

Promising practices in Participatory Market System Development

Transforming Livestock markets in Northern Zimbabwe

Practical Action / Crispin Hughes



Recognising the importance of cattle farming to livelihoods in rural Zimbabwe, along with the extreme fragility of the livestock market, Practical Action embarked on a project to improve incomes for farmers by facilitating a positive transformation of the market. The project focused on Guruve district in Mashonaland central province. Guruve is a typical example of the significance of livestock farming in rural Zimbabwe: of the district's 20,000 households, 80% keep cattle with a total number of 169,500 animals in 2005.

Over the course of two-and-half years, the project brought stakeholders together in a process that was intended to identify what blockages were hindering the development of a competitive, fair and effective market before facilitating new approaches to addressing those obstacles in a way that would benefit all. Involving all actors in the process of systemic market change proved to be an effective approach, inspiring a number of practical innovations to mitigate market blockages and leading to significant and sustainable improvements to incomes.

Key lessons and insights

- ❏ Poor farmers, buyers of livestock, private enterprise and government departments can collaborate for mutual benefit if the right incentives exist and are collectively identified.
- ❏ Viable and sustainable markets can develop even in a challenging external environment when all actors in a market chain recognise the potential for enhanced profits. This process can be stimulated through a participatory approach and dialogue between all stakeholders.
- ❏ Market opportunity groups are an effective tool for addressing actors' interests and constraints, especially if driven by participants themselves.

- ❏ Resource constraints on government departments and extension services can be a catalyst for collaboration with other agents, leading to innovations in the delivery of cost-effective services.
- ❏ Community-based actors, specifically local paravets, can be an effective mechanism for the distribution of important inputs (drugs, training and advice) which are critical in improving competitiveness and incomes.
- ❏ Access to feeds in the dry season plays a critical role in animal health and productivity of livestock. Improving the availability of alternative fodder has a positive impact on incomes and therefore encourages farmers' interest in caring for their livestock.

Achievements

Feedback from farmers in the district indicates that as a result of project activity, prices of cattle have increased by at least 8% in real terms between 2005 and 2008. In addition, the off-take rate (the number of cattle being sold for slaughter) has risen from 5% to 10% during the same period.

This improvement in incomes represents a direct benefit to 20,000 livestock farmers and their families - over 100,000 people in total, through an expenditure of £50,000 over two and a half years. About 30% of the beneficiary farmers are women and the women use increased incomes earned to pay school fees, buy food and clothing for their families. This has increased the respect they get within their families and raised their status within the communities.

Such progress has been achieved through innovations in three areas:

- ❏ Improved marketing techniques and collaboration between farmers and buyers resulting in pre-arranged market days and a resulting reduction in procurement costs to buyers,
- ❏ Better quality livestock thanks to improved access to fodder during the dry season when grazing is scarce,
- ❏ Healthier animals achieved by up-skilling farmers to better diagnose and treat their livestock, improving access to advice and widening the availability of veterinary drugs. The prevalence of livestock disease has thus been reduced by 20%.

These developments were made possible by facilitating farmers, other market chain actors, input suppliers and extension services to work together and create systemic market change for mutual benefit.

For instance, the relationships between farmers and buyers of livestock has been dramatically improved by building trust and confidence as well as mutual understanding of each other's critical role in providing a reliable market for cattle. Buyers have recognised that their long-term profitability depends on purchasing good quality livestock from farmers and that it is in their interest to buy at prices that enable farmers to increase their productivity.

The project has also facilitated enhanced involvement of two agribusiness companies in the livestock market. VETCARE¹, a drugs firm, and Agriseeds, a supplier of seeds for fodder and cattle feed, have both engaged with farmers to achieve improved productivity. These mutually beneficial arrangements were developed following discussions between farmers and buyers which indicated the potential for higher prices in return for better quality, or 'Super Grade' cattle, thus justifying extra investment in livestock healthcare and nutrition.

Finally, the development of the role of village-based paravets as key market chain actors and providers of extension services has been a critical factor in the project's overall success. Community-based vets, who live and work with local farmers, became an effective mechanism for improving availability of training and drugs. Involving VETCARE and broadening access to veterinary drugs helped improve the status of paravets and by the end of the second year of the project, 200 paravets had been trained and were participating in the selling of drugs and training of livestock farmers.

Background

The farming of livestock is a major economic driver in rural Zimbabwe. Cattle provide draught power and fertiliser for agriculture, milk, meat and hides, as well as a cash income when sold.

