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MPEP Seminar # 15

Stimulating Private Sector Development in Tanzania: From Implementation to Facilitation





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Rod Dubitsky

BRAC USA

Rod Dubitsky is a Senior Advisor and Chief Knowledge Officer for BRAC USA. Rod's involvement with BRAC USA goes back to 2007 as a volunteer. He joined the Advisory Council in 2009 and the Board in 2011. In 2011, he co-authored with BRAC a chapter covering agriculture and microfinance in the book "New Pathways out of Poverty." He also spent two months in Peru as a volunteer for TechnoServe working on research related to the development of the cocoa value chain. Dubitsky's current role includes coverage of Sierra Leone and Liberia as well as support for BRAC's agriculture and microfinance programs. Prior to joining BRAC, Dubitsky was an executive vice president in PIMCO's Advisory group, and in 2009, he was managing director and head of asset-backed securities research at Credit Suisse.



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Dr. Md. A. Saleque

BRAC Bangladesh

Dr. Md. A. Saleque is the Adviser for Agriculture and Livestock Programme for BRAC International and has a portfolio of eight countries outside Bangladesh. He has 31 years of experience in designing and implementing agriculture, food security, livestock, and livelihood development programmes for BRAC and works closely with government, the private sector, and international organizations such as IFAD, World Bank, DFID, ADB, WFP, EU and FAO. He was also involved in planning, designing, and implementing numerous social enterprises (seed, poultry, feed mill, fish hatcheries, salt industry, cold storage, chicken processing plant, nursery, chilling plant, bull station, etc.) and worked as Programme head of enterprises of BRAC.



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Hem Chandro Roy

Independent Advisor

Hem Chandro Roy is a development professional with over 16 years experience in managing implementation, technical capacity building, monitoring and evaluation of a wide range of projects on value chain development, Making Markets Work for the Poor (M4P), economic development, private sector engagement, livelihoods; markets, rural financial services, and sustainable agriculture with different international and national organizations in Bangladesh and Tanzania. He has conducted program design and/or implementation in many sub-sectors including maize, poultry, potato processing, fisheries, dairy, floriculture, vegetables, and rice. He was a team member of the study to develop and test strategies for applying market development principles for disaster risk reduction (DRR) programs, based in part on adapting the Emergency Market Mapping and Analysis (EMMA) toolkit for DRR in Bangladesh in 2012.

