

Market Development Newsletter



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In this Issue

Linking Farmers to Markets

The United Kingdom's Department for International Development (DFID) has contracted the Food and Agriculture Organisation of the United Nations (FAO) and Palladium on a £45 million Livelihoods and Food Security Programme (LFSP) in Zimbabwe. This is a four year project (2013-2017) that will improve food and nutrition security of approximately 126 000 men and women smallholder farmers in eight food insecure districts: Mutare, Makoni and Mutasa in Manicaland, Kwekwe, Gokwe South and Shurugwi in Midlands, Guruve and Mount Darwin in Mashonaland Central. LFSP will achieve its objectives through three inter-related components, namely:

- The Agricultural Production and Nutrition (APN) component managed by FAO
- The Market Development (MD) component managed by Palladium
- Monitoring, Reporting and Evaluation (MR&E) of the programme will be managed by Coffey International.

Palladium and the Agricultural Partnership Trust are working on the Markets Development (MD) component. This seeks to promote innovative ways of linking farmer groups with commercial markets, to bring about a gradual change in farm productivity and incomes by offering innovation grants to market actors (traders, storage providers, and processors, transporters) to strengthen markets for small holder farmers. The MD component will interlink closely with the agricultural productivity component.

Early Birds

These were meant to kick start the MD component and operationalise the fund. The Early Birds contracted are (i) Goal Zimbabwe working with Farm Shop & Hurudza, and (ii) World Vision working with African Breeders Service (ABS).

Open Call

This window is open to all market actors with the most innovative marketing ideas. For this window 5 private sector companies have so far been contracted. These are Aquafeeds working with Aquaculture, B'Ayoba, Paperhole Investments, Peak Trading, Westale and Zimbabwe Coffee Mill.

APN Synergy

Due to the interdependent and interrelated nature of the programme's production and markets components, implementing organisations in this window are drawn from the FAO managed production component of the programme so that they can be linked to markets for their produce. Mercy Corps, working together with Econet were the first grantee to be contracted.

High Impact High Innovation High Risk

This window is intended to cater for innovative ideas with high impact if successful, but with a significantly higher risk profile than would be accepted under the other MIF windows, and significantly higher chance of failure. Although failures may outweigh successes in terms of numbers, the relative impact of successful HIIHR activities are expected to more than compensate for the failures. As an added bonus, failures are a powerful learning tool behind successful business. Behind every successful business is a series of failed initiatives! In this window Help from Germany has so far been contracted.

Targeted

This new window was established to ensure participation by key market actors in all important value chains.

Early Birds

World Vision and African Breeders services to setup stock feed plant

Farmers in the Zambezi valley, part of Mount Darwin have in recent years moved away from cotton production because of the crop's shrinking prices on the market and with support from World Vision Mukumbura Area Development Partner (ADP), they quickly adopted extensive white sorghum production from 2012. The production has exceeded market requirements as they only had one buyer, such that at the end of the 2013/14 season farmers were stranded with an excess of 900MT of sorghum. Another crop which is seeing increased production levels is cowpeas. The MD is now stepping in to assist this challenge through the targeted grantee.

In an effort to find a market for the sorghum and cow peas, World Vision came up with an innovation through establishing of a stock feed mill in the district and engaged ABS, a private company dealing in stock feed manufacturing. The bulk of the feed components will be produced by the farmers and will be key in transforming their lives.

Thus the project will focus on practical solutions to utilisation of excess sorghum and cowpeas. The district also enjoys the advantage that it has sweet veld pastures with very high capacity for livestock production. Livestock herds traditionally augment household income. However for the community to realise desired market related cattle prices there is still a lot that needs to be done in terms of improving the quality required on the market.

The cattle are of a low quality, both weight-wise and body value, and marketing is unorganised resulting in huge manipulations by buyers and perpetual line breeding, compromising the quality of the livestock.

This innovation is expected to increase incomes for smallholder farmers from sorghum, cowpeas and livestock value chains, while empowering the farmers who will eventually be expected to buy shares in this feed-mill company, leading to increased community ownership and promoting sustainability.



