MPEP SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

STIMULATING PRIVATE SECTOR DEVELOPMENT IN TANZANIA: FROM IMPLEMENTATION TO FACILITATION

AUDIO TRANSCRIPT

SEPTEMBER 17, 2014

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

CONTENTS

Presenters

Rod Dubitsky, BRAC USA

Dr. Md. A. Saleque, BRAC Bangladesh

Hem Chandro Roy, BRAC Tanzania

PRESENTATION

Kristin O'Planick: Rod is a senior advisor and chief knowledge officer for BRAC USA. Rod has served with BRAC USA in various capacities since 2007 when he started as a volunteer. In 2011 Rod co-authored with BRAC a chapter covering agriculture and microfinance in the book *New Pathways out of Poverty*. Prior to joining BRAC full-time Rod worked for 25 years in the financial services sector. Rod holds an MBA from Duke University.

Dr. Saleque who hopefully will be joining us remotely is the adviser for agriculture and livestock programs 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 programs. He also participated in planning, designing, and implementing the BRAC Social Enterprises and worked as a program head of Enterprises of BRAC. Dr. Saleque holds a doctorate in veterinary medicine from Agriculture University as well as an MBA from Stamford University in Bangladesh.

Hem Chandro Roy is project manager for LEAD 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, M4P, private sector engagement, livelihoods in markets, rural financial services, and sustainable agriculture – quite the portfolio. He holds an MBA from Bangladesh Open University and an MS in horticulture from Bangladesh Agricultural University.

So with that I'll turn it over to Rod. Thank you.

Rod Dubitsky: Thank you very much. I'd first like to thank the folks from KDAD and MPEP for having us here presenting. I'd also like to thank my colleagues in Tanzania and technology willing we will bring them in and they will handle the lion's share of the Q&A. We've had some tech issues as you've all heard so we will see how that goes. But I would like to thank them for helping me prepare the presentation and for the tremendous support that they've given me throughout this preparation process and in general for the agriculture work that I've done.

As you've heard they've got nearly 50 years' experience between them so I'm a relative piker when it comes to agricultural experience. So I'll be doing the presentation part and then again technology willing handing off to them for the Q&A. So let's get started.

We're going to talk about a brief overview of the Bangladesh model – our agriculture model in Bangladesh. And then we'll talk briefly about how we apply the international model. And then we will move into the LEAD structure and how it differs from our traditional agriculture interventions. And we'll talk a little bit – LEAD is just a bit over a year old so we don't have all of the indicators in yet in terms of the challenges and success. But we will talk about some of the outputs and accomplishments as well as some of the challenges we've had and lessons learned.

In order to understand the context of LEAD I want to give you just a bit of a background on BRAC. We're one of the world's largest NGOs. We're based in Bangladesh. We reach the lives of over 125 million people worldwide. These are most of our programs. We have a couple of other programs that I didn't list here. But the key ones here that are relevant to the LEAD project are agriculture, microfinance and social enterprises. And those three programs are sort of relevant for you to know that we have them in terms of informing how we go about our agriculture interventions.

So this is an example of the Seed Value Chain. Our agriculture program in Bangladesh is primarily involved in the Seed Value Chain, so from researching seeds, field testing for mass production, mass production, and marketing. We also do a lot of extension services and training as well as provision of financial services and the end result is increasing yields, income, etc.

This is the Dairy Value Chain. The Agriculture Value Chain where it came about through the recognition – we started out as a microfinance organization. And with the recognition that if we just provide loans to women in poor villages there isn't enough of a market for them to fully utilize that money and dramatically change their income and social standing. So we realized that the best way we could help improve women's lives was by linking them to markets.

So from that early beginning of linking, for example in this case, the Dairy Value Chain – linking women to markets and milk collectors – we created 100 chilling stations. We have a dairy in Bangladesh. And importantly we've got 10 of those milk collection centers in – a ton of those chilling stations are in ultra-poor areas. So 90 of the 100 are sustainable, profitable chilling centers but we've maintained as a cross-subsidy 10 of those chilling centers in ultra-poor areas.

