RARP
Commercialising Smallholder Farming

with support from
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The RARP Story: Smallholder integration and agency in viable markets and market systems
Foreword

Denmark has been actively involved in Zimbabwe since the struggle for Independence and over the years, the Danish efforts have contributed significantly to development in the country.

The overall objective of the Danish development cooperation has been to contribute to Zimbabwe’s transition into multiparty democracy respectful of human rights and with a thriving economy benefiting all Zimbabweans. The Danish Embassy Office in Harare entered into partnership with SNV-Zimbabwe for supporting Rural Agriculture Revitalisation Programme (RARP) in 2010. In line with the overall objective, the focus of this cooperation was to improve food security and income for smallholder farming families through increased capacity and investments by agro-business small medium enterprises.

The efforts of the hardworking rural smallholder farmers deserve to be supported by all those, who want to see sustainable and broad based development in Zimbabwe. We believe that RARP has provided innovative mechanisms for revitalizing the agricultural sector and contributed to improving the livelihoods of ordinary Zimbabweans. And it is our sincere hope that through this program, Denmark has made substantial contribution to improve the lives of smallholder farmers and promoting their inclusion in the mainstream economy by:

• Establishing the Zimbabwe Agricultural Development Trust (ZADT) which manages the Create Fund, a credit facility which provides Small and Medium sized Enterprises (SMEs) with access to credit. This is our most enduring footprint on the sector, as it is a revolving fund that will grow with time and continue to change the landscape of the development of agriculture in Zimbabwe.

• Supporting value chain development in the dairy, oilseeds and horticulture sub sectors. These were informed by value chain studies carried out during the programme. The studies demonstrated that there is appetite by agri-business to support revival of agriculture value chains on the back of smallholder farming.

• Capacity building of SMEs, who provide services to smallholder farmers involved in various value chains. This also includes supporting new agribusiness investors in rural areas.

• Supporting contract farming which focuses on developing viable and sustainable linkages between agri-businesses and smallholder communal farmers. Support has been given to contracting companies and the cooperating farmers - primarily in the dairy, horticulture and oil seeds value chains.

• Setting up the Matching Grants component which supports agribusiness SMEs’ competitiveness through promoting technology upgrades and market development.

• This publication marks the closure of DANIDA’s partnership with SNV-Zimbabwe. It tells the story of how the above mechanisms were implemented and what it achieved. It aims to provide planners and decision makers with concise, user-friendly information to help them design future interventions. We hope you enjoy the reading!

Signe Winding Albjerg
Chargé d’Affaires a.i.
ROYAL DANISH EMBASSY, HARARE
Acknowledgments

SNV wishes to express sincere appreciation and acknowledgement of the support, trust, collaboration, and goodwill from the many different parties that contributed to make RARP a success. Many of them will continue to build on and expand the impact we have achieved together.

Without intentionally leaving anyone out, we wish to mention the Ministry of Agriculture, Mechanisation and Irrigation Development, with special mention of AGRITEX and LPD, the Ministry of Small, Medium Enterprises and Cooperatives Development; RDCs in all RARP districts; Agro-dealers Association of Zimbabwe and its affiliates; Zimbabwe Farmers Union; Zimbabwe Association of Dairy Farmers; National Association of Dairy Farmers; Zimbabwe Dairy Industry Trust; Dairy Services Department Market Linkages Association; the many private sector companies, financing institutions and SMEs some of whom are mentioned in the RARP component stories; Deloitte; ESOKO-Ghana; ESOKO-Zimbabwe; University of Zimbabwe Centre for Applied Social Sciences; Matopos Research Station; Department of Research and Specialist Services; University of Zimbabwe Department of Crop Sciences; Livestock and Meat Advisory Council; Stock Feeds Manufacturers Association; Agricultural Research Council; Zimbabwe National Soya Bean Commodity Association; Standards Association of Zimbabwe, and the different technical experts and specialists that interacted with RARP as Consultants, Local Capacity Builders and Associates.

We express our thanks to DANIDA again, for a partnership that encouraged us to push the boundaries each time. We were also generously supported at different phases by Help Germany; GIZ; Food and Agriculture Organisation, Ford Foundation and DFID.

Naa-Aku Acquaye-Baddoo
Country Director

Definition Of Terms And Acronyms

- **CREATE**: Credit for Agricultural Trade and Expansion
- **DANIDA**: Danish International Development Cooperation
- **FAO**: United Nations, Food and Agriculture Organisation
- **Financiers**: the institutions that avail credit, guarantees, insurance and grants to support business activities.
- **ICT**: Information Communication Technology
- **LCB**: Local Capacity Building organisation
- **Manufacturers**: the producers of agricultural inputs
- **Output buyers**: the companies that buy produce in bulk. They include processors, transporters, wholesalers and middlemen.
- **Rural agro-dealer**: a rural retail business enterprise that provides a variety of services and products that include groceries, hardware, agricultural inputs and outputs.
- **RARP**: Rural Agro-dealer Restocking Programme
- **RARP-CSF**: Rural Agriculture Revitalisation Programme - Commercialising Smallholder Agriculture
- **SNV**: Netherlands Development Organisation, a non-profit, international development organization, established in the Netherlands in 1965.
- **Wholesalers**: agricultural input bulk distributors that sell products to retailers, including the agro-dealers.
- **ZADT**: Zimbabwe Agriculture Development Trust
The RARP Story:
Smallholder Integration And Agency In Viable Markets And Market Systems
Smallholder integration and agency in viable markets and market systems - How has RARP contributed to this in Zimbabwe?

Context

At independence, and in the immediate post-independence period Zimbabwe was regarded as "the breadbasket of Southern Africa". This was largely due to a mechanised commercial farming sector with very high productivity; highly skilled farmers and efficient support industries including a manufacturing sector for agro-inputs (seeds, fertilisers and chemicals), plants and machinery. Support industries met local demand fully with some exports into the Common Market for East and Southern Africa (COMESA) region. In addition, the financial sector supported commercial farming, where title to land was tradable and considered adequate collateral.

On the other hand, the smallholder farming sector, made up of communal, small-scale and old resettlement farmers were operating mostly for subsistence purposes with the exception of a few crops like cotton. They produced enough grain for consumption and dominated the production of cotton. The smallholder farming sector also benefitted from an efficient agro-input sector and a public extension system with highly skilled and well-resourced personnel.

In 2000, the government embarked on the Fast Track Land Reform Programme (FTLRP), with the stated objective of redistributing land to address skewed land ownership. The land reform exercise resulted in changes in the configuration of the agricultural supply chains. The supply base for the agro-processing industries shifted from large scale commercial farms to small holder farmers. The new supply chains are however nascent and fragile, with only a few enduring strategic linkages, resulting in a net drop in production levels and productivity in almost all agriculture value chains Small holder farmers still face number of challenges that limit their ability to participate fully and viably in the agriculture sector in Zimbabwe. It is this structural under-performance and under-exploitation of smallholder potential that the RARP-CSF programme sought to address by testing a number of innovations and interventions that could be replicated at scale if successful.

Netherlands Development Organisation (SNV)

SNV welcomes the increasing spotlight on Agriculture at global level reflected in a series of high-profile conferences including the 2nd International Conference on Nutrition and the United Nations (UN) Climate Summit, at which the Global Alliance on Climate Smart Agriculture was officially launched. 2014 was also the UN-designated ‘Year of Family Farming’ and the African Union’s ‘Year of Agriculture and Food Security’.
In Zimbabwe, agriculture remains a key livelihood activity for the majority of the predominantly (70%) rural population. While there are pockets of excellence that demonstrate what is possible in rural agriculture, the overall picture is one of shortages and inadequate access to inputs, unpreparedness for severe weather changes including drought and limited access to affordable finance for small and medium enterprises (SMEs) and smallholder farmers. This is worsened by the liquidity crunch affecting the financial sector.

On a positive note the gradual shift in focus by donors and key agencies in agriculture from an humanitarian and relief orientation towards market-based approaches to agricultural development is a very welcome development and fully aligned with SNVs approach to sustainable development.

SNV Agriculture’s strategy addresses three drivers and 3 cross-cutting themes that have significant impact on livelihoods and growth potential for rural communities and the wider economies in which they exist.

- **Food and Nutrition security** by promoting resilient local and regional food systems, expanding dietary diversity and taking a whole-family approach to behaviour change on nutrition (Sustainable Nutrition for All)
- **Sustainable Markets** through deploying Inclusive Business tools to involve low-income groups in value chains as producers, distributors or consumers; and taking a ‘market systems’ perspective in value chain development interventions.
- **Climate Smart Agriculture** where the concept of Green Value Chains, is used to incentivize uptake of greener alternatives for production, processing and service provision along a whole value chain by working with companies to test and prove the economic and environmental gains from investing in greener technologies. Certification is one of the major tools under this theme

Across each of these ‘drivers’, SNV integrates Gender Equity and Equality to expand the quality of participation and market share for women in agriculture; Youth Inclusion to expand employment opportunities for youth and inject dynamism into agriculture practices to sustain next-generation interest. Capacity building is key to sustainability in all areas of SNV intervention and is further elaborated below.

**Capacity Building**

Capacity Building is deeply embedded in all aspects of SNV’s work across its sectors and sub-themes. This commitment is rooted in a firm belief that the success of development investments and interventions of any kind can only be successful in the long term if both the target group(s) for which benefits are intended and the key actors / groups involved in providing related goods and services, have the individual and collective capacity to sustain the gains on their own, over time.

This centrality of capacity building is further linked to four principles that drive all intervention design processes in SNV, across all sectors and solutions:

- **By promoting Inclusion in market based approaches, SNV increases both the role and stake that poor populations can claim in development processes that shape their livelihoods**
- **By going beyond the technical ‘symptoms’ to address systemic and endemic underlying causes, SNV increases its ability to contribute to a more enabling environment for programme gains to thrive and be up-scaled.**
- **SNV builds on existing strengths and stimulates self-leadership at all levels, thereby facilitating local resourcefulness by coaching local institutions to take up capacity development themselves.**
- **SNV interventions, though globally coherent, are specifically ‘contextualised’ to respond to issues on the ground and as articulated by those for whom interventions are intended.**
The RARP Story
Incremental Learning, Adaptation and Up-scaling

Starting point - Rural Agro-dealer Restocking Programme (RARP I)
Since 2009, donors, including DANIDA and implementing NGOs like SNV have been involved in the search for solutions to the revival of both smallholder and large scale agriculture, as a key driver of economic growth in Zimbabwe. There was consensus amongst stakeholders that agriculture recovery would in the short to medium term depend on the “Commercialisation of Smallholder Farming”. In SNV’s view, this called for a two pronged approach – capacity building of smallholder farmers to commercialise their farming practice as well as supporting the revival of agriculture systems – agro inputs and outputs markets, extension, infrastructure and financial services.

In 2009, SNV was contracted by the Food and Agricultural Organisation (FAO) to test and implement an innovative approach to resuscitating rural markets for agricultural inputs. This resulted in a programme named Rural Agro-dealer Restocking Programme (RARP) a pilot designed to test the appropriateness of market-driven input distribution methods in the emerging economic environment.

RARP I encouraged suppliers of agricultural inputs to place consignment stock in rural retail outlets and mitigated risks by purchasing insurance for agro-input suppliers. It also offered capacity building mostly focused on agro-dealers. This pilot illustrated the considerable potential to leverage private sector investment into agro-input distribution.

RARP I Highlight
A total of 71 shops participated and 700 tonnes of seed and fertilizers, with a total value of over $390,000 were sold through the agro-dealers

Next phase and new trial - RARP II
At the closure of the pilot project, interested development organizations including SNV and donors decided to partner to incorporate the lessons learnt from the RARP I pilot into a nationwide programme for the 2010 – 2011 agricultural season. The objective of the RARP II was to re-establish the rural agricultural input markets which had all but collapsed in the 8 years of recession from 2000-2008. The RARP II model involved supporting wholesalers to provide rural agro-dealers with consignment stock. SNV, supported by DANIDA, FAO, together with German NGO HELP, designed and implemented a programme that involved risk sharing with wholesalers. The programme provided an insurance policy that amounted to 2.8% of sales as a way of giving confidence to wholesalers to place consignment stock or offer other attractive trade terms with the agro-dealer shops. SNV provided technical assistance to both the wholesalers and agro-dealers to make the programme a success.

The success of RARP II signaled the recognition of market based input provision models as more sustainable in the long run than the free input handouts intervention previously promoted by donors and government.

Highlights from RARP II
10 wholesalers operated agro-dealer networks with 659 registered and insured agro-dealers

$112,000 worth of insurance was provided

Total agro-input sales worth $9.3 million recorded

Estimated 131,800 households accessed inputs through agro-dealers
The RARP programme evolved at quite a fast pace, expanding to address farmer needs beyond agro-inputs. The programme was renamed Rural Agriculture Revitalisation Programme (RARP III) and was funded by DANIDA. RARP III built on the achievements of RARP II, with restocking remaining at the centre. However, in RARP III, the restocking component’s emphasis was on building the capacities of Agro-dealer Associations as opposed to supporting individual agro-dealers. This was seen as a more reliable form of guarantee than the insurance. RARP II had a number of components that offered broad support to farmers, agrodealers and off-takers. RARP III components are listed below.

ZADT was founded on the thesis that a combination of appropriate and affordable credit, and capacity building services to agriculture value chain actors, who have access to secure markets, would lead to improvements in livelihoods of smallholder farmers that are part of those value chains.

Main components of RARP III

**Contract Farming Support**
- 16 companies working with 8,860 farmers
- Farmers contracted for 15 commodities including sesame, cowpeas, soybeans, tea, paprika, sugar beans, garlic, flowers, herbs, spices, onions, tomatoes
- Companies accessed $1.2m loans from ZADT
- 5,685 farmers linked to 10 companies trained in FAAB
- Quality extension support and agronomy training for 80% farmers

**Output Marketing**
- 8 private companies and 85 agro-dealers
- 6,970 MT of Maize, 291 MT Sugar Beans, 1,530 MT Soya beans & 307 herd of cattle traded- total combined value of $2.9m

**ZADT**
- $11.6m loans disbursed to agribusiness value chain actors under the ZADT Create Fund. ($15m)

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**RARP III Highlights**

**Input supply**
- Agreements with 11 input companies
- Network of 1,558 agro-dealers.
- 1,360 agro-dealers trained and mentored on retail business management.

**Contract Farming Support**
- 8 companies were supported to contract 8500 farmers in 7 of 8 provinces, providing reliable markets to trigger production for increased incomes
- **Output Marketing** enabled farmers to sell surplus produce especially maize, groundnuts and soybeans mostly through the already established agro-dealer network
- **Agri-Business Support** - capacity building of agribusiness SMEs that support and provide services to smallholders including processors, abattoirs, transporters, nurseries, suppliers of livestock inputs like veterinary products.
- **Value Chain Studies & Pilots** - to inform further design improvement and potential

**Zimbabwe Agriculture Development Trust** - revolving fund disbursed through commercial banks to provide value chain catalyst finance targeted at agro-input and output value chain intermediaries. By the end of RARP III, other donors such as DFID and Ford Foundation had joined DANIDA to capitalize ZADT.
The RARP Story: Smallholder integration and agency in viable markets and market systems

RARP-CSF – applying models from RARP 1 to RARP III in specific value chains

RARP-CSF (Rural Agriculture Revitalisation Programme – Commercialisation of Smallholder Farming) was developed by building on the foundations laid by the previous programmes that initiated SNV’s work on the commercialisation of smallholder farming through promotion of market based solutions. It promoted an integrated approach to value chain development in order to address interrelated constraints and barriers to growth in specific sub sectors and value chains. The components were designed to reinforce and catalyse each other to provide deep intervention across 3 key value chains which SNV considered as having high potential for smallholder growth. Strengthening the Agro-dealer network; tailoring contract farming to specific chains; agri-business support and financing linkages all worked together to boost the performance of smallholders in the RARP-CSF value chains.

RARP-CSF ensured that the ‘Agro-dealer restocking’ component would become a full market driven and self-led initiative by focusing on capacity building of the national agro-dealer association. This was aimed at transforming the association into an efficient institution that would offer valuable services to its members at district and provincial levels and lobby for a conducive policy environment for agro-inputs business.

Overview of RARP-CSF

Value Chain Development

SNV value chain studies identified that agri-business had a strong interest in the revival to of specific value chains with production driven by smallholder farming. The tobacco and cotton chains had already proved that with support, smallholder farmers were capable of anchoring and growing a sector. RARP-CSF supported the development of value chains in the dairy, horticulture and oilseeds sub-sectors.

The Agro-dealer network; Contract Farming models; SME development; and Value Chain Financing were retained from RARP III and deployed to drive performance of the selected value chains. By the time RARP-CSF was being implemented, the ZADT had a capital of $35 million, with DANIDA having injected additional funds. In addition, RARP-CSF piloted two other components: a Matching grant facility which was aimed at further developing the SMEs and an ICT 4 Agriculture Component.

Matched Grants Facility

Agribusinesses are crucial to the success of agriculture in many ways. The services and products they provide are critical for farmers to produce quality products and reach markets. The Matched Grants Facility in RARP-CSF was designed to support targeted SMEs to upgrade technology and develop markets to achieve competitiveness and drive growth of markets for smallholders through their own expansion. All SMEs who qualified for grants after a rigorous selection process, were further supported with technical assistance and capacity building to increase their chances of success and assure a high return on their investment made by themselves and the RARP-CSF programme. Strong performance under the programme would put these SMEs in a better position to drive their onward growth through regular financing channels from banks and continue to provide markets and services for smallholder.

ICT4Agriculture

The e-Extension pilot was launched to enhance the use of ICT4Agriculture in the current extension services. The main thrust of the project was to establish the extent to which mobile and digital services can be utilised to improve the access to information by smallholder farmers in Zimbabwe. The pilot focussed on the interaction between the existing extension services and small holder farmers. It aimed to expand the sources of accurate and timely information that extension officers could support farmers with while increasing the farmer reach per officer. The component name was a deliberate choice to facilitate change of mind-sets in agricultural extension practice.
Results highlights from RARP-CSF in brief

**Agrodealer Network**
- 723 Agrodealers active
- $411k loans to 254 agro-dealers
- Functioning credit guarantee fund operationalized in 7 provinces
- Transaction Platform has evolved into the AgroMall, an interactive commercial market information dissemination and sharing platform.

**Oilseeds VCs**
- 1056 SHF certified by Rainforest Alliance and UTZ
- 6,000 SHF linked with private companies
- Contracted SHF - 3820 for soya bean; 2820 for sesame; 1245 for groundnut
- Mechanisation pilots including mobile groundnut sheller; sesame cleaners - led by private companies

**Dairy VC**
- Established heifer breeding centre at Matopos Research station - Sold to 4 MCCs
- Green energy solutions for MCCs and dairy SHF including biogas and solar
- Facilitated review and adoption of 4 dairy standards
- Dairy labour market study adopted by MAMID
- 60 paravets (15 women) trained on AI techniques

**Matching Grants Facility**
- 60% of grantees recorded increase in turnover & profits
- One grantee qualified for export market
- Markets enhanced for at least 5000 smallholder farmers across the country

**e-Extension**
- Farmers-Receiving localised messages, tailored to their enterprises. The messages are on weather conditions, pests and diseases, resilience strategies, crop agronomy, livestock husbandry and market information.
- Farmers-Able to access real-time market information on their mobile phones
- Improved networking at farmer level and extension worker level: Agricultural information received through the SMSes is shared among farmers and the information also gets to those who do not have mobile phones through their community networks
- Improved collaboration of government departments: The three departments; LPD, Agritex and DVS who are the stakeholders work together through their collective efforts in organising and mobilising farmers to make farmer trainings on ICT use a success.
Looking Back

Results from the different phases of RARP point to a programme that has indeed contributed to the development of smallholder farming in Zimbabwe particularly in showing that a market-led approach works in positioning smallholders as key partners to the private sector in major value chains in Zimbabwe. The programme met its development objective to contribute significantly to a vision of commercially viable smallholder farming in Zimbabwe through sustainable commercial input and output marketing channels through the provision of technical and business development services.

Through the different phases of RARP, a central thread of its approach was support to supporting agri-business intermediaries (wholesalers, manufacturers, rural agro-dealers, contract farming companies, processors, traders, transporters) to deliver products and services to smallholder farmers more efficiently and cost-effectively. The vision was that this would incentivize farmers to improve production and productivity, thereby increasing their income security and livelihoods of their families.

Challenges in RARP

- The programme scope was large (multiple components and national coverage) presented both implementation and management challenges.
- The general downwards economic performance affected the programme in all phases making viability an uphill struggle not only for smallholders but also the many businesses that tried to establish commercial relationships with the smallholder farmers. Company closures and down-sizing of operations resulted in low levels of business transactions with smallholder farmers.
- SMEs who were willing to be part of the programme ‘eco-system’ offering services to smallholder farmers were mostly weak and had no access to finance to capitalize their business.
- The operating environment was also characterized by shortages of services such as electricity and water, which also contributed to high costs of doing business for both smallholder and larger enterprises.
- As a market-led programme, RARP interventions sometimes conflicted with humanitarian aid/government programmes handing out free inputs in the same districts or close by. Better coordination between RARP and other programmes might have helped to avoid some of the negative effects of farmers expecting similar handouts from RARP.