The current state of cattle in Mukumbura



Goal, FarmShop and Hurudza-Revitalisation of the Rural agro-dealership in Makoni District

Prior to the recent economic downturn, rural agro dealers played a critical role in the agricultural input supply chain, and would sell both crop and livestock inputs to farmers. In some areas, the agro dealers also acted as agents for buyers of agricultural produce. This made them part of both input and output components of the value chains.

Farm Shop is revitalising this concept by establishing a network of rural agro-dealers who they will contract and provide stock on consignment covering a wide range of agricultural inputs for both crop and livestock production. Through this Farm Shop Agency Network, participating retailers will enjoy the benefits that come along with selling inputs, including training on podcasts, branding and marketing. Working with Hurudza, Farm Shop is replicating 'Agrilife' a cloud based platform which manages Point of Sale (POS), bulk Short Message Service (SMS) and Unstructured Supplementary Service Data (USSD) components to monitor stocks and generate credit history for agro-dealers and farmers, based on the transactions they make. This has been successful in Kenya and Uganda. Goal Zimbabwe based on their experience working with farmers and agro-dealers in the district, is managing and coordinating the project and facilitating farmer participation to ensure good implementation of the model for maximum benefit to smallholder farmers.



Agro - dealer networked shops



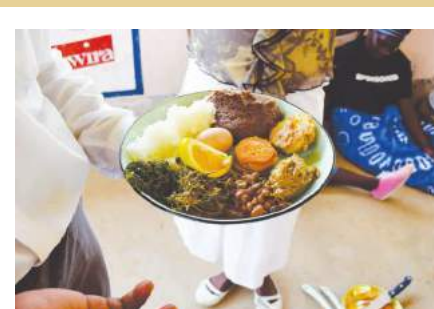
Market requested smaller size packaged inputs

Goal Zimbabwe - Promotion of bio-fortified food production

Alongside this agro-dealer input supply initiative, and leveraging on its already running nutrition project, Goal is also promoting the production of bio-fortified foods in a bid to improve food security and nutrition of poor households. Stunting is a major challenge in rural areas and the LFSP considers bio-fortification as critical in addressing nutrition challenge: Goal was contracted to establish demonstration plots to train farmers in the production of Quality Protein Maize (QPM), Nua 45 Sugar Beans, Pro Vitamin A Maize (PAM) and Orange Fleshed Sweet Potato.

To mark the end of the 2014/15 farming season, farmers in Makoni have already harvested these new crop varieties. Some taste testing demonstrations have been showcased in ten of their wards, including sharing recipes and tasting the crop varieties to seek acceptability levels. The farmers are very keen to continue to grow the full package of the bio-fortified crop/ varieties. Some already claim that QPM is drought resistant, but such judgements may be too early to make. The APN component will continue the support of these farmers and expand the promotion activities in all areas, from 2015 onwards.

"It seems this QPM maize is drought resistant because we have managed to harvest much better than the traditional maize despite the dry spell"



Orange fleshed sweet potato in a healthy plate display



Sample of harvested QPM and ProVit A maize

Commercialising aquaculture for small scale farmers in Zimbabwe

AquaFeeds Zimbabwe is a new company, formed in 2013 and producing feed from the second half of 2014. AquaFeeds together with Aquaculture Zimbabwe will work with 2000 small scale fish farmers and input distributors in all 8 project districts.

Tilapia is well suited to fish farming because it grows quickly, it is able to survive in poor water conditions and eats a wide range of foods. Of the three commercial species the Nile tilapia is regarded as the best species for cultivation in ponds and is common in Zimbabwe.

AquaFeeds will distribute fingerlings, feed and equipment, using the ProFeeds distribution network with 26 Profeeds shops nationwide and 23 Prostore container shops.

In 2015, three Profeeds shops in the Midlands Province (Gokwe, Kwekwe and Gweru) will be stocked with fingerlings and feed and then in 2016, five additional stores in Mutare, Rusape and Guruve, Dotito and Madondo will be stocked.

The main objective is to enable small scale fish farmers to access improved aquaculture inputs including fry and feed at local levels and to promote fish farming through trainings, field days and distribution printed material. A deliberate effort will be made to include farmers linked to APN.

While the scope of the project will focus on the 8 project districts, it is expected that project products and systems will benefit fish farmers in other districts and provinces in Zimbabwe. The project will also link fish farmers to rural finance options under APN where appropriate.