We talked about seeds. We talked about dairy. We also have a pretty extensive poultry Value Chain in Bangladesh. Six poultry farms and two feed mills were the main suppliers to Kentucky Fried Chicken and Nando's. And I've had our chicken in Dacha and I encourage you if you're ever in Dacha don't hesitate to stop for KFC or Nando's for some of the finest chicken you've ever had. We also have significant market share in the hybrid seed market. And we're the second largest dairy operator in

Bangladesh, so massive large scale, extremely sustainable, three critical valued Agriculture Value Chains.

Moving on to international we're predominantly active in agriculture in five countries in West and East Africa, South Sudan. And this is the basic organizational model of our international approach. We have regional area coordinators. They oversee program officers who organize 10 to 20 promoters each and either agriculture promoters or poultry and livestock promoters depending on the particular value chain. And they then in turn reach general farmers and model farmers.

Importantly in our traditional approach which is in the common languages of development is the implementation approach. We are an actor in the value chain. We are sourcing and supplying the inputs to the promoters and extensively maintaining that network of promoters who then in turn provide technical assistance and input supply to the farmers.

We also have some amount of social enterprise work in Africa in the seed space and poultry, hatchery, and feed mill very early stages, very, very small scale compared to Bangladesh. It is hoped that the social enterprise model will blossom in Africa to the extent that it has in Bangladesh but it’s still early stages in our social enterprise development work. But it is a core part of our traditional agricultural approach.

So some of the LEAD basics: we're in 40 branches, 15 regions, and 30 districts. The project runs through 2017. It's funded by DFID. And we aim to reach over 100,000 actors in the Maize and Poultry Value Chain. Some of the key activities we're doing are – so some of the key activities we're doing: capacity building and training and provision of access to high quality inputs. Here's one of the areas that differs from our traditional approach.

We typically will do some amount of market analysis but the depth of the market analysis we've done through the LEAD project is far greater than we've typically done. And we'll talk about that a little bit more in detail later. Access to finance is another significant departure for us in the LEAD project. We've dabbled. I guess I would say we've got a little bit of agriculture financial services in Africa but it's not extensive. With LEAD there's a fully developed suite or portfolio of products for agriculture finance.

Also we're doing more extensive farmer organization, engagement in private sector: both the small trader up through the large multi-national input supplier. And we're also engaged with all value chain actors. In our normal approach we would primarily focus on the direct beneficiaries of our programs. With the LEAD project we're doing more extensive outreach and training of a broader suite of market actors. And again this is the facilitation approach.

Every Agriculture Value Chain presentation has to have a case study. Here we have a boy named Jack. Jack was very poor. He lived on a small farm with his mom. They had one dairy cow to their name and that cow wasn't giving very much milk. So his mom said, "Jack please go out to the market and sell this cow for whatever you can. We need it to live on." So poor Jack had to go out and sell his beloved cow into the market. And he came across somebody who offered him some improved maize seeds.

Miracle maize seeds they were called. So Jack traded his cow for those maize seeds hoping that he could use those maize seeds to improve their livelihood. Rather than getting cash he accepted those maize seeds. Jack took those maize seeds to the local seed dealer and said, "How much are these worth? How good are these seeds?" Sadly, a common problem in Tanzania and many markets, the seed supplier said, "No these are fraudulent seeds. They're counterfeit. They're not worth anything Jack."

Sadly Jack was crestfallen. The seed supplier however said, "All is not lost, Jack. We know of a program called LEAD. It's run by this organization called BRAC. Here is their office. Go there. Talk to them. They will help you out." So Jack went to our office and we connected him with the LEAD farmer who brought them into the farmer organization. Jack was able to get improved quality seeds – real quality seeds. He learned about proper practices.

He learned the proper use of fertilizer, line spacing, and weeding. And on that small plot of land where they just grew enough corn stalk – enough maize – to feed themselves, they were able to grow at the next harvest huge amount. Yields increased. They were able to get amazing prices because the LEAD farmer helps link Jack to the markets. And with the corn surplus, the maize surplus, Jack was able to buy some chickens. And you see here the output of those chickens: golden eggs.

Now of course I use that as a re-stylized example and you guys are more expert than I am. But you recognize those aren't maize stalks. Those are bean stalks. That is not a chicken but a goose. But I will refer to this stage of where we are in the LEAD project – just barely over a year old – the corn stalks to the sky and the golden eggs phase.

