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Sustainable Intensification of Market Based Agriculture (SIMBA) #SIMBA_Impact

Improving livelihoods through market access |
Mapu Group and Maize Aggregation



Background

In 2012, Welthungerhilfe (WHH) introduced conservation agriculture (CA) to Njelele farmers under the 'Promote Intensification and Sustainability in Agricultural Production' (PISAP) programme. CA was promoted to farmers as way of mitigating against droughts, which frequently afflict the region. In 2014 Njelele farmers were introduced to the successor programme, SIMBA, which was being co-implemented by WHH and APT and targeting CA practitioners. APT's role in the programme was to develop opportunities for farmers involved in both open and closed market systems.

Mapu Group was formed in 2016 as part of SIMBA's objective of creating sustainable solutions for farmers accessing open markets. Mapu Group is made up of farmers who reside near Mapu Business Centre in Njelele 3 (Ward 14) of Gokwe South District, Zimbabwe. These farmers responded to a call by the programme to form groups for bulk input procurement and collective marketing of agricultural produce. Mapu Group is made up of 15 members drawn from five villages who primarily produce maize, groundnuts and cowpeas for sale to open markets; whilst sesame and flower seed are sold under closed market arrangements.

"Sometime in 2016, APT came to talk to us about forming groups to sell our crops in bulk. We were told that groups would also help us to buy bulk inputs at discounted prices. At first we were not interested in forming a group because of our past experience – we had formed a group for saving some two years back and the chairman had run away with all the money. APT explained how groups could help us to sell our various crops and gave us examples of other farmers in Matabeleland who did well within groups," explained Ennington Hungwa, Mapu Group chairman.

"We started accepting the idea of forming a group and mobilized other farmers in our cluster. The group started with more than 50 members but ended with only 15 active farmers. The others did not show much interest," added Ennington.

The group selected a management committee with the mandates of arranging bulk procurement of inputs and spearheading efforts to secure reliable markets.

At the onset of the 2016/17 farming season the group combined their resources to collectively purchase farming inputs. They collected money from members, buying seed from Munda Wedu agrodealer in Gokwe. The retailer delivered the maize seed to Mapu Business Centre at no cost.

As it turned out, the season went well, resulting in most farmers achieving good maize harvests, with some having surplus for sale. But this was a perennial challenge – where were the markets? There was a poor choice of middlemen on the one hand, and government's Grain Marketing Board (GMB) on the other. The former pays sub-economic prices while the latter is well known for lengthy payment delays.

"We knew that GMB was paying \$390/ton for maize, which was the highest price we have ever known. But history had taught us that payment might be delayed by a year or more. Also, some of our members had small quantities which they could not take individually to the GMB depot at Gokwe Centre," said Ennington, explaining the predicament.

This is where APT's market development services came into play. Activities included:

- Technical training: Farmers were advised in the benefits of group bulking. A profitability analysis was used to demonstrate the income and costs associated with the various markets. Farmers were also alerted to the quality and packaging requirements of the formal markets.
- Risk analysis: It was important that farmers understood and accepted the risks associated with each route to



Mapu farmers aggregating maize

and accepted the risks associated with each route to market.

- Market identification and due-diligence: Numerous markets were identified and assessed regarding their terms and conditions. Out of these, a Kwekwe-based maize buyer – Rockodox Trading – provided the best deal of payment as cash (\$260/ton) or transfer (\$320/ton) within two days of delivery. APT did further background research on the buyer to ensure that it was a reputable operator.
- Partner mediation: APT facilitated meetings between Mapu group representatives and the company, with a business agreement emerged after two engagements.

"This was a good deal for us," explained Ennington. "Although the company price was lower than that of GMB, it was much better than the \$180/ton being offered by the middlemen. We liked the company conditions because we were going to receive hard cash to meet with our urgent needs. We didn't want to wait for GMB."

Through the effort of the management committee, 21 farmers combined their maize which weighed just over 28 tons. The smallest contribution was 10 bags (about 500 kg) and the largest 2 tons. The transaction went on as planned with farmers receiving their cash payments. Each farmer got a pro-rata share of the sale proceeds.

Profitability analysis

The table shows an analysis showing the net additional income resulting from the group transaction. The aggregated volume measured by farmers using their traditional bucket method was 28.35 tons, 250 kg more than the actual volume weighed by GMB. Gross income was \$7 307. The costs included truck hire at \$450, casual labour for loading at \$56 and transport and incidental costs of \$46 for the farmers who travelled to Kwekwe to negotiate the deal and subsequently collect payment.



Cash

Profitability analysis. Prices in USD.	
Delivered to GMB (tons)	28.10
Kwekwe trader price (\$/ton)	260.00
Gross income - Kwekwe Trader (\$)	7 307.04
Costs (\$)	552.00
Net Income (\$)	6,755.04
Informal trader price (\$/ton)	180.00
Gross income - Informal Trader (\$)	5,058.72
Net additional income (\$)	1,696.32

Net income of \$6 755 compares favourably with the \$5 059 income that farmers would have raised through farm gate sales to informal traders; equivalent to a 34% margin. Farmers would have earned more by selling directly to GMB, but were adamant that they wanted physical cash.

Benefits of Aggregation

Mapu farmers experienced first-hand the benefits of working together as a group:

- Market access: Individuals with small marketable surpluses were able to access profitable bulk markets by working with other farmers.
- Savings on transport services: The aggregated maize constituted a full truck load. The group hired a 30-ton truck resulting in reduction in costs from \$2.00/bag to \$0.75/bag. The 'action learning' facilitation done by the SIMBA team enabled the committee and farmers to learn how such transactions are executed

Impact and sustainability

Although the government has been promoting electronic payment systems and mobile money, cash is still 'king' in many rural areas. The cash deal enabled farmers to meet with urgent financial needs such as paying school fees, buying inputs for the 2017/18 summer cropping season and finishing construction projects before the onset of rains



SIMBA promotes Conservation Agriculture

Following the success of the maize aggregation deal Mapu farmers are keen to further investigate new opportunities including:

- Bulk marketing the other crops commonly produced in the area.
- Bulk procurements.
- Recruiting more members to increase membership to 50. They believe that this will enable them to achieve the critical mass necessary for aggregation of both inputs and outputs.