Key Activities

- Supply of fingerlings and fish feed to fish farmers at local level.
- Training Profeeds, Agritex, Department of Livestock Production, Zimbabwe Farmers' Union & Non



Governmental Organisation staff to demonstrate and get them excited about the opportunities.

- Directly market and support aquaculture production through fish farming using sex reversed fingerlings and commercial feed to existing fish farmers through aquaculture input fairs and trainings.
- Production of an aquaculture handbook to engage farmers in production and marketing.
- Supporting the Livestock Meat Advisory Council to lobby for improved conditions for fish farmers
- Strengthening the Zimbabwe Fish Producers Association (ZFPA) to transfer information between suppliers and farmers along the value chain.
- Setting up a cell phone SMS system to further link fish farmers to input markets.
- The project will innovate small scale cages by piloting one cage per province to act as a commercial demonstration.



B' Ayoba | bringing indigenous fruits to mainstream marketing

B' Ayoba is the leading producer of baobab products, ethically and sustainably harvested in partnership with rural producer communities around Zimbabwe. Mount Darwin has been identified as a potential district with an array of indigenous plants and particularly baobab. Like all other natural products, the link to markets and marketing of natural products is the main limitation.


However the commercial value of baobab is growing as export market demands rise.

The key benefit of baobab harvesting is its target of the poorest of rural farmers. The process of organic conversion of land in this district will eventually allow eligibility of anything produced on that land for an organic certificate. The other benefit to farmers is that once the fruit is commercialized, locals will begin to view its health benefits more and local consumption levels rise. Baobab is rich in Vitamin C. The involvement of farmers in this project will allow them to participate in the baobab value chain and to benefit from knowledge transfers and skills development.

This intervention will see the establishment of a bulking centre in the district, from which B' Ayoba will collect. Farmers will be linked to commercial markets. B' Ayoba will promote five products whose brand is yet to be developed. These are baobab beverage premixes, baobab jams, baobab mahewu and some smoothies plus products for higher income earners such as soaps and oils. This seemingly increased demand for baobab will in turn drive innovation and generate new opportunities for baobab harvesters across the country.



Agri-Hubs: creating links to the largest formal agricultural markets



PaperHole Investments (PHI) is the nominated buying agent of grains for the Innscor Group of companies and therefore purchases grains and oilseeds for the largest users of these commodities in the country. This project presents Paperhole Investments with an opportunity to link the largest formal buyer of agricultural commodities in Zimbabwe directly to production centres in the selected Districts. The intention is for large volume grain buying and the economic activities associated with that, to form the core basis to establish an Agri-Hub in each District, and to attract other goods and service providers to utilize these sites/locations to expand the range of goods and services being offered to small scale farmers.

PaperHole Investments are going to be working in 5 of the 8 Districts targeted, namely: Guruve, Makoni, Mutare, Mutasa, and Mount Darwin. Based on experience, they expect to purchase grain from 1200 households in the 5 districts. In addition the Agri-Hub should become the centre of productive activity in any given area and the facilities can be used for extension, loan disbursement and recovery and other production related activities.

The major objective is to provide farmers with outlets for a range of commodities, and establishing points where farmers can benefit from a range of banking and financial services options, as well as being able to purchase key agricultural inputs.

Main activities for the Agri-Hubs Innovation project:

- Locate and enter into season long lease arrangements for suitable premises in the selected business centres and set up Agri-hubs or service centres.
- Establish buying points and provide farmers with markets to sell their grain and oilseed in the

2015 and 2016 marketing seasons, and stocking the same sites with fertilizer and seed for sale.

- Equip the sites with VSAT, laptops, digital scales, moisture meters and generators for purchasing farmer produce.
- Train and man each site with a representative who has experience in buying grain and oilseeds.
- Equip each site with a CABS point of sale machine, networked to the VSAT unit to ensure connectivity. Staff will be trained by CABS on the use of the machines and on the required processes.
- Where there is no established CABS Branch or Agency nearby then establish the site as a CABS Agency so that farmers can draw cash or make purchases.
- Each site will be established as an Eco cash Agent so that farmers can be paid using mobile money if this is their preference. All sites will be trained on how to register farmers for Eco farmer. The aim will be to have 5000 registered Eco farmer subscribers in these 5 Districts by August 2015, increasing to 8000 by August 2016.