However, despite the importance of this sub-sector to overall food security and incomes in Guruve district, farmers were not achieving the potential benefits from their livestock. Market blockages and constraints on productivity included:

- Poor collaboration between farmers and other market chain actors,
- Scarcity of grazing during the dry season stretching from May to late November, resulting in poor health and diminished off-take rates,

- Widespread livestock diseases,
- An absence of reliable infrastructure such as roads, pens and collection points for moving cattle to markets.

The above market blockages were worsened by the deep macroeconomic crisis that has affected Zimbabwe since 2000. Government financial and human resources have been depleted to their lowest level and the capacity of government extension workers to provide services to farmers is extremely low. Based on these realities, Practical Action decided that the best way to facilitate access to inputs and services by farmers was to involve the private sector and community-based paravets. VETCARE and Agriseeds emerged as two key private companies that saw opportunities in working with the farmers. On reflection, the model adopted by the project was effective since it has managed to achieve significant results and impacts notwithstanding the deep macroeconomic crisis in Zimbabwe.

Practical Action recognised that this sub-sector had significant potential for a positive market transformation that could produce higher, more consistent and more sustainable incomes for farmers and other market chain actors.

Such a market would increase farmers' access to competitively priced inputs and services, increase capacity of farmers to develop commercially beneficial relationships with buyers and persuade government to implement more enabling policies to support further market change.

The approach: the Participatory Market System Development (PMSD) process

The objectives of the project were to increase incomes of poor cattle farmers in Guruve by addressing the well known constraints affecting productivity and output.



Practical Action / Reginald Sitole

¹ VETCARE is the name we have used for the large national veterinary products company (since permission to use their real name has not been obtained)

Practical Action set out to achieve the objectives by facilitating the various actors to work together and develop a market system that could bring benefits for all. To this end, Practical Action embarked on a series of participatory market mapping workshops, involving farmers, buyers, suppliers of inputs and services, local Community-Based Organisations (CBOs) and relevant government departments. The aim of these workshops was to identify key opportunities and constraints in the existing livestock market chain and address the role that each actor could play in tackling blockages in the system. In particular they wanted to:

- 🔗 Build the capacity of smallholder cattle farmers to collaborate with each other and develop improved negotiating positions with other market chain actors,
- 🔗 Broaden access to a wider variety of cattle feed to improve fodder for cattle during the dry season when grazing is scarce,
- 🔗 Improve farmers' ability to diagnose and treat livestock diseases,
- 🔗 As a result of the above, increase incomes of cattle farmers through increased productivity and output.

Farmers participation in the process was through market opportunity groups which went on to meet on a quarterly basis. Each group consisted of around four or five lead farmers representing up to 30 other farmers at regular meetings with buyers to negotiate prices and logistics for accessing markets, leading to enhanced profitability for farmers and purchasers of livestock.

Joint action plans were drawn up by stakeholders involved in the market mapping workshops. These were then taken forward by an Interest Forum that consisted of representatives of farmers, buyers, policy makers and paravets. Practical Action oversaw the emergence of this forum but it is now being facilitated by the Lower Gurove Development Association. It meets at least once every quarter to review implementation of agreed joint action plans. They have identified a number of policy issues they would like to see addressed, such as more investment in infrastructure, for example dip tanks. Progress has been slow but they have commitments from the Ministry Of Agriculture that these issues will be prioritised when the environment improves.

The participatory process also facilitated the relationship between the private sector suppliers of inputs (VETCARE and Agriseeds) and local actors (paravets), who eventually became the main conduit for selling inputs to farmers. In addition, the involvement of government departments including the Department of Livestock Production and Development (DLPD), helped achieve additional

support for the role of paravets who were recognised as innovative and cost effective community-based extension workers.

Emerging business models and institutions

The success and sustainability of this project have been built upon the development of new commercial relationships and innovative business models, emerging from the participatory market mapping processes facilitated by Practical Action.

One especially successful model has been the engagement of VETCARE as an increasingly important actor in the value chain. Initial market mapping exercises between farmers and buyers indicated to both that investments in cattle healthcare would develop competitiveness and lead to a mutually beneficial improvement in incomes. However, a significant blockage existed in the ability of farmers to access the veterinary drugs and healthcare training that they required. The participatory process offered a method to solving this problem, facilitating dialogue between all stakeholders who agreed to use village-based paravets as a mechanism for improving access.