Key achievements and insights in brief

- RARP provided a risk mitigation mechanism for smallholder farmers thereby giving them the confidence to increase investment and production in order to obtain sustainable returns on their agricultural enterprises. The competitiveness strategy was based on the provision of a holistic support package anchored in realistic and economically sustainable links with private sector.
- The adaptive and incremental nature of the RARP design, over time allowed truly tested models and interventions to be expanded subsequent phases with relative confidence. It was an example of a true learning partnership between SNV and the different RARP funding agencies especially DANIDA. Output marketing and contract farming were incorporated into RARP II based on clear lessons in the first RARP and then up-scaled in both RARP III and RARP-CSF. It is also clear that other agriculture programmes funded and implemented by different organisations have learned from previous RARPs as well as RARP-CSF, and in some cases improved on aspects of the design which is refreshing and provides further learning.
- By identifying and supporting SMEs while farmer productivity increased, RARP helped to create a viable market for both groups, creating a self-driven incentive to improve services and transaction costs on the SME side and production, productivity and quality on the farmer side in order to sustain the benefits to each other.
RARP-CSF took SME support one level higher through the Matched Grants Facility by targeting SMEs who were ready for growth. These are now positioned to become potential medium-sized businesses at national or sub-national level and should be able to sustain or grow the number of farmers who supply them or pay for their services.

- By embedding earlier RARP models in 3 Value Chains, RARP-CSF contributed to revitalisation of the Horticulture, Oilseeds and Dairy sub-sectors while strengthening household income and food security in the programme areas. The Agro-dealer Network; Value Chain Financing; Market Linkages; Inclusive Business; and Contract Farming models were combined differently and contextualized in each value chain with very positive outcomes in the Dairy, Horticulture and Oilseeds sub-sectors. Studies and research helped to fine-tune the adaptation of the key intervention models to each subsector. Models developed during the earlier phases of RARP (Agro dealer Network, Value Chain Financing, Market Linkage, Inclusive Business and Contract Farming) contributed to the positive outcomes in the horticulture, oil seeds and dairy sub sectors.

- ’ICT-for-Agriculture, introduced in the last year of RARP-CSF to improve extension service delivery has proved highly relevant with uptake increase right up to the close of the project. Extension officers in pilot areas provide timely, relevant and locally relevant agronomy, weather and market information to many more farmers at the same time. There was not sufficient time to test it as a financially self-sustaining model. The model will need to show that it can be sustained through farmer and value chain actor subscriptions at a level that is affordable, meets user expectations in terms of value, and can cover the cost of providing the service including hardware replacement if needed.

- RARP-CSF proved the effectiveness of intentional and adaptive design, tackling multiple facets of the composite challenges facing smallholder farmers simultaneously, in order to catalyse positive action at different levels in a value chain. By taking a market-led approach, the RARP-CSF components and models helped to provide incentives for farmers, mid-chain actors and end buyers resulting in increased production, productivity, employment opportunities and net incomes.

- The opportunity to work across different value chains in RARP helped SNV to fine-tune its approach further, realizing that working with small holders in value chains requires practitioners to design interventions that match the level of maturity of a value chain and the particular challenges that poses for smallholders. From RARP experience, the following broad categories and related issues could be distilled:

  Emerging Value Chains, characterised by crop and livestock activities that smallholder farmers do not have much previous experience in. Entry barriers could include, infrastructure, technology, perceived low profitability, high risk, poor institutional organisation and access to credit. Sesame (oil seed) is a good example of an emerging value chain - although grown for consumption, it is now becoming popular amongst the smallholder farmers as they begin to realise its suitability to dry conditions, low input cost and growing demand. Many producer groups are first time growers. Priority support actions in emerging chains areas should emphasise organisation of farmers, intensive training them, structured links to markets and credit sources. At the same time, interventions to promote investment in infrastructure for production, harvesting, storage and processing should be factored in to improve efficiency. Private sector actors need specific attention to increase understanding of opportunities for participating and investing.
Developing Value Chains could be described as those crop and livestock activities that have traditionally depended on the commercial sectors in Zimbabwe, and are now open to smallholders. While these chains have established practices, smallholders often start at a disadvantage because of poor and unsystematised production practices, lack of market information and poor understanding of market needs and standards. Most farmers also market commodities in their raw form with minimal profits. Such value chains include groundnuts and horticulture. Interventions in ‘developing’ chains should emphasize upgrading of products and processes at industry level and standards compliance. Practitioners should also promote value addition, niche marketing, efficient and climate smart technology, smallholder farmers’ forward integration and ability to collaborate effectively with established industry bodies and platforms.

Mature value chains are established and well developed. These would typically have a high level of smallholder participation with a history of working with commercial scale counterparts. There are also established chain actors like financiers, buyers, and transporters who have refined and tailored services to the needs of the chain. Examples of such chains would be banana (Eastern Highlands) or tobacco and tea. Interventions in mature chains could focus on additional and improved coordination, expansion of smallholder participation with higher value for smallholders. That can be driven by multi-stakeholder processes and strengthening the value chain governance structure so as to enhance cohesion and collaboration.

RARP and Zimbabwe national priorities
RARP in all its phases, was in sync with and contributed to government intentions and aims for agriculture and smallholders. In the 2011/12 season, the Ministry of Agriculture stated that the overall objective of the input support programme was to increase production and productivity of smallholder farmers in Zimbabwe, improving food security, livelihoods and on-farm incomes. In addition the programme aimed to enable “graduation” from one socio economic group to the next, decrease dependency on annual input support programmes and ensure efficiency of inputs use, distributed wherever possible through rural agro-dealers using voucher mechanisms. The Ministry also recognised the role that private companies would play through extension and training to improve productivity as well as the promotion of market linkages and contract growing programmes to enhance farmers’ income and strengthen rural economies. All phases of RARP fitted very well with this vision. By contributing to improved participation and competitiveness of the smallholder farmers in formal market, RARP-CSF was well aligned to Zimbabwe’s Agenda for Sustainable Socio-Economic Transformation (ZIMASSET).

SNV acknowledges with appreciation, the strong partnerships forged between the RARP programme and public extension services particularly, AGRITEX, Department of Livestock and Veterinary Services. The success of interventions in the horticulture, oilseed and dairy sub-sectors was possible because of the close and positive collaboration and team work with these departments. The programme also worked closely with these departments in the implementation of the e-Extension pilot. The hardware for e-Extension Information Centres (ICs) were housed within these departments, who availed space in their offices for this purpose. Nominated extension officers from the named departments underwent intensive training and have taken over the management of the information service, Information Centres and proper stewardship of the equipment.
The exit strategy of RARP is anchored around five types of organisations or processes that continue beyond the formal RARP programme:

1. Mature and stable private company (contracting firms) relations with farmer groups

Most of these are now in their second or third cycle of working with SNV hence systems, trust, and cohesion and communication lines are now well established. It is expected that all models developed with the private sector companies, including micro finance institutions will continue as strong relationships have been built between the companies and the farmers who now view themselves as business partners. In mature and/or well-established models, private companies will absorb the SNV role and embed these in their day to day operations now that the business benefits from incorporating smallholders in their supply chains has been clearly established.

2. Public institutions and agencies capacitated to replicate or integrate RARP approaches and models as part of their regular support to smallholders

AGRITEX and Zimbabwe Farmers Union (ZFU) - have both shown strong commitment and presence throughout RARP With capacity building through RARP, Agritex officers in RARP areas are able to continue the approach while ZFU will support contract farming, certification industry platforms, multi-stakeholder platforms and producer groups. Both institutions will continue to strengthen established linkages and as well as capacity improvement of farmer groups. To avoid parallel systems, SNV created a platform shared by different extension departments that leveraged complementary efforts and fostered harmonisation of extension messages and approaches. Training of Agritex extension staff and lead farmers in specialised skills was conducted in all districts to enable them to support the commercially oriented value chains during and after the end of the programme. The farmer associations and the multi-stakeholder platform are already linked with Zimbabwe Farmers Union (ZFU), who will continue to offer services.

Similarly the interventions in dairy were in collaboration with government departments. In this respect, government’s agriculture extension officers from the Division of Livestock Production and Development (LPD) and Agritex will continue to supervise trained farmers and fodder entrepreneurs on fodder production and marketing including established fodder demonstration sites. The government’s dairy revitalisation initiative (DRP) and Zimbabwe Dairy Industry Trust (ZIDT) will continue to operationalise artificial insemination by utilising trained paravets and livestock extension workers within the reach of smallholder dairy farmers and dairy hubs. The dairy stakeholder platform ZIDT will continue to strengthen and co-ordinate all dairy interventions within the dairy industry and will also continue to steer the committees established to close the gaps identified from the dairy labour market study conducted under RARP-CSF. SNV worked closely with the Zimbabwe Association of Dairy farmers (ZADF) who will take over paravets under its Artificial Insemination project in the respective dairy hubs. ZADF as a member of ZDIT and an association for dairy farmers will continue to coordinate dairy field days. The Heifer breeding centres that were supported by the programme will also be handed over to ZDIT’s DRP unit for supervision and for ensuring that the business model achieves the desired targets. The heifers will be sold to the smallholder dairy farmers under the supervision of the DRP. The development of standards, good manufacturing practices (GMPs) and review of dairy standards will continue to be chaired by the Zimbabwe Dairy Services department and with active participation of the dairy industry players.

Information Centres (ICs) established in the e-Extension component are housed in the offices of public extension departments. The management of the centres has been enabled by the intensive capacity building of selected focal e-Extension personnel nominated by their respective departmental heads. This strategy guarantees the stewardship of the equipment at the centres, as well as responsible use of the internet services provided. This empowerment of the public extension services ensures that upon the exit of SNV from the programme there remains a chain of command that has
The RARP Story: Smallholder integration and agency in viable markets and market systems

facilitating the operationalisation of the Credit Guarantee and Transaction Platform facilities as vehicles for improved business activity by participating agro dealers through access to credit and market information. In addition, as a way to ensure more active participation by the agro dealer associations in decision making and ownership, the re-engagements with companies during the last phase of RARP were done through provincial association leadership with the final agreements being between the provincial agro-dealer leadership and the companies.

Some of the agro-dealers have already been linked to on-going programmes like Enhancing Nutrition Stepping up Resilience and Enterprise (ENSURE), Food, Nutrition and Income Security (FNI) and LFSP-Rural Finance. Close collaboration was established among the SNV implemented programmes to facilitate continuation of the agro-dealer initiative. The Credit Guarantee and Transaction platform will continue to be supported by ENSURE and FNI while the Credit Guarantee has been transferred to ZADT.

Selected Agrodealers will also run the second component of the e-Extension initiative- Information Dissemination Centres (IDCs) from shops. These are points of contact for farmers to interact with information disseminated and generated in conjunction with the ICs. These IDCs comprise of a 32-inch LED Television Monitor that screen infomercials and a number of documentaries are used to promote the agricultural activities of the districts e.g. field days (dry & wet shows), farmer field schools and demonstrations. The screens remain the property of the ICs. The critical success factor is the continuous generation and dissemination of relevant content. This has to be linked in future, to a revenue generation model that will pay for services fees from content screened by competing brands that are in the agro-dealer shops. A nominal fee will be charged for showcasing products on the screen, and a percentage of the revenue will go towards the maintenance of the ICs. This component of the project should be able to create a social enterprises from digitalisation services in agriculture (ICT4Ag)

ZADT is a fully fledged going concern and will continue to play a major role in providing finance to the agriculture sector. As mentioned above, ZADT will be care taker for the Agro-dealer Credit Guarantee Fund.

3. Development agencies with similar interventions-
These have the financial and human capital to continue supporting contract farming, adding to producer group strengthening, and scaling up interventions like MSPs and certification. Potential partners approached include local organisations like Shurugwi Partners and FAO consortium partners under the LFSP in Manicaland, Midlands and Mashonaland Central. A list is provided below.

4. Ongoing SNV programmes where relevant-
SNV always seeks for synergies and collaborations within its own programmes. This will make it easy to continue RARP interventions in continuing programmes. RARP also has links with other programmes such as the DFID funded Livelihoods ad Food Security Programme (LFSP). This means that most of the small-holder farmers under the RARP programme will easily be integrated into SNV’s ongoing programmes and /or integrated into other development organisations’ programmes, and government departments ensuring sustainability of the interventions. Some SMEs from the Matched Grants Facility will be linked to programmes like ENSURE and FNI to reach more producer groups and also benefit from continued mentoring from programme teams.

5. Institutions, or platforms that were innovated or strengthened through RARP and which can play a strong role in the continued effort to increase commercial functioning of smallholders,
A key player in this group is the Agrodealer Association, established through RARP. The association was strengthened at national, provincial and district levels so that they have accountable and visionary leadership to help to steer their association towards achievement of the collective goals of their members. Sustainability of the association hinges on strengthened capacity to offer relevant services to their membership. Examples include
Future perspectives

In spite of the renewed interest and investment in smallholder agriculture, there is a lot of ground to be covered for smallholder farming (at scale) to be able to consistently and sustainably contribute to improved livelihoods, and enable smallholder communities to have agency and control in their lives and also protect the environment. The output from smallholder is still far below their potential. Work remains to be done on a range of issues including but not limited to access to finance, better seeds and fertile soil, reliable markets rights to land, effective extension services, appropriate and affordable mechanization and supportive policies and maximization of women’s potential. Some of these attention areas are explored below, informed by the RARP experience.

1. Digital technology

There is huge scope to deepen and expand the role of digital technology in smallholder farming. The high rate of development in this area and the need to embrace the innovations will be a driver of success in interventions designed to support smallholder agriculture. Digital technology already affects all stages of the value chain as well as consumer and market behaviour and choices. The increasing number of ‘ICT for Agriculture (ICT4Ag) initiatives in Zimbabwe is a positive and welcome development.

Future efforts need to address coordination to improve coherence and standards and service provision such as easy to access and affordable call centres; Information Centres; Data base management; consistent and relevant content generation; access to mobile networks, reliable and affordable internet services and quality multi-media services, transaction services and lower costs of access. Apart from service provision, digitalisation or ICT4Ag applications have great potential for improving smallholder voice and agency by creating instant and direct feedback loops and transparency that can drive up the quality of Agriculture programmes and services aimed at smallholders.
Agriculture projects should routinely incorporate digitalisation as part of design and focus on exploring and engaging with existing services to improve, expand and continue those services proven as reliable, rather than reinventing new ‘wheels’ and causing further fragmentation. Current ‘unhealthy’ competition between service providers is often counterproductive and gives no value to the SHF, whilst compromising profitability of service providers themselves.

Investments in ICT4Ag in interventions must address sustainability strategies to ensure service continuity, reliability of internet provision; quality content generation and viable economic model that enables private sector to make sufficient profit, farmers to be able to afford payments and for public sector to continue to supply services and maintain systems. Social enterprise business models could be explored. Smallholder education and awareness is also important to improve uptake.

MoAMID has to remain key in the mix of partners for an ICT4Ag system to work. There are already institutions in place to collect, collate and document information. Development interventions should not create parallel (and isolated) systems but seek to improve what exists and increase its efficiency and effectiveness partly through active engagement with private sector on a market basis. Speed, timeliness, relevance and value of information will determine farmer interest, trust and willingness to pay. To improve AGRITEX effectiveness and ability to exploit full potential of ICT4Ag, digitalisation and its implications for extension services needs to be part of the curriculum in Agriculture Colleges.

2. Consumer awareness and health consciousness, certification and traceability

Globally, there is a growing demand for safe and sustainably produced food as consumer awareness of health, environment and ethical production issues grows. Recognised certification can drive quality and access to niche and ‘aware’ markets. Based on rough estimates, the total retail value of organic food sales was estimated at US$23 billion in 2003, with fair-trade food sales estimated to be worth around US$500 million. Export markets increasingly demand these standards as a prerequisite to trade. To access these lucrative export markets, value chain upgrades through certification will become more important. Examples of common standards are Global GAP, Fairtrade, Rainforest Alliance, UTZ certified and International Federation of Organic Agriculture Movement (IFOAM).

Additional benefits of certification include food safety and quality Assurance; traceability; worker occupational and health and safety standards; environmental management including soil, water and natural habitat protection; production process standards such as fertiliser application and pest management; and product management from harvest to shelf. Addressing these would make smallholder farming more competitive.

Certification can also contribute to the effort towards climate responsive agriculture. Most major certification programmes have adaption and mitigation strategies. Furthermore, embedded in all certification programmes are numerous Climate Smart Agriculture approaches which can help smallholder farmers sustainably increase productivity and incomes; adapting and building resilience to climate change and reduce Green House Gas emissions through Safe, sustainable & responsible farming practices.

3. Greater share for women in agriculture

Equitable gender norms and relations, affecting asset ownership, decision-making, level and quality of participation continues to keep women’s share in agriculture low in spite of providing over half of the labour force in agriculture. Although significant gains have been made towards gender equity in agriculture, deeply seated gender norms and relations continue to shape and define the share that women have especially at levels beyond on-farm production. More intensive work is needed on decisions around productive resources and assets including...
labour saving technologies, as well as interventions to enhance women’s entry and success in value added businesses. More explicit support is needed for women in agri-business, to facilitate their entry into high-value sub-sectors and increase their level of influence through leadership and inclusion in leadership spaces at the level of associations, and multi-stakeholder platforms, chambers of commerce, cooperatives and federations. There is also more work to be done to foster and promote gender responsive market systems identifying and implementing market incentives that propagate gender equity in market opportunities.

4. Climate change
Climate change is a growing driver for the promotion of more sustainable agriculture with increasing emphasis on green energy solutions along value chains. There is much work to do to prove the commercial viability of these approaches in order to stimulate uptake by smallholders who produce commercially as part of larger industry supply chains. The need to feed more people with finite and increasingly fragile resources calls for a sea change in agricultural practice including land, water and energy use.

Promotion of resilient value chains should be one of the design principles of agriculture and specifically smallholder programmes in Zimbabwe especially in drought prone areas and include interventions that promote drought tolerant crops and breeds, water conservation and harvesting practices for example. Well known approaches that increase smallholder resilience in the face of drought should be improved, systematised and up scaled. This will demand greater sharing and critical reflection and testing of what works amongst and across different development partners, a practice that does not happen enough. Practices that seem to work in small pockets should be tested against market conditions – uptake of climate responsive agriculture will only achieve scale if it is profitable for farmers, private sector and consumers. This true of both crop and livestock value chains.

Sustainable and clean energy solutions for agriculture include Biogas and Solar sources, both of which have great potential for heating and cooling at different stages the chain across a wide range of both crop and livestock (including dairy) production processes. Again there is a growing number of small pilots in as yet unconnected projects that will need to share information and subject pilots to critical review and large scale testing. Apart from heating and cooling, biogas also provides bio-slurry provides alternatives to chemical fertilizer for pastures, fodder production as well as horticulture and nutrition gardens.

5. Improving competitiveness through industry standards
Quality control in any sector is an important and improves competitiveness in increasingly interconnected local, regional and global markets. Product and services certification and compliance with approved standards also improves consumer. The Standards Association of Zimbabwe (SAZ) plays a key role in developing quality standards in Zimbabwe. Active participation of agriculture stakeholders and value chain actors (including smallholders) in the development of quality standards is important. Support to smallholders should include ensuring that representation in such processes is meaningful. Effective multi-stakeholder processes and or platforms (MSPs) are useful for ensuring quality of engagement, representation, transparency and voice in such processes.

6. Farmer organisation for efficient coordination and smallholder markets share
Whilst it is widely accepted that farmer group formation and organisation is needed to ensure scale and efficiency (Most Zimbabwean smallholder farmers grow on average 0.4ha of land), there is room for improvement in farmer organisation beyond the level of a single producer group. Improved levels of organisation at commodity or value chain level would in turn improve engagement and accountability in the relationship with unions and would also help to increase the ‘space’ and
voice that smallholders have at the policy and industry levels of decision making. Better farmer organisation would also provide a coherent vehicle (in collaboration with public sector) for driving standards and improvement messages.

7. Responsive and inclusive value chain financing
This is an area set to grow and adapt quickly in the near future with recent calls for financial inclusion and the increasing level of participation from mainstream institutions and banks who were previously ‘smallholder shy’. While the efforts to increase the number of opportunities and products tailored to smallholder and ‘bottom of the pyramid’ needs, interventions are needed to help mainstream finance institutions and banks to improve their understanding of smallholder needs, smallholder farmer ‘culture’ and the range of opportunities for business in this ‘new market’. Prospective and potential providers need to understand the full value chain and to recognise the range of actors that need to be supported in order to drive activity in a particular chain.

A wider range and mix of financing options for smallholders and SME agri businesses is needed to increase choice and dynamism. Digitalization and mobile money technologies open up this space even further. Innovation is also increasing as institutions become more aware of the market potential. There is more willingness to look beyond ‘traditional collateral’, to recognise the power of harnessing group savings as well as innovations like micro leasing options. Options such as credit guarantees, insurance, matched grants etc also help to hedge risks and increase the reach of financing products.