The establishment of a modern, well equipped, well connected facility, staffed by properly trained personnel and backed by the largest off-taker in Zimbabwe, is in itself not truly innovative. However creating these Agri-Hubs, promoting the increased activity that will be associated with grain buying at these sites, and encouraging other entities to utilize the facilities to increase the range of goods and services on offer, together form an innovative package.

Post-Harvest Handling and Storage

...minimising the losses for farmers



Most smallholders in Zimbabwe lack the infrastructure and knowledge to safeguard their produce from post-harvest losses. This problem is exacerbated in lower lying areas such as Guruve, where higher temperatures allow grain weevils to be active for most of the year. Grain is highly vulnerable to temperature fluctuations, moisture and insect pests. Peak Trading, a grain, oilseed and pulse trading company, is implementing the S.I.L.O. (Storage, Information and Logistics for Outputs) model in Guruve district, which integrates three critical interventions: storage, information and logistics, over and above their conventional grain buying business. This project targets maize, sugar beans and soya. The information component is designed to train farmers in the correct use of the silos and post-harvest management.

- The silos will ease the burden on women, who monitor grain storage and maintain granaries which can be a daunting task for women.

The SILOs will come in 2 models, i.e. individually owned or the Peak Communally used SILOs. For the individually owned, farmers will buy the SILOs from Peak Trading through a contractual arrangement, whilst other farmers will have the option of using the Peak Trading Communal SILOs. The motivation for the Peak owned Communal SILOs is contract farming which is expected to benefit both the company and the farmers. Through a Warehouse Receipt System, farmers will store their grain in the Peak SILOs and access inputs from the company using that grain as collateral. Peak Trading will benefit through buying quality and high value grain from farmers throughout the year.


Overcoming Farmer Constraints

The project's keystone is a hermetic metal silo specifically designed for smallholder farmers - this vital technology, widely used in Central American smallholder communities, has been tried and tested through a FAO pilot project in some parts of Zimbabwe. The hermetic silo is cheap, durable and easily manufactured without machinery or electricity and can be repaired on site at low cost without expensive parts or expertise. This silo carries with it the following benefits:

- Nutritional value of grain maintained - farmers and the wider community will experience nutritional and health benefits as mycotoxins and rodent-borne pathogens are minimised and pesticide use is reduced.
- Grain free from moisture and moulding.
- Grain free from rodents and hence losses are minimised.
- Farmers will be able to sell their grain at any time during the year, especially later in the year when prices improve.



Westale Trading set to ignite the Commercialisation of Zimbabwe Honey

A close-up photograph of two bees on bright yellow flowers. One bee is in the foreground, facing right, with its head buried in the flower's center. Another bee is slightly behind and to the left, also on a flower. The background is a soft-focus field of similar yellow flowers.

Honey production in Zimbabwe is largely a smallholder farmer business, with a number of informal small scale honey operations producing honey related products (beeswax, candles etc). But there is a lack of management expertise and systems to run commercial operations as well as huge cash constraints. Local production has been failing to meet the required quantities and quality and hence the market is flooded with imported honey mainly from Zambia, Malawi and South Africa. Current domestic honey brands are limited in terms of variation and professionalism, and their branding does not stand out on the shelves, does not command a price premium, nor differentiate and compete against better packaged imports or in export markets. The current average price for honey is \$1.50 per 750ml, but high grade honey is worth \$2.50, indicating that quality control and grading must be significantly improved. Lack of an organised supply chain is a risk and a challenge that acts as a deterrent for larger food processors to invest in this sector.

The proposed innovation is set to launch a commercially sustainable brand of the best quality locally produced honey for domestic and regional markets. Since honey is a forest product, the protection and management of natural resources and promotion of sustainable development is very key, and Environment Africa will support the identification and organization of farmers and bee-keepers for training, and the facilitation of effective independent farmer-run groups for sustainable and profitable production.

The project has strong support from the Ministry of Agriculture, who will provide independent support services for the establishment of standards and organic certification as required to ensure recognition of the quality and origin of the honey.

