



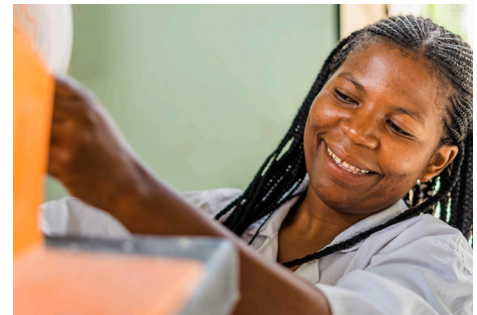
SUPPORTED BY:



AA NAFKA STORE SUPPLY LIMITED

Songwe and Dar es Salaam, Tanzania

AA Nafaka Store Supply Limited has an inclusive vision for doing business, sourcing grains from smallholder farmers—primarily women—and producing nutritious food for bottom-of-the-pyramid



(BoP) markets. The COVID-19 pandemic made it difficult for the business to sell its products, resulting in employee layoffs and delayed payments to farmers. Support from Visa Foundation and the Coalition for Farmer-Allied Intermediaries (CFAI) helped the company to resume its operations, diversify its product portfolio, and chart a growth strategy consistent with its inclusive vision.

About the Coalition for Farmer-Allied Intermediaries

In response to COVID-19's impact on vulnerable food systems, a group of pioneering organizations working with 600+ African food companies joined together to launch the Coalition for Farmer-Allied Intermediaries (CFAI). Its mission is to catalyze a movement around vital small- and medium-sized agro-food businesses in order to transform and build more resilient African food systems. In 2021, Visa Foundation provided resiliency grants and enabled provision of technical assistance to eight Sub-Saharan food processing companies to help them navigate the continuing COVID-19 crisis, adapt to shifting market demands, and return to inclusive growth. TechnoServe and Partners in Food Solutions provided technical assistance to these firms through the Alliance for Inclusive and Nutritious Food Processing program, which is funded by USAID's Feed the Future initiative.

AT-A-GLANCE

SECTOR	FORTIFIED FLOURS, SUNFLOWER COOKING OIL, RICE
Challenges from COVID-19	Distribution to schools and other regions was halted, leading to steep declines in sales; limited working capital forced the business to lay off employees and delay payments to farmers
CFAI support	\$45,000 grant to fund raw-material purchases, staff salaries, product adaptation, and PPE; technical assistance to improve sourcing, safe operations, and marketing; development of an inclusive business plan
Key results	Company purchased approximately \$40,000 of grain grown by 165 smallholder farmers (80% women); company was able to rehire laid off employees; development of new fortified products for BoP consumers; inclusive business plan to scale-up sourcing from smallholders

ABOUT AA NAFKA STORE LIMITED

Severina Paul Mwakateba founded AA Nafaka Store Supply Limited in 2012 with the goal of creating a food processing business that would raise the incomes of farmers and increase the supply of high-quality food for Tanzanian consumers.

AA Nafaka's product portfolio is diverse, ranging from fortified flours to sunflower oil to polished rice. The company built market share by distributing its products through multiple channels in several regions across the country, and schools became particularly important customers for the firm. In 2019, AA Nafaka recorded more than \$600,000 in sales, and the installation of additional milling equipment offered the ability for the firm to grow even more.

To meet this demand, AA Nafaka sources crops from smallholder farmers—and particularly women farmers—in the Songwe and Mbeya regions. Over the years, the company has nurtured relationships with smallholders in order to build trust and loyalty and help the farmers meet AA Nafaka's quality and volume requirements.

CHALLENGES FROM COVID-19

The COVID-19 pandemic almost immediately upended AA Nafaka's sales strategy. Transportation restrictions and other public-health measures made it difficult for the firm to distribute its products to other regions of the country. At the same time, the closure of schools for months deprived AA Nafaka of a vital market.

With sales lagging, AA Nafaka did not have sufficient working capital to pay farmers on time, and the bonds that the company had formed with smallholders began to fray. Purchases from smallholders and aggregators fell by 60%, and seven of the company's employees were laid off.

RESPONDING WITH CFAI

Through CFAI, AA Nafaka received a \$45,000 resiliency grant from Visa Foundation, with most of the money allocated to the purchase of raw materials and smaller amounts for salaries and PPE for employees.

TechnoServe business advisors also provided technical assistance to AA Nafaka's managers in order to improve the company's sourcing and marketing strategies and to operate safely. Finally, business advisors worked with the company to develop an inclusive business plan that would enable AA Nafaka to more affordably purchase the crops it needs to scale up its operations, and also improve the livelihoods of thousands of smallholder farmers.

RESULTS AND IMPACT

The resiliency grant and technical assistance helped AA Nafaka persevere through the difficult times of the pandemic. The grant covered the salaries of almost half of AA Nafaka's workers, and the funding enabled the company to rehire three of the employees who had been laid off.

Grant funding also helped AA Nafaka purchase more than \$20,000 of crops directly from 112 smallholder farmers—80% of whom were women—and \$19,000 of crops from an aggregator that sources from smallholder farmers. These purchases allowed the company to improve the utilization rate of its processing facilities.

The company also adapted its marketing to meet the changing circumstances. It adopted online and door-to-door sales models in order to reach bottom-of-the-pyramid (BoP) consumers and began production of smaller, more affordable packages of its fortified flours, targeting these BoP consumers.



VISION FOR THE FUTURE

AA Nafaka is currently working to identify partners to help it implement the new inclusive business plan developed with support from CFAI and Visa Foundation. This business plan, which presents a sourcing model focused on organized farmer groups, would allow the firm to dramatically increase its sales volumes and profits while improving the livelihoods of more than 2,000 smallholder farmers and boosting the supply of nutritious and fortified foods available to BoP consumers and vulnerable communities.