We are just starting to pass into the reality of the difficulties and challenges of implementing this model, whether it's hiring of consultants, finding consultants, and staff turnover. We'll talk about it a little bit more in detail. But in seriousness, these are the outcomes we expect which are typical value chain outcomes that you would expect with the exception that there's more significant work on value chain creation.

Problems and how LEAD intervenes as far as gender, weak market power, lack of inputs, technology, and lack of finance. We are specifically targeting women. We're targeting a minimum of 65 percent women in the program. It is closer to about 80 percent in actuality. Also we provide trading near the homes, flexible hours, because we recognize that women have time poverty. And so by arranging the training that is convenient to their schedule we're able to get a greater participation of the women.

And all the other elements of LEAD, linking to credit farmer organizations, also helped that gender empowerment. We've done extensive market research, national and local, to deal with the fragile, inequitable, incomplete, and opaque markets. Knowledge and skill training is not just for the typical farmers, the general farmers that we would train, but we're also training all intermediaries in the Maize and Poultry Value Chains.

The challenging social structure, as many of you probably know – trying to get the value chain actors to actually listen, adapt, and adopt improved practices and organizational operations. There's a significant amount of social structure challenges, getting the actors to trust each other, getting the actors to talk to each other and actually create business. And again because we're facilitating we are just putting the actors together through facilitation meetings and working groups.

Finance typically has very limited available – there's very limited availability in Agriculture Value Chain finance and in fact in all of the BRAC countries that we have we have very limited agriculture finance ourselves so if a LEAD model has an explicit financial services capital component. Low production and income is another challenge. And through the capacity building, training, and linkage with market actors we hope to improve that.

Characteristics of the targeted beneficiary: these are smallholder farmers, predominantly women. The average land size is about two and a half acres. There is very limited experience with training, quality inputs, and very limited experience with collective marketing of product, averaging income levels about $100.00 U.S.

These are the participants. This is when the project is fully rolled out. We are rolling out in stages. As I said we're through the first year. So we have the LEAD farmer who internally coordinates 10 to 15 general farmers. We have the poultry promoters. And a poultry promoter is designed to provide inputs to the farmer as well as technical assistances –

input such as feeders, waterers, and vaccines. And we're also linking the traders and the agrovets with LEAD and general farmers. So these are the market actors, both on the input side: the agrovets and dealer, and on the output product side, through agriculture and poultry traders and millers, etc.

Just to frame it, because it can get a bit challenging to understand what BRAC's typical model is versus how LEAD is different, because there is a fair amount of overlap. So here we try to compare the two different models. Implementation (and these are just made-up numbers just for illustrative purposes): LEAD is predominantly a facilitation approach – 80 percent. There is no social enterprise with LEAD, at least there are no BRAC social enterprises. And I'll talk about our investment fund in a little bit.

Extensive market research and analysis, engagement of value chain actors, value chain financing. We have two different components within the financing realm and we'll talk about those. Farmer organization is more formalized now and so the farmer organization is helping replace some of the implementation role we've had. Input provision: we do some of it but it's more limited than it typically is. Minimal subsidies and, unlike our typical programs, we focus specifically on maize and poultry.

These are the four components, drilling into a little bit more detail of the four components of LEAD. We have agriculture, agronomic poultry rearing and management. And this is the typical training agricultural extensions services of any value chain development program. There are two components of capital provision: investment fund and financial services, which I'll talk about in a little more detail. And finally the fourth component of LEAD is a market access component.

Most of these are what you would typically see, whether it's implementation or facilitation approach: cropping practices, disease management, weeding, etc. Post-harvest practices and we're also trying to develop the LEAD farmer as the primary disseminator of knowledge for the farmer and organization of the famers. And again we're training other market actors as part of component one. Market actors work with – we're supporting and linking value chain actors and actively doing it through facilitation meetings and working groups to get them to talk together to trust each other and to reduce those social frictions that make market actors hesitant to work cooperatively and effectively with each other.