Thornwood Trading, with field experience covering training and project development, have been engaged as the Supply Chain Management Partner. They are responsible for establishing the quality and quantity standards for honey to support Westale Trading, and to

enable a contract farming approach. Westale will establish a formal honey processing centre in Harare, providing management expertise, systems and working capital. Windward Commodities, a company which creates intellectual property and brands for commodity producers, will invest in the development of a world-class brand for Zimbabwe honey.

Creating a world-class brand for Zimbabwe honey

is the overarching objective for the project which is set to create a sustainable, profitable honey brand for the domestic market which benefits smallholder farmers and creates a platform for the export of quality honey into regional and international export markets. Creation of a vibrant honey market will begin by establishing a scalable commercial processing operation and establishing a viable supply chain with partners, supported by exploring organic certification. These are all ambitiously expected to demonstrate consistency of standards to domestic and regional markets. With ongoing support, farmers will be able to increase their annual beekeeping income from \$90 to \$210 per annum. The intervention will create significant and ongoing demand for high-grade honey, and will establish a common and commercial motivation between smallholder farmers and commercial partners.



Zimbabwe Coffee Mill

...promoting smallholder coffee quality standards




The importance of the Coffee Sector in Zimbabwe stems from its historical contribution to foreign currency generation, employment creation and enhancing livelihoods in smallholder communities, but the sector has seen a decline in recent decades. Zimbabwe has current overseas markets for raw coffee in 7 countries, with potential markets in 2 more, and is actually failing to satisfy market demands both in terms of quality and quantity. Coffee producers formed the Zimbabwe Coffee Mill (ZCM) in 1993, which is run as a co-operative company. Its main function is the grading and marketing of coffee grown in Zimbabwe.

This project focuses on addressing quality standards for the smallholder coffee farmers whose main constraints are related to access to inputs and the correct primary processing technologies. Thorough mapping and analysis of these value chain constraints was done through an LFSP-MD organised coffee value chain workshop which managed to bring together key coffee stakeholders to identify critical constraints of the coffee sector and market based solutions for its revitalisation. Coffee is largely an export market cash crop and the quality of smallholder coffee is struggling to fetch niche market prices mainly due to the poor primary processing methods being used. The majority of smallholder farmers use labour-intensive rudimentary methods (pestle and mortar), which compromises coffee quality and results in abnormal losses.

Zimbabwe has current overseas markets for raw coffee in 7 countries with potential markets in 2 more, and is actually failing to satisfy market demands.



The background of the page is a composite image. The top portion shows several burlap sacks filled with coffee beans, with some beans spilling out. The bottom portion shows a white ceramic cup and saucer on a wooden surface. Two cinnamon sticks are resting on the saucer, and a few coffee beans are scattered on the wooden table next to the cup. The overall lighting is warm and natural.

The project, “Promoting Coffee Quality Standards” (COQUS) will establish and operate a Smallholder Coffee Resuscitation Inputs Finance Scheme (SCRIFS) to support farmers' access to critical coffee inputs, and to improved coffee processing technologies.

In order to address post-harvest quality issues, smallholder coffee farmers will access pulping machines in groups which will be trained and supported to produce and process good quality coffee for the international niche market. The Coffee Commodity Association of Zimbabwe (CCAZ), a partner in the project, will be responsible for farmer mobilisation, monitoring and supporting the smallholder farmers to ensure that the machines are used efficiently and effectively. As a direct result of the intervention, the quality of smallholder coffee is expected to improve to standards similar to commercial production, and smallholder farmers are set to earn an extra 20% in revenue.

The market for coffee is abundant once quality is guaranteed. It is envisaged that a larger number of smallholder farmers will come to realise that coffee is a viable value chain which can be adopted as a livelihood option. Smallholder coffee development is a gateway to increase farmer participation in the global value chains through exports.

APN Synergy

Mobile Bids and Offers Linking Smallholder Farmers to Markets

According to the District Market Scoping Studies conducted by the LFSP-Market Development programme in 2014, one of the reasons why farmers do not benefit from sales of their produce is because they have been trading with informal market middlemen who pay very low prices. An innovation was therefore sought to facilitate direct interaction between smallholder farmers and formal markets, and an ICT platform was mooted through Mercy Corps and Econet to partner in providing a mechanism for farmers to directly interact with buyers using the Bids and Offers mobile phone based platform.