Time will tell whether these initial successes will be replicated; certainly, farmers are on a strong footing to market their produce to best advantage in future years. The news of their success has spread throughout the area and other groups are eager to do the same.



APT Markets officer Farai Tavesure explains transaction costs to Mapu Group farmers

About SIMBA

SIMBA was a four-year (2013-2017) EU-funded programme, co-implemented in Gokwe South District by WHH and APT. The overall objective of SIMBA was to enable smallholder farmers to diversify and upgrade their diets to recommended levels, and to run part of their farming as a family business in cooperation with other value chain stakeholders, generating income. To achieve the objective, five results areas were defined:

1. Production and storage sustainably intensified to increase the variety, quality and quantity of nutritious and marketable commodities building on previous EU and Protracted Relief Programme (PRP) initiatives.
2. An inclusive pro-poor business model established based on six principles for a robust cash crop value chain that links small scale farmer household groups with commodity specific open and closed markets.
3. Community Health Clubs (CHC) reached the highest level of the group maturity index and demonstrate sound hygiene, health and nutrition behaviour.
4. A demand-driven, sustainable government and private sector coordinated advisory and research service established using a broad range of communication tools.
5. Lessons and experiences from the project widely shared and disseminated.

This brochure is one of a series describing the market interventions being implemented under Result Area 2.

About WHH



Welthungerhilfe is one of the largest non-governmental organisations (NGO) in Germany, founded in 1962. WHH's focus is to fight hunger and poverty and we want to achieve #zerohunger wherever we work by 2030. The organisation provides integrated aid, from rapid disaster aid to long-term development cooperation projects. Help to self-help is the basic principle; it allows to strengthen structures from the bottom up together with national partner organizations and ensures the long-term success of project work.

The organisation is operating in Zimbabwe since 1980, implementing Food and Nutrition Security projects in various parts of the country. The WHH Vision in Zimbabwe, like elsewhere in the world, is that all people can exercise their right to lead a self-determined life with dignity and justice, free from hunger and poverty. www.welthungerhilfe.de and www.facebook.com/welthungerhilfezimbabwe/

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About APT



The Agricultural Partnerships Trust is a Zimbabwean registered trust that was formed in July 2010 out of concern for the development of rural communities in Zimbabwe, with focus on smallholder agriculture.

The Trust raises and disburses funds to assist in improving livelihoods in the rural areas of Zimbabwe by enhancing economic development through sustainable agricultural and business methods and facilitating partnerships between smallholder farmers and organisations in the private and public sectors.

Since 2010 APT has been involved in a number of programmes, either singly or in consortia but always focusing on smallholder output and service market linkages – in other words, Market Systems Development. More information can be viewed at our website www.apt.co.zw or follow us on Twitter (www.twitter.com/apt_zimbabwe) or Facebook (www.facebook.com/apt.zimbabwe/). Alternatively, contact APT directly:

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APT's partnership approach

APT is essentially a facilitator, brokering partnerships between the private sector and farmers. Although the type and level of support vary from programme to programme, APT has a history of delivering value to partnerships in many ways:

- **Intervention design:** Context analyses help APT understand the needs of farmers and companies for the design of relevant, innovative, profitable and sustainable market based interventions.
- **Partnership support:** Supporting partners in navigating their partnering journey by helping them to create a map, plan their route, choose their mode of transport and change direction when necessary.
- **Stakeholder mapping and introductions:** APT has working knowledge of market and non-market based organisations – contacts that are part of the building blocks of market systems development. For example, linkages with local government authorities in the districts are important at the start of the programme.
- **Extension service support:** Programmes such as SIMBA rely on a network of field officers and lead farmers who develop close working relationships with company Field Extension Officers, and who help extend the reach, or reinforce the knowledge transfer of company agents.
- **Administration services:** Company field officers have access to office and communication resources at the project centre, making it easier to work in the operational area.
- **Farmer training and organisation:** Programmes are often well resourced, able to assist companies in mobilizing farmers, organising meetings, hosting meetings and providing training resources, thereby reducing budgetary pressure on companies.
- **Platforms for dialogue:** As a neutral facilitator, APT has assisted companies in various ways. For example:
 - Intercompany dialogue to increase value chain efficiencies by linking non-competing companies for shared services. APT organised a series of 'Networking Platform Meetings' under SIMBA which resulted in inter company linkages and increased transaction efficiencies.
 - Mediation between companies and farmers: APT organised post-harvest meetings in most value chains to provide a platform for dialogue between farmers and companies, reviewing past performances & planning for the next season.
 - Conflict resolution: Conflict between farmers & companies typically occur on several occasions during implementation of a programme. APT assists in conflict resolution through bilateral company and farmer meetings, & subsequent monitoring.
- **Budget support:** Depending on the nature of the programme, APT may be able to assist partners with cost sharing arrangements. This type of support might be necessary to
 - (1) reduce perceived and real risks associated with inclusive business models;
 - (2) reduce start-up costs that might otherwise prevent a company from engaging in this type of business model; &
 - (3) reducing the time taken to impact, an important consideration since donor-funded programmes are often short term.
- **Results measurement:** APT has considerable experience in the monitoring, evaluation and reporting of private sector development programmes. Reports are designed for quick turn-around, to ensure that companies and farmers have access to real time information concerning the market based intervention.