Promoting collective marketing arrangements: we've also got two agreements with large private sector players on the fertilizer side as well as on the seed side. And they're providing some of the inputs to – the only ones who get inputs in the LEAD model are the LEAD farmer, who coordinates the general farmers, as well as the demonstration farmer. And that's sort of another departure from BRAC's typical model where the input provision would go all the way through all of the general farmers.

And our partners are also providing technical assistance, more in-depth training on the fertilizer and seed side. So they're assisting us with technical assistance and with input provision. And the market research; we've done some 60 or so very micro regional market analyses as well as a macro value chain analysis of both the Maize and Poultry Value Chain.

Component three: this is an example of our financial services. Component three is meant to be small loans, similar in size to microfinance loans. They are for actors who are providing these services to the dealers, the traders, the LEAD farmer, and the general farmer. We have just rolled out the model to the general farmer. It works like our typical village organization model in microfinance. Because it was easiest to build on our operational modalities of microfinance, that was the first product that was rolled out.

It's in the very early stages and we are working on designing the other three programs for the financial services element. And there are seasonal repayment components for the farmers, not for the other input providers and not through the other value chain actors. The value chain investment fund – it's what's in the industry often called the challenge fund. And it's designed to catalyze larger businesses in the value chain, businesses that would be too large for microfinance services but not so large that they would be able to get access to bank capital.

It's a mix of grants and loans. The grants are estimated to be about 35 percent and we expect those to be used for capital equipment, long term investment. And then we have a working capital loan, which will be estimated once it's rolled out of the financial services, which are going to be loans – commercially viable loans that are going to be managed like BRAC's microfinance organization. These are the types of businesses we'll support. And we have – we're nearly finalized in the operational guidelines of the Investment Value Chain. So it has not been rolled out and it wasn't meant to be rolled out in the first year. It was meant to be a second year activity.

And also I forgot to mention up-front, when we go to the Q&A – and I'll remind at the end – I view the Q&A as sort of being two-folds of information flow. We are just one year into this. We are still designing a significant amount of the activities. And so there's an opportunity for the audience both in the room here and on the phone to share their ideas and what they have seen because BRAC I've learned – if I've learned anything about BRAC, it's a humble organization: hungry to learn, hungry for outside information. And so as we go to the Q&A, particularly something like the investment fund, is very new for BRAC. So anyone who's seen something similar on that or any part of the value chain and M4P approach, hopefully the Q&A will stimulate those suggestions, as well as hopefully we can provide answers to the questions you have.

A little bit more detail on the market linkage mechanisms. Again we talked about the extensive research. At each branch BRAC specifically identifies the agrovets, input suppliers, and traders, and we link them to the farmers. So we don't just tell the farmers, "You go out and find the traders you want to work with. You go out and find the input suppliers. And here's how you do it." We actually will go out and vet the market actors. We will screen them, vet them, and then we will make those connections actively.

We also link the poultry promoters with the agrovets for feeders, drinkers, and feed. And then, again, as part of breaking down the social structures, coordinate market facilitation meetings. And we help to organize the committee, so again the organization role, facilitation role.

This is an example from the Dodoma region in Tanzania of an output from one of our markets. And there are many more like this. I'm not going to get into the details but you can see how valuable it is. If you're trying to be a facilitator in that role you need to understand at an in-depth detail how the market works. So we went out – both BRAC as well as hiring outside consultants and market experts – to review the detailed supply and demand dynamics and operations dynamics in each of the regions that we're working in.

One year on, here are some of the outputs and achievements that we have seen. It is early stage, so I won't necessarily say we're going to sustain some of these improvements or that it's going to be broadly applicable once all the numbers are in. But we have seen an increase in the egg and meat production after one year with the general poultry farmer. So it's a pretty material increase: 32 and 42 percent for egg and meat. We've seen the demo farmers.

Because of the timing of the harvests we don't have all of the data in terms of the output and marketing from the maize side, but we have some data from the maize surveys – the demo farmer surveys that we've done. And we've recorded a $350.00 income from those demo farmers as well as a significant increase in the yield – nearly a doubling of the yield compared to the general farmer baseline. But it's similar also for the demo farmer. So from 610 kgs to nearly 1,200 kgs. Again, this is very early stage, and we'll sort of hold off concluding until we've seen the full results from the harvest and sale.