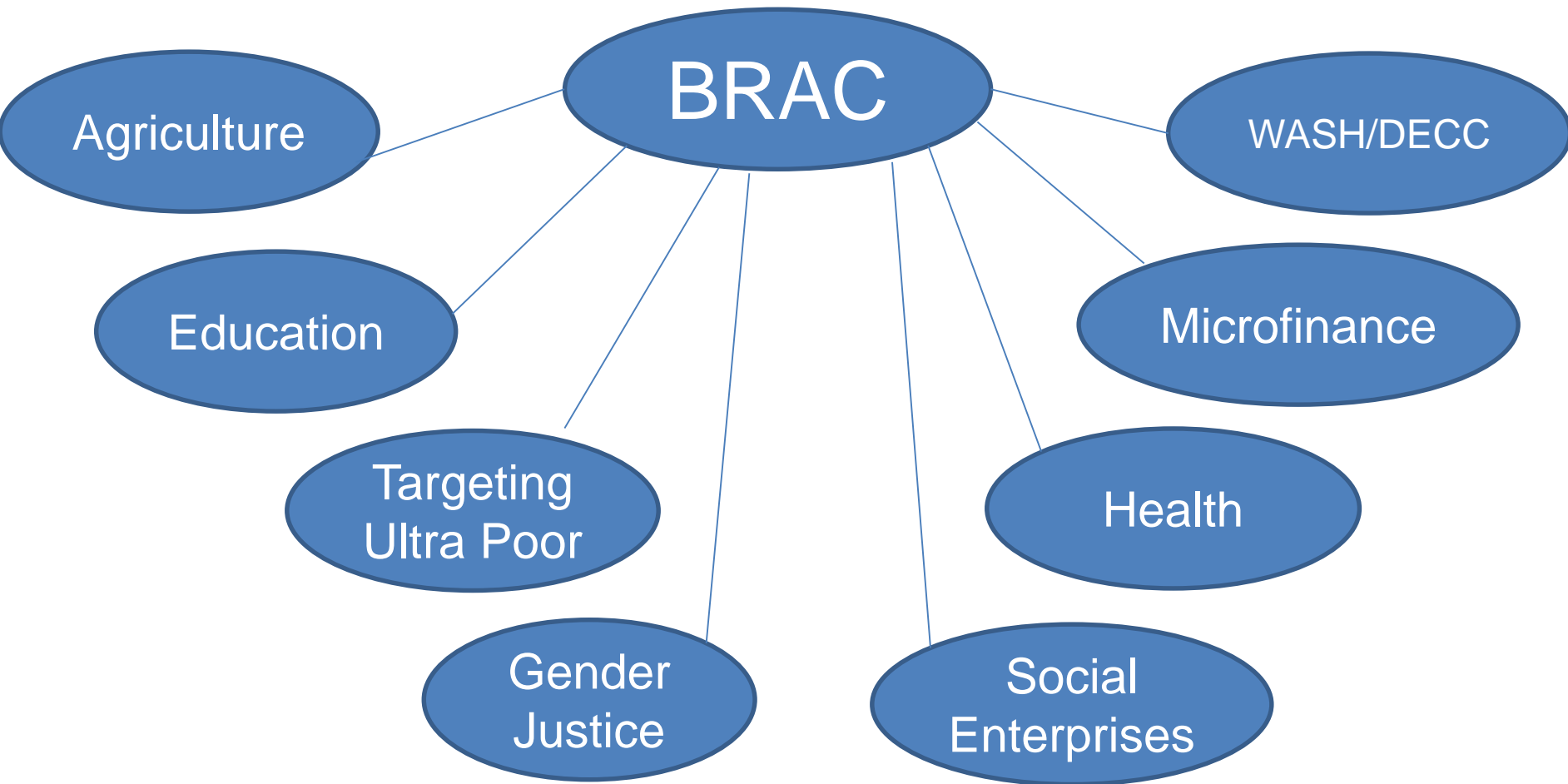
**MPEP Presentation
of
Livelihood Enhancement through Agricultural
Development (LEAD) project
BRAC Maendeleo Tanzania**

Presentation by:
Rod Dubitsky
Hem Chandro Roy
Dr. Md. A. Saleque
September 17, 2014