There will be a need to learn across development initiatives and provide sufficient quality of consumer information to increase smallholder awareness and choice as the range of products and providers grows. Financing remains a huge bottleneck for smallholders so while the recent developments are a welcome sign, there is a significant gap to close.
Rural Agro Dealer Network Development: Growing The Potential Of A Critical Service Node In The Rural Agriculture Eco-System
Background

Post 2000, the economic meltdown reduced the capacity of rural retail businesses and wholesalers to stock and supply inputs to smallholder farmers in Zimbabwe. The Government intervened by creating institutions to supply agricultural inputs to the smallholder farmers thereby outcompeting rural agro dealers, whose businesses became unprofitable resulting in closures. That resulted in the collapse of the market driven agricultural input supply network. The dysfunctional input supply system resulted in smallholder farmers failing to timely access affordable inputs and subsequently there was a reduction in agricultural production and yield.

The Government of Zimbabwe and the donor community recognised that it was strategic to prioritise interventions that could spearhead the resuscitation of a sustainable market driven input supply system. A decision was made to deliberately move from a free input distribution system, which was fuelling the dependency syndrome, to a more sustainable and market driven system.

In 2009, SNV was contracted by the Food and Agriculture Organisation (FAO) to develop an innovative and market driven way of resuscitating rural markets for agricultural inputs. The program resuscitated and strengthened input supply players (manufacturers, wholesalers, service providers, agro-dealers and commodity associations of smallholder farmers). What started as a simple pilot programme called the Rural Agro-dealer Restocking Programme (RARP) yielded lessons and innovations that remain key in SNV’s work on the development of the agro-dealer network and the smallholder agricultural sector in Zimbabwe.

The intervention, through adaptive and critical review, evolved into a key component of the Rural Agriculture Revitalisation Programme-Commercialising Smallholder Farmers (RARP CSF) funded by DANIDA which also piloted a transaction platform (AgroMall), a Credit Guarantee Fund, Agro-dealer Associations and various business linkage models between the agro-dealers and input suppliers. The primary intention was to enhance access to (including the dissemination of) market information, access to finance, promote collective action and manage risk in business relationships for agro-dealers so that smallholder farmers could sustainably access affordable inputs in their localities.

The Relevance of Agro-Dealers in the Agro-Input Supply System

Most farmers experience difficulties in accessing affordable inputs in their localities on time. That is so because large input manufacturers and wholesalers are located in large urban areas. The costs of accessing agricultural inputs became prohibitive since smallholder farmers incur huge transport costs travelling from remote areas to buy small units of agro-inputs in urban centres. Besides losing productive time as they travel to those urban areas, the elderly rural farmers face risks that include being involved in accidents and losing the little money that they have, to thieves. That increases the total cost of acquiring inputs by close to 40% for smallholder farmers.

In Zimbabwe, agro-dealers are strategically located in the rural areas, in proximity to the smallholder farmers, and are present even in the remotest regions of the country. The small rural businesses are widely spread in large numbers, and provide various services to the smallholder farmers within their vicinity. They are the key link between smallholder farmers and the input manufacturers and wholesalers that have distribution centres concentrated mainly in urban centres. They present an opportunity for input wholesalers and manufacturers to develop their downstream supply chains by increasing their distribution outlets and reaching out closer to the farmers. Selling agro-inputs through the agro-dealers cuts the farmers’ cost of acquiring the inputs, and presumably increases production, while also increasing the suppliers’ sales volumes and profit.
Responding to the Growth Potential and Development Needs of Agro-dealers in Zimbabwe through RARP and RARP-CSF, SNV has learned about a number of challenges that limit the ability of the agro-dealers to take up that role (of input and output marketing) and meaningfully participate in the mainstream economy. The key challenges are the following:

**Agro-dealers access to finance**  
Just like all the actors in the economy at large, agro-dealers face challenges in accessing finance to capitalise their businesses. They also lack key skills of record keeping and business planning; hindering their ability to produce bankable business proposals. Financiers require collateral in form of immovable property and key business documents which most of the agro-dealers do not have. On the other hand, where finance is available (especially from micro-finance institutions), the interest rates are prohibitive.

SNV facilitated the establishment of a Credit Guarantee Fund (CGF) for organised agro-dealers. Setting up the facility requires the practitioners to bring together a financial institution, the facilitators and organised agro-dealers. The system, being new in the banking sector, requires a careful and comprehensive facilitation process to adapt the strict banking industry regulations to the new form of security. At every stage of decision making, there is need for the parties to convene at a round table involving all levels of management. The key drivers for the success of the facility were transparency and the external injection of some funding for leverage as both the agro-dealers and banks are risk averse.

Collective action for business bargaining and ability to influence policy for agro-dealers  
The absence of a shared vision and platform for agro-dealers to constantly engage and work collectively to manage their day to day challenges weakens their influence in the mainstream economy. Absence of relevant structures from micro to macro level also limits agro-dealers’ ability to promote their collective development agenda. As a result, the agro-dealers remain a weak and disjointed group of actors with no shared capacity to coherently influence their business environment. This also results in other actors within the chains having limited confidence and trust in the agro-dealers’ capabilities. Experience from the programme showed that it is relatively easier for small groups to

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**The Credit Guarantee Fund**

Agro-dealers in seven provinces contributed over $28,000 to the credit guarantee fund against a $52,000 match from SNV funded by DANIDA and deposited it into an investment account housed at Steward Bank. Credit committees were set-up and trained at Provincial level to coordinate the disbursement and recovery of the loans amongst the members. In the first cycle, 37 Agro-dealers accessed loans worth $47,700.

The key highlight of the agro-dealer association network development through RARP and RARP-CSF is the founding of a national agro-dealer association, the Zimbabwe Development Trust for Agro-dealers (ZDeTA). The organization has a national executive and structures at province and district levels. Most of the work that was conducted on the ZDeTA focused on governance and the ability of the leadership to come up with a responsive development agenda for their membership. In 2013, the ZDeTA negotiated for their membership to access loans. About 254 agro-dealers accessed loans worth US$411,000.00 (MicroKing -$380,000.00 and Virl Micro-Finance -$52,000.00) between 2014 and 2015. However, a communication gap developed which led to divergent vision between the apex body and the district associations. This became a major hindrance delaying legal registration the apex body.
achieve cohesion because the individuals share minimal divergence in culture, beliefs, norms, knowledge while information flow is also rapid. More challenges arise when the organisational structure becomes complex and the group becomes bigger. Trust, transparency and control systems become compromised, which also weaken and/or break the cohesive bonds within the groups. A more shared vision is therefore evident at district level and becomes less so as the hierarchy goes up to provincial and national structures.

Agro-dealers capacity to engage with relevant key value chain actors
Agro-dealers have not been able to fully take advantage of the huge business opportunities that have arisen as a result of the collapse of the traditional input and output marketing systems. This is because manufacturers and wholesalers do not trust them as credible potential business partners and they are viewed as high risk due to absence of appropriate risk management arrangements. This has made it difficult for agro-dealers to be part of the main stream input and output marketing business. Most companies prefer to do business with agro-dealers on a cash basis, something very difficult in an operating environment that lacks liquidity.

In the Consignment and Produce Aggregation Models, successful business relationships depend on agro-dealers’ individual characteristics. Naturally, honest agro-dealers generally honour their contractual obligations and remain valued partners of private sector companies. However, high rates of default due to lack of airtight risk management measures are prevalent in the two models. SNV has developed and continues to fine-tune models and approaches that help to reduce risks in those relationships.

Access to market information
There is noted market information asymmetry and as a result agro-dealers were not able utilise business opportunities fully as they had no access to the key information that inform decision making. SNV has invested in an Information Communication Technology (ICT) system called AgroMall which administered by Afrossoft, a private sector company. AgroMall collects and disseminates market information through an interactive process amongst agro-dealers, output buyers, input suppliers, government and development partners.

Business acumen and techniques of doing business
Most agro-dealers do not reflect the art and skill of developing and nurturing business ideas in their way of working. They need support in business planning, development and packaging business of ideas so that they can secure the financial support they need.

Consignment Input Linkage
The pilot phase (2009) involved three wholesalers who supplied inputs to 60 agro-dealers on consignment. To mitigate the risk associated with the consignment arrangement, an insurance facility valued at US$12,500.00 was availed, leading to sales of US$390,000.00 for 64 MT of seed and 700MT of fertilizer. During the 2010-2011 season the model was up-scaled into a national programme involving 800 agro-dealers. For the agro-dealers, the consignment stock arrangement worked very well since most of them did not have the capacity to pay cash for large quantities of inputs. Feedback from input suppliers revealed that they were facing challenges in working with agro-dealers due to high incidences of default. This prompted SNV to explore ways of coming up with models that have in-built risk management approaches. To ensure success, it was also important to come up with market based approaches of capacity development support for agro-dealers, where the private sector would take initiative to invest in strengthening the capacity of the agro-dealers they worked with. This led to the development and piloting of the credit guarantee facility and transaction platform in 2013. RARP and RARP-CSF has trained 723 active agro dealers on business, records keeping, financial and stock management.
The RARP Story: Smallholder integration and agency in viable markets and market systems

Stimulating business relationships between agro-dealers and value chain actors

The success of the agro-dealer model relies on the existence of mutually beneficial relationships between the wholesalers, manufacturers and the agro-dealers. For the relationship to succeed there is need for agro-dealers to demonstrate integrity, honesty and commitment to the terms of agreement.

The selection of agro-dealers that a company can engage should involve the facilitators, the agro-dealer associations and the company. Whereas SNV can recommend agro-dealers that have gone through the agro-dealership capacity building process, the company needs to conduct its own due diligence process. The risk of engaging unreliable agro-dealers can be further minimised by verifying their credibility from the agro-dealer association. By so doing, it is easier to follow up on the agro-dealers and therefore cut monitoring costs that can be prohibitive given the distances and rough terrain between the agro dealers.

The secret to stimulating business relationships between private sector and agro-dealers lies in the following process steps:

a. Creating awareness:
Sensitise both the agro-dealers and input companies on the potential mutually beneficial opportunities that can arise from their engagement. In addition, outline to the companies’ the financial and operational benefits associated with doing business through the agro dealer network.

b. Operationalising the relationship:
Bring the parties to a round table to bargain on the terms and conditions of the business relationship. Facilitate the signing of contracts that are understood and agreed to by both parties.

The model outlined above was designed to respond to the systemic challenges associated with sourcing produce from smallholder farmers. The model, which has been well received by companies in the programme, is credited for helping improve efficiency and reducing transactions costs involved in buying produce from fragmented smallholder farmers. Whist smallholder farmers are able to produce surplus for the market, one of the key challenges that limit their ability to attract major buyers is the fact that they are regarded as expensive to do business with. The buyers argue that the transaction costs associated with buying small quantities from individual farmers were too high to the extent that it was proving unprofitable to source produce locally.

The companies engaged the agro-dealers as buying agents for maize. The agro-dealers received produce from the farmers, graded it according to the buyer’s needs, provided temporary storage and the buyer only collected it when the right tonnage had been attained. Based on the trust that existed between the company and the agro-dealer/buying agent, the company advanced the later, cash to pay farmers on spot in line with the agreed buying price. The incentive for the agent/agro-dealer was an agreed commission, based on the tonnage mobilised. SNV provided capacity building to strengthen the model in relationship/contract management between the company and the buying agents, training of agro dealers on quality issues such as grading, storage, moisture content analysis and general business management in a communal set up.
c. Strengthening the relationship
Provide capacity building support needed by both the companies and the agro dealers. The main focus is to build trust and strengthen the ability of both parties to perform their roles. For the companies, capacity building centres on risk management, access to credit and overall monitoring mechanisms to track performance. For agro-dealers the capacity building revolves around strengthening cohesion and collective action that will enhance their attractiveness to private sector partners. The challenge is to transform an ordinary rural shop owner into a credible stockist of agro-inputs with ability to engage and deliver on agreed roles. There is a strong need for regular contact with the agro-dealers to ensure coaching and mentoring.

d. Monitor the relationship
Regularly check on the progress of the relationship and the satisfaction levels of both parties. Intervene with models that increase cohesion, trust and profitability of the relationship to avoid failure. The intention is to make both parties realise a common vision and respect transparency as well as business etiquette.

**LCBs continue to mentor agro-dealer associations:**
An LCB, the Institute for Rural Technologies, has continued to mentor Matobo Agro-dealer Association. It assisted the association to secure a warehouse at Kezi that has since been turned to a wholesale. The LCB is facilitating the engagement of the association into the wholesale business even beyond SNV’s support.

**e. Exit**
To exit the relationship, engage the parties to reflect and review their business relationship. Inform the two parties of the gradual pull back of the intervention and support when the relationship matures. An abrupt withdrawal of support will ‘shock’ and collapse the relationship. SNV simultaneously developed Local Capacity Builders (LCBs) that have remained on the ground, facilitating business relationships between the agro-dealer associations and the private sector.

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**Emerging models for strengthening business relationships between agro-dealers and the private sector**

Continuous review by SNV and feedback from companies on the shortcomings of the Consignment Input Linkage Model has challenged SNV to fine-tune, and innovate to respond to the following gaps:

1. **Risk exposure when agro dealers default:**
Input suppliers argue that the ‘unsecured’ consignment model exposes them to huge risk as it has no in-built mechanisms to manage default by agro-dealers. In response to this, many companies have either dropped the facility or down-scaled to focusing on a few credible agro-dealers.

2. **Need for incentives for private sector companies to invest in the capacity building of the agro-dealers they work with:**
While capacity building of agro-dealers has been identified as an important part of sustaining the agro-dealer network, most of the investment is coming from NGOs with little or no matching investments from the private sector. For SNV, one major lesson from the consignment arrangement model is the need to create incentives for the private sector to develop an interest in developing the capacity of the agro-dealers.

In response to feedback and practice observations, SNV developed the following to reduce real and perceived risks by input suppliers and stimulate private sector investment in their relationships with agro-dealers.
Credit Co-guarantee Scheme

The credit co-guarantee initiative is an innovative, home grown solution to the risk exposure that was associated with the Consignment Input Linkage Model. Two key conditions have proven to be critical for this model to work:

i. Agro-dealers must be organised: The facility works where agro-dealers belong to an association and are able to come up with a common pool of funds that they can use as security for what individual members of the association would have borrowed from the companies.

ii. Agro-dealers agree to co-guarantee each other: The agro-dealers should come up with an agreed credit value for each individual based on their collective assessment of credit worthiness and individual ability to re-pay. They then use the information to come up with the credit value that they authorise the company involved, to extend to the individual and agree to pay from the pool of mobilised funds if a member defaults.

The Credit Co-guarantee Scheme revives business confidence between suppliers and agro-dealers by addressing both the perceived and confirmed risk of default. In this arrangement, the agro-dealer association puts together a pool fund from member contributions that would be used as security/collateral against default. The association engages with the input supplier and presents the pool fund as a risk management tool so as to inspire supplier confidence in the business relationship. Recommended members of the association get supplies from the input supplier against the co-guarantee pool fund on consignment arrangement. In case a member fails to repay on time, the association withdraws from the pool fund and pays the supplier the amount owing. The association then finds ways of recovering the money from the member, without prejudicing the supplier. The scheme’s strength lies in the members’ self-selection process. Risk is shared among the members; therefore they follow up on each other to safe-guard the depletion of the pool fund through defaults. This way risk is minimised right from the member selection stage, where one is accepted as a member after careful and thorough vetting by the group. The group also ensures that the input supplier only issues stock to those members that produce a letter of recommendation from the group; allowing the members to track the system and avoid abuse.

The Agency Model

For companies that prefer to work with individual agro-dealers, the agency model is the ideal solution. Under the model, the supplier engages a rural agro-dealer to distribute its merchandise in a franchise-like manner. That is, the agro-dealer’s outlet has to be run like an extension of the supplier’s business in terms of the shop’s outlook and products sold. The model

Pote Wholesalers and Chivi Agro-dealers

Following facilitation from SNV the 22 member Chivi Agro-dealers Association in Masvingo Province came up with agreed borrowing limits for each member and then collectively committed to co-guarantee each other through a pool fund of US$9,000.00. They approached Pote Wholesalers in Zvishavane with a proposal for a co-guarantee arrangement. The arrangement specifies that if a member agro-dealer fails to pay, the group pays from their funds and then find their own way of recovering the money. As at end of December 2015, the group had accessed stock valued at US$227,164.05 and their shops were well stocked. The scheme put to rest the fears around giving out unsecured consignment stock. The association was supported by SNV to come up with tools for monitoring the performance of the facility.

The scheme was upscaled and adopted by other district associations including Bikita, Shurugwi and Mwenezi. Whilst the initiative is mutually beneficial, Pote indicated that they had limited working capital to accommodate the increasing demand from the agro-dealers’ associations. SNV supported the company to apply for more funds from the ZADT managed CREATE fund. The supplier also pledged to act as a guarantor for agro dealers in the groups when applying for credit from financial institutions.
National Foods Limited and Savannah Agro-dealer

SNV and National Foods Limited (NFL) partnered to resuscitate the agency model that was believed to be efficient in reaching smallholder farmers back in the 1980’s and 90’s. SNV supported National Foods Limited to identify agro-dealers that had been trained in business and financial management to participate in a pilot Agency Model in Matabeleland North and South Provinces. NFL aimed to grow its sales by increasing their market share in the remote stock farming areas. SNV continually engaged NFL and proposed more relaxed collateral security needs without compromising risk management issues within NFL. One such suggestion was a Lease Agreement with Power of Attorney attachment in the name of the Lessee as an equivalent of a Title Deed.

Savannah Agro-dealer in Tsholotsho District, owned by Musa Ncube, benefitted from a cash discount deal for consignment stock that would be delivered for free to the agent’s premises and sold at NFL recommended prices. A 14-day account was opened by NFL to track the sales. NFL trained over 110 poultry farmers to optimize the benefits on the use of NFL products and branded Musa’s shop. NFL also assisted in the marketing of the stock feed by providing information brochures, flyers and posters. Musa Ncube has sold over 187MT of stock feed worth US$124,000.00 to over 2,000 smallholder farmers.

The MegaLink ‘Mother-Baby’ Model

This model involves a ‘protected’ relationship between an established and mature agro-dealer with capacity to acquire more stock than is needed it its own location. Through a ‘protected’ relationship with a smaller (baby) and often more remotely located agro-dealer, the ‘mother’ Agrodealer is able to move stock far beyond its normal reach and at the same time supports the growth of a smaller agro-dealer enterprise. This is also a form of ‘last-mile distribution for input-suppliers’.

The success of this arrangement is based on trust and the social bonding that exists between agro-dealers by virtue of being members of one association. The supplier needs to assist the ‘mother’ agro-dealer to optimize the benefits on the use of NFL products, and branded Musa’s shop. NFL also assisted in the marketing of the stock feed by providing information brochures, flyers and posters. Musa Ncube has sold over 187 MT of stock feed worth US$124,000.00 to over 2,000 smallholder farmers.
Looking ahead

Experience from implementing RARP’s Agro dealer Network Development component reveals the following:

• The future of agriculture revival and rural livelihood security in Zimbabwe cannot ignore the role of small-holders and the need to resource them properly. RARP agro-dealer interventions have shown both potential for taking this to scale as an integral part of support to rural agriculture and commercialisation of rural agriculture.

• Market-systems interventions aimed at improving performance of small-holders in Zimbabwe should invest in the ‘software’ needed to build individual and collective capacities of agro-dealers as part of the ecology of support for small-holders. Technical and technological solutions alone are not enough to address the essentially human and relation-based barriers to effective collaboration between Agro-dealers, suppliers, off-takers, processors and small-holders. By implication, this also demands a level of maturity and facilitation capabilities from the technical experts or advisors that work in such initiatives.

• There is potential for expanding on this work and taking it to scale from different perspectives. This includes support to agro-dealers to improve their self-organisation and self-regulation at district, provincial and national levels; creating longer-term relationships between medium to large scale agro-dealers and major suppliers and contract farming; and organizing Agro-dealers as hubs around which essential agro-services can be managed in collaboration with the mandated government departments and small to medium scale entrepreneurs and service providers.
ICT For Agriculture
Bridging The Information Gap
The case for eExtension

Agricultural extension services in Zimbabwe are integral to the success of commercializing the rural smallholder farmers (SHF). This can be maximised if the ratio of contact for the Extension workers is proportional to the SHF in a particular area.

The norm is that extension services are provided by the AGRITEX and LPD departments in the Ministry of Agriculture and Irrigation development. This model worked in the past when extension workers were very mobile. The post-independence era saw an increase in the number of smallholder farmers, which began to pose a new challenge to Zimbabwe’s department of extension services.

According to (Mlambo, 2015) the extension worker to smallholder farmer ratio is 1:1100. The challenge the sector now faces is that very limited attention is given to the individual farmer. A number of new models have been attempted to mitigate the situation with some success. These include the group extension model, the master farmer training models, trainings and visit systems.

All the mentioned models require mobility in one form or the other. This has affected the access to up to date and reliable market and agronomic information by SHF owing to the current constraints and the cost of ensuring all public extension officers are mobile.

On the other hand there is an inherent lack of capacity to handle ICTs within the public sector owing to a number of constraints such as lack of reliable and consistent access to ICT infrastructure, minimal or poor exposure to application and use of ICTs in problem solving and “technophobia” a mind-set that depicts the fear of unknown consequences resulting from opening up to technological advancement.

In addition the majority of extension staff is fairly green. Studies reveal that the bulk of extension agents on the ground (80%) hold certificates from fast track agricultural training programmes. A few of them had access to computers during the training; hence the majority still have little or no knowledge of computers.

