Business Model for promotion of PHM technologies.
First impressions of contacted private sector actors.

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Objective: To understand the input supply chain for PHM technologies, share and validate the business models.

We conducted a visit to Nampula and Nacala where we contacted the private sector actors and partners. On private sector side: we contacted the input suppliers for metal sheets, polypropylene bags and agrochemicals such as actellic, phostoxin, etc.
We visited the MMI steel and we spoke to Manager in Nacala and the sales person in Nampula where we found that: the factory is producing metal sheets but it is at initial stage. The factory provides mostly sheets for roofing houses. They sell directly to big retailers located in the districts. Mr. Hemant (manager) also said he would not produce the required metal sheets under a minimum order of 10 – 12 tons, since this material usually is not produced, or not marketed. Since the production depends up on the demand, one concern of ours now is the minimum quantity of metal sheet that MMI is prepared to deliver. (who will order at this stage???). Since the project should not be the purchaser. Considering our context but we have to think a little bit more.
A role of 12 tons is estimated to provide 3,150 m of metal sheet = 661’500 MZN =19’488 USD.
Considering 3 sheets each 1,6 m for a silo of 300Kg , without calculating wastage it would be possible to produce some 657 silos.

661,500 MZN / 657 silos = 1000 Mts for metal sheets for a 300 kg silo, 30 USD at whole sale price.
Now we only need to find the 657 farmers to order silos, or find a sponsor to buy the first 12 tons of metal sheet. Since the sellers will not wait 2 years to sell the metal sheets.
We spoke to the sales agent in Nampula, who is ready to ensure the delivery of any number of sheets to any of his clients in the districts (he did not want to share his client list – yet). Only it should be ensured that the material is in demand. He said his clients would not like to keep
large stocks, they want a turnover. His recommendation was to stay in and around Nampula for logistics reasons. We still prefer Chiure, for its potential of development, easy access and exposure, particularly along the highway. One option would be to stay in one district for the easy monitoring and supervision in the beginning. But the question is how to ensure the demand of 650 silos in only one district??.

Credit and MicroFinance Institutions
We had a meeting with GAPI which could provide training in basic business skills and access to credit, but only for amounts of 50’000 – 3 Million MTs. So, this would be rather for artisans at the lower end, but I doubt that they have guaranties. GAPI would never provide small loans to producers as would be necessary for a silo or two. But they could provide training on Saving & Credit groups.

Agrochemical
AGRIFOCUS (a big input supplier company) for Actelic and Phostoxin. ACTELIC, is only a matter to create the linkage between Nampula and district retailers. The problem is, if we could get Ministry of Industry and Trade or Ministry of Health to demand registration of traders of these chemicals to avoid falsification.

COOSEN – in Mecuburi. They are currently providers of inputs in Mecuburi and they want to expand to other districts like Chiure, Ancuabe, Namuno. Only in Mecuburi they hold a shop but on other districts they have sales agents who provide info on demand and delivery.

Polypropylene Bags
SANA SACARIA (Polypropylene Bags): Again here is a matter of creating a linkage b/w Provincial, district and community retailers. Another issue would be to influence the big companies that supply bags to local small traders involved in buying of grains on labeling to provide certain instruction like how to use actellic and so on.

Artisans
In 2014, 4 artisans were trained for production of metal silos and manuals were given to them. The last 2 months we assisted them on revision of metal silos.
Main challenges: to ensure the standard measurement and quality silos continuous monitoring is required (master trainer = time / availability / incentive??). Artisans require to understand very well the manual and calculations (units=mm, cm, m).

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