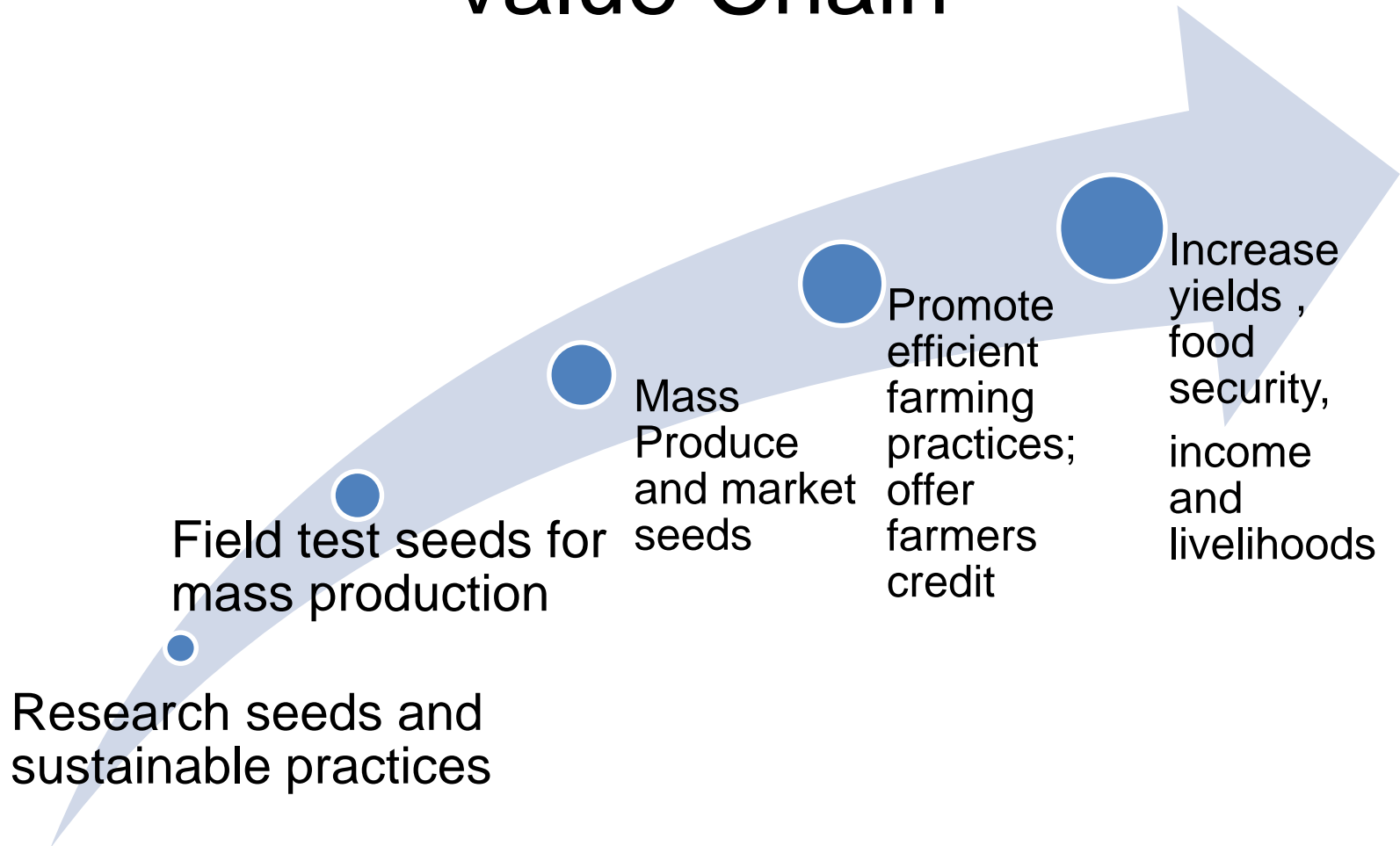
Agenda

- BRAC Bangladesh Agriculture Program Overview
- BRAC International Agriculture Model
- Tanzania LEAD overview and contrast
- LEAD 1 year on
 - Outputs and Accomplishments
 - Challenges/Lessons Learned
- Conclusion

