and how to apply and/or use products;
- Organization of training in methods for using inputs and rented agricultural appliances;
- Fertilizer microdosing demonstrations (related to research), or other innovative and validated techniques.
In order to be able to launch its activities, an inputs shop must have sufficient working capital. This is wholly or partially made up of the producers’ organization’s own funds. These funds come from PO member contributions (in the form of membership shares). External support (max 50%) can be added to these contributions.

Sales are in cash and credit is prohibited, so as to guarantee:
- Protection of working capital, avoiding risks of non-repayment which would jeopardize an input shop’s financial viability;
- The availability of inputs through regular restocking;
- Coverage of running costs.

Input shops are not profit-seeking in the same way as private distributors, but they do nevertheless have to clear a sufficient margin to ensure that they are self-financing and to cover their outgoings, while at the same time fulfilling their social vocation, which is to extend their services to everyone, including the most vulnerable. They differ from input banks, which give credit and only offer their service to their members. All men and women farmers have access to input shop services (members and non-members of the PO), even if the price charged for products may sometimes vary between a member and a non-member. The price charged is the equivalent of the cost price paid by the input shop, with the addition of compensation for the manager or manageress. It is interesting to note that, in contrast with trends in other countries, in Niger it is the POs that have developed the input shops, rather than private distributors. This is due to the fact that the government of Niger continues to make batches of subsidized fertilizer available on the market in an unpredictable manner, with the effect of discouraging any private initiative from importing fertilizer at the market price.

**Validation**

Since the first input shops were set in place in the early 1990s, a number of studies and inquiries that have included POs have been conducted by the Inputs Project, IARBIC and the Capitalization projects. Among other factors, these inquiries analysed store sales, their impact on agricultural production, latent demand and their area of influence. From the outset, the input shops have clearly emerged as a good agricultural practice for Niger.

The number of input shops has constantly grown in Niger since 1999 (the year that the Inputs Project was launched). Some 935 shops had been registered throughout the country by the close of 2012.

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1 This figure should, however, be put in perspective, since it has been observed that some input stores are no longer truly functioning. A new national inquiry into input shops would therefore be useful, in order to map the stores in a detailed manner and collect useful qualitative and quantitative information about them as part of the monitoring and evaluation process for these stores.
Through various projects, a number of input shops have been set up in the country’s eight regions, in an effort to improve national coverage. The input shops are distributed among the country’s eight regions, in 34 departments and 235 of Niger’s 265 municipalities.

**Agricultural input shops in Niger in 2012**

In addition, there has been an increase in the promotion of input shops by a growing number of producers’ organizations and by technical and financial development partners.

**Impact**

The needs of farmers are reflected in the products offered by input shops. By providing local services, these play an increasing role in offering access to inputs and diffusing techniques for using them. Various studies conducted by the Inputs Project and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) have shown that setting up input shops has had immediate impacts on latent demand. The presence of an input shop fills strong retail demand for fertilizer that matches the low budgets of households. This is reflected in a higher rate of consumption of this input, leading to higher yields and agricultural production. For example, in the villages of Karabedji and Bokki, an analysis of the contribution of input shops to input supplies of people in these villages and surroundings shows:

- **A substantial growth in input consumption** by farmers in input shops’ area of influence since they were set up. In Karabedji, fertilizer sales rose from 500 kg in 1999 to 3000 kg the following year, of which 1000 kg were sold in packets of 1 kg (100% of people surveyed approved this form of packaging, which enables the poorest communities to buy fertilizer) before levelling off at around 2000 kg in subsequent years. At these two shops, women clients accounted for an average 5% of sales. In Bokki, as the chart below shows, fertilizer sales grew during the years after the shop opened, peaking in 2007 before dropping and then stabilizing, with the exception of 2011, when fertilizer was sold on credit by a trader in the village;
Diversification of input types: the input shops have enabled many users to discover new inputs, such as DAP phosphorous and nitrogen fertilizer;

