

Negotiating challenges to inclusive agribusiness

How improving smallholders' access to inputs is strengthening agricultural value chains

Last mile distribution

The £47,635,000 Livelhoods and Food Security Programme (LFSP), which is funded by the UK's Department for International Development (DFID), seeks to improve smallholder livelihoods and strengthen agribusinesses so that they can better implement inclusive business models. With many Zimbabweans involved in smallholder agriculture, they have the potential to help transform the country's economic prospects. LFSP therefore aspires to nurture value chains that offer climate resilience, pro-poor returns and which have sound market demand. It does so by co-creating and trailing inclusive business models with smallholders, agribusinesses and other market actors that offer promise of social and economic returns.

Smallholders' access to inputs can be limited. Farmers frequently have to incur considerable cost in terms of time and money to travel to towns to buy fertilisers, seed, feed, pesticides and other items needed for productive farming. Some farmers simply sacrifice using certain inputs, with this



resulting in reduced productivity. Others eat into profit margins by devoting capital to getting hold of these valuable resources.

Some agribusinesses have seen the untapped or under-tapped market potential of providing goods and services to smallholders.



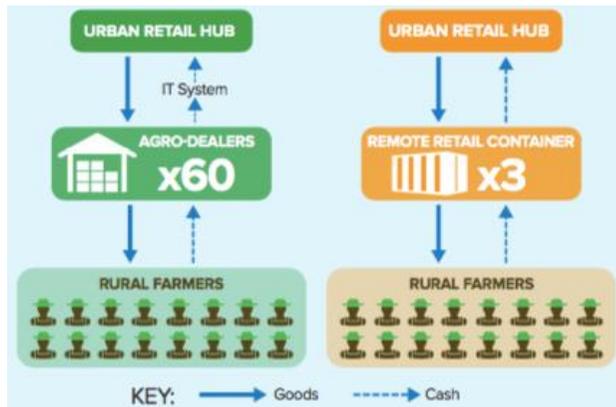
However, moving into this space is not without risk. With DFID funding, LFSP has sought to recognise and address the risk of being a 'first mover'. Specifically, it has trialled two variants of a last mile input distribution model.

Different variants

LFSP realises that the operating environment for smallholder farmers has been very difficult in recent years. Some challenges are generic in nature, while others are more location-specific. Accordingly, LFSP business models often have a number of variants so that different approaches can be trialled. That way they also accommodate any variations in context. The last mile distribution model has two main variants: an agro-dealer agent variant, and a shipping container variant.



Last Mile Distribution



Targeting the same problem, they work slightly differently:

- In the case of the agro-dealer variant, one private company tapped into a network of existing rural general retailers with a view to using them as vehicles through which to sell to smallholders.
- In the case of the shipping container variant, another private company strategically positioned shipping containers as stand-alone retail units from which it could sell its products to smallholders.

Agro-dealers

The agro-dealer variant of this business model capitalises on an existing customer base. Agro-dealers benefit by earning commission on products sold. By dedicating a small section of their shops to agricultural inputs, retailers are able to broaden the range of products available to customers. The stock is catered towards the needs of those in the local area. Muzowaka, a female agro-dealer based in Nyabadza, in Makoni district sells seeds, animal feed, and other



products in small units alongside the groceries and clothes already available in her shop. Smallholders often walk to the shop so selling chicken feed in 5kg and 10kg bags improves sales as farmers are able to carry their purchases.

Increasingly, Muzowaka is also finding that farmers come to discuss farming practices for the crops they are trialling. This hub is therefore becoming a point for farmers to share information.

Remote retail containers

The container unit based in Headlands, also in Makoni, is one of three units installed by a company with LFSP support. Since being set up in 2016, it has recorded significant sales. It now receives stock deliveries twice a week and their next delivery will include 1,000 chicks pre-ordered by farmers for collection. Philip (pictured below) runs the retail unit and explained that business is good. As a result, he has started to stock non-agricultural products to meet farmers' needs and is expanding the range of farming equipment the store offers. Farmers explained they are happy that they can buy these products closer to home. Many also use the unit as a source of information on farming techniques. Most shop either early in the morning or late in the afternoon so the unit gets very busy at times.