BRAC Programs Snapshot



BRAC Bangladesh Agriculture Value Chain

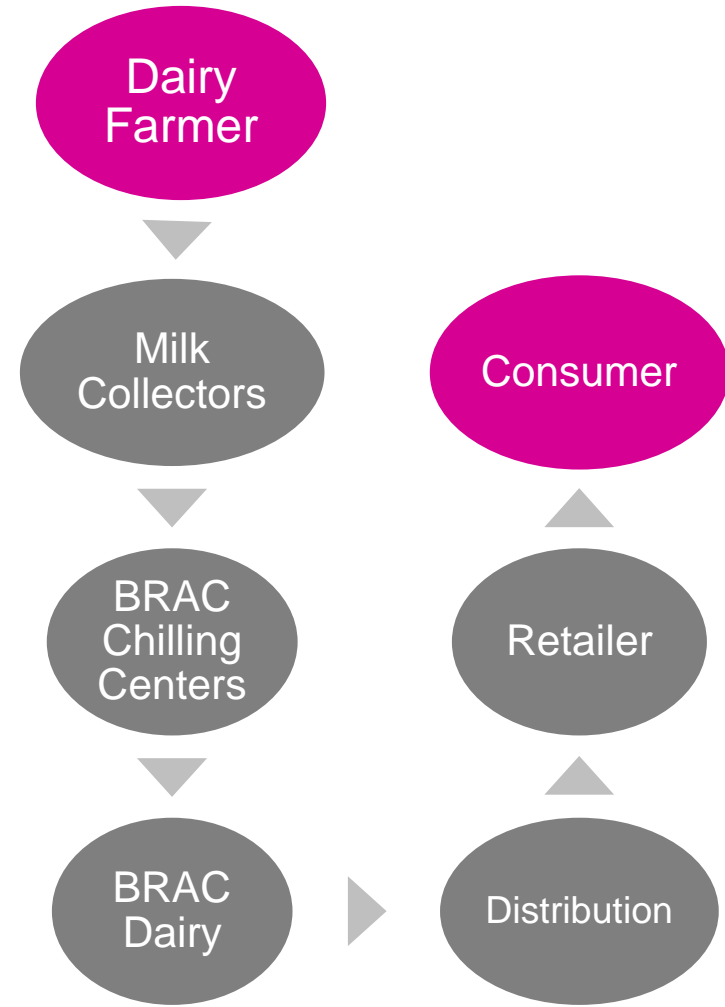


Transforming the dairy industry in Bangladesh

BRAC Dairy Value Chain

- Develop rural entrepreneurs and connect to market
- Research and promote improved livestock.

100 collection and chilling stations in **25** districts, including **10** located in ultra-poor areas, collecting milk produced by **40,000** rural farmers (**64%** women)



BRAC Bangladesh at a Glance

24% Dairy Market share.

1 Bull Station, 2500 AI Workers

100 chilling centers

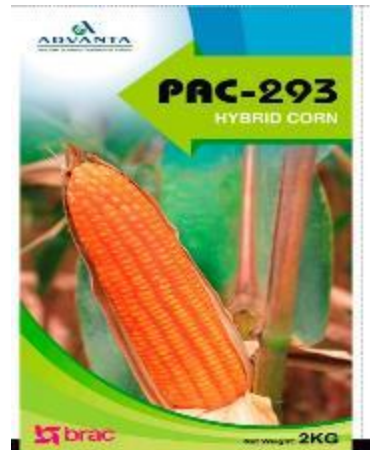
40,000 farmers



6 Poultry Farms.

2 Feed Mills

Main supplier to KFC and Nandos



3 Research Centers

9 Seed Farms

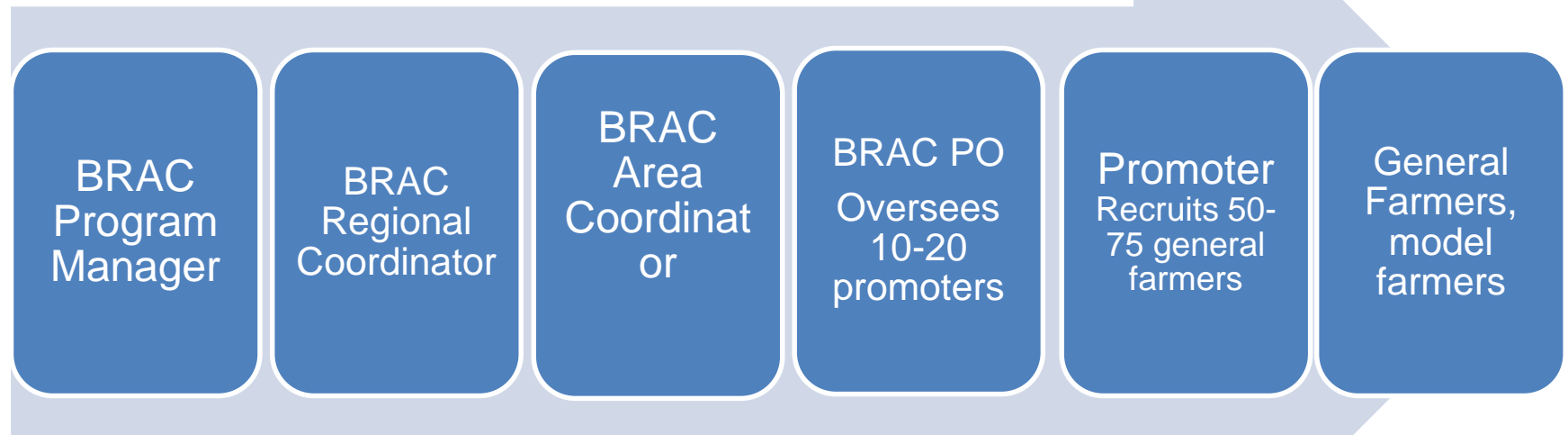
3 processing centers

32%/48% Hybrid rice/maize market share

1 Soil testing and one tissue culture lab

Traditional BRAC International Agriculture Model

5 countries: South Sudan, Uganda, Tanzania, Liberia and Sierra Leone.