After identifying that one of the most important components was access to information (agronomic and marketing) in its agricultural value chain activities, SNV worked to bridge the gap and to address some of the challenges plaguing the public extension services by introducing the use of ICT4Agriculture to enhance the current extension services. The main thrust of the project was to demonstrate the extent to which mobile and ICT services can be utilized to improve the access to information for SHF and improve the dissemination of information by the public extension services in Zimbabwe

eExtension in brief

The eExtension project was designed to merge the information generation capacity of the existing extension services with the dynamic nature of ICTs to enhance their ability to stay in touch with farmers while providing a much more effective and much needed service to the SHF. This has exposed the public extension services to the power of ICT4Agriculture. The focus areas of eExtension were:

- The frequency of interaction between the existing extension services and SHF.
- The use of ICT to facilitate mind-set changes on agricultural practices of extension workers and farmers (dealing with technophobia).
- The concept appreciated that farmers learn more by seeing than listening.

1 Figure was established in an extension services study commissioned by SNV in 2015
Impact on Extension workers

ICT4Ag Focal person

SNV understood that it would be difficult to capacitate and supervise a large number of extension services personnel. In response to this, a focal person strategy was formulated. This entailed that from a composite group of extension workers, each district was tasked to identify 3 individuals who had the ability to assimilate training and transfer the knowledge gained to colleagues. It was important that the focal person be computer literate as they would be in charge of the information centres (ICs). These focal persons were received intensive training on the following:

- Use and application of ICT4Agriculture
- Content generation
- Report generation
- Information assimilation

The project comprised two main aspects namely information collection (content generation) and information dissemination. This was made possible by setting up information centers (ICs) which are hosted by Agritex and LPD and the Information Dissemination Centers (IDCs) located in high activity agro-dealer shops.

With limited capacity to drive an ICT4Ag project within the public extension services, a deliberate decision was taken to invest in an intensive capacity building program for all the extension departments - Agritex, Department of livestock

The introduction of ICTs improved SHF to extension worker contact as farmers were now able to receive frequent information, with the following results:

- Over 3,000 SHF received Short Message Service on their mobile phone in the first 6 months,
- Capacitating 90 extension service officers in the same period,
- 22 ICT focal persons were selected from 6 districts and 3 provinces and further trained to support their colleagues on use and application of ICT4Agriculture
- An exchange visit to eSoko Ghana was facilitated to enhance focal persons’ knowledge.

See image below showing information centers set-up and launched.

<table>
<thead>
<tr>
<th>Centre</th>
<th>Equipment</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mash East Office</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
<tr>
<td>Chikomba District</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
<tr>
<td>Mutoko</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
<tr>
<td>Midlands Office</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
<tr>
<td>Shurugwi District</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
<tr>
<td>Gokwe South District</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
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<td>Manicaland Office</td>
<td>VSAT, Desktop Installed</td>
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<td>Mutasa</td>
<td>VSAT, Desktop Installed</td>
<td>Activated</td>
</tr>
</tbody>
</table>
The RARP Story: Smallholder integration and agency in viable markets and market systems

Case-study: The story of Mai Rutanira

Mrs Rutanira is a 48 year old farmer and an active member of an organic farming group in Shurugwi District, Zimbabwe. Access to agricultural information was a challenge to her and other group members. She hardly met with the local extension agent for information exchange due to constraints in mobility and high extension-to-farmer ratio (1:1100) affecting the department's provision of agricultural extension services. In order to reach out to sparsely located farmers in Chitora Village including Mai Rutanira, the local extension agents would send information about meetings and field days orally or sending letters to local schools and hope for effective dissemination of the information. Mrs Rutanira’s daughter would sometimes forget to pass the message to her or lose the note. There was a high probability of Mrs Rutanira missing key events and meetings; this in turn widened the information gap between her and the extension agents.

A statistic for increased mobile penetration in rural areas, Mrs Rutanira bought a simple phone in 2012 so that she could stay in touch with her children and friends. Her phone had the single use of social interaction and she never thought that at some point it would be a conduit for agricultural information. Mrs Rutanira’s contact details were uploaded to the ICT system in June 2015 during an eExtension outreach meeting.

She started to receive quite a number of messages from the information centre which she could easily read and practice. Due to the El Nino phenomena, it was reported that the 2015/2016 farming season would be bleak; A message were crafted to this effect and sent out in September 2015 before farmers started buying inputs for the 2015/2016 season.

This season rainfall is expected to be low, therefore we encourage the farmers to plant short season varieties.
To Mrs Rutanira this message helped her make an important decision, as she had planned to grow maize. She had no idea which seed maize varieties to grow and she found out that she needed short season maize varieties after she made enquiries through the eExtension platform. She planted the recommended variety in late December and a good harvest is expected from her 1 hectare plot that she allocated to an organically grown maize crop.

With a grin on her face she says, ‘...we are now extension agents...’ referring to the fact that the information she received via SMS on her phone helps to increase her knowledge and she shares the information with other farmers who do not have mobile phones. Mrs Rutanira is thankful to eExtension which has improved her access to agricultural information and she is hopeful that the messages she receives will enhance her agricultural productivity.

The power of partnerships

ICT for Agriculture (ICT4Ag) remains a specialist service, and in order for it to be effectively delivered to the smallholder farmers there is need for supporting services and complimentary partnerships between ICT service providers, development partners, private and public sector service providers. In order to effectively execute this project SNV engaged eSoko, an ICT for Development (ICT4Dev) partner and secured the support of a flexible and innovative ICT service provider.

In order to ensure that the intended intervention is relevant and that it addresses the access to information gap while strengthening the intervention SNV also brought on board a Multi-Media consultant to assist with quality video and image content development for the information dissemination centers. The engagement with public extension departments ensured that relevant content is sent via SMS to the SHF.

Operationalising ICT4Agriculture (eExtension Model)

Zimbabwe has a well developed but poorly resourced agricultural extension system under its parent ministry - Ministry of Agriculture, Mechanisation and Irrigation Development (MoAMID). In order to launch an operational ICT4Ag project in the country there was need to ensure full cooperation and involvement of the public extension services, the following steps were taken:

Stakeholder consultation at highest level

This is the most crucial stage of any ICT4Ag initiative as it will have to involve the Ministry of Agriculture and Irrigation Development as a partner. It is important to get stakeholder buy in as this involves infrastructure development, requires some adjustments to routine operations and there is need to clarify the agenda of the project, its outcomes and outputs. A summary of the project was prepared and shared with the principal directors.

Why Esoko?

Esoko is Africa’s leading market information platform that provides technical services, deployment support and sustainability planning. The platform is used by a wide range of private and public sectors throughout the continent. Esoko in Ghana was founded in 2006 and is working as a private business. Esoko employs 60 people in Accra and Nairobi who are involved in technical and business advisory services. Esoko is sponsored by the International Finance Corporation (IFC) and has certified partners in over 10 countries worldwide. Esoko has a vast experience in ICT4Agriculture, and their online platform allows the user to group the farmers based on certain criteria thus enabling the user to send relevant information to farmers. Esoko’s SMS costs are comparably lower than those of other ICT4Agriculture service providers which makes Esoko more attractive.
Information centres are the point at which content is generated, aggregated and disseminated to the SHF through a bulk SMS system that enables the focal person to use a computer to communicate with SHF on their mobile phones. The main components at the IC are high end Desktop computers and VSAT for internet connectivity. These components enable the focal persons to access an online ICT platform called eSoko, which they use to cascade information to the farmers and also access market information which is then transferred to the smallholder farmers’ mobile phone.

**Sub-contracted an ICT Consultant**

It was important to identify the most suitable partner who will take care of all the ICT issues in the absence of internal expertise to ensure that quality service is delivered and that farmers receive a consistent service. eSoko was subcontracted (see reasons in above insert Why eSoko?) as the ICT service provider and they also provided training to the extension officers on ICT platform use, content generation, report generation and information assimilation.

**Initial training of Extension Staff with eSoko**

There was a need to select a group of extension workers who will easily adapt to introduction of new technology in this initial training phase. However it was difficult and costly to train and manage a large group so the next stage involved the identification of focal persons who were assigned of the following tasks to make the initiative fully functional.

**Identification and selection of Agro-dealers for Information Dissemination**

In order to support the information centres, information dissemination centres were set-up. It is important to note that content should be local and relevant to the surrounding farmers as this also provides an opportunity for farmers to identify and appreciate the events in their local vicinity.

**Set-Up Of Info Dissemination Centres**

Information dissemination centres (IDC) are rural agro-dealer shops equipped with a 32 inch TV to screen agricultural videos. The idea is premised on the fact that there are strong social relationships between the rural agrodealers and the rural farmers. Therefore farmers can view the agriculture related videos and learn when visit the shops to buy agricultural inputs. Field days and agricultural shows are good information platforms, these are recorded on video and screened at the IDCs; providing farmers the opportunity to learn from others’ successes and failures. Ideal agro-dealer shops were selected with assistance from the stakeholders. The selection criteria included good traffic and agriculture input volumes.
Opportunities for up scaling

- Continued growth of ICTs is presenting an opportunity to further improve service provision
- Merging services with a Mobile Network provider could actually reduce the cost of rolling out ICT4Agriculture
- Use of the system by other government departments for information dissemination to SHF

Risks

- Conflict between Agritex and LPD on sharing of infrastructure
- Connectivity at the Information Centres could face some challenges.
- Political interference owing to access to information
- Misuse or lack of maintenance of the equipment
eExtension ecosystem

These are located in Agritex and LPD offices and managed by 2 ICT focal persons selected at district and provincial level.

Capacity building of ICT Focal Persons by MMC

The main role of the MMC will be to develop content and convert IDCs into income generating platforms.

The RARP Story: Smallholder integration and agency in viable markets and market systems

The RARP Story: Smallholder integration and agency in viable markets and market systems

Capacity building of ICT Focal Persons by MMC

These are located in Agro-dealers shops. Each Info Centre is linked to two IDCs.

Multimedia Consultant (Private Sector)

Locally generated content will be disseminated i.e. field days, demos, best practice profiling. This will also be a platform for commercial advertising for the private sector and interested individuals.

Multimedia Consultant (Private Sector)

These are located in Agro-dealers shops. Each Info Centre is linked to two IDCs.

Tripartite agreements for the management, maintenance and revenue collection/use from Info Dissemination Centres facilitated by SNV

The main role of the MMC will be to develop content and convert IDCs into income generating platforms.

Field Extension Staff

Training of field staff will be facilitated by the ICT focal persons.

Smallholder Farmers

Training of field staff will be facilitated by the ICT focal persons.

Field Extension Staff

Farmer training will be facilitated by the field staff.

Smallholder Farmers

Farmer training will be facilitated by the field staff.

Smallholder Farmers

Farmer training will be facilitated by the field staff.

Smallholder Farmers

Farmer training will be facilitated by the field staff.
Improvement in productivity from ICT4Ag enhanced extension services

**Access to real-time agronomic and market information**

ICT in agriculture improves the access to agronomic information by the smallholder farmers. Precise SMS are easily understood by the farmers. Farmers are categorised so that appropriate information is received by the farmers in local languages; making the information relevant and more likely to be used. A farmer makes a request on prices using his/her phone and gets it in the palm of his/her hand; this is very crucial to a farmer who is commercially oriented.

**Improved (Farmer2Extension worker; extension2extension) communication**

Mobile phones make communication easy and efficient. The ICT platform is interactive. A farmer can ask question on the other end of the spectrum. If a message is sent to a farmer and the farmer does not understand it but in need of further clarification, the farmer can either call the extension officer or visit the local extension officer and get assistance.

**Improved networking at farmer level and extension worker level**

Agricultural information received through the SMSes is shared among farmers and the information also gets to those who do not have mobile phones through their community networks. Farmers also discuss appropriate decisions to take with regards to agronomic tips they receive. Exposure visits and workshops improve networks among extension workers and they also share ideas and contact details.

**Improved collaboration of government departments**

The three departments; LPD, Agritex and DVS who are the stakeholders work together through their collective efforts in organising and mobilising farmers to make farmer trainings on ICT use a success. Look and learn visits also present an opportunity for the departments to get together and interact.

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**Conclusion**

ICT4Ag has the potential to aid in the transformation of extension services and in turn leading to transformation of SHF not just in Zimbabwe but the larger part of the developing world where agriculture forms the back-bone of many rural economies; it is envisaged that with the cost of connectivity getting cheaper as technology improves, there will be no way of avoiding ICT4Ag; however what is important is that the necessary infrastructure and human capacity be in place to support the adoption, application and use of ICTs to enhance the delivery of extension support through improved access to information (Marketing, Production). As the use of ICT is growing there is also a need to emphasise that introducing technology does not necessarily lead to job losses, this in turn reduces the resistance from existing extension staff, and a subsequent increase in the uptake and application of ICT4Ag. The role that SNV played in enabling access to infrastructure, training and capacity building of extension workers on ICT4Ag remains a crucial role in breaking down barriers to adoption and use of ICTs for service provision.
A New Era In The Zimbabwean Horticulture Landscape: Focus On Smallholder Farmers
Why Horticulture

Global markets for horticultural products remain attractive and Zimbabwe’s horticultural sector has the potential to develop a strong global competitive position, thereby making a substantial contribution to the country’s social and economic development.

To inform intervention design, SNV conducted and in-depth Horticulture sub-sector study with the following findings:

1. Unmet market demand
The global fruit and vegetable market is forecast to reach $2.8 billion by 2016, an increase of 79% (http://www.snv.org/sector/agriculture/topic/horticulture). In Zimbabwe, the Land Reform saw a reduction in Large Scale Commercial Farmers’ (LSCF) ownership of land from 34% to 5% (Ruzivo Trust Factsheet: 2013). This led directly to a significant decrease in horticulture exports from a peak of $142.7 million in 1999. This created a vacuum for horticultural produce for both domestic and export markets.

2. Food and Nutrition security
Household food and nutrition security remains a significant challenge perpetuating a cycle of poverty and income disparity of millions of low income groups in Zimbabwe and other African countries. While two billion people still suffer from micro-nutrient deficiencies, or hidden hunger, increased vegetable and fruit intake can help address food and nutrition security. SNV’s Global innovative solutions of Resilient Food Systems and Sustainable Nutrition 4 All tackle these systemic challenges. (http://www.snv.org/theme/food-nutrition-security).

3. High employment opportunities
The horticulture sub-sector is strategic in terms of high employment opportunities since most of its production systems are labour intensive- employing an average of 25 to 30 jobs per hectare (Mushipe and Maramba: 1995). Furthermore, experience showed that women are preferred to men for horticultural processes such as harvesting, grading and sorting of products. This creates greater employment opportunities for Zimbabwean women.

4. Minimal smallholder participation in formal markets
Whilst smallholder farmers are active in the informal markets, they have minimal contribution in the formal markets which are well-organized and generally have higher return in the long-run. For instance smallholder farmers contributed a mere 1% of the total export volume before 2000 but with the right support mechanisms they can become key suppliers. SNV’s Global solutions- 1. Inclusive Business solution and 2. Green Value Chain solution, aims to work with low income groups, SME’s and business partners to generate inclusive and environmentally sustainable market growth, creating prosperity for all. (http://www.snv.org/theme/sustainable-markets).
5. **Key foreign currency earner**
Before 2000, horticulture was the second largest foreign exchange earner after tobacco and accounted for approximately 3.5% - 4.5% of GDP. This position is still possible with the revival of the sub-sector through greater participation of smallholder farmers.

6. **Overreliance on unorganized informal markets**
The bulk of smallholder farmers’ produce was and is still being channeled into the informal markets. This allows unscrupulous middlemen to take advantage of the smallholder farmers and offer very low prices at these markets.

7. **Uncoordinated supply & imports competition**
With no coordination in supply, local producers namely large scale commercial farmers, medium scale commercial farmers, old resettled farmers, newly resettled farmers (A1 & A2) and smallholder communal farmers compete with legal and illegal imports mainly from South Africa. For example, South African GMO tomatoes are imported at ZAR100 or USD13/25kg box, plus transaction costs amounting to USD3/box (total of USD16/25kg box or USD0.64/kg), compared to USD0.77/kg for local tomatoes (Weidemann- Zimbabwe Agricultural Sector Market Study, 2008)

8. **High standards**
Smallholder farmers fail to meet the high quality standards demanded by the formal local and export markets. This hinders their full participation in the sub-sector.

9. **Smallholder farmers’ constraints**
The smallholder opportunity as key suppliers in the horticulture sub-sector is very clear but for this group to fully benefit there is need to appreciate and address a number of constraints that they are facing in Zimbabwe. These constraints include:

- Very low productivity across all product lines, making local products uncompetitive both on the local and export markets
- Low uptake of good quality seed with most smallholder farmers using cheaper open pollinated varieties and retained seed with very low yield potential
- Limited access to reliable irrigation with most smallholders relying on seasonal streams and shallow wells
- Poor pest and disease management
- Limited access to finance
- Lack of access to reliable and sustainable markets
- Lack of appropriate and adequate training and extension support
- Availability and affordability of fertilizers
- Inappropriate technologies
- Poor post-harvest management resulting in losses of up to 40% after harvesting.

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**The RARP Horticulture Intervention**

SNV supported smallholder farmers to effectively participate in commercial/formal horticultural markets through the following:

- Broker extension services from contracting companies for contracted farmers
- Train Agritex on specialised contract farming extension service delivery
- Broker inputs from contracting companies for the contracted smallholder farmers
- Broker price negotiations for win-win arrangements between contracting firms and smallholder farmers for maximum profits
- Support and monitor input loans repayments
- Facilitate business trainings- Farming as a Business (FAB)

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The RARP Story: Smallholder integration and agency in viable markets and market systems

- Assist companies develop/improve contract farming models for engaging smallholder farmers
- Support producer group formation and capacity building on contract farming
- Support small scale farmers’ access to high value markets through certification
- Facilitate and support participation in horticulture multi stakeholder platforms
- Support development and presentation of policy to relevant authorities

Graphic Representation of the Horticulture Component Result Chain

- Improved incomes as a result of improved market access
  - Assumptions
- Smallholder farmers’ access to markets improved
  - Assumptions

- Sustainability of contract farming initiatives between smallholder farmers and contracting companies enhanced.
  - Support and monitor input loans repayments
  - Facilitate business trainings-Farming as a Business (FAB)
  - Assist companies develop/improve contract farming models for engaging small scale farmers
  - Support producer group formation and capacity building on contract farming
  - Support small scale farmers access to high value markets through certification
  - Multi stakeholder platforms for horticulture chain established and functional
    - Facilitate and support participation in horticulture multi stakeholder platforms
    - Support development and presentation of policy to relevant authorities.
### Horticulture component targets and results

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Target</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of smallholder farmers accessing extension services from contracting companies</td>
<td>3,000</td>
<td>3,534 smallholder farmers accessed extension services from 11 contracting companies (Servcor Catering Services, National Tested Seeds- NTS, Better Agriculture-BA, Selby Enterprises, African Preserves, Glen Forest Produce, Cairns Foods, Manica Produce, Spar Mutare, Matanuska &amp; Eastern Highlands Plantation Limited-EHPL)</td>
</tr>
<tr>
<td>Number of Agritex officers trained on specialised contract farming extension service delivery</td>
<td>150</td>
<td>156 Agritex officers trained on specialised contract farming extension service delivery including Farming as a Business (FaaB) and certification (GlobalG.A.P., UTZ and Zim Organic)</td>
</tr>
<tr>
<td>Number of smallholder farmers accessing inputs from contracting companies</td>
<td>3,000</td>
<td>2,560 farmers accessed inputs from 5 companies (NTS, Cairns, Better Agriculture, EHPL and African Preserves)</td>
</tr>
<tr>
<td>% increase in value of produce marketed through contract companies</td>
<td>20</td>
<td>25% increase in value of produce marketed through contract companies</td>
</tr>
<tr>
<td>% of input loans repaid</td>
<td>70</td>
<td>97% of input loans repaid (most loans where for seeds only)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Target</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new small scale farmers trained in Farming as a Business (FAB)</td>
<td>3,000</td>
<td>3,684 farmers trained in FaaB</td>
</tr>
<tr>
<td>Number of companies assisted to develop / improve contract farming models for engaging small scale farmers</td>
<td>6</td>
<td>13 private companies assisted to improve contract farming models</td>
</tr>
<tr>
<td>Number of Producer Group receiving capacity building on contract farming</td>
<td>5</td>
<td>13 producer groups (DOHOPA, CACU, Chinamora, Badzaharinipeyi, Muriganzara, Highlands, Shurugwi Ass, Nyakomba, Chipendeke, Kuguta, Rimatigute, HVTGA and Mupangwa) supported</td>
</tr>
<tr>
<td>Number of small scale farmers certified to access high value markets</td>
<td>1,000</td>
<td>1,176 farmers certified- 120 Shurugwi horticultural farmers certified on Zim Organic and 1,056 tea farmers on UTZ and Rainforest Alliance</td>
</tr>
<tr>
<td>% increase in number of active members participating in multi-stakeholder platforms</td>
<td>30</td>
<td>45% increase in MSP active membership (through the 2 Annual Horticulture Conferences &amp; 2 Zimbabwe National Horticulture Producers’ Association (ZNHPA) conferences)</td>
</tr>
<tr>
<td>Number of policy briefs developed and presented to relevant authorities.</td>
<td>1</td>
<td>No policy brief developed</td>
</tr>
</tbody>
</table>
Challenging the Myths and Constraints:
Can horticultural smallholder farmers produce quality products that meet market requirements in a competitive way?