Improvement in animal health through the sale of livestock and veterinary products or the availability of feed blocks in some stores. In the village of Karabedji, an input shop initiative has offered vaccination of poultry against Newcastle Disease;

An impact on crop yields: for example, millet produces average yields of 486 kg/ha in villages not served by input shops, compared with 541 kg/ha in villages that have a shop;

Greater consumer satisfaction with presentation (packaging in small quantities), quality and prices of inputs sold in shops. Clients consider the inputs sold by input shops to be of better quality and less expensive than those sold at market;

Supply of non-members of unions owning shops. Non-members supplied by the input shop in Karabedji account for an average of over 58% of the clientele;

A number of villages are influenced by input shops. A shop has an average range of influence of about 20 km.

The features outlined here are the results of specific studies on certain input shops, but they apply to the vast majority of shops operating in Niger. The input shops also have a positive impact on the livelihoods of beneficiaries by ensuring, through their products and services:

Almost permanent inputs (specifically fertilizer), due to the constant supply of fertilizer by input shops. This is made possible by the setting up of working capital, and gradually increasing this fund to significant levels, but also through a greater awareness of the need for fertilizer by POs and men and women farmers, leading to the grouping of orders;

Advisory support, which input shops offer in terms of information and training on fertilizer and its application;

"The input shop has woken us up," says one client. "Before it opened near us, I used to set off to buy fertilizer at the market, without making any distinction between NPK 15-15-15, DAP and urea. Today, I can tell the difference between types of fertilizer. It is hard to find any member of our union who can’t differentiate between types of fertilizer."

Demonstrations to promote fertilizer microdosing. An input shop is often linked to a Farmer Field School (FFS), since these help rural communities to gain a clear understanding of the role that each input plays in crop production.

"Applying fertilizer to our crops has helped us to discover in real terms the important role played by fertilizer in agricultural production," explains another member of the Alheri Union in Goberi. "That is due to the existence of the input shop and the quality of its products."
Innovations and success factors

The main innovations introduced by the setting up of input shops are:

- An adequate response to the needs of the poorest men and women farmers by offering packs of small quantities of inputs (for example, 1 kg packets of fertilizer), enabling them to buy the quantity they can afford with their scarce financial resources. In addition, it is through the setting up of input shops that the existence has emerged of a demand which only becomes apparent when fertilizer becomes available: latent demand. Through their input shops, the POs have therefore supplied a “social” service by responding to this demand, which no dealer would have attempted to do;

- **Cash sales** in the input shops and a ban on credit. This has, on the one hand, enabled farmers to become more responsible and show more reliable behaviour at the time of purchase, and on the other to improve a shop’s prospects of sustainability. Prohibiting credit has also made it possible to attract “supplier” credit. In effect, a wholesaler confident that an input shop has the reputation of always selling in cash may supply fertilizer for sale without requiring payment until the sacks have been sold;

- **Better understanding of inputs** by men and women farmers and an improvement in the availability of these inputs;

- **The organization of grouped orders** by the input shop or PO that owns it (grassroots PO, union or federation) for men and women farmers, both members and non-members, who obtain supplies from the shop, as well as for neighbouring POs who may be members or non-members of the shop;

- **Local services supplied to farmers** (advisory support on use of inputs, phytosanitary treatment, hiring of small-scale agricultural and veterinary material, etc.).

To ensure the success of input shops, there are certain key prerequisites:

- **Sufficient demand for inputs** to ensure economic viability for the input shop;

- A range of varied products (fertilizer, seeds, phytosanitary and veterinary products, feedblocks, etc.), adapted to local crops and conditions, at competitive and affordable prices, so as to fulfil the social role and respond to demand;

- The offer of local varied quality services that are available to men and women farmers, who may be members or non-members, and to male, female and mixed POs in equal measure;

- A good geographical location that guarantees easy accessibility (close to a main road and in an area not prone to flooding, etc.);

- The presence, close to the input shop, of a centre of activities for training (Farmers Field Schools, demonstrations, etc.), information (rural radio, posters, exchanges), income-generating activities (markets, inventory credit, product processing, livestock fattening, seed multiplication, etc.) and finance (banks, decentralized financial systems, etc.);