BRAC is actor in value chain. EG: We source and supply inputs.

Social enterprises helps connect farmers to the market and completes value chain.

LEAD Basics



- Coverage: 15 regions, 30 districts; 40 branches.
- Implementation: 2013-17
- ~USD14M, funded by DFID
- ~52,000 poultry and 52,000 maize farmers

Key Activities:

- Capacity building training and access to high-quality inputs
- Extensive market research and analysis
- Access to finance
- Farmer organization
- Private sector engagement
- Engagement with all value chain actors
- Facilitation approach

Goals and expected outcomes

Project Goal:

Improve household income of rural poor, small and marginal farmers and livestock keepers (>65 per cent women).



Further outcomes expected:

- Sustained increase in agricultural production
- Improved food security and nutrition
- ↑ rural employment
- Empower women.
- Stimulate value chain businesses by increasing sales and reducing transaction costs.

Problem Statement	LEAD Approach
Gender: Weak market power, lack of inputs, technology and finance.	Women targeted, group organization, training near home with flexible times, access to credit and inputs, majority staff and volunteers are women.
Market: fragile, inequitable, incomplete and opaque.	Extensive national and local market research. Farmer organization rebalances power dynamics. Engage and connect all VC actors.
Knowledge/Skill: inadequate	Training for all intermediaries in maize and poultry VC.
Social structure: VC actors lack trust and familiarity.	VC Facilitation meetings and working groups.
Finance: minimally available.	Commercial financing to micro and SME actors.
Low production & income	Capacity building, training & linkage with market actors

Characteristics of the targeted beneficiaries based on baseline

- Prioritized marginalized women (poultry 80% F and maize 76% F)
- Average land size 0.5 acres to 3 acres (poultry 2.3 acres & maize 2.5 acres)
- Use of inputs (Seed 23% & Mixed Feed 28%)
- Has received prior training (Maize 7% & poultry 4%)
- Marketing of produce collectively (Poultry 0.5% & maize 1.2%)
- Average income of targeted group USD 100 (maize USD 107 & poultry USD 102).