Despite more than 70% of all horticultural (fruits and vegetable) being channelled through the informal markets, the formal markets remain strategic; but we will need to explore marketing opportunities in these two marketing channels.

Whilst most people believe that informal markets are not quality sensitive, more and more evidence and reports now show that even at the most remote informal market place, there is a price differential for different grades and quality standards.

This points to the fact that smallholder farmers’ competitiveness is the key to their effective participation in both the formal and informal horticultural market in Zimbabwe and internationally. For them to be competitive, farmers must aim to increase productivity; lower production costs; lower transaction costs through coordinated production and differentiate their product through certification for both local and export markets. A number of questions come to mind:

1. Can smallholder farmers and horticultural companies forge a viable and sustainable partnership?
2. Can Smallholder farmers participate profitably in seed production systems?
3. Can Smallholder farmers participate in high standard export markets-UTZ & Rainforest Alliance certification?

1. Can smallholder farmers and horticultural companies forge a viable and sustainable partnership?

In the Zimbabwean landscape, gone are the days when horticultural trading and processing companies heavily relied on commercial farmers. In view of the vacuum created, private companies are either faced with two options, either to bridge the gap through imports or source locally from smallholder farmers who face a number of challenges as explained above.

Experience around the globe has shown that well-implemented and tailored contract farming arrangements do benefit stakeholders, producers and buyers alike. The cotton and tobacco industries are the best examples of such models in Zimbabwe. In the horticulture sub-sector, successful models include the Cairns Foods, Mitchel and Mitchel and Rolex arrangements where farmers grew for local processing and export markets.

Results emerging from the RARP CSF programme show that with well-crafted contract farming (CF) models that incorporate participatory implementation and capacity building of the target smallholder farmers, these partnerships can indeed be viable for both parties. Below is the summary table of performance from the 12 contract farming arrangements facilitated by SNV during the 2014/15 season.
Below is the summary table of performance from the 12 contract farming arrangements facilitated by SNV during the 2014/15 season.

<table>
<thead>
<tr>
<th>Contracting company</th>
<th>Province</th>
<th>District</th>
<th>Contracted crop</th>
<th>No. of contracted farmers</th>
<th>Volumes sold (tonnes)</th>
<th>Av. Buying price/kg</th>
<th>Crop value (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Agriculture</td>
<td>Manicaland</td>
<td>Nyanga</td>
<td>Tabasco chillies</td>
<td>257</td>
<td>270</td>
<td>$0.70</td>
<td>$189,000.00</td>
</tr>
<tr>
<td>Better Agriculture</td>
<td>Manicaland</td>
<td>Mutare</td>
<td>African Bird’s eye chillies</td>
<td>20</td>
<td>14</td>
<td>$0.50</td>
<td>$7,000.00</td>
</tr>
<tr>
<td>National Tested Seeds</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Seed sugar beans</td>
<td>58</td>
<td>22</td>
<td>$1.67</td>
<td>$36,239.00</td>
</tr>
<tr>
<td>Natinal Tested Seeds</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Seed sugar beans</td>
<td>36</td>
<td>4</td>
<td>$1.67</td>
<td>$5,845.00</td>
</tr>
<tr>
<td>Cairns Foods</td>
<td>Manicaland</td>
<td>Mutare</td>
<td>Michigan pea beans</td>
<td>20</td>
<td>14</td>
<td>$0.50</td>
<td>$7,000.00</td>
</tr>
<tr>
<td>Eastern Highlands Plantation Limited</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Tea</td>
<td>32</td>
<td>9</td>
<td>$1.67</td>
<td>$14,527.33</td>
</tr>
<tr>
<td>Matanuska P/L.</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Bannanas</td>
<td>1056</td>
<td>1357</td>
<td>$150.00</td>
<td>$203,559.45</td>
</tr>
<tr>
<td>Servcor Catering Services</td>
<td>Midlands</td>
<td>Shurugwi</td>
<td>Various vegetables</td>
<td>836</td>
<td>122</td>
<td>vary</td>
<td>$70,131.60</td>
</tr>
<tr>
<td>Glen Forest Produce</td>
<td>Mash. East</td>
<td>Goromonzi</td>
<td>Various vegetables</td>
<td>86</td>
<td>85</td>
<td>$0.75</td>
<td>$63,750.00</td>
</tr>
<tr>
<td>Manica Produce</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Various vegetables</td>
<td>250</td>
<td>186</td>
<td>$0.40</td>
<td>$74,400.00</td>
</tr>
<tr>
<td>Spar Mutare</td>
<td>Manicaland</td>
<td>Mutasa</td>
<td>Various vegetables</td>
<td>485</td>
<td>0.4</td>
<td>vary</td>
<td>$15,801.15</td>
</tr>
<tr>
<td>Selby Enterprises</td>
<td>Mash. East</td>
<td>Goromonzi</td>
<td>pepper, navy beans &amp; gooseberries, carrots, brinjals, beetroot, b/nut, f/beans</td>
<td>65</td>
<td>49</td>
<td>vary</td>
<td>$13,631.16</td>
</tr>
<tr>
<td>African Preserves Pvt. Ltd</td>
<td>Mash. East</td>
<td>Goromonzi</td>
<td>Cherry pepper, navy beans &amp; gooseberries</td>
<td>15</td>
<td>16</td>
<td>vary</td>
<td>$8,444.63</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>3723</strong></td>
<td><strong>2263.88</strong></td>
<td></td>
<td><strong>$751,818.09</strong></td>
</tr>
</tbody>
</table>
Key Success Factors

From the table above, it is clear that the RARP intervention achieved success in contract farming arrangements between smallholder farmers and buying companies. The key to this success is the approach that was used to develop well-adapted and tailor-made models for each and every arrangement taking into account the product in question and the needs and capabilities of both the target farmers and the contracting companies. Another key aspect was to organise farmers into strong producer groups/associations for easy coordination of inputs, trainings, buying and payments.

We conclude that these models are viable from both sides given the fact that even with the RARP CSF’s horticulture component folding in December 2015, all arrangements continued in the 2015/16 season with SNV’s role nicely replaced by the contracting companies and Agritex. Interestingly, most models are being adapted to the changing business environment. Through farmer-company engagement, other value chain actors like banks, microfinance institutions, transporters and input providers are now becoming partners in the models to provide different services.

From monitoring the 12 arrangements since 2014/15, the following are some models which SNV recommends in the current Zimbabwean context as these take into account farmer and company needs:

Appropriate Models for small scale horticulture- RARP reflection

Model 1- A Tripartite Contract Farming Arrangement
(smallholder farmers, a horticultural fresh market company and a processor)

This model tries to address the smallholder farmer’s need to have a one-stop market for all grades of produce. Various studies have shown that one of the reasons why smallholder farmers prefer channeling their produce through informal channels is the fact that the informal market normally absorbs all grades.

In this model, we bring two companies (one demanding product earmarked for the fresh market and another demanding the same product for processing) and a group of farmers to forge a tripartite arrangement. The farmer will aim to achieve the highest grade, which might be for Company X, earmarked for the fresh market as his/her produce will generally fetch a higher price per kilogram.

Rationale

In most contract farming arrangements, especially those where the company focuses on marketing fresh fruits or vegetables, they mainly target the ‘A’ grades and at times the ‘B’ grades in all contracted crops. This leaves the farmer with extra burden of trying to secure a second market/buyer for the lower grades. In most cases, the grade-outs are consumed by the farmers or dumped as a last resort; resulting in loss of incomes for most farmers.

A tripartite arrangement allows farmers to have two markets at their door steps absorbing all grades at different prices. Smallholder farmers can further broker for inputs and/or other embedded services like technical support and transportation. So in this model, farmers win by having two markets absorbing all of their produce; both companies will be assured of a product; Company X will get quality produce for a premium and Company Y will get the lower grades for their processing.

Applicability

This model is applicable to those crops where both the fresh market and the processing market demand a similar variety- e.g. Cherry peppers/ Granadillas/ Gooseberries. This might be difficult to apply where the fresh market and the processing market demand different varieties of the same crop. In the case of tomatoes for instance – the fresh market demands a table tomato whose fruit is firm, good size, has along shelf-life and has a good appearance (round, red and shiny)- but these specifications are not a priority in processing as processors demand a fruit with alot of flesh; most of these varieties are oval in shape.
Model 2- Contract farming with full inputs
From the farmers’ perspective, it is generally a dream-come-true model to have a company supplying the input pack; leaving farmers to focus on production processes only. On the other hand, companies prefer providing the full input range so that they ensure the final product is of high quality. Whilst in an ideal world this yields win-win results, in reality farmers sometimes default through side-selling. With most local companies financially constrained, advancing inputs is a cost and a risk that they cannot handle.

Interestingly though, this model was found to be applicable in horticultural crops with minimal side-selling opportunities where farmers’ chances of default and the company’s risks are minimised. Such crops include Gooseberries, Cherry peppers, Tabasco chillies and African Bird’s-Eye chillies. These crops:
- Have no alternative markets readily available for the farmers to divert to;
- Are not generally part of the locals’ dishes therefore use for home consumption is low

Model 3- Contract farming with partial inputs
The contracting company provides partial inputs needed for the production process and the farmers source the remainder of inputs. This model is the one used by quite a number of horticultural companies as this lowers their risk burden but influences the production through provision of the right variety of seed. In this model, farmers use own funds to procure the rest of the inputs or at times engage financial institutions (banks and MFIs) for input loans.

This model has provided a self-screening mechanism as committed farmers continue with production while those not fully committed drop off at the engagement phase. Interestingly some groups, such as Badzaharinywepi, preselected each other by removing all members who did not have the full range of complementary inputs for their target crop. This resulted in higher production, better product quality, better sales, loan repayments and better income for the contracted farmers.

2. Can Smallholder participate in seed production systems?- Field Experiences and lessons
Generally seed production systems are specialised fields which require high levels of expertise and ability to pay attention to detail. Different from ordinary crop production, for the product to be regarded as seed in Zimbabwe, it has to undergo a rigorous seed inspection and certification process which tracks the crop right from planting till just before harvesting. This is done to ensure that the final seed product is free from contamination, pests and diseases.

With such high standards, prior to the land reform exercise of 2000, the seed production sector was dominated by commercial farmers in Zimbabwe. After land redistribution, a huge vacuum was created and this cause seed shortages; creating the need to identify new seed producers potential by the seed companies. Whilst smallholder farmers were one target group, most seed companies avoided this group because of the strict production requirements. After SNV’s engagement of the seed companies under the RARP CSF programme, only one company took the risk to contract smallholder farmers as seed producers in the 2013/14 season. Since then this private seed company has been contracting more and more farmers for increasing hectages under seed production after yielding positive results.

In making this model lucrative, SNV supported the following processes which are deemed key in any future similar initiatives:-

Contract farming model development- Together with the company, SNV facilitated the development of a viable contract farming model taking into account farmers’ and company’s needs, capabilities and constraints. For this particular model, the private company only provided seed whilst the farmers sourced other inputs.

Farmer identification- After assessing various regions and farmers, SNV assisted the company with farmer identification. This is very important because rolling out such an arrangement with incapable and uncommitted farmers would have definitely resulted in failure right from the word go.
Scalability

After 2 years of successful implementation of this seed production model, two additional new seed companies expressed an interest in replicating the same model for peas, fine beans, Michigan pea beans and butternut. This points to the fact that local seed production can easily replace the large influx of imported horticultural seed as the former is well-adapted to local conditions and has multiple benefits to the Zimbabwean economy.

From the farmers’ perspective, participation in seed production systems generally offers a higher price compared to marketing fresh produce. For example seed sugar beans were being bought at $1.65/kg compared to the fresh market price which averaged $1/kg during the same period. Furthermore, the most successful pioneer group, Badzaharinyepi Farmers Association in Mutasa, has now established an input fund deposited at one of the commercial banks for similar initiatives. Such an investment and commitment from a smallholder group provides a convincing argument that with appropriate support smallholder farmers can indeed participate competitively in commercial seed production systems.

3. Can Smallholder farmers participate profitably in the export market?

Background

The export marketing of horticultural products (fruits, vegetables, flowers and plants) destined for the European market is increasingly influenced by consumer concerns regarding environmental and social issues in countries of production, as well as by new regulations for food safety and the use of agro-chemicals which are all encompassed in certification. In response, a number of certification bodies have been set up, amongst them, Global GAP, Fairtrade, Rainforest Alliance, UTZ certified and International Federation of Organic Agriculture Movement (IFOAM). These bodies set production and processing standards which assure consumers that they are buying safe food grown in an environmentally sustainable way.
Based on rough estimates, the total retail value of organic food sales was estimated at US$23 billion in 2003 and this has been rapidly increasing over the past few years. The main markets for certified products are the EU member countries (taking more than 90 percent of certified produce) followed by other countries such as Brazil, Argentina, China and Egypt.

Most export markets are now demanding these standards as a prerequisite to trade creating a bottleneck for most producers especially in Africa.

Despite this ever growing demand, in Zimbabwe, only a handful of commercial farmers and pack houses are certified; meaning that millions of smallholder farmers cannot access horticultural export markets. The handful of local producers who want to export are confronted not only by a plethora of import regulations, but also within those import countries, by different niche markets for which additional requirements have to be fulfilled.

There is very little awareness and demand to safe agricultural foods on the local market and a general opinion that Zimbabwean products (vegetables) are largely safe. However, an in-depth FAO study of tomatoes and kale in Bulawayo and tomato, carrot, okra, cabbage and fine beans tests carried out by the Zimbabwe Organic Producers and Promoters Association (ZOPPA) and UK-based NGO Garden Africa in Harare revealed worrisome traces of residual chemical in all samples. Most of the residual chemicals/ heavy metals found in these samples, build up in human bodies and when they reach certain levels, are cancer causing and some affect reproductive processes. Such findings debunk the general perception that Zimbabwean vegetables are largely organic and generally safe.

Despite this proven reality, there is still a very low uptake and deliberate preference of certified products in the Zimbabwean markets mainly due to low consumer awareness. However a new trend is emerging in niche markets with some mines and supermarkets starting to demand certified healthy produce. These include Unki Mine which is ISO certified under ISO:9001 of 2008 and ISO:22000 on Food Safety Standards and a few upmarket supermarkets.

**Key strategies for successful smallholder farmer certification**

A decision to embark on any certification programme and steps highlighted below should be guided by market and community needs assessments. In this regard, farmers/ exporters may opt to undergo the certification route in order to penetrate new markets, differentiate their products from competition or from a regulation compliance/ environmental/food safety and workers’ welfare angles.

In the case of Eastern Highlands Plantation Limited (EHPL), a tea exporter, the market assessment revealed that beyond 2015 most of EHPL’s export markets will no longer buy uncertified tea. The need to ensure that the company continues to enjoy such niche and high value markets prompted the certification process. The following steps were undertaken:-
Step 1: Identification of appropriate certification program to pursue
The first step is to select the certification programme to pursue. If the decision to pursue certification was prompted by market requirements or a government regulation, the market/regulation requirements should guide producers and exporters to which certification programme to take. As in the case of the EHPL (processed tea exporter), their two biggest international markets indicated strong preference to UTZ whilst the other preferred Rainforest Alliance hence the resolution to pursue both certification programmes so that out-growers keep both windows open.

Step 2: Standard unpacking
Most certification standards come with 3 or 4 manuals detailing certification requirements and control points that anyone must adhere to if they are to be certified. Most farmers view the standards as too technical and tedious to comply with therefore this step involves simplifying the standards and harmonising the requirements to local context for easy adoption by smallholder farmers. This demands expertise and deep understanding of the selected standards since slight misinterpretation would lead to implementation of wrong standards and ultimate failure to attain the certificate.

Step 3: Farmer/Group buy-in and organisation
The next step can be broken into two sub-components namely farmer/group buy-in and farmer organisation
a) Farmer/Group buy-in- This is one of the critical stages since without buy-in, farmers will not subscribe to certification or may not implement any of the requirements. In Honde Valley SNV organized awareness meetings, trainings and learning visits to certified groups and exporting players to motivate farmers’ participation in the certification program. In order to win all parties, at each training session, SNV emphasized the economic, social and environmental benefits of certification whilst also explaining how certification will address perennial problems such as erosion, deforestation, poaching, soil and water pollution, workers’ health, safety and welfare, child labour and more importantly food, nutrition and income security at household level.

b) Farmer organisation- This is the key especially when targeting smallholder farmers since implementation of certification standards demand homogeneity and tight monitoring. In order to work with sparsely distributed farmers with variable production systems, there is need to facilitate systematic farmer organisation and clustering to allow for easier trainings, standard implementation and monitoring. SNV facilitated the formation of smaller groups (25-35 farmers led by a lead farmer) feeding into area structures then on to zonal structure (3 zones) and ultimately to the association in both the 1,056 UTZ and Rainforest Alliance certified Honde Valley tea outgrowers and the 120 Shurugwi horticulture Zim Organic certified farmers. SNV targeted initial trainings at selected lead farmers who were tasked with cascading such trainings to their group members in a systematic way but also spearheaded specific farmer trainings especially on key and complex concepts.

Step 4: Standard Implementation
a) Participatory development of a standard implementation strategy- since various partners and stakeholders were involved, together with the lead farmers, a comprehensive implementation strategy was developed to drive the whole certification program. Clear outlined activities, task allocation, monitoring frameworks and deadlines are key at this stage. Since standards are monitored at two levels, group administrator level (documentation) and farmer level (standard implementation), the strategy should cover both facets and identify competent personnel for each level (especially on documentation). During this stage, the developed strategy should include the activities, responsible persons, time frames and even budget indications for the training, standard implementation, audit and post-audit support. In doing this, involving farmer representatives, the exporting company, government agencies and local and traditional leadership guarantees full support and high certification success rate.
The RARP Story: Smallholder integration and agency in viable markets and market systems

b) **Training brokering**- Since the certification field is highly specialised, besides utilising SNV advisors who had expertise in the standards and processes, SNV brokered farmer trainings by experts from the certification bodies (UTZ and Rainforest Alliance teams for the tea farmers and ZOPPA for the Shurugwi farmers).

c) **Monitoring of standard implementation**- Since this was the hub of the certification process, all stakeholders including the exporting company, government agencies, the farmers’ association, traditional leadership and selected lead farmers rallied together to implement all the control points following the set activity plan. To effectively support the implementation of the standards, local resources should be utilised wherever possible except in instances demanding financial resources and other materials which the local community cannot supply. Local sourcing from the farmers to all other players in their locality helps forge a shared vision. During implementation, lead farmers play a key role in cascading the trainings, standard implementation and conducting internal inspections which are a pre-requisite for audit.

**Step 5: Audit and post-audit support**

a) **Supporting the audit process**- Besides the audit fees, the process of booking auditors and setting of audit dates, there is need to support farmer groups during the actual audit. Such support helps to reassure farmers throughout the process from the pre-audit meeting, actual audit and at the post-audit debrief sessions with the external auditors.

b) **Post-audit process**- Normally, if all goes well and the farmer group is successfully certified, which is rare in most cases, a sustainability plan needs to be implemented and monitored by the Internal Management System (IMS) team during the year. This regular monitoring helps farmers to remain within the standards’ requirements. More commonly, after an audit, some non-conformities might need to be rectified within a certain given time frame from the day of the audit e.g. 60 days. There is need to support the implementation of corrective measures within the given timeframe so that the farmer group attains the certificate. At this stage, it is recommended to celebrate with the group after undergoing such a rigorous process as this motivates the group to continue maintaining the standards.

A live case- 1,056 Honde Valley tea farmers certification leap- What did certification bring into Honde Valley tea smallholder farmers?

<table>
<thead>
<tr>
<th>Improved production</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Compared with 2010 where smallholder tea farmers’ annual production reached a total of 516,139kg of green leaf, production has increased by 212% and 225% in 2013/14 and 2014/15 seasons</td>
</tr>
<tr>
<td>• Yearly average number of smallholder tea suppliers to Eastern Highland’s Plantation Limited (EHPL) is on the increase from 293 in 2010, 560 in 2011, 618 in 2012, 688 in 2013, 654 in 2014 and a peak of 796 in 2015</td>
</tr>
<tr>
<td>• With an 88% increase in the number of UTZ and RA certified growers, from 565 in 2014 to 1,056 in 2015, we project a 36% increase in production in 2016 leading the anticipated total tea production around 1,845,605kgs</td>
</tr>
</tbody>
</table>

Below is the summary of the top 8 tea farmers for the 2014 season being led by a woman, Mrs. Rudo Ratchel Nyamapfeni with annual green leaf sales of 51.957t

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Farmer name</th>
<th>Sex</th>
<th>Annual 2014 sales (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 1</td>
<td>Rudo Nyamapfeni</td>
<td>Female</td>
<td>51.957</td>
</tr>
<tr>
<td>No. 2</td>
<td>Patrick Chikomba</td>
<td>Male</td>
<td>25.073</td>
</tr>
<tr>
<td>No. 3</td>
<td>Cicilia Muchatudza</td>
<td>Female</td>
<td>18.011</td>
</tr>
<tr>
<td>No. 4</td>
<td>Walter Ruwende</td>
<td>Male</td>
<td>17.533</td>
</tr>
<tr>
<td>No. 5</td>
<td>Leo Virginia Mandikiyana</td>
<td>Female</td>
<td>14.119</td>
</tr>
<tr>
<td>No. 6</td>
<td>Elias Matsikira</td>
<td>Male</td>
<td>13.209</td>
</tr>
<tr>
<td>No. 7</td>
<td>Snodia Samunetsa</td>
<td>Female</td>
<td>11.928</td>
</tr>
<tr>
<td>No. 8</td>
<td>Rubben Maambira</td>
<td>Male</td>
<td>10.477</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>162.307</strong></td>
</tr>
</tbody>
</table>
Other notable achievements

1. With 1,056 farmers having been certified for UTZ certified and Rainforest Alliance certification programs in 2015 after undergoing audit by Africert from the 15th to the 21st of May, this shows an 87% from the 2014/15 certified numbers on 564 farmers.