- **Producers’ organizations must be dynamic and responsible**, in charge of their own development;

- **Good governance and good organization of the input shop**, especially by setting in places rules of procedure. All clients and PO members benefit if this is strictly applied;

- The setting up of a management committee for an input shop, elected democratically during a PO general assembly and renewable every 3 years. The shop should also have an independent audit committee to provide an impartial outside view, made up of 2 or 3 external auditors;

- Good professional management of the input shop by a person (manager or manageress) who is literate, with a good level of education. He or she should be paid on the basis of financial results and should have received training in input shop management. This person should keep a management notebook and produce monthly management reports. Good stock management is also crucial, so as to prepare for orders and avoid any disruption of service;

- **Strengthening capacities** of officials and members of POs who are owners of input shops (literacy, management, marketing, women’s leadership, associations, fertilization, etc.);

- A system of regular monitoring of input shops by their PO, union or federations. Ideally, if the PO owner of the input shop is not a union or federation, it should be affiliated to one of these bodies, so that this role of monitoring can be carried out by the umbrella organization;

- Effective collaboration with local/regional government rural engineering services (for construction and rehabilitation) of livestock and protection of plants, to facilitate service provision (phytosanitary...
Contraintes

Constraints which may prevent the effective operation of input shops are:

- Lack of clients and difficulty selling products due to failure to address certain prerequisites described above, or to unforeseeable external factors:
  - Poor geographical location, inadequate goods and services, or ones that are ill suited to demand, competition from local markets (especially in regions close to Nigeria), etc.;
  - Lack of interest or knowledge on the part of farmers of the advantages of inputs;
  - Unfavourable weather conditions for crops;
  - Local initiatives or emergency projects (made available to farmers in the form of seeds or fertilizer, a municipality that offers fertilizer on credit, etc.)
- Failure by POs that are members of input shops to fulfil commitments to pay contributions towards the setting up and replenishment of working capital;
- Poor management of an input shop due to omission by manager or manageress in compiling management tools, such as management notebook, and failure to respect good management principles in running the shop;
- Low capacities of management committee members and officials of POs that are members of a shop;
- Impunity for any misappropriation of funds, failure to repay credit, even though this is prohibited;
- Limited availability and presence of the manager or manageress caused by non-payment for his or her work, or other tasks and activities that have to be combined at the same time;
- Low level of involvement and participation of members of female POs in input shop activities, even though in the case of some POs, women are in the majority and have sometimes made significant contributions to the setting up of working capital;
- Lack of access to good land for women farmers, with the result that they can only benefit at a very low level from products and services offered by the input shop;
- A breakdown in fertilizer supply at the procurement centre or default by certain suppliers for some types of inputs, including DAP, which is very popular with farmers.

Constraints encountered by users of input shops may include:

- Poor knowledge on the part of farmers of the advantages of, and methods for applying inputs, due to lack of training and awareness-raising;
- High levels of illiteracy;
- Lack of information about the shop (activities, products available, opening hours, etc.).

Constraints encountered by POs include:

- Conflicts that may arise between some PO members caused, for example, by failure to respect internal procedure by some people or by disagreements over land issues;
- Low levels of participation of grassroots PO members, especially women, in general assemblies for the union and federation.
Lessons learned

By offering diversified products that are adapted to clients' needs, input shops have greatly contributed to improving the supply of quality inputs to the poorest small-scale men and women farmers. The experience in Niger has been watched with interest by a number of producers' organizations in neighbouring countries, due to the fact that it is the POs that have launched the network of input shops, rather than private distributors of fertilizer.