Participants in the Selected Sub-Sectors

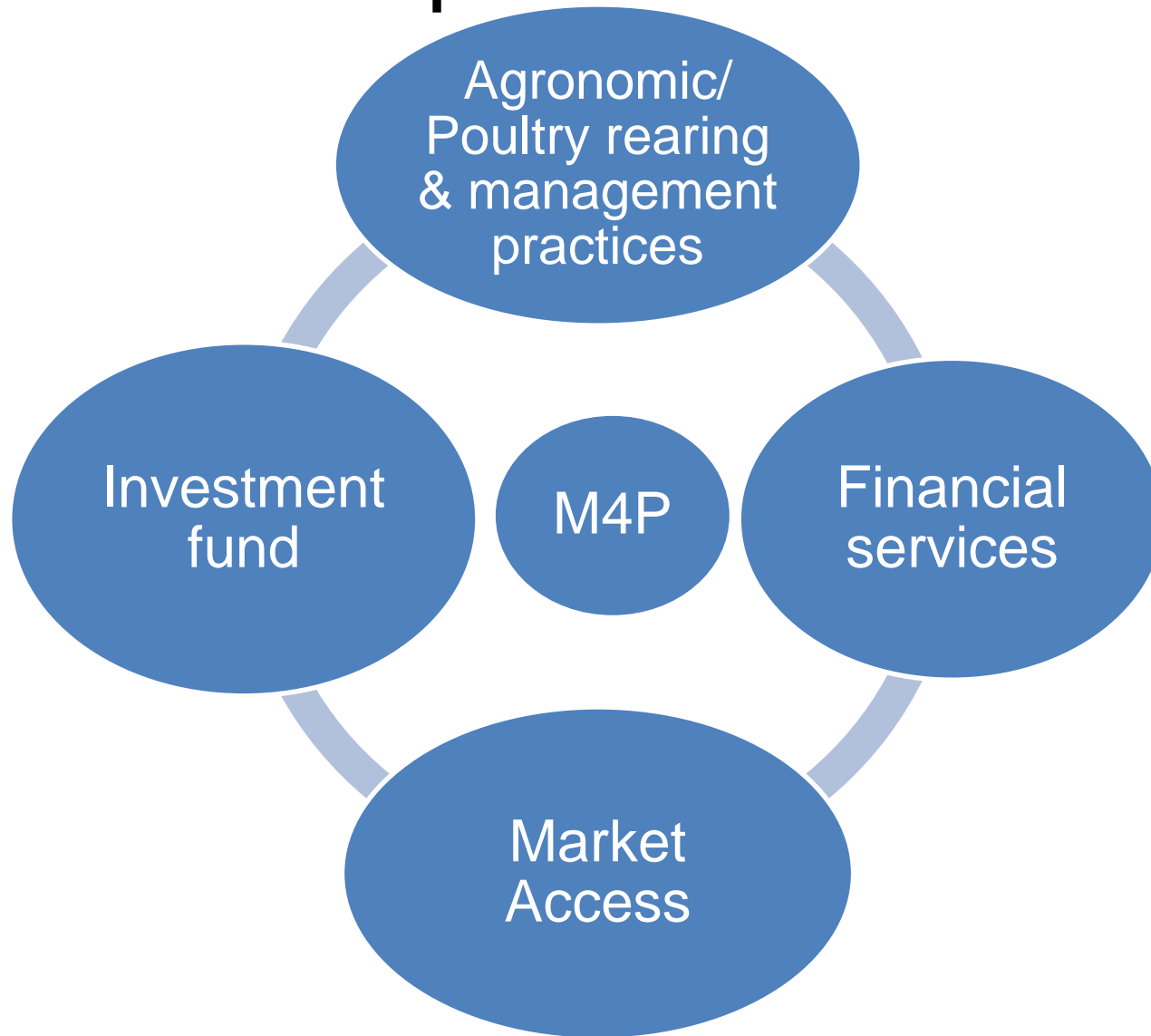
- Each lead farmer, coordinates 10-15 general farmers.
- BRAC links traders and agrovets/dealers with lead and general farmers.
- Poultry promoter is responsible for technical assistance and supplying inputs such as vaccines.

Type of Beneficiary	Number
A. Farmer	
Lead Farmer	8,000
General Farmer	96,000
B. Service Provider	
Community Poultry Promoters	600
C. Demonstration	
Demo Farmers	800
D. Market Actor	
Agrovets/Agro dealers	80
Traders (Agriculture)	80
Traders (Poultry)	80
Total Trained Beneficiaries	105,640

Traditional BI Model v. LEAD

	Traditional Model	LEAD
Implementation/Facilitation	70%/30	20%/80
Social Enterprises	Yes	No
Market research and analysis	Moderate	Extensive
Engagement of value chain actors and private sector	Moderate	Extensive
Value Chain Financing	Minimal to none	Ag finance + investment fund
Farmer organization	Informal	Semi-formal
Input provision	Extensive	Limited to demo farmers/Lead farmers
Degree of subsidy	Moderate	Minimal
Sector focused	General	Specific (Maize/Poultry)

Four Components of LEAD



C1: Agronomic/poultry practices

- Cropping practices, pest and disease management, fertilizer, poultry rearing & management
- **Harvest and post harvest practices:** eg shelling, storage, poultry & maize value added and economics.
- Developing lead farmers for knowledge dissemination.
- **Train other market actors;** eg traders, input suppliers

C2: Improved Market Access

- **Supporting and linking value chain actors:** Strengthen agrovet & dealer, poultry promoters and linking to farmers.
- Promoting **marketing arrangements**
- **Partnership with private sector companies:** Signed MOUs with fertilizer and large seed company.
- **Market research** and analysis

C3: Improved access to financial services

Product	Loan Terms
Agro-dealer/Agro-Vet	6/12 months – equal installments
Trader	6 months – equal installments
Lead Farmer	6 months – seasonal repay
General Farmer	Group loan – seasonal repay

C4: \$0.8 M Value Chain Investment Fund

- **Grants (35%) and loans (65%):** from \$5000 to \$30,000.
- **Types of businesses expected to be supported:** Hatchery, seed suppliers, transport service providers.
- **Status:** Operational guidelines in process.

