

Engaging small-scale salt producers

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Small scale salt production in Djegbadji, Benin. Artisanal salt farmers here dig off the top layer of soil near their homes then filter water through the dirt to draw out salt. They later boil the water to collect the salt. ©Sunday Alamba.

One common constraint to national USI programs is the supply of salt by scattered small-scale producers. Often small processors cannot afford inputs needed to adequately iodize their salt. And governments often do not have the resources to regulate a fragmented industry.

GAIN piloted an approach to facilitate viable salt iodization among small-scale salt producers. The pilot demonstrated that as long as strong financial and technical support is provided, issues around iodization for small-scale artisanal salt farmers that typically lack adequate iodizing technology and quality assurance measures can be addressed. However, the pilot indicated that long-term financial viability among artisanal farmers is difficult to achieve after financial and technical support is withdrawn, especially where regulatory monitoring is not in place.

In Ghana, small-scale production covers up to 40% of the market of 400,000 MT/year. From 2008 – 2012, GAIN, as part of the GAIN-UNICEF USI Partnership Project piloted a model in Nyanyano, Ghana to organize small-scale producers into a collective “Salt Bank Cooperative” (SBC). The Nyanyano SBC was established in 2010 with 43 members, an elected board, and 3 full time employees. The SBC purchased salt from its members in order to process, iodize, quality assure, package, and sell through existing market channels, and redistributed sales surpluses back to members.

GAIN provided the SBC with a working capital loan and extensive training. This resulted in the establishment of the only iodization facility in the region and only iodization cooperative in Ghana, strong awareness and know-how of iodization in

Nyanyano, and in the production and sales of iodized salt. However, despite this success, the NSB did not reach financial viability, which according to one of the business models, had been forecasted for September 2013. Sales margins of only 7.9% were too small to cover the operational costs of the bank and it functioned with losses. The pilot project demonstrated several key learnings and recommendations which can be applied in other contexts when working with small-scale salt iodization projects:

- Do not restrict the model to a cooperative if another organizing approach works better.

If a cooperative is agreed, ensure the concept is fully embraced by all members.

- Understand the market environment, existing salt trade flows, consumer preferences, and geographic location.
 - Establish a business plan jointly between investors, SBC management, and the board. Define a competitive advantage rather than attempting a monopoly.
 - Start small, then scale up fast in order to first prove the business model before locking in working capital in excess machinery.
 - Train members on finances, cooperative issues, and general business management.
- The Nyanyano Salt Bank Cooperative pilot demonstrated that iodization is among small-scale salt farmers is possible with continued financial and technical support.