VETCARE and the Department of Livestock Production and Development agreed to work together to deliver the training programmes required for lead farmers to qualify as paravets. A total of 200 paravets have been trained and both VETCARE and DLPD have indicated a desire to continue this training. Each paravet serves around 20 farmers to ensure that services reach poor farmers who would otherwise be unable to access drugs, training and advice.

The development of community-based actors in the market chain has been a particularly effective solution to the problem of improving access to livestock healthcare which has brought mutual benefits to all market actors: farmers have seen improvements in competitiveness and incomes by producing healthier cattle, buyers are able to access a higher quality product, the status, role and incomes of paravets have grown while VETCARE has developed its market for drugs and healthcare training.

VETCARE monitors the performance of paravets by periodically meeting farmers to get their feedback on the quality and impact of the services they receive from paravets. In the majority of cases, the feedback from farmers is positive. In particular, farmers indicate that paravets have helped to bring drugs to their doorsteps, improve their skills in livestock disease diagnosis and treatment and facilitated sharing of information on improved animal health management and production practices.

At the start of the project, relationships between the market actors were characterised by mistrust and lack of confidence in the benefits that would be derived from collaboration. VETCARE had doubts on whether village based paravets would be reliable distributors of its drugs and if they would deliver effective advisory services to farmers. Paravets doubted if they would make money from selling drugs to poor farmers while farmers doubted if investment in animal healthcare would increase their earnings, i.e. if prices paid for livestock would be based on quality

Mistrust started to disappear and relationships improved as all actors in the market began to derive tangible benefits from the project. Drugs sold to farmers increased as more farmers could readily access the drugs from local paravets who also provided advisory support on use of the drugs as an embedded service. Paravets discovered that the incomes they earned from sale of drugs in many cases exceeded what they would earn if they had been involved in alternative activities such as crop production. Buyers paid more for healthy and good quality animals and this encouraged more farmers to invest in improved animal healthcare. As a result, a higher level of mutual trust has developed among all actors and relationships seem set to further strengthen as the benefits of collaboration get more and more apparent to all actors.

Scaling up

The original 200 paravets trained jointly by VETCARE and DLPD have in turn trained another 600 paravets. These have also trained other farmers in their locality and thus the number of paravets in the communities continues to increase.

Small livestock (goats and chickens) producers have also benefited from the expanding market of inputs and advice through paravets and it is estimated that an additional 4000 farmers have been reached in Guruve.

Taking the business model into other districts has already begun: given the encouraging results over 30 months, VETCARE and DLPD have embarked on a process to scale up and replicate this model in four other districts in Mashonaland Central Province. The first group of 20 paravets has been trained in each district and they have qualified to buy drugs from VETCARE to sell to farmers. VETCARE is closely monitoring the performance of the paravets who will be expected to train other lead farmers to also become paravets and thus expand the services available. As in Guruve district, the target is to eventually have one paravet serving 20 local livestock farmers.

Future challenges and learning questions

Despite the overwhelming success of the VETCARE business model, questions remain over the problem of over-exposing farmers to the monopolistic tendencies of one supplier. The close partnership between paravets and VETCARE risks the possibility of farmers being pushed into using inappropriate products rather than relying on other options such as traditional remedies or services from other suppliers. This presents a risk to the farmers' confidence in the model, and therefore to the overall transformation of the market itself.

Fortunately, since the paravets themselves are locally-based livestock farmers who live and work with the farmers they serve, a degree of confidence is hardwired into the system. The strength of the model is that paravets are not merely reduced to agents for VETCARE, they are also knowledgeable in traditional, herbal-based treatments and they are also involved with the sharing of information within the farming community on improved animal health management and production practices. There is some indication that they are even beginning to develop a market for their traditional remedies, in cases where they are seen to be as effective as modern drugs. Understanding how this might work and develop and how it affects the market system is an area for further investigation.

Scaling up has been impressive but has been reliant on a few key actors. A competitive and vibrant market is the aim for the future. What remains unclear is whether the model could be further strengthened by the involvement of other suppliers, bringing a more diverse range of inputs into the market. However, widening the involvement of private sector actors and encouraging further investment in what is a remote and inherently risky market is problematic given Zimbabwe's current climate of deep macroeconomic and political instability. When economic conditions in the country improve, a key challenge will be the engagement of other companies in order to expand and replicate the model.

Notes

Project name: Improving livelihoods of marginalised small livestock farmers in Guruve District

Duration: 30 months

Funders: CIDA and PDF

Information sources: The main sources are (1) End of project impact assessment survey conducted in November/December 2007; (2) Project monitoring reports; (3) Project annual review reports and (4) End of project learning report.

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