



# Inclusive Apiculture Business Development through Enhancing Private Sector Roles: Lessons from ASPIRE

## The challenge

A thriving private sector is an important precondition to improving income and employment prospects, and the eradication of poverty.<sup>1</sup> The Ethiopian government and others agree that ending hunger, poverty and malnutrition requires innovations and market-based solutions.<sup>2</sup>

Currently, the private sector in Ethiopia is developing faster than at any time previously. Even so, private sector actors in the apiculture sector share the same attitudinal and capacity challenges as those in other sectors. These actors are starting up businesses and enterprises, trying to develop and transform the traditional production and trading practices. They face financial shortages, and require business and modern management skills to make more of their investments and grow their businesses.

## The goal

Private sector development is the core function in ASPIRE's business development pillar, with the overall aim of transforming subsistent beekeepers into commercial producers in line with the project's objective to increase honey and other bee product exports. As per ASPIRE's working definition, the private sector includes processing companies, exporters, cooperative/unions or any private actors engaged in apiculture product production, processing or trading. Specifically, ASPIRE takes the view that market opportunities can be better explored by strong private sector actors who are close to end markets, including processors and exporters. Strengthening downstream private sector actors creates market opportunities for upstream actors (the 'pull' in value chain supply development).

In addition, globalisation and liberalisation push businesses to more exclusive chains between preferred partners, with some markets demanding full traceability of the product and its ingredients.<sup>3</sup>

## The solutions

### Business models

ASPIRE promoted two flexible and innovative business linkage models. The first option – a private sector-led model – is where the private sector takes the lead with different types of out-grower arrangement around a nucleus farm or model apiary site. Input and service package delivery is coordinated around this envisaged long-term business relationship as an embedded service.

The second model – a supporter-led buyers light touch business model – is used where processors or other companies have no presence; the business arrangement is established with light touch support from the private sector, with more ground mobilisation and capacity development tasks coordinated by other local actors. There are also other initiatives that fall somewhere between these two models.

### Support services

ASPIRE supported the private sector in establishing business relationships with beekeepers, international buyers, financial service providers and other value chain actors. The support services included:

- **Business relationship development with beekeepers:** ASPIRE provided more support to the private sector, especially to those organisations in the middle of the value chain. To enhance private companies' outreach service in training and other embedded services, a matchmaking grant was provided on a competitive basis. Based on the proposal and agreements, the required actions for the establishment of business

<sup>1</sup> BCCI, 2014, *Private Sector Development – The Way Forward*.

<sup>2</sup> <https://feedthefuture.gov/article/maximizing-efforts-through-private-sector-partnerships>

<sup>3</sup> ASPIRE project document.

relationships with beekeepers included training in production and quality, setting up demonstration sites, and honey collection arrangements. ASPIRE minimum-level training was provided to successful companies' staff and those of their local partners. Follow-up visits were conducted based on clear milestones and coaching. Relationships were developed with local support actors, facilitated by the ASPIRE project team.

- Developing internal business management and building the export capacity of companies:** ASPIRE followed three main steps to help companies prepare for the export market: gap analysis; marketing strategy development; and matchmaking. The gap analysis showed which processors had the best chance of realising exports within the programme timeframe, and which capacities needed to be developed. The results of the gap analysis resulted in seven processors being selected for intensive support. They were trained and coached in developing their marketing strategy. ASPIRE also provided technical capacities through training and coaching in ISO certification, organic certification, internal management capacity strengthening and so on. Based on the market strategy, companies were supported to participate in international trade fairs, such as Biofach organic trade fair in Germany and Apiexpo Africa in the region, with prearranged visits and discussions with potential international buyers. The matchmaking process was informed by a pre-market assessment and a buyer's requirement analysis.
- Aspire Guarantee Facility (AGF):** ASPIRE established a guarantee facility in order to increase processors' capacity to be able to buy honey from beekeepers and to encourage embedded service provision for long-term honey supply. The AGF started out with an initial capital of €800,000, in addition to €388,000 from Oxfam GB, which created a guarantee fund of approximately €1.18 million. Since the start of its operations, AGF has provided partial guarantees for about 23 commercial loans to 10 aggregating honey value chain actors and two MFIs, with a total loan value of ETB 63 million (€2.8 million). Cumulatively, about 22,501 beekeepers benefited from 14 working capital and nine input loans, including loans provided by the two MFIs.