We've seen some improvements in terms of the traders: their understanding of business, understanding how to manage their costs, keeping their books, making the traders become businesspeople so they can earn more money so they can pay more for the farmers' output. Also, we've had a pretty good uptake in the improved services. We've seen a majority of the maize and poultry farmers adopt the improved practices.

Moving on to the key challenges, and anyone who's worked the M4P space and value chain finance spaces knows that when you move from the golden eggs and corn stalks to the sky – the reality on the ground is much more challenging than is typically seen. So here we're revealing some of our challenges, certainly not all of them. This is an example. When I visited our project, we talked to some of the poultry promoters and they had a number of challenges with the provisional vaccine. And normally what BRAC does is we would source the vaccine in our normal implementation mode. We would price the vaccine.

We would estimate the demand. And we would then sell it to poultry promoters who would then in turn sell it to the farmer. So normally BRAC would take on the primary role. But in LEAD we are handing that role off to the poultry promoters and we are working with them for them to source it directly, for them to manage all the challenges. So we heard from the poultry promoters that they were having issues with the vaccines. They were having trouble managing the cold chain.

Estimating demand was a challenge for those farmers despite all the market research. There was still a challenge of how many vials of vaccine do they buy versus how much the farmers need. So that was a problem of demand estimation but also demand stimulation. We have more work to do in terms of stimulating the farmer demand for those vaccines. And again normally when BRAC is an implementer it's a bit easier than when we hand it off to the market. So there's some challenge there – some of which has been resolved, but not entirely.

Market research is key. We talked about that. And I say that somewhat facetiously: organizing farmers is the easy part. It isn't so easy to organize farmers. But relative to actually getting them to act in a way that optimizes that group structure to ensure that that group organization actually engages in collective marketing, engages in collective purchase of inputs, so instead of each farmer buying a 2 kg bag of seeds or fertilizer they can buy a 15 to 20 kg bag of seeds or fertilizer, getting those market discounts on the input side, getting the higher side on the collective marketing side, getting the local miller who won't come to see a small farmer to get them to come collect the maize from the farm because it's organized.

That's how it's supposed to work, but as many of you know, organizing farmers sustainably, that sustains after BRAC leaves, and getting them to actually do the collective marketing is a big challenge. And it's still early days in terms of optimizing that organizational structure.

Financial services: we've got somewhat limited financial services but we have the need and the idea to research other products and work with other actors. SACCOs, which are Savings and Credit Cooperatives in Tanzania, are a big part of the financial landscape in Tanzania – so we're working with them, other commercial banks, multinationals, local commercial banks, and also looking at researching into other financial products, whether it be crop insurance, warehouse receipts.

And again, this is an area where, despite BRAC's history in financial services, we have less history in agriculture financial services. And partly it's our experience in Bangladesh that's challenging to make ag finance work. We know some have done it. So any ideas or questions you have on that front would be extremely helpful.

Staff dropout has been a challenge. M4P requires a different set of skills than pure facilitation. So trying to find staff with the market knowledge and market expertise is challenging. We're also competing with a government program to hire a lot of folks with similar expertise. Branch selection has been a challenge. We leverage – I didn't mention it, but the branches for LEAD leverage the infrastructure of our microfinance branch.

Typically our microfinance branch would reach out five kilometers outside of that branch location. For LEAD we targeted 10 to 15 kilometers out. But in certain areas to reach the targeted number of farmers we've had to reach further out from our branch locations. Since our branches tend to be – which are typically in urban and peri-urban areas. And then the challenges of climate change, which are common to all Ag Value Chain Services.

So LEAD is a complete market solution. And we know there are others in Tanzania that have many similar elements to LEAD. So it is not the only one. USAID has a number of projects and NAFAKA is one that has some amount of overlap with LEAD in terms of the operational modalities. So we engage all actors in the value chain, including provision of capacity building and training.

Extensive social integration: we talked about the group organization. We talked about working groups bringing traders together with the farmers. A full suite of commercial and financial services, research and analysis, the work we're doing with the larger private sector entities. And also we didn't talk about it much because it's early stage, but LEAD is also a platform for innovating – value chain innovation. So for example we're exploring an innovative post-harvest storage.