LEAD Market Linkage Mechanisms

- BRAC has conducted extensive market research/assessment at the national, regional and local level.
- In each branch, BRAC identifies Agrovets and input suppliers and connects them with lead and general farmers.
- Poultry promoters linked with Agrovets to supply feed, feeders and drinkers.
- BRAC coordinates market facilitation meetings and helps organize committees.

Findings of Dodoma Regional Market Assessment

Demand:

Total traders=40

Daily sales=1300 chickens

Yearly sales=475,000 Pcs

Price=10000-12000 Tzs

Opportunities

- Demand increasing/prices high
- ↑ supply from local sources
- Presence of agro-vets. Poultry traders and Promoters
- Enough poultry rearing opportunities

Gaps

- Significant supply comes from neighboring regions
- High price and demand in specific seasons/timing

Supply:

60% sourced local, 40% from neighboring regions

Daily supply: 1200-1500 Pcs

Yearly supply: 490,000 Pcs

Possible interventions

- Capacity building of poultry rearer to increase production locally and address seasonality
- Promote agrovet for input and knowledge dissemination
- Promote traders to make deals with poultry rearer
- Promote CPP linkages with agrovet for vaccination services.

Key Outputs/Achievements

Number	Comments
16K/1980	Maize and poultry farmers trained/Producer groups formed
42/600	Traders trained/Poultry promoters developed and strengthened
241	Maize and poultry demo farms established
80	Strengthened agrovet and agrodealers
63	Maize and poultry market assessments
~1M	Poultry vaccine doses
+32/42%	Increase in egg/meat production after 1 year
\$350/+92%	Maize demo farmers profit/Potential Increase maize yield (comparing demo farmer yield of 1176KG to baseline of general farmer 610KG)
Improve	Maize and poultry traders reported improvements in understanding of total costs, importance of linking with farmer groups, and maintaining proper records. Majority of maize and poultry farmers have adopted improved practices.

Key Challenges/Lessons Learned

- **Market failures initially harder to resolve in facilitation role:** EG some poultry promoters report challenges in demand estimation, cold chain, etc. for poultry vaccine.
- **Market research is key**
- **Organizing farmers is the easy part:** Translating organizing to actual success improved market access and availability of inputs.
- **Financial Services:** Broaden outreach with other actors; explore additional financial products.

Key Challenges/Lessons Learned

- **Staff dropout and recruitment** has been a challenge.
 - Unique skills of M4P and massive recruitment in poultry and ag by the government added to challenges.
- **Branch selection challenges:** Many branches in urban/peri-urban areas; extended further to reach targeted number of farmers.
- **Private sector absent** in some areas in critical segments of the LEAD project (eg lack of hatcheries).
- **Climate Change and its impact on maize cultivation:** Rain fed cultivation and unpredictable nature of rainfall, flash floods damaging crops, etc.

LEAD is a Complete Market Solution

- Engage all actors in the value chain, including provision of capacity building and training.
- Extensive social integration and empowerment via organizing farmers, linking with traders via facilitation meetings and working groups.
- Full suite of sustainable commercial financial services.
- Challenge investment fund to catalyze value chain actors.
- Extensive market research and analysis –30+ market assessors.
- MOUs signed with two large agribusinesses with more under discussion.
- Platform for value chain innovation (eg post harvest storage).

LEAD should result in most sustainable BRAC project

Conclusion

- LEAD has potential to catalyze the maize and poultry market.
- LEAD components while necessary, may not be sufficient to support a facilitation model.
- **Bottom Line: LEAD will move BRAC's operations more towards facilitation** but some degree of implementing role is still needed.





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