2. Interesting again is the fact that during the audit, the 2014/15 pass rate was 92% for the farmers and 92% for the group compared to the current 98.5% and 100% respectively in 2015. Considering that around 200 growers have revived their tea field and are standing at the certification door ready to be incorporated to the bigger group (1,056), this shows that certification is growing, growers are starting to appreciate the benefits of certification and the tea industry is awakening.

3. More smallholder farmers (monthly average of 710 farmers delivering tea in 2015) are now back in tea production and supplying green leaf to the EHPL factory compared to 2010 (average of 293 active farmers).

Opportunities

There is still room for the earnings to increase to levels closer to competing African countries such as Kenya and Malawi where smallholder farmers are earning as high as $0.35/kg and $0.25/kg for Grade A tea respectively. Such figures cannot be fully realised in the face of other logistical costs incurred by Zimbabwean exporters. Besides brokering price negotiations between EHPL and smallholder farmers, inefficiencies along the chains have to be corrected coupled with continuous technological upgrades at smallholder level to reduce production costs.
To meet local demand, SNV has to date facilitated Zim Organic certification of 120 smallholder horticultural growers in Shurugwi who are now regularly supplying Servcor Catering Services at Unki mine, Spar, PicknPay and Truefresh supermarkets. This model can be replicated in other mines, supermarkets, hotels, fast-food outlets, restaurants and institutions such as schools, colleges and universities who must feed a large number of employees, customers or students with safe quality food daily.

There are growing opportunities to expand certification to other value chains such dairy where the demand for organic and traceable products is growing. Contract farming arrangements where the final products are earmarked for the export market also provide opportunities for certification.

What is needed to take smallholder horticulture to the next level

a) **Formalisation of the informal markets** - as the informal horticultural market continue to grow at the expense of the formal market there is need to develop strategies to formalise the informal sector. By so doing, scheduling, coordination and market information can be effectively collected and disseminated.

b) **Continued adaption of interventions as value chains develop** - different interventions are demanded as the value chain develops hence practitioners need to understand the different phases a particular chain is at then apply the appropriate upgrade strategies.

c) **Identifying and establishing a horticultural lead** - With the collapse of Horticulture Promotion Council (HPC), there is need to set-up a similar entity or a new body which spearheads lobbying, harmonises approaches, markets Zimbabwean products and coordinates processes.

With EHPL now shouldering the bulk of the certification costs which include training costs, standard implementation costs and audit fees for smallholder farmers, this inclusive business model is reaching maturity since both parties are working together to sustain certification.

**Scalability**

With certification having been piloted successfully with tea farmers in Honde Valley for two consecutive years, the same model can be replicated to other tea out-grower models in Chipinge with companies such as Tanganda also demanding certification support. Outside the tea industry, more than 500 smallholder farmers in the coffee industry linked to Zimbabwe Coffee Mill (ZCM) are being pushed towards certification by their markets as the global markets continue to demand traceability and quality assurance.

Markets for Zimbabwean horticultural exporters are also demanding certification as a requirement for doing business. In addition, some export markets are also giving preference to smallholder grown produce. If certification support is extended to out-grower models in horticulture, export volumes can reposition Zimbabwe to its 1999 export peak of $142.7 million.

On the local market, particularly ISO certified mines such as Unki Platinum Mine in Shurugwi and up-market retail outlets such as Spar and PicknPay are now starting to give first priority to certified suppliers as they guarantee food safety and quality.
d) Multi-Stakeholder Platforms (MSP) transformation into action—whilst the Annual Horticulture Conference and other platforms for actors drive the sub-sector, there is need to establish and strengthen action sub-committees to implement and follow-up recommendations from the MSP.

e) Sustaining certification programmes beyond project life— for this to happen, certification programmes should be grafted at the heart of the exporting entities so that they fully appreciate and value the need to continue supporting smallholder farmers’ certification needs.

f) Research with them (SHF) and not for them (SHF)— most research efforts do not involve the farmer; only the recommendations are taken to the farmers for adoption. This has resulted in a disconnect between research and the farmer leading to low adoption of innovation. To correct this, practitioners should explore participatory research methods which involve farmers in all research processes.

g) Technological upgrades in horticulture— most approaches and technologies used by Zimbabwean horticultural farmers are inefficient and they increase production costs which directly affect farmers’ profit margins. There should therefore be a coordinated approach to adapting to new technology and systematic introduction of appropriate technologies to farmers.
Oil Seeds
Value Chain Development

SNV
Oil Seeds Value Chain Development

In Zimbabwe, oilseeds represent the largest cash crops grown by smallholder farming households across the agro ecological zones of the country. Edible oil crops are among the most widely traded commodities in the world. Major edible oil crops here include cotton, groundnut and soybean. The country’s climate is suited to growing a variety of oil crops which include cotton, soya bean, groundnut, sunflower and sesame. Soya bean and cotton, are key export or cash field crops whilst groundnut is mainly produced for household consumption. These oil crops are grown on an estimated total cropped area of more than 540,000 hectares by more than one million smallholder farmers annually and are therefore an important contributor not only to the rural economy, but also to the national economy at large.

Production of Oil Seed crops

In Zimbabwe subsistence approaches to farming oil seed crops are inept and inefficient, resulting in low production levels. The economic decline of the 2000s also led to a 58% decrease in agricultural production (Zimbabwe Value Chain Analysis, 2011).

Demand for Oil crops

The demand for oil seed crops far outstrips production with most of the produce processed locally as Zimbabwe has a well established industrial processing capacity whose utilization has dropped due to raw material shortages. Pre-2000, Zimbabwe had a dual structure of large-scale commercial farming and small-scale which mainly practiced subsistence farming. Land reform led to the demise of large-scale commercial farming and this left a huge gap in the supply of agriculture produce to a previously well-developed agri-business sector.

The capacity utilization of the soya bean manufacturing sector stands at 560,000MT against a projected harvest of below 70,000MT annually for the past 10 years. Ground nuts annual manufacturing capacity is 6,000MT and sesame industrial requirements are hovering above 1,000MT.

Processors often run out of local material supply by September-October each year creating a 60-70% output gap that is being met through imports from South Africa, Zambia and Malawi. Zimbabwe is therefore currently a net importer of oil crops and related products despite the fact that it was a net exporter prior to the year 2000. As a result, the manufacturing industry is scaling down or closing resulting in job losses.

Manufacturing Capacity Utilization

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Installed capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metric Tonnes</td>
</tr>
<tr>
<td>Surface Investments</td>
<td>220,000</td>
</tr>
<tr>
<td>Pure Oil</td>
<td>130,000</td>
</tr>
<tr>
<td>Olivine</td>
<td>120,000</td>
</tr>
<tr>
<td>United Refineries</td>
<td>90,000</td>
</tr>
<tr>
<td>National Foods</td>
<td>90,000</td>
</tr>
<tr>
<td>Grafax consortium</td>
<td>18,000</td>
</tr>
<tr>
<td>Other processors</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>683,000</strong></td>
</tr>
</tbody>
</table>
RARP Response

A series of SNV value chain studies undertaken between 2008 and 2013, identified a number of value chains with potential for revival by increasing commercial smallholder production. The oilseeds component of RARP-CSF promoted market driven smallholder production of Oil seed crops by improving oilseed agronomy on one hand and on the other strengthening the farmer-market interface and facilitating partnerships between growers and other important value chain players. The component focused on Soya Bean, Groundnuts and Sesame.

RARP-CSF supported 3,028 smallholder farmers to grow soya bean in three districts of Zimbabwe over two growing seasons with the off-taker being IETC. In the first season (2013/14) a direct model of contract farming was employed where IETC provided resources to the farmers. In the 2014/15 season tripartite arrangements were piloted where farmers received inputs through two microfinance institutions Quest and Untu. Each contract package was worth USD139-184 and comprised of soybean seed, fertiliser, rhizobia, herbicides and insecticides and was sufficient for 0.66Ha. In the 2013/14 growing season the growers achieved on average 1.25T/ Ha which improved to 1.53T/ Ha in 2014/15. The increase was attributed to the timely distribution of inputs, improved agronomic knowledge and appreciation of farming as a business and the security of knowing that they have a guaranteed market. The farm gate price of the commodity in 2015 ranged between US$490 and $500/tonne.

Soya bean
Zimbabwe’s soya bean demand stands at 125,000mt but production is at 50,000mt per annum. The crop has huge potential as a cash crop and can easily raise the income levels of smallholder farmers. Currently the production base constitutes of A2 (33% of the national output) farmers, smallholder farmers in communal and old resettlement (2% of the national output) and large scale and ARDA estates (65% of the national output).

Sesame
Sesame is drought-tolerant and is able to grow where other crops fail, thereby making it a suitable crop for the drier parts of the country such as Chiredzi, Chipinge and Gokwe. Production is however hampered by the non-availability of quality seed and technical knowhow. Sesame is highly marketable as it is used as an additive in the bread and confectionery, medicinal and pharmaceutical industries and as a source of valuable and high quality oil. The seed’s oil content is 44% to 55 % compared to 20% oil content of soya bean. These qualities make sesame a prime commodity in the global market and therefore one with great poverty alleviation potential for smallholder farming families, contributing to food and nutrition security as well as and household income.

RARP-CSF introduced previously feral sesame as a cash crop; providing Zimbabwean smallholder farmers in arid and semi-arid regions (Natural farming region IV and V) an opportunity to earn a livelihood. Open sesame was promoted as an alternate cash crop in traditionally cotton growing areas to mitigate the effects of the decline in cotton incomes. An intermediary model was used with Sidella contracting 2,820 farmers in three districts over two seasons. The farmers purchased inputs from Sidella comprising 3kg of seed, acetamiprid and lambda cyhalothrin with a value of $13.00 and signed output market contracts with Sidella. SNV capacity building helped Sidella to qualify for a $100,000 loan from Zimbabwe Agriculture Development Trust (ZADT) to enable bulk purchasing of the crop. Farmers produced on average 523kg/ha.
The RARP Story:
Smallholder integration and agency in viable markets and market systems

Specific interventions in RARP-CSF Oilseeds component

Production of oil crops in Zimbabwe are constrained by recognisable production and productivity challenges, issues around farmer organization, knowledge transfer, low private sector appetite for working with smallholders, and weak marketing structures. Other challenges include:

- Lack of timely market information on buyers and prices.
- Poor access to quality inputs,
- Lack of appropriate technology for example. for shelling
- Lack of appropriate technical and extension services,
- Misconception of contract inputs as grants amongst growers,
- Lack of direct access to financial services due to high bank charges and lack of appropriate collateral

RARP-CSF responded with interventions and approaches that were stakeholder oriented and market driven with the aim of improving smallholder confidence to produce to meet market demand as well as their ability to engage in an informed manner with key players in the value chain:

1. The creation of commodity-specific associations as a tool for supply chain development to promote the interests of smallholder farmers and for product promotion, quality development, training and information provision. 21 commodity associations were created or strengthened in 7 districts where private sector companies had contracted small scale farmers. These helped to promote soya bean, groundnuts and sesame. The associations were capacitated to solve problems between farmers and agro-industries, plan production and regulate marketing, food safety,
The RARP Story: Smallholder integration and agency in viable markets and market systems

Testing and proving models

The project piloted different models of intervention in the first year (2013/14) and up scaled the successful ones in the following season (2014/15). The process of designing the models began with mapping actors, core processes and activities in each of the three value chains; identifying gaps, overlaps and potential for upgrading. Linkages between similar actors were mapped according to horizontal integration, spot market and persistent network relations. Benchmarking and assessment of the financial position of the off-takers (Sidella, IETC and Shatbury) was done before any model could be implemented. The major assumptions in designing the models were on smallholder capabilities, buyers’ willingness and the availability of an enabling environment:

2. Support for the formulation and/or implementation of national multi-stakeholder industry-led roundtables in the Oil seeds subsector. The Multi Stakeholder Platform (MSP) worked on developing shared vision and strategy, provision of value chain knowledge, identifying and influencing specific government policies affecting the Oil seeds sub sector. Ten national stakeholder workshops were held to establish the value chain challenges, explore possible solutions available to the groups and to strategise on the way forward. Most of the workshops were meant to bring together the buyers and other supply chain actors to improve production and sustainability of the various contract farming arrangements. The major result was building the social capital between the supporting markets and their producers.

3. The implementation of proven beneficial business and market linkages through the development of sustainable and transparent contract farming models. Six companies (VIRL; Shatbury; Sidella; UNTU; IETC and QUEST) had direct exposure to improved contract farming models (direct, intermediary and tripartite variants). The project offered contract farming advisory services to both companies and producers to enter into win-win contracts, strengthen communication and manage implementation of the contract farming models. A closed marketing system was instituted to lower the risk of side selling. 7,093 farmers were contracted by the project; 3,028 for soya bean, 2,820 for sesame and 1,245 for groundnuts.
Centralized model
This model was piloted with IETC in the 2013/14 season for soya bean in three districts. IETC as the off-taker for soya bean was involved in input provision (seed, fertiliser, inoculants and chemicals) and controlled most production aspects (land preparation to harvesting). The quota, quality and procurement conditions were agreed upon before farmers signed the contracts. IETC had field officers who interacted directly with the contracted growers. This directed method was found to be appropriate because:
- Soya bean was still a new crop which the farmers were not familiar with and thus required close monitoring.
- The use of inoculants complicated production and IETC’s quality requirements were extremely high for the smallholder producers.

Advantages
- Assurance of a two way communication and direct transactions with farmers.
- IETC closely monitored production and constantly received direct feedback from the growers
- Traceability of production to individual farmers and correct application of crop production practices.
- IETC responded promptly to farmer issues

The Intermediary model
This model was used for sesame throughout the two seasons. The model followed a system where Sidella formally contracted farmers through lead or champion farmers. These lead farmers would sign the contract on behalf of their producer groups. Sidella staff interacted more with the lead farmers who served as intermediaries between the company and their peers. Trainings were mainly to the lead farmers who would cascade trainings to their producer groups in an incentive-structured mechanism. This indirect method was found to be appropriate because:
- Sidella had lower cost per grower
- Dealing with large numbers of smallholder farmers would be cumbersome.

Advantages
- Smallholder farmers were able to borrow without providing collateral
- Farmers were able to open individual bank accounts in a very flexible manner
- All the parties felt more secure with the arrangement
### Overview of SNV interactions, capacity building and technical expertise in relation to different actors in the groundnut, sesame and soya bean value chains

<table>
<thead>
<tr>
<th>Actor</th>
<th>Focus of interaction and intervention types</th>
</tr>
</thead>
</table>
| Producer groups, smallholder CSOs - including Agro dealers, Producer groups, Agritex | • Building public-private partnerships.  
• Facilitating training in creation of commodity-specific producer associations.  
• Linking smallholder farmers to sustainable and inclusive business and markets.  
• Sustaining inclusive and fair trading relationships through value chain Multi-stakeholder platforms.  
• Training on Financial Literacy, Farming As A Business  
• Organise farmer associations to: (i) jointly procure inputs at discounted bulk rates, and (ii) collectively market output, including via contract farming.  
• Provide agronomy trainings on subjects such as planting times and techniques.  
• Promote use of improved seed and separation of seed varieties  
• Appropriate pest-control technology.  
• Improved post-harvest handling with a focus on product cleanliness.  
• Facilitate access to and use of new productive technologies through demonstration plots and by calculating return on investment. |
| Input Suppliers e.g. Sidella, Seedco, DR&SS, G&W, ZFC, Windmill | • Facilitating access to improved seeds  
• Improved labelling of seeds.  
• Specific information and training on treatment of seeds.  
• Promote suitable package sizes.  
• Increase geographical coverage of the input supply network. |
| Financing institutions e.g. Quest, Untu, Viril | • Facilitate access to affordable loans for inputs and other requirements.  
• Improve MFI understanding of Value Chain Financing  
• Supporting MFIs to Train farmers in financial literacy and management |
| Government and public sector departments e.g. Agritex, AMA, DR&SS, Plant Quarantine | • Improving agronomy practice and upgrading knowledge base  
• Improving quality of extension service  
• Promoting policy development / adjustment to govern orderly production and marketing of oil crops.  
• Regulating contracting and side marketing.  
• Registration of commodity associations. |
In order to develop the sesame value chain in Zimbabwe, SNV identified Sidella Trading as a partner to contract smallholder growers. Sidella Trading Private limited is a small scale agricultural contractor and commodity broker registered in Zimbabwe and is currently the only company in Zimbabwe contracting small scale growers for sesame. In 2013 Sidella accessed a US$100,000 loan from the Credit for Agricultural Trade and Expansion (CREATE) fund in order to engage on a sesame contract farming scheme with 2,250 small holder farmers in Gokwe South and Chiredzi districts whose traditional cash crop was previously cotton. A core training team was formed comprising of SNV, Sidella, and relevant government ministries (production related- Agritex; group formation and strengthening- Ministry of SMEs) which provided support for sesame production through a tiered approach. The core team conducted training of trainers (ToTs) to 112 agro-agents, who cascaded the various trainings to 2,250 contracted farmers. The trainings were in improved farming techniques, good agricultural practices (GAPs), farming as a business (FaAB) as well as the disbursement of improved seeds and other inputs. Each agro agent was responsible to organize the growers into a producer group comprising of 20-25 group members. The agro agent would act as conduit for innovation dissemination and were expected to practice direct farmer training assisted by lead or champion farmers in the groups. They would also help in input distribution and aggregation of produce. The producer associations were where necessary supported to register as associations with the Ministry of Small & Medium Enterprises and Cooperative Development. To support agro-agents in supervising and monitoring the group members, three (3) champion farmers were selected within each producer group. Champion farmers, being closer to individual farmers, helped to reduce input and output diversion whilst also reinforcing climate smart production approaches.

**CASE STUDY:**
**Sidella sesame intermediary model of contract growing**

<table>
<thead>
<tr>
<th>Actor</th>
<th>Focus of interaction and intervention types</th>
</tr>
</thead>
</table>
| Traders/Processors/ Exporters e.g. Sidella Trading, IETC, Shatbury | - Effective dissemination of market information especially on price and logistical arrangements.  
- Establishing workable modalities for contract-farming in which there is provision of inputs and extension services in return for guaranteed delivery of a high-quality product.  
- Commitment to paying quality premiums based on clear standards and jointly promote product-grading systems  
- Strengthen long-term relationships with producers.  
- Commit to paying quality premiums based on clear standards and jointly promote product-grading systems.  
- Encourage investment in organic / Fairtrade certification and exploration of new destination markets |
| Research stations and institutions - University of Zimbabwe, DR&SS, SNV | - Provide foundation seed for seed multiplication.  
- Varietal testing and release  
- Production recommendations  
- Soil testing  
- Development of Nutrient management plans |
CASE STUDY:
Soya bean; first choice cash crop for Small holder farmers in Guruve, Bindura, Murewa and Goromonzi districts

Challenge Soya bean production in Zimbabwe has thus declined from a peak of 171,000mt in 2001 to less than 50,000mt per annum. Processing capacity by the industry stands at 460,000mt annually but current utilisation is below 20%. Major processors like ETG/IETC are severely hampered by a lack of supply of soya bean. The current market demand is met with imports of oil from South Africa, beans from Malawi and beans and cake from Zambia and India. It is against this background that SNV partnered IETC, Quest, UNTU, Agritex and other stakeholders to explore how contract farming could boost local production.

Key actors
Beneficiary farmers were soya bean growers drawn from areas previously managed by IETC in Karoi district in Mashonaland West, Guruve and Bindura in Mashonaland Central, Goromonzi and Murewa in Mashonaland East (mainly Region I and II). IETC is an international commodity broking company with strong interest in processing/ manufacturing as well as inputs distribution. IETC has invested heavily in the Zimbabwe in the form of oil expressing and soya chunks manufacturing machinery, equipment and warehouses. Quest and UNTU are microfinance institutions that were new to agricultural financing. AGRITEX was responsible for extension service provision. Other stakeholders included the Rural District Councils under whose umbrella the local leadership falls. Local kraal heads and chiefs also formed part of the support system which created a favourable working environment, catalysing project uptake, buy-in and commitment by the beneficiaries. Participating agro-dealers included locals in the village townships, district growth point shops, Seedco who supply seed, Q & W lime, ZFC and Windmill fertilizers and chemicals companies.