As most of you know, there's a big challenge in post-harvest storage, the amount of output lost or damages in the post-harvest process. So storage is key and we're working with a partner on that. We're also looking at innovations in irrigation, innovations in bringing ICT information to the farmer. So the extent of the LEAD program, it's a good sort of innovation incubator even though that's not an explicit part of LEAD. It is a natural fallout from the LEAD organizational structure so that we can innovate the products at each part of the value chain.

And we can deploy it and test it to enough farmers so that we can actually know whether it works or not. And again, that's early stage. If we get to present in another year, we'll hopefully have more examples of actually implementing some of these innovations. And our hope is that LEAD should result in the most sustainable project.

Moving on to the conclusion, LEAD has a potential to catalyze the maize and poultry market. As the example I had given, the components are necessary but maybe not sufficient to support a facilitation model. One of the challenges which I don't think I mentioned was that up there; in some of the markets we're in, you just don't have the market actors. You may not have a hatchery in some areas. So there may be an actual absence of a market player. And while our investment fund will support existing players and help them grow, it's not a startup fund.

So in areas where there is absence of a business, then we've got to figure out: do we want to step in as implementers? Maybe there'll be an opportunity for some startup capital down the road. But it's a challenge. You know, Tanzania is reasonably developed compared to other countries we're in like South Sudan, Sierra Leone, and Liberia. There are still many areas where you don't have those adequately developed value chain actors to facilitate. If you have no one to facilitate, the facilitation process becomes difficult.

Bottom line with LEAD is: again, it's in early stages, but we think it's going to move our operations more towards facilitation. But we're not – it's too early to say that we're going to completely move towards a 100 percent facilitation approach. Again, we are working on a few different social enterprises through Africa and we're still developing those. The model in Bangladesh, where we developed the social enterprise, is we nurture and grow them and they become profitable BRAC enterprises, still owned by the NGO.

That model, whether that works in Africa – it’s early stages. So you can view the social enterprise model that BRAC normally does, where it's BRAC-branded, versus the investment fund in LEAD, where we're finding the other actors who already have the businesses and giving them capital and allowing them to grow and providing training to them and linking them to other actors. And so those are sort of two competing models, if you will, of sustainability.

We create the enterprise. We get it to generate a profit which feeds back into the NGO activities. Or we stimulate other market actors. And maybe facilitation works more in Tanzania than it would work in Sierra Leone and Liberia, where you may have much less of a market to actually facilitate. That's all I have.

Questions and Answers

Joy Chen: So now we're going to move to the Q&A portion of our seminar. So if you do have a question, please raise your hand, state your name and organization, and wait for me or my colleagues to pass you the microphone. We're going to start with the webinar because I do believe there's been quite a chatter on webinar. Angelina?

Angelina Gordon: Thank you very much, Joy. We've had a really great, lively conversation happening on the webinar. We have 87 attendees right now joining us from really all over the world: Zimbabwe, Rwanda, China, Spain, Tanzania, London, Washington, D.C., Egypt, Texas, a few cities in Canada, South Africa, and the Netherlands. So thank you very much, everyone, for contributing your insights and your questions. We'll get started with – and apologies if I mispronounce your name – Endura Cline, who is here with us in Washington, D.C.

She asks how cultural and societal norms are impacting women's ability to improve household income. And also, what is the loan default rate, if any?

Rod Dubitsky: Yeah, the loans had just started and I don't think we've passed any material repayment rates. So we've loaned about $60,000.00 so far. So its bit early, and I don't think we've seen any defaults yet. But again, we just started the program last quarter. I think within the value chain of poultry and maize – and we'll follow up with any questions if Hem and Dr. Saleque aren't able to check in. But within each component of the value chain women have – in each country we operate, women have different cultural hurdles.

And I think the key is with LEAD. And I don't know the specifics within Tanzania of any particular cultural barriers that are unique. We know women have particular roles in the value chain: more active in the manual labor on the farm, and less in the preparation. But we know we've faced a lot more of that in Bangladesh – cultural challenges for women in particular. But the goal of LEAD anyway is, by specifically targeting women and organizing women, is to overcome those cultural barriers. And by having the training, again, located by the women we help, address the time.