## The results

**Increased business links:** With ASPIRE's support, more than 28 business relationships were established, with a beekeeper outreach of between a few hundred to a few thousand per company. As at 2016, cooperative or collaborative links were created with about 23,641 beekeepers and processing/export companies. The embedded service provision by the private sector actors increased as indicated in Figure 1.

**Increased embedded service provision:** Following the business relationships that were established, the embedded service on training increased its coverage from less than 20% in 2013 to 73% in 2017; that of the advisory services increased from about 16% to more than 41%. Technology and financial embedded services increased from 3% to 13%, and from 5% to 11%, respectively. With project support, the number of companies that provided an embedded service as a new practice reached 28.

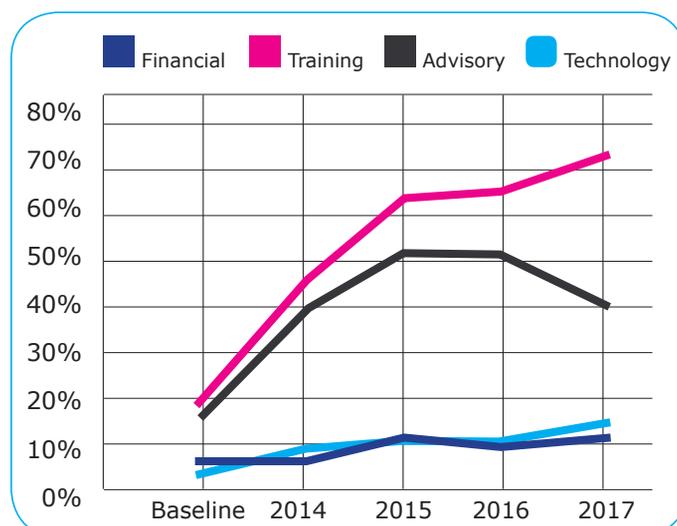


Figure 1: Embedded service trend

Private sector actors who engaged in ASPIRE increased their capacity to source and fulfil international buyers' requirements. For example, four processors now have a certified food safety management system in place, and five have an organic certificate. Among others, Zembaba Union exported its first shipment of honey to Norway; Yerkisho shipped a total of 17.6 tons of honey to Europe; and cooperative unions in SNNPR purchased 72 tons of honey from their primary cooperatives during 2016. At the start of ASPIRE, three Ethiopian processors had the capacity to export full container loads of honey to Europe: Beza Mar, Apinec and Tutu. At the end of ASPIRE, eight processors, including the six ASPIRE participants, had the capacity to export to Europe.

In terms of ASPIRE's targeted beekeepers, Figure 2 shows the average income from the sale of honey and other bee products in 2017, which reached about €397 for men and €328 for women, an increase from the baseline of more than 220% and 300%, respectively.<sup>4</sup>

## Lessons learned

- It is important to recognise the capacity level of private companies, especially start-ups and companies with limited experience in the sector, so that any similar programmes in the future are designed to stimulate companies to develop their businesses in smaller steps.

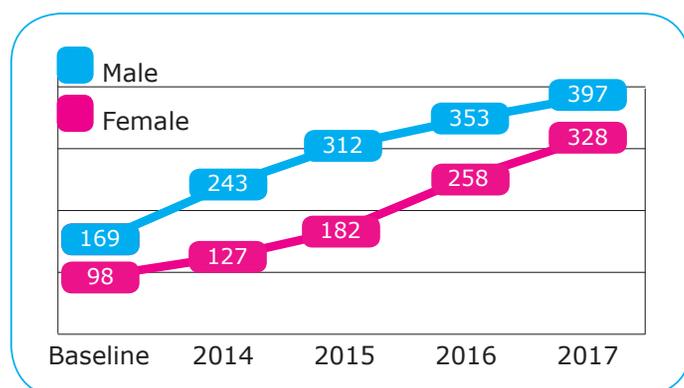


Figure 2: Income increase trend

<sup>4</sup> PRIN, 2017, Independent Longitudinal Impact Study.