

# Alizetics

## Providing smallholders with access to the sunflower oilseed market

The for profit social enterprise Alizetics buys sunflower oilseeds from smallholder farmers in Northern Tanzania and sells the seeds in bulk to oil processing companies in the Tanzanian domestic market. Alizetics is the first oilseed trading company in Tanzania that focuses on smallholders and provides services for this group, including training, market price information, and logistics.

In its first year of operation, 2014, Alizetics traded 400,000 kg of sunflower seed with a revenue of USD 185,000 and an 18% gross margin. In 2015, Alizetics was able to increase its trading volume and revenue to 554,000 kg and USD 240,000 respectively, as well as improve its gross margin to 32%. Through 2018, Alizetics will scale-up towards a trading volume of 5 million kg and net profits of USD 150,000, serving 16,000 smallholders.

### Smallholder farmers and the sunflower oilseed market

In the remote areas of Northern Tanzania, market inefficiencies exclude smallholder farmers from formal markets, keeping them insecure of sufficient income to provide for their families. Generally, smallholders sell their yield in small quantities to traders who they meet in open markets, which usually take place once or twice a week. Low prices are paid because of the small amounts and the poor quality of the produce.

In recent years more and more smallholders have moved into growing sunflowers for the production of oilseeds. Producing sunflower oilseeds is relatively easy compared to other cash crops that are cultivated in Northern Tanzania and with an enormous national demand for edible oils, this makes sunflower an attractive cash crop for smallholders. Currently, sunflower is mainly produced on small-scale farms.

### Our model

Against this background, Alizetics buys sunflower oilseeds from smallholders for onward selling. Working with the farmers' community-based organisations in the set-up of locally-operated buying centers in the communities, Alizetics provides smallholders with a transparent market and allows them to generate a significant income from sunflower.



Alizetics works closely together with sister company Agrics to grow the number of smallholders producing sunflower oilseeds, and to increase both volume and quality of the oilseeds produced. This is most visible through the set-up of demo plots and other forms of capacity building as well as the organisation of joint communications to farmers, local government and seed and fertilizer manufacturers/distributors.

Over the next few years, Alizetics will scale-up its operations in order to become profitable. In addition, Alizetics is preparing pilots for crude oil processing as well as diversification to other oil-containing crops, in order to increase margins and volumes, and spread risks. Alizetics is also looking into several business process innovations, such as the use of mobile payment in the buying process.

### Contact

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