And you know, I will say that we will – we talked to the folks at KDAD and MPEP, Angelina, and there's a method of answering questions offline. We won't even get to every question, but we'll follow up with any answers offline so that it's part of the permanent transcript. Next question?

Tom Timberg: Tom Timberg, consultant. The presentation demonstrates why BRAC is one the most effective development organizations in the world. But it raises an interesting question.

As you say, it represents an adjustment of the traditional BRAC model towards the direction of the DFID marketing for the poor approach. It's very interesting, but that raises two questions. One is a theoretical one. When BRAC started its work in Bangladesh in the 1970s, one of its concerns was village elites snatching all the fruits of development. And it devoted itself to a considerable extent in positioning itself so that wouldn't happen. Is there some concern about the model that you have here which involves probably taking somewhat larger, wealthier farmers and making them the means of transmission might lead to their snatching the products of development?

And that connects with the second question. The way to follow this of course is in your monitoring and evaluation. Though you didn't say it, how is the monitoring and evaluation being handled for this project? Is it being handled internally? Is it being handled out of Bangladesh? Do you have, as DFID often does, a separate contract for an outside monitoring and evaluation person? And the related question has to do with the innovation.

Even though BRAC has one of Bangladesh's largest and most effective universities as one of its subsidiaries, it's not an agricultural research organization. How do you handle and liaison with the kind of people who are developing the technological developments you're interested in? And there's actually a third issue which I may as well raise here.

IFPRI has just done a major project in which they say that what's happening in general in East Africa, including Tanzania, is a displacement of the small farmers by larger, 40 to 50 acre farmers funded by urban middle class funds. Do you notice that, and are you adjusting to that in any way?

Rod Dubitsky: Yeah, so the general farmers themselves I think are smallholder farmers. But at two acres, they're not the poorest of the poor farmers. The goal is, when selecting the farmers, is that they are small enough – they have a small enough farm so we're reaching our target market. But also, there has to be some ability of those farmers and the farms to actually engage and produce with the market. So I think at two acres it's still considered smallholder farms, if not the poorest of the poor.

And the hope is that with the LEAD farmer, who has a little bit larger land holding but not dramatically so, that the LEAD farmer and the smallholder farmer, that the LEAD farmer acts as that sort of lever that helps support those GPOs general farmers. So if that organization is working, the LEAD farmer needs those smallholder famers because they don't have enough product themselves. They're not large commercial farms. They're slightly larger land holdings.

They're going to organize those farmers. They'll be able to – one, they'll be able to get and enjoy the discounts at the input supplier. They'll be able to go, because they're not large enough to go direct to the miller and have the miller come to them. They're also a smallholder, a little bit larger. If they can organize that output in such a way, the LEAD farmer will actually help prevent that elite capture, and they will, because ultimately if we're not dealing with that miller who's got the power there is no elite capture.

They are effectively capturing it. So the idea is we break down that elite capture that happens absent the LEAD program. Now, is there a risk that the LEAD farmer takes advantage of the smallholder farmers? Again we hope there is a codependency between the two that will render them dependent on each other so there is no – so there's a parity power dynamic within the general farmer and the LEAD farmer groups. And at least for four years we'll be in there monitoring them, getting feedback from the general farmers and the LEAD farmers, fixing anything that needs to get fixed.

Four years is hopefully adequate time for us to identify any of those elite capture issues. And you're right; it's a huge problem in any country, and in Bangladesh it has always been a problem. And sometimes we invite the elite to the table. And you can argue by bringing the larger traders in here, we're actually inviting the elite and having them as part of the program so they can benefit. They get better quality maize and so that's sort of how – and your other question was around innovation?

Tom Timberg: Monitoring and evaluation *[inaudible comment]*.

Rod Dubitsky: Yeah, so there are a few – there are a number of different elements. BRAC is a little bit unique, particularly in Bangladesh, where we have an extensive research operation on that's been running for 40 years. So within East Africa we also have a pretty significant research arm. We have two elements of the monitoring. I would say –

Tom Timberg: And that's out of Kenya?

Rod Dubitsky: No this is in –

Tom Timberg: In other words you have the research arm in East Africa located in Tanzania?

Rod Dubitsky: It's in both