During the early years of setting up input shops in Niger, special attention was paid to ensuring that the shops were linked through a network. The effective operation of input shops relies partly on the fact that networked stores belong to a group known as an Input Supply System (ISS), which federations or unions have gradually organized, as seen in the following diagram:

However, this concept does not always work and many shops do not have the advantage of an ISS or group order system to ensure better supply for their shop. This is because:

- A number of input shops set up in the past few years are owned by isolated POs that are not affiliated to a union or federation;
- Poor management of many shops makes group orders impossible;
- There is lack of communication between input shops.
Sustainability

For this practice to be sustainable, it is crucial to:

- Establish a relationship of trust between clients and the input shop by:
  - offering truly useful services to men and women farmers (information on inputs, advice on application techniques, advisory support, etc.);
  - selling quality products that respond to demand, while taking account of the crops grown by farmers;
- Ensure that input shops clear a sufficient profit margin to at least enable them to maintain their working capital, in order to guarantee at least partial self-financing of activities, including regular input supplies, infrastructure maintenance, etc;
- Ensure that the input shop is part of a network, which may be that of a union or a PO. In this case, the input shop will be owned by either the union or a grassroots PO affiliated to that union, which may itself be affiliated to a federation through a formal act. This federation will provide, among other services, monitoring and technical support, so as to ensure the effective operation of the input shop.

The sustainability of such an experience will to some degree depend on the capacity of the PO owners to communicate, manage, organize and monitor the input shops that they own. These POs must take care to implement the following features:

- Guidance, monitoring and evaluation for management committees;
- Application sensu stricto of rules of procedure;
- Capacity strengthening and retraining of PO officials and members in charge of decision-making, purchases, supplies, management, advisory support, etc.;
- Powerful internal communication, so that information transfer (products available at the shop, diffusion of rules of procedure, reports, etc.) is efficient;
- Know-how for conflict management;

Certain other factors may also contribute to the sustainability of this practice:

- The existence of irrigated cultivation sites nearby, so that input shop activities can continue year-round;
- Diversification of input shop activities.

Up-scaling

This practice exists in many other African countries. Agricultural input shops run on a cooperative basis are also being set up in Burkina Faso, where most of the input shops that are already present are private enterprises.

This practice can easily be scaled up within the country or elsewhere, and this has already happened in Niger in recent years. However, it is extremely important to respect the conditions described earlier in this fact sheet. Before proceeding, it is also crucial to examine the context in which an input shop is to be set up, as well as the needs of the rural communities, for this practice can clearly not be replicated just anywhere.
Conclusion

Input shops have become a good practice in Niger, particularly for the innovations they have introduced, the services that they have offered and the important role they have played in helping the poorest men and women farmers.

However, they have in a sense become victims of their success. Indeed, after an unprecedented period of expansion in recent years, during which the number of input shops has risen to more than 900 in Niger, it is now important to take the time to map and study them in detail, so as to determine which of them are fully functional and especially to set in place a monitoring system (overseen by the federations), which is crucial to their continued development and consolidation.

Below are some comments from a woman farmer, a supply manager and a federation official:

« Input stores play an important role in our area. Before they existed, we had to travel long distances to find fertilizer, which was often poor quality. Now that the store has been set up close by, the distances are much shorter and the store supplies us with very high quality local services », comments a woman farmer from the Aheri Union of Goberi.

« Input shops are local social services that provide access to inputs for the poorest farmers, because they are sold at retail. The input shops have also made it possible to disseminate and popularize the use of inputs with farmers at local level, in so doing improving yields for their crops and, in addition, combating food insecurity. But there are also difficulties caused by the poor level of some managers and management committee officials, and problems of collapses in input supplies, meaning that farmers don’t have access to products when they need them. », Abdou Amadou, supply manager for the FCMN-Niya Federation.

« The concept of input shops is very useful in helping farmers to have more effective access to inputs. It is also an important tool for POs, since it enables them to provide services for their members and to diversify…the shops must help to solve problems of input access at local level and supply local services that are lacking. These shops save time and money for farmers. They have many advantages, but a number of factors limit the smooth running of some of them, such as, for example, lack of resources (working capital) to pay for inputs in sufficient quantities to satisfy demand. To improve this situation, the federations or POs must find solutions to strengthen the working capital of these shops, so that they can procure adequate supplies of quality inputs », explains the Director of the FUMA federation.

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