SNV Intervention
The initial intervention was in the 2013/14 cropping season where SNV supported IETC to contract 561 farmers through a direct model which was later improved to a tripartite arrangement in 2014/15. The tripartite partnership with IETC and UNTU in Guruve and IETC and Quest in Mashonaland East benefitted 3,000 farmers. SNV’s role was to mobilise and capacitate farmers to form sustainable commodity associations for input sourcing, training, price negotiations and produce bulk marketing. Quest and UNTU financed the inputs 2.5%pm interest rate whilst IETC and Agritex provided extension support. Apart from mobilising farmers, SNV facilitated signing of agreements i.e. Buyer<->finance, Buyer<->farmer and farmer<->finance. The input packages ranged from $139 to $184/0.66ha depending on inputs included. Farmers paid a 10% commitment fee in advance which was included in the contract pack. The trainings included theory and practical application in the form of demonstrations plots and trials at different homesteads, exchange and exposure visits to best sites and to the market. All the contracted growers had their soils analysed through an arrangement with ZFC and Windmill. A nutrient management plan was developed as per the recommendations from the soil analysis. Seedco the soya bean supplier donated seed for demo plots, whilst G & W donated lime.
Outcomes
Farmers through their associations’ aggregated their soya bean and sold to IETC on agreed dates and price. Over the two seasons there was a significant improvement in productivity from an average 0.9t/ha to 1.55t/ha and loan repayment rate was always above 90%. IETC bought the contracted crop at $490/t which no other company matched, totally eradicating side marketing. The arrangement enabled IETC to buy the soya bean in an organised manner and in a few days instead of months, which was cheaper, as they did not require any storage. Quest and UNTU also managed to recover their loans on station during selling which made the situation a win-win for all. The few farmers who failed to repay had unfortunately been genuinely affected by drought. The average income per farmer was USD1,020 and the farmers managed a gross margin of $0.84/kg.

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>Loan Inputs</th>
<th>Other Costs</th>
<th>Total Cost</th>
<th>Gross Mrgin/0.66Ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>$955.50</td>
<td>$184.00</td>
<td>$170,00</td>
<td>$357.00</td>
<td>$598.5</td>
</tr>
</tbody>
</table>

Impact
Despite the prevailing drought conditions in Zimbabwe since 2013, the farmers have continued to grow soya bean cementing their relationship with both IETC and the MFIs. This arrangement continues to be functional now even without SNV support and has evolved to other crops. The farmers’ area under soya bean increased by 26% and record yields were recorded with some farmers matching the 3.5t/ha yield mark which was previously the preserve of large commercial growers.

Future drivers of the oilseeds sub sector that need further attention

1. Institutional and Organizational Strengthening
Collaboration at the level of commodity, location, industry, and profession based associations will represent an increasingly important form of interaction and business engagement as collective action will influence synergy, transparency and economies of scale in the subsector. Strengthening of these organisations will be important as appropriate vehicles in a variety of catalytic and facilitative roles, centered on provision of services such as technical advise, training, analytical and market information services, lobbying and advocacy. These producer organizations and association based services could large vacuum created by the withdrawal or scaling back of both private services in towns and public services in rural areas and in agro-food markets.

2. Competitiveness
More investment is needed to improve the competitiveness of the oilseed subsector compared to other agricultural subsectors. Currently small holder farmers are tempted to switch to tobacco. Competitiveness at MSP and international levels will mean exploring the country’s competitive advantages more systematically. As the farming environment becomes more competitive emphasis will be on efficient, profitable and sustainable production. Research will be important in developing appropriate, quality inputs and innovations, seed varieties, development of seed enterprises and testing of best practice for...
The RARP Story: Smallholder integration and agency in viable markets and market systems

Involvement of government in oil seed interventions is vital. Buy-in from government is needed to influence policies that are favourable for both production and marketing.

Capacity building at extension, farmer level and trader levels are needed. Commodity industry stakeholders must prove commitment through active participation.

Commodity associations should be organically formed by farmers in close proximity and on contiguous fields. Associations at ward level do add value. Collaboration through commodity specific groups helped increase production and efficient marketing and stronger bargaining power.

There is need for forging appropriate strong private sector partnerships to ensure sustainability of contract farming relationships beyond the duration of a specific donor funded project.

Opportunities for further development

- Seed systems development – standardization of seed varieties. This is especially true for groundnuts and sesame.
- Streamlined marketing strategy- Domestic, Regional market. Formation and strengthening of Collective Marketing Groups.
- Niche export markets - Zimbabwean sesame could achieve a broad market base and gain market share in other global markets such as Korea and Taiwan.
- HACCP and food safety standards especially to lower the effects and create awareness on aflatoxins.
- Agro-processing equipment such as mobile shellers for groundnuts and sesame cleaners. Microlensing can also be tried for communally owned equipment.
- Research on seed especially for sesame and groundnuts.
- Sesame is environmentally friendly and is thus a suitable crop for climate smart and sustainable agricultural systems.
- Soil testing and development of Nutrient Management Plans.

Lessons from contract farming in oilseeds subsector

- Contract farming operation requires significant start-up costs and a long term view in order to achieve economies of scale. Private sector must be willing to invest.
- A trust-based marketing system lowers the risk of side marketing.
- A base price helps to cushion against price volatility. This should not prevent influence of prevailing market price.
- Communication between producers and contractors is everything. Openness and fairness on both sides is important Recognition e.g. Best contract grower is an incentive for production.
- Demonstration plots, trials, field days, exchange and exposure visits are vital for behaviour change and uptake of standards.
RARP-CSF Matched Grant Facility: Value Chain Financing Of Agribusiness SMEs In Zimbabwe
RARP-CSF Matched Grant Facility Model: Value chain financing of Agribusiness SMEs in Zimbabwe

Within RARP-CSF, the Matched Grant Facility was designed to provide a financial ‘half-way house’ for selected SMEs with potential to contribute to performance of RARP value chains through their own growth and expansion. By combining SME own-investment (matched by a grant) with tailored technical support and mentoring, the component ensured that return on investment would be secured, thereby mitigating risks associated with SME inability to manage growth. It would enable SMEs to upgrade technology, improve their asset base, expand their markets, and improve business credibility in order to position them to be able to access commercial loans on their own.

Small and medium enterprises (SMEs) are widely acknowledged as a strong driver of economic growth. This is as true in Africa as it is elsewhere in the world. From the periphery of large corporates and formalised industries, they have the flexibility to respond to local demand, innovate and identify emerging markets. They stimulate activity on both demand and supply sides often providing critical services to both micro businesses and producers as well as larger enterprises. SMEs provide markets for small scale producers and significantly contribute to employment provision.

SME’s in Zimbabwe
In Zimbabwe’s Agriculture sector SMEs play an important role as service providers, processors, technical innovators and off-takers to smallholders, thereby stimulating activity growth in the sector and providing income generation options for smallholder farmers and producers. The health and performance of SMEs is therefore of significant interest to government, economic policy makers, and regulators alike.

Though agribusiness SMEs are important and contribute vastly to the socio-economic development of a nation, they face several challenges which prevent them from realizing their full potential. The following challenges have been noted;

- Most agribusiness SMEs cite access to finance as one of their main problems. And most financial institutions are not willing to finance them citing high risk and lack of collateral in addition to inadequate operational and financial track record. Again due to informational asymmetry lenders shy away from the market for loans for small businesses.
- Old and dilapidated machinery and equipment resulting in very low production efficiency
- Lack of market competitiveness on domestic and export markets
- Low governance skills and technical know how
- The smallholder farmers who supply SMEs with raw materials have low technical knowledge and inadequate access to markets
- Inability of the owners to effectively manage the business.
- Lack of business management, marketing and financial skills
- Lack of education on taxation issues and business formalisation processes

The facility targeted SMEs in a nationwide call with the potential to stimulate smallholder activity in specific value chains by providing service, technical support, inputs, and market access to smallholder farmers. The RARP Matched Grants Facility deliberately targeted SMEs, who do business with smallholder farmers and showed commitment to co-invest along with the facility and receive Technical Assistance to ensure the return on investment is optimised.
The smallholder farmer

With a significant population residing in the rural settings of Africa, smallholder farmers have become a critical pillar of the African economy. Small scale farmers are responsible for more than 90% of Africa’s agricultural production. Despite their contribution to the economy, they remain poor and their agricultural production remains low thereby compromising their income and livelihoods. A number of well-known gaps in smallholder support means that they are not effectively ‘embedded’ in agricultural market systems and usually do not get the best prices for their products. Access to funds for financing small scale agricultural activities is notoriously difficult as the financial sector regards the smallholder farmer as largely un-bankable for reasons ranging from collateral security to investment opportunity. Investing in SMEs who can incorporate smallholders in their business models as suppliers or users of services and products could act as an important ‘stepping stone’ for smallholders to grow.

Markets

Markets drive activity and production in value chains. Without accessible and consistent markets, efforts to improve production at smallholder level do not achieve more than subsistence and family level food security. Ready markets provide an incentive to grow but creating linkages for smallholder farmers is not an easy task. Identifying potential markets is one thing but effective participation is another thing altogether. For smallholder farmers to participate effectively and profitably in commercial markets, they need support to overcome a number of internal and external barriers: mind-set and behaviour change to farm from a business perspective; uptake of appropriate agronomy for specific crops; appropriate and timely extension service; effective producer group self-organisation; substantial increases in yield, quality and productivity as well as market awareness, up-to-date information and bargaining power. Producer groups often need to build a minimal financial base often through savings in order to make basic investments in infrastructure storage and processing facilities, market-places, transport and logistics, communication facilities.

SMEs provide a crucial ‘bridging’ role by providing some of these services to farmers including market access by aggregating, affordable input supply or direct market for processing, close to SHF locations and in quantities that small to medium producer groups can manage. To be able to act as effective ‘pullers’ for smallholders, agribusiness SMEs in Zimbabwe need to improve their own performance and competitiveness in order to secure and sustain the market share that enables them to draw in smallholders as they grow. Their needs include market development; upgraded technology for capacity expansion and to meet required industry standards; business and financial management systems as well as support to formalise and comply with national business and tax laws.

Agri business SMEs targeted in the RARP-CSF Matched Grant Facility

Small business entrepreneurs in the Agriculture sector who carry out various business ventures along the agricultural value chains especially the RARP value chains. These SMEs vary from informal agribusiness enterprises to those that have an annual turnover of up to $500 000. The Ministry of Small Medium Enterprises and Cooperative Development classifies SMEs as companies with not more than $500 000 annual turnover. The types of Agribusiness run by SMEs include primary agro processors, secondary agro processors agri-traders, wholesalers, agro-dealers, manufacturers and transporters. The Matched Grant Facility reached out to agri business SMEs in all value chains but specifically promoted, oil seeds, dairy and horticulture chains to create additional synergy across the RARP-CSF components. The facility was advertised nationally and attracted applications from rural areas, growth points as well as urban areas.
The Matched Grants Intervention
Summary overview

Studies and needs assessments prior to setting up the facility indicated that investments to catalyse competitiveness and market expansion would increase capacity to incorporate smallholders and improve both growth and profitability for both SMEs and the smallholders that they are linked to. The Grant Facility was therefore structured to assess and support proposals related to:

- Modernisation and improvement of management systems
- Upgrading and expansion of production technology
- Marketing development and market expansion
- Skills and knowledge improvement including business and technical knowhow

Nature of the Grant Facility

Minimum level require of grant applicants
Applications were considered on a cost-share basis. Successful applicants were required to raise and prove their part of the cost of investment. Working capital for day to day operations like purchasing raw materials, rent payment, salaries were not allowed. On lending also was strictly out of scope for the grant. Grantees had to show adequate financial systems to account for the grant and cost-share. Successful applicants were required to enter into a memorandum of agreement and assignment agreement with SNV with detailed activity plan, monitoring protocol, milestones and capacity support to be provided by SNV. The MoU also indicated how smallholder involvement would be increased.

The Matched Grant Facility Process Flow
Awareness workshops were carried out to market the facility followed by a call for proposals with guidelines. Pre-screening identified eligible applicants for independent evaluation. Due diligence of approved applicants was carried out by a Chartered Accounting Firm. Engagement of Grantees involved signing of investment and assignment agreements. Disbursements started with Grantees paying suppliers their own contribution followed by payment of the matched amount direct to suppliers by SNV.
The disbursement process was followed by monitoring and evaluation stages as presented below. During this period Grantees also received capacity building to address various technical gaps. Networking to promote skills sharing and trade opportunities was carried out through workshops and exchange visits.

Summary of post award support process

**Technical Assistance, mentoring and networking**

- Support with highly tailored capacity building in the form of:
  - Technical training and know-how
  - Management and business coaching
  - Growth & risk management coaching
  - Exposure visits
  - Regular mentoring
  - Networking with similar enterprises

**Monitoring and tracking**

One of the critical success factors in the Matched Grants component was rigorous monitoring and regular tracking of Grantee progress. Grantees report that this helped to keep them focused and on-track and offered someone to talk to and bounce ideas with as they struggled to manage the growth and new markets opened up by investments made with the matched grants.

**Evaluation**

Evaluation and assessment of the performance of the Matched Grant Facility focused on:

- Growth in production capacity
- Growth in market access
- Increase in number of smallholders in business model
- Increase in profitability
- Level of skills and knowledge enhancement

Grant disbursement overview by sub-sector

<table>
<thead>
<tr>
<th>SUBSECTOR</th>
<th>NO. OF GRANTEES</th>
<th>TOTAL GRANT ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock-Cattle (Beef/Stock feeds processors)</td>
<td>4</td>
<td>151,264</td>
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<tr>
<td>Small livestock-Goats (Breeders and traders)</td>
<td>2</td>
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<tr>
<td>Oilseeds</td>
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<td>Dairy</td>
<td>5</td>
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<tr>
<td>Agro-dealers</td>
<td>2</td>
<td>27,011</td>
</tr>
<tr>
<td>Other food security projects</td>
<td>5</td>
<td>131,063</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>29</td>
<td>604,280.43</td>
</tr>
</tbody>
</table>

Award distribution by sub-sector
Early assessment showed positive changes at both SME and smallholder levels as indicated below:

**Income & Profit**
- 60% of Grantees recorded increase in turnover 12 months post implementation
- 60% of Grantees recorded increase in sales 12 months post implementation
- One Grantee qualified for export market so far

**Smallholder Reach & Employment Creation**
- Markets enhanced for at least 5,000 smallholder farmers across the country. These smallholder farmers are into dairy, oilseed crops, horticulture, cereal crops and livestock
- expected total number of jobs -100

**Production Capacity & Business Management**
- Average 90% increase in production capacity where matched funds were used for technological upgrades
- 100% maintain systematic accounts and records
- 100% have insurance
- 100% tax compliant

**Skills & Knowledge**
- 100 people trained (SMEs)
- 1,500 smallholder goat farmers trained
- 1,500 dairy farmers trained
- Exchange learning visits for 100 women
- 100 women trained in entrepreneurship, organic certification and value addition

**Livelihood & Community Contribution**
- 28% purchase own cars
- 100% of now afford university fees
- Their own food security has been enhanced
- Some SHFs have built homes, invested in renewable energy, furniture and school fees.
### Overview of pre and post grant situation per grantee

<table>
<thead>
<tr>
<th>GRANTEE SME</th>
<th>PRE-GRANT CHALLENGE</th>
<th>NATURE OF GRANT INVESTMENT</th>
<th>POST-GRANT IMPACT &amp; OUTREACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binga Foodnet/Binga Township</td>
<td>• Non-refrigerated transport causing loss from perishable stock</td>
<td>Procurement of refrigerated truck, deep freezer, generator and meat cutter</td>
<td>Can now sustain a cold chain from producer to storage and market.</td>
</tr>
<tr>
<td></td>
<td>• Losses due to power cuts</td>
<td></td>
<td>20% increase in turnover and employment</td>
</tr>
<tr>
<td></td>
<td>• No meat cutter leading to waste and quality loss.</td>
<td></td>
<td>Bigger market offered to communal producers and women horticulture farmers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outreach: - 100 farmers</td>
</tr>
<tr>
<td>Mandanda Investments/Gwanda</td>
<td>• Lack of abattoir facilities in Gwanda</td>
<td>Construction of abattoir; Installation of transformer;</td>
<td>Ready market for local cattle farmers; able to meet retailer and wholesaler demand for</td>
</tr>
<tr>
<td></td>
<td>• High cost of meat supply to retailers</td>
<td>Abattoir equipment including meat railings; anaerobic ponds, cold and freezer rooms</td>
<td>meat; volumes increased to 50 beasts per day; 10 new employees; 29% turnout increase</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Outreach: - 120 farmers</td>
</tr>
<tr>
<td>Mandanda Investments/Gwanda</td>
<td></td>
<td>Procurement of 2 fishing rigs</td>
<td>13 families now income secure and cover school fees and purchase cars.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payment for automotive training for members by Speiss College in Bulawayo to improve</td>
<td>Cooperative also assists orphanage with fees. 42% turnover increase; 31% employment increase;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>maintenance skills.</td>
<td>Outreach – 50 fishermen</td>
</tr>
<tr>
<td>Chunga Kapenta Fishing</td>
<td>• Low production due to owning just 2 boats – insufficient income for 13 families</td>
<td>Procurement of stockfeed mixing plan</td>
<td>Now producing on-farm stockfeed for sale at lower</td>
</tr>
<tr>
<td>Cooperative-13 members Binga</td>
<td>• High maintenance costs due to age of boats</td>
<td>Construction of barn for stockfeed production</td>
<td>Feedlotting service to local farmers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development of website – mainlinecattle.com</td>
<td>Expected increase in demand for cattle</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training of small holder farmers</td>
<td>Outreach - 120 farmers</td>
</tr>
<tr>
<td>Mainline Enterprises Plumtree</td>
<td>• High cost of quality feed</td>
<td>Procurement of refrigerated truck, deep freezer, generator and meat cutter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High transport costs for feed from Bulawayo</td>
<td></td>
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**The RARP Story:**
Smallholder integration and agency in viable markets and market systems
<table>
<thead>
<tr>
<th>GRANTEE SME</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Michview Enterprises Bulawayo Goat breeder and trader</td>
<td>• High transport costs of collecting goats for on selling • Poor advertising • Visual buying</td>
<td>Procurement of weighing scale; Motor bikes; Development of Michview Training in Profitable Goat Management (course)</td>
<td>Now has export and import licence Trained 720 farmers in Gwanda and Matopo 95% income increase; 114% increase in profit Outreach: -1000 farmers</td>
</tr>
<tr>
<td>Bvurere &amp; Sons Investments Chimanimani Growth Point supermarket; Agrodealer and maize mill</td>
<td>• Inadequate grain supply due to slow threshing process • Low productivity • Outdated machinery</td>
<td>Procured maize mill; grain thresher and electric dehuller</td>
<td>Production capacity greatly increase; 10% employment increase; Post-harvest processing time reduced; Profits have been invested in accommodation for rent. Outreach: -1,500 farmers</td>
</tr>
<tr>
<td>Shatbury Farming Harare Peanut Processor</td>
<td>• Outdate machinery • Failure to meet demand • High labour costs due to inefficiency • Poor marketing • Compromised quality</td>
<td>Mobile shelter; Fryer Roaster; Peanut butter machine; Website development Business linked email accounts</td>
<td>Production rate improved from frying 100kg per day to 1,000kg per hour. Peanut butter bottling moved from 1,200 jars per day to 800 jars per hour Outreach: 87 farmers under contract and expanding</td>
</tr>
<tr>
<td>Gokwe Dairy Association Gokwe Centre Farmer owned Dairy Cooperative</td>
<td>• Poor access to feed or forage • Poor milk quality</td>
<td>Forage hand cutters; Somatic cell counter Automatic milk packer and sealer; Digital scale</td>
<td>Testing improved quality; Volumes expected to increase Outreach: - 63 farmers</td>
</tr>
<tr>
<td>GRANTEE SME</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Seedridge Ltd., Borrowdale Harare Horticulture Seed Production and distribution</td>
<td>• Lack of machinery • No IT systems • Low supply volumes • High distribution costs</td>
<td>Delivery Trucks; IT equipment for office; Packing machine; Label printer; Demonstration plots; website development</td>
<td>100% increase in production capacity; efficient accounting system; website increased sales including Zambia and Mozambique; Outreach:-65 farmers under contract; 60 Agrodealer distributors on credit; Trained 60 Agrodealers and 300 farmers</td>
</tr>
<tr>
<td>Zimbabwe Dairy Trust National Support and TA to dairy producers and processors</td>
<td>• Poor quality milk • Low technical knowledge of dairy farmers</td>
<td>6 Milk testing and analysis machines Smallholder Dairy Farmer training (at least 1,000)</td>
<td>Testing available to smallholders nationally. Farmers can now be paid on quality basis with premium for good quality; Outreach: 1,000 Dairy farmers</td>
</tr>
<tr>
<td>Pfrura Dairy Association Mashonaland Central Dairy Cooperative</td>
<td>• No modern technology •</td>
<td>Generator; Cold room; Nitrogen tank; 5,000L water tank; 20 and 40L milk cans; Cold room panels; Tricycle</td>
<td>Intensified milk production; improved efficiency Outreach: -expected to grow to 100 farmers</td>
</tr>
<tr>
<td>Nharira Lancashire Dairy Association Mashonaland East Dairy Cooperative / MCC</td>
<td>• Limited milk supply •</td>
<td>9 dairy cows to boost production at the MCC as part of strategy to become a milk ‘Hub’</td>
<td>Production expected to increase significantly Outreach:- 125 farmers</td>
</tr>
<tr>
<td>Glenforest Produce Mashonaland East Horticulture &amp; Agro processing</td>
<td>• Poor marketing and visibility • Inefficient greenhouses and equipment</td>
<td>Irrigation equipment; Treated and untreated poles; Cold room accessories; Printing materials and plates; Sealing machines; Crates</td>
<td>Increased market to 100 farmers; Employee increase from 15 to 22; Income from $18k to $31k Outreach: - 100 farmers</td>
</tr>
<tr>
<td>GRANTEE SME</td>
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</tr>
</tbody>
</table>
| Marula Zimbabwe                                                            | • Poor processing  
• Lack of storage  
• Poor marketing                                                                 | Digital scale; Butter processing machine; digital camera; Oil press cylinders; Labels; Soap moulds | Improved value addition; increased productivity and efficiency; Now able to supply shops in Harare.  
Outreach: - 65 women producers                                                                                       |
| Chivi                                                                      |                                                                                    |                                                                                          |                                                                                          |
| Non-Timber Forest Products and Processing                                  |                                                                                    |                                                                                          |                                                                                          |
| Makonde Nutrition Ltd Southerton, Harare                                    | • Poor packaging and visibility  
• Inefficient production processes                                                    | Power filling machine; packaging redesign and labelling; Laptop                           | 10 Employees; improved value addition and more effective product branding and visibility. Sales increase expected  
Outreach: - 50 farmers                                                                                                  |
| Grain and Oilseed Processor                                                |                                                                                    |                                                                                          |                                                                                          |
| Leonard Trading Ltd Bikita                                                  | • No abattoir  
• High costs from outsourcing abattoir services  
• Lack of equipment for value addition | Abattoir equipment;                                                                                 | Ready market for smallholder cattle farmers; Expected sales increase;                                                                 |
| Butchery and Grocery Shops                                                |                                                                                    |                                                                                          |                                                                                          |
| Lowerpools Enterprises Tsholotsho                                           | • Limited supply of raw materials                                                  | Abattoir Equipment; Tanning drums; Refrigeration; Phones; Computer; Printer               | Exports in COMESA area; subcontracts Jairos Jir Arts in Bulawayo; More competitive prices offered to smallholder suppliers |
| Hide Tanning & Leather Products / Furniture                                |                                                                                    |                                                                                          |                                                                                          |
| Zubo Trust Binga                                                           | • Limited fish ponds  
• Outdated rig equipment  
• Limited markets                                                                    | Upgraded rig equipment; Marketing systems; capacity building of members; Website design; | Achieved organics and Fair Trade certification; Improved visibility and distribution via online marketing; Higher incomes  
Outreach:- 600 women                                                                                                      |
<p>| Fishery; Baobab and Marula Processing                                      |                                                                                    |                                                                                          |                                                                                          |</p>
<table>
<thead>
<tr>
<th>GRANTEE SME</th>
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</tr>
</thead>
</table>
| Nw mangwe Business Investments Gokwe Oilseed Processor | • Poor packaging affecting sales  
• Outdated machinery  
• Productivity loss due to power cuts  | Alternator; Generator; Extruder; Filter press; Packaging and labelling; Promotion in Harare, Bulawayo and Kwekwe | Improved productivity, production and visibility.  
Sales and employment increase expected Outreach: - smallholder sunflower and soya bean farmers in Gokwe district |
| Banway Enterprises Ltd Matidoda Park, Harare Oilseed Processor - oil and seedcake | • Outdated machinery with high maintenance cost and low capacity  | Extruder; Expeller; Oil tanks; Platform scales; Bag stitcher; Milling machine; Oil pump | Increased quality, productivity and production quantities  
Sales and employment increase expected Outreach: - 21 farmers under contract |
| Bensun Private Ltd Seke Goat breeding and Trading | • Poor grading system  
• Low breed quality  
• Theft from inadequate housing  
• Insufficient goat farming expertise in supply group of farmers  | Fencing; Generator; Boer breeder goats; Treated poles; Scales; Training on Goat Farming as a Business for 100 farmers | Competitiveness increased; Fair pricing for farmers; Quality of supply expected to increase greatly due to breeding stock for farmers. Outreach: - 31 farmers under contract |
| Sangano Dairy Association Rusape (Limited Company) Umbrella MCC for 60 farmers | • Limited feed access  
• Low yield and quality  
• Low returns  
• Poor marketing and distribution  | Generator; Chopper; Grinder; Hay maker; Digital scale; Two dairy cows at MCC | Efficiency and yield gains expected from improved feeding regimes at MCC and farm level. Improved grading for better marketing and incomes. Outreach: current supply from 21 farmers - expected to grow |
<p>| Echosynchron Systems Ltd Mutoko Sunflower oil production; Supermarket and butchery | • Low production capacity due to outdated equipment and maintenance costs  | Oil press | Expansion expected with increased market for smallholders Outreach: 120 farmers |</p>
<table>
<thead>
<tr>
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<th>NATURE OF GRANT INVESTMENT</th>
<th>POST-GRANT IMPACT &amp; OUTREACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Import &amp; Export Harare &amp; Bulawayo Horticulture, food processing (condiments, cereals, canned products)</td>
<td>• Low volumes due to old machinery and manual processing</td>
<td>Peeler; Pin mill; Garlic crusher; Groundnut roaster</td>
<td>Peeling rate increased from 50kg per week to 50kg per hour. Volumes mean increase orders to farmers. Now able to meet demand Outreach: 100 farmers</td>
</tr>
<tr>
<td>Tanprimu Private Ltd Harare Oilseed processing – oil and cake</td>
<td>• Outdated processing machinery leading to low capacity and productivity</td>
<td>Expeller and Filter press</td>
<td>Production capacity, quality and sales expected to increase. Supply orders to farmers also expected to increase Outreach: - 35 farmers</td>
</tr>
<tr>
<td>Sisoneke Peanut Butter Umguza Agrodealer and Peanut Butter producer</td>
<td>• Low production capacity and unable to meet demand due to poor equipment</td>
<td>Sheller; Roaster; Skinner; Scale</td>
<td>Can now meet demand and expected volumes will mean increase in supply orders to farmers Outreach: 23 farmers</td>
</tr>
</tbody>
</table>
Sustaining the gains from the RARP-CSF Matched Grants Facility