Econet and Mercy Corps will be implementing this Bids and Offers platform (BOP) in Guruve and Mt Darwin districts. The BOP will be another piece of the large set of bundled services on the Eco farmer platform which Econet has been developing and testing. This platform gives smallholder farmers a chance to become visible to buyers and it also gives buyers the opportunity to more easily source quality supplies directly from the farmers. The initiative will start with a few large buyers and will then be expanded to all types of buyers.

The Bids and Offers transactions will be initiated from either farmers or buyers through a mobile phone system. Buyers can send out alerts with the commodities, volumes and grades they are looking to source, and/or farmers can post their available supplies and volumes. The initial communication is tagged with an identifier code which tracks the transaction from the start, facilitating the verification and sale stages. On the buyers' end, multiple farmer offers are automatically compiled and the buyer sees only a consolidated report on supply per commodity and location. ZFU and Agritex will be partners on the ground to cascade training and serve as important "touch points" at the field level. ZFU representatives will also facilitate registration of farmers and serve as Brand Ambassadors.

The Bids and Offers platform

Gives smallholder farmers a chance to become visible to buyers and also gives buyers the opportunity to more easily source quality supplies directly from the farmers.

All produce will be verified by Brand Ambassadors. The grade and quantities will then be updated on the platform by the Brand Ambassador, to be accessed by both the farmer and the buyer. The buyer is therefore able to view consolidated volumes of produce on sale and bid for the produce of his choice. Once both the buyer and the seller agree on the terms of sale a payment can be made through Ecocash.

Mercy Corps and Econet will undertake the following activities:

- Develop the platform. The platform will be developed for both basic feature phones and smart phones.
- Prototyping will be conducted by the joint Mercy Corps/Econet developer team, and will be tested with potential users, including smallholder farmers, input suppliers and buyers. Product features will be adjusted following testing.
- Negotiate with private sector players (buyers/input suppliers) to participate on the platform.
- Training on, and promotion of, the platform will primarily be the responsibility of Econet with some technical support from Mercy Corps.
- Mercy Corps will leverage investments on the Brand Ambassadors network under other programs (APN, SDC) including financial and mobile literacy and promotion of the platform. Under this program, Mercy Corps will play a central role in training selected Brand Ambassadors in Mashonaland Central to operate on the BOP platform. Training for the Brand Ambassadors on grading and standards will be the responsibility of the buyers, with light support from Econet and Mercy Corps.



High Impact High Innovation High Risk

Help from Germany & Agricultural Marketing Solutions bring the Dutch clock auction model to Mutasa Farmers

Help from Germany will partner with a private sector enterprise, Agricultural Marketing Solutions (AMS) in implementing an auction floor system in Mutasa District, where small holder farmers will come with their outputs for sale to a notably larger buyer base. This auction system is an adaptation of the "Dutch Clock" auction system for flowers which operates in the Netherlands.

At Mutasa auction floor, the bidding will be internet based to allow buyers to participate in auctions without being present physically, and so allow many more buyers to participate. Smallholder farmers, buyers and transporters are the beneficiaries of this project.

Help from Germany will be responsible for:

- Administering the procurement and set up of the physical infrastructure of the Mutasa Action Floor
- Training farmers and key persons in all the procedures of the Auction Floor system e.g. Farming as a Family Business, quality control and grading, which, especially at project start up involves confidence building measures through showcasing the potential of this approach to convince the farmers and buyers, as well as other involved stakeholders, such as transporters and banks, of the worth of this concept.

- Development, with assistance from Palladium, of the software to run the platform.

AMS will be responsible for:

- The set up and continuation of the Mutasa Auction Floor
- Training in the proceedings of the auction floor, managing the on-line auction floor to facilitate the marketing of agricultural products for the rural communities

Both Help from Germany and Agricultural Marketing Solutions will follow a train the trainer approach, so that in future the farmers themselves can train additional farmers, who want to make use of the Auction Floor as their preferred market to sell their produce. In the future all the activities will be handed over to the AMS and the farmers to continue its operations.

In order to have this platform fully functional, Help from Germany will develop a software with assistance from Palladium.




Palladium
MAKE IT POSSIBLE

APT
Agricultural Partnership Trust



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