Building Household Resilience with Inclusive Financial and Market Systems

October 24, 2019
Introduction to SCALE

Strengthening Capacity in Agriculture, Livelihoods and Environment (SCALE) strengthens the impact, sustainability, and scalability of FFP-funded agriculture, natural resource management, and off-farm livelihood activities in both emergency and development contexts to ensure that communities and families are fully benefiting from the initiatives.
Welcome from USAID’s Office of Food for Peace (FFP)

Introduction to SCALE and Presenters

ENSURE’s Savings Group Approach

ENSURE’s Value Chain/Market Systems Approach

Q&A Session
Meet our Presenters

• Dan Norell, Senior Technical Advisor, Economic Development
  World Vision US

• Richard Ndou, ENSURE DFSA, Chief of Party
  World Vision Zimbabwe

• Authur Masuka, ENSURE DFSA, Market Specialist
  SNV Zimbabwe
ENSURE’s Long-term Goal

- Improved household and community food security for 215,000 individuals in Manicaland and Masvingo by 2020
- Highest Indicator: Decrease in U5 child malnutrition (stunting)
ENSURE’s Theory Of Change

LONG TERM FOOD SECURITY

Improved nutritional & health seeking practices

Increased Household Income
- Production
- Post-harvest loss reduction
- Market access

Improved environmental risk identification and mitigation
- Civil Protection Units and Environmental Sub-Committees

Care groups

Multi-sector partnership
- Producer and Marketing Groups

VILLAGE SAVINGS AND LOAN ASSOCIATIONS

GENDER EQUITY AND HOUSEHOLD RESILIENCE
Macro Level Context

- Worst droughts in years
- Most rainfall in decades
- Cyclone Idai Floods
- Liquidity challenges
- Multitier pricing systems
- Introduction of mono currency
Care groups were encouraged

Producer Marketing Groups became SGs or had SGs within

SGs become consistent funding for maintenance and repair of community assets (like dams)
Study on Impact of Savings Groups

- FGDs and KIIIs conducted by the project established that Savings Groups:
  - Sustain care groups
  - Facilitate consumption of nutritious food
  - Facilitate construction of latrines
  - Finance producer groups’ interventions
  - Encourage maintenance of created assets
Key Findings

• SGs invest in nutrition/WASH activities:
  • Participants buy nutritious food after semi-annual share outs
  • SGs buy crop inputs, which are processed into powders used for porridge
  • SGs fund rearing of indigenous chickens (source of income, meat and eggs)
Key Findings

- SGs promote gender equality/women’s economic empowerment:
  - Women constitute 88% of members
  - Many women have been able to buy high-value productive assets (like cattle)
  - Sole decision making by men becomes joint decision making or sole decision by women

Photo Credit: Jonathan Hyams / Save the Children
Key Findings

- SGs enhance sustainability of asset management:
  - Maintenance and repair of assets
  - One irrigation garden saved money and then lent that money to the community
  - The community bought inputs and equipment for their 3.5ha irrigation scheme
  - They were raising $1,100 to buy a water pump to irrigate the whole garden
How SGs are adapting to the adverse economic situation

- 90% of the members are buying livestock (chickens, goats, cattle)
- 80% stock groceries
- 90% review their loans and interests to the value of livestock
- 80% invest in petty trade

Photo Credit: Jonathan Hyams / Save the Children
Factors that led to the success of SGs in ENSURE

- Group collateral (e.g. bed, wardrobe, livestock)
- Buying of productive assets to hedge against inflation
- Constant review of subscriptions to match inflation rates
- Individual self-selection
- Adherence to the constitution

Photo Credit: Jonathan Hyams / Save the Children
63% who were most likely who would continue saving stated the following reasons:

- SGs have become a lifestyle
- “If you are not in a SG group, you are more vulnerable”
- SGs are a source of female empowerment
- Ability to save using foreign currency
- Investment in IGA (poultry, petty trade)
25% who said they were not sure they would continue saving stated the following reasons:

- Government policy inconsistencies, which may affect their savings
- Fear that someday government might consider SGs illegal
- The fear that possession of foreign currency may also be banned completely
Likelihood of Savings Groups Continuing

- 13% who said they were not likely to continue saving stated the following reasons:
  - The market has shrunk and continues to do so everyday
  - Some groups used to sell their produce in neighboring towns but the cost of transport is now too high (no longer viable)

Photo Credit: Fredrik Lerneryd / Save the Children
Financial Linkages

- Most common and viable linkage has been three-way financing arrangement (i.e. financier, buyer and producer)
- Direct funding to producers select financial institutions and MFIs
  - According to endline evaluation, farmers who used financial services in the past 12 months increased by 13.3%
ENSURE’s Value Chain/Market Systems Approach

• Major focus:
  • Market systems resilience (consistency and sustainability)
  • Two levels - individual market actors and value chains
  • Adaptive capacity - value chain development and incomes creation
  • Transformative capacity - market information dissemination and market facilitation

• Key elements:
  • Vulnerable but market-viable farmers
  • Willing markets
  • Enabling environment
ENSURE’s Value Chain/Market Systems Approach continued...

• **Focus areas**
  • Productive irrigation schemes
  • Food insecure dryland in agricultural areas

• **Market linkage pathways**
  • Formal and informal markets
  • Auction systems
  • Contract farming
ENSURE conducted a value chain validation process and identified, analyzed, and selected five value chains to focus.

The value chains were selected based on:
- Competitiveness
- Potential to increase production by smallholder farmers
- Availability of markets
- Comparative advantage of the product

Value chain studies were then carried out to identify the project entry points and support issues for each value chain.
When unorganized farmers were already producing the product and they needed a market, ENSURE:

- Organized the farmers to form Producer and Marketing Groups (PMGs)
- Facilitated the development of demonstration plots/agribusiness hubs
- Assisted farmers to develop business propositions
- Developed technical and business management trainings
When the market required certain products, ENSURE:

- Performed a market needs assessment based on project objectives
- Decided on market engagement of the highest potential enterprise
- Identified farmers based on feasibility of the product and potential of farmers
- Facilitated agreements between the company and producer and marketing groups
- Provided technical assistance and access to other services (finance, technical support)
When there was opportunity to integrate smallholder farmers in new commercial value-chains, ENSURE:

- Invited concepts from the private sector
- Conducted IB scan/feasibility studies
- Farmer identification, organization, and training
- Supported the piloting of the prospective models
- Organized learning events and feedback sessions (PDIA processes)
- Scaled up the model, if successful
Capacity Building and Training

- Practical and hands-on
- FaaB a fundamental concept
- Cascading training approach to increase reach
- Agribusiness hub model
- Market Facilitation concept
Challenges

- Overreliance on donor funded programs for linkages
- Access to market information and asymmetry
- Deceitful practices
- High informality
- Disaggregated marketing
- Power differences
- Exploitation of desperation/distrust
- Inflation
- Production related constraints
A Market Facilitator (MF) is a community volunteer selected by farmers in a producer group to represent them in developing linkages with the markets (input, output and service).

- ENSURE trained 155 MFs (90 female and 59 male), representing 533 PMGs.
- Total income from sales reached USD 5 million by 2019.
Q&A
Questions?

Contact us: scale@mercycorps.org

For more info, visit www.fsnnetwork.org/scale

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