Sustainability was a key consideration in the design, roll-out and exit of the Matched Grants Facility. A summary of steps taken to this effect include:

Collaboration with established training Institutions
Intensive group training for SMEs did not take a one-size-fits-all approach but was tailored to fit SMEs who shared similar needs. Professional training led by established national institutions improved technical skills and knowhow as well as business growth. Grantees were often trained with their employees – at least 100 people (including grantees) were trained.

One-to-one mentoring and coaching
This improved leadership, ownership and confidence levels of grantees, leaving them with a clear vision of what was required of them as individual enterprise-owners to sustain and grow and their businesses.

Train-the-Trainer (TOT) processes involving SMEs and smallholders
Joint training workshops on marketing and production were conducted for both SMEs and the smallholder farmers they do business with, in the same value chain. This created independent business and trading relationships. Through the joint training and further ToT events for SME’s they were equipped to carry on providing training for their smallholders. For example in the goat value chain, grantee SMEs now train their smallholder farmer business partners in goat farming and Boer Goat Management.

Specialised Training in asset care and maintenance
Training in proper operation and maintenance of specialised machinery procured through Grant Facility ensured that SMEs could maximize the benefits from technology upgrade well beyond the life of the project. For instance Chunga Co-operative members received automotive engineering training at Speciss College in Bulawayo to ensure that the co-operative is equipped with engineering skills to maintain and repair their own fishing boats, making the grantees good custodians of the assets.

Integration and links with related SNV Projects
Grantees who are already working with producer groups in ongoing SNV projects like ENSURE (in collaboration with World Vision and Care) and FNI (EU funded Food, Nutrition and Income programme), will continue to do so and will be informally supported by the project teams.

Link to the Ministry of Small, Medium Enterprises and Co-operative Development (SMECD)
The Matched Grants team has worked in close collaboration with the Ministry of SMECD from inception and all grantees are known to local officials of the ministry. As part of the formal exist activities, all the Grantees have been linked with the Ministry of SMECD and site visits have been conducted as part of the handover process. This will ensure Grantees’ continuous networking with the Ministry of SMECD who is the custodian of such enterprises at government level.
Reflections & lessons

- Deliberate strengthening of relations between target SMEs and smallholders results in wins on both sides. SMEs and smallholders learn the business value of strong and trust-based partnerships.
- Targeted Value Chain Financing can drive activity significantly in specific chains – this is particularly so when there is a limited timespan to show results.
- Business models have to prove profitability to draw in private sector investment. A matched grant coupled with capacity development helps to reduce risk and increase growth chances there by attracting others to a proven market.
- The Matched Grant approach can be used to stimulate early takers and investment in climate responsive production and processing.
- The Matching Grant Facility has potential to be up-scaled into a Challenge Fund (SNV runs a DFID funded Challenge Fund in Vietnam) and could also grow into revolving fund which can be used to expand outreach to future grantees.
- Matched grants contributes to financial inclusion for a specific group of SMEs – as a way of revitalising SME’s in target VCs.
RARP-CSF Dairy Component: Towards A More Competitive Smallholder Dairy Subsector
The RARP-CSF dairy component aimed to boost smallholder activity and fuller participation in the Zimbabwe milk market through interventions designed to address feed supply, access to quality breeds, breeding practice, business development, green energy solutions, infrastructure upgrade and access to finance.

Commercial large scale farmers dominated the Zimbabwe dairy sector in the years before 2000 and, at its peak in 1990; the sector produced 262 million litres of milk. Post 2000, milk production dropped consistently so that by 2009 production had reached a low 34 million litres; an output which was far below the minimum national annual demand of 180 million litres.

The decline in milk production compelled Zimbabwe to import milk and milk products from neighbouring countries, particularly South Africa and Zambia, and even from as far as China and Malaysia.

At its best, the small scale dairy sub sector contributes only 5% to the national milk supply while 95% of the supply comes from the large scale commercial dairy sector. With commercial supply currently unable to meet demand, reviving the national supply will depend on boosting production and quality of smallholder and small scale dairy farmers alongside large commercial producers. Studies highlight key challenges that smallholder dairy farmers face to include:

- Small dairy herds, with low yields per cow and low milk quality
- Access to formal milk markets
- Low and unviable milk volumes,
- Access to good quality feed and finance,
- Weak governance structures at association and milk collection centre levels
- High production and marketing costs

Dairy intervention

Informed by the four dairy studies conducted by SNV, the dairy component facilitated smallholder farmers’ participation in formal markets through initiatives aimed at developing the dairy value chain. The project was aimed at improving competitiveness in the smallholder dairy sub-sector; stimulating increased investment, improving access to good quality feeds, improving dairy breeds and strengthening dairy hubs to put them on a proper business footing.

The project sought to improve the supply capacities and competitiveness of milk and dairy products of 18 of the 35 dairy hubs. It was implemented in line with Zimbabwe Agriculture Investment Plan in building the capacity of farmers and institutions, and improving the quantity and quality of public, private and development partner investment.
Improving access to improved dairy breeds and breeding services.
The focus was on exploring breeding options that could be developed in partnership with agricultural institutions or colleges in Zimbabwe in an economically sustainable manner. Options piloted and rolled out included:

Establishment of Dairy heifer breeding centres – SNV engaged Matopos Research Institute as a dairy heifer breeding centre to supply heifers to four dairy hubs (Umzingwane, Gokwe, Claremont and Shurugwi) in Matabeleland and Midlands provinces. The heifer breeding centre also opened up opportunities for breed performance evaluation for the F1 generation of dairy heifers; Genetic conservation; Implementation of feed cost model; and evaluation of F1 males on meat quality and draft power. Matopos Research Institute set aside 180 animals for the dairy heifer breeding programme. SNV supported the institution with business planning and they managed to secure $45,000 from the Matching grant component for the heifer breeding programme. Through the Matched Grant Facility the centre procured sexed semen and new equipment. Sales agreements were initiated between Matopos and the four dairy hubs. Matopos Research Institute is in the progress of opening up a dairy breeding revolving fund administered at the institute.

AI Entrepreneurship development and breeding business management - Artificial Insemination (AI) entrepreneurship development programme focused on equipping passionate youth and women on AI technology and breeding business to improve breeding services to smallholder dairy farmers. 60 paravets and AI entrepreneurs (15 women and 45 men) were trained on Artificial insemination technology and all aspects of breeding business management at Matopos Research Institute. During the practice sessions higher success rates were achieved by women. 120 animals have been inseminated to date.

Enhancing access to good quality feed
Quality feed is a key driver of production costs at farm level. The aim of the feed improvement interventions was to reduce production costs while improving cow productivity from 5 litres per day per cow to around 15 litres per day per cow, thereby improving household income levels. SNV worked intensively with farmers, extension staff, and fodder entrepreneurs. 64 demonstration plots were established around Milk Collection Centres with seeds and other inputs supplied through the RARP Agrodealer network. Interventions included:

Consignment stock arrangement - SNV linked MCCs with stock feed manufactures such as National foods and Centre feeds for the supply of consignment stock to improve smallholder dairy farmer’s access to concentrates. A window of one month was agreed between feed suppliers and targeted milk collection centres. The uptake of feed was low in the initial stages especially in Nharira but indications are that significant results will be realised in Tsonzo, Sangano, Marirangwe and Rusitu Milk collection centres.
**Fodder entrepreneurship** – The aim was to stimulate supply of fodder to smallholder dairy farmers. 15 fodder Entrepreneurs from Marirangwe, Nharira, Mother of peace, Tsonzo and Honde valley dairy hubs were identified and engaged to identify and assess needs. Capacity building covered commercial fodder production and marketing to smallholder dairy farmers. A fodder production and entrepreneurship training manual was developed as a reference tool for the entrepreneurs. Fodder Entrepreneurs were also trained on business plan development with a practical guide to follow at individual or group level. SNV worked closely with Livestock Extension Officers who were available to support the business planning process. A total of 15 business proposals were developed.

Commercial linkages were established with Capstone Seed who are currently providing technical advice on dairy forage seed production. A similar understanding was reached with Seedco who will also provide advice to the farmers on the maize and forage sorghum varieties best suited for silage in their localities. International Livestock Research Institute (ILRI) provided the velvet bean seed to farmers and partnered in the monitoring and the demonstrations.

**Quality standards development**

SNV is an active member of the Zimbabwe milk and milk products technical committee chaired by the Standards Association of Zimbabwe. This multi-stakeholder platform is composed of SNV, ZIDT, SAZ, Dairy services, Dairy processors-Dendairy, Dairibord, Lyons, Kefalos, Alpha and Omega, Probrands, Ministry of Health and Child Welfare, Nestle, CUT, HIT, GAL and ARDA. SNV facilitated the development and review of national standards on four milk products:

- Fermented milk
- Cream cheese
- Dairy fruit juice blend.
- Vegetable oil - skim milk powder

These national standards will go a long way in enhancing the quality and safety of local dairy products; improving competitiveness while contributing to policy change. This will also help to curb the influx of substandard dairy products that are currently flooding the local market.

**Technological & Infrastructure upgrade**

Examples of technology upgrades in the project include Hamaruomba small-scale dairy co-operative, which accessed a matched grant for procurement of a digital milk packaging machine and a milk delivery van that has enabled them to collect milk from Mushagashe East with a potential of 100 litres per day. Boterekwa (Shurugwi), Bvumbura Nharira and Rusitu Dairies – Goshen improved milk supply capacity by undertaking collection centre infrastructure improvements. This has motivated the farmers to increase milk supply capacities.

**Green energy solutions**

To inspire and stimulate uptake and adoption of green energy solutions, the SNV Dairy and Energy teams worked together to set up demonstration installations at MCC and household level. Options for powering (cooling and heating) smallholder dairy production systems. The aim was to promote adoption of solar and biogas as affordable renewable and clean energy sources for milk processing and cooling to reduce post-harvest milk losses and environmental degradation. Benefits include:

- Improved milk supply capacity to MCCs
- Significant savings in fuel costs and time (especially for women) by investing in bio digesters at household level, especially where biogas is also used for cooking.
- To promote the use of bio-slurry effluent for improved pasture production, crop production and soil fertility at household level...
The biogas initiative was implemented in partnership with ZDBP which offered technical support for the construction of biogas digesters. The project benefited from internal synergies from SNV’s biogas project that trained and certified masons for quality control. Smallholder dairy farmers provided locally available resources such as sand and quarry stones towards the construction of bio-digesters.

The five biogas demonstration digesters established in four dairy hubs generated a demand for over 100 household digesters in the smallholder dairy subsector. The experience showed that biogas is more appreciated by women as it reduces time spent on fetching firewood.

Case Study: Integrating Biogas and heifer breeding at Nharira Milk Collection Centre
SNV successfully integrated renewable energy systems and the establishment of a heifer breeding centre at Nharira. The dairy biogas hub model at Nharira Dairy Hub integrated heifer breeding and renewable energy options. This system has many benefits for the dairy hub and the community including:
- Improved revenue to meet centre running costs
- Access to improved dairy heifers for by members
- Availability of cow dung for biogas for milk pasteurization, milk cooling and slurry for pasture and crop production

At household level in Nharira biogas is now used for cooking and there is an increasing demand for use of biogas for refrigeration. Biogas helps women as it reduces time for fetching firewood. By the end of 2015 seven household had biogas powered refrigeration models for overnight milk storage. It has been noted that the household fridges were not only for milk cooling but also for household use. A local refrigerator manufacturing company KAPS Refrigeration based in Harare was engaged for manufacturing biogas refrigerators.

Case Study: Organic Farming with Bio-slurry
The project promoted the use of bio-slurry at household level especially with early adopters of the biogas option. The objective was to enhance soil nutrients to improve crop productivity and to promote the marketing of dried bio-slurry to other farmers as an added revenue stream for the smallholder dairy farmer. Mr Mutengu a dairy lead farmer from Rusitu phase 3 Goshen is an early adopter using bio-slurry for his pastures, bananas, avocado plantation and maize field.

Inclusive Financing in Dairy
The matching grants component was aimed at increasing inclusive value chain financing to the dairy component i.e. breeding, fodder, technological upgrades and business development services. The component mainly targeted those committing to regain competitiveness through investments in technology upgrades and/or market development. The dairy hubs committed to co-invest along with the programme whilst receiving Technical Assistance (TA) to ensure the return on investment was optimised.

It is hoped that due to the assistance, the dairy hubs will graduate to become credit worthy clients for the banking sector where they can now approach financial institutions for working capital finance.
Reflections and Lessons

- A holistic approach is required to address the multiple and interrelated challenges faced by smallholder dairy farmer. Meaningful change may take 4 to 5 years.
- Success requires increased public and private investment in dairy knowledge and technology transfer.
- The involvement of value chain actors and clear role definition builds trust among partners which will ensure buy-in and active participation by the key stakeholders.
- The fusion of both capacity building and infrastructure development in the design of the project contributes to achievement of the desired project impact.
- Dairy has demonstrated potential for adoption of new climate smart innovations and technology as demonstrated by the integration of solar, biogas, AI and fodder demonstration plots in dairy systems.
- Access to inclusive finance through the RARP Matched Grants Facility motivates farmers and stakeholders and it ensures that direct beneficiaries access capital to enhance productivity for transformation.

Key success Factors

Harmonised extension approaches
Through close collaboration with the Ministry of Agriculture and private companies, SNV managed to harmonise extension approaches and standardize technical information in line with market and farmer’s needs.

Capacity building of extension staff
The project ensured training of extension staff from the department of livestock and veterinary services and Agritex on critical areas in dairy such as artificial insemination and breeding management, business development services, and fodder production so that they can provide backstopping services to smallholder dairy farmers and milk collection centres.

Infrastructure development
Participatory infrastructure development for milk collection infrastructure and clean energy technology development with farmers providing locally available resources such as quarry stones, bricks pit sand and river sand, inspired enthusiasm and a sense of project ownership in the farmers.

Cross-sectoral collaboration
The dairy innovations and technology were implemented in collaboration with SNV’s Energy Team and this prompted the uptake of climate smart technology for milk cooling and heating; improving smallholder milk supply capacities.
Looking ahead
Areas for continued attention

**Systematic development of smallholder farmers** - Clear graduation model offering smallholders a growth path from one level to the next towards commercialisation so that different levels of farmers can thrive with support tailored to their needs and pace of growth.

**Investment to upscale proven breeding programmes**, AI service provision and feed production in order to reach a critical mass of farmer in a way that can become viable (not dependent on aid).

**Policy review** - Zimbabwe Dairy Act was last updated in 1952 - it needs to be updated to provide basis for government service departments to respond to current needs of the subsector. Private sector and industry associations would have the chance to contribute and advocate for enabling policies.

**Quality & Standards** - Widespread uptake of Good Manufacturing Practices would greatly improve competitiveness of smallholder dairy farmers and address current challenges with food quality and safety standards. Quality-based milk payment systems would also drive improvement alongside further development of standards.

**Knowledge development** - There is wide scope to increase involvement of and collaboration between universities, colleges and industry players in the dairy subsector for example in curriculum development and review as well as links with international centres. e.g. Nutrition awareness could be embedded in curricula.

**Inclusive and affordable financing** - Options need to include financing for start-ups, incubation, entrepreneur development, technology upgrades and access to breeding programmes.

**Policy review** - Zimbabwe Dairy Act was last updated in 1952 - it needs to be updated to provide basis for government service departments to respond to current needs of the subsector. Private sector and industry associations would have the chance to contribute and advocate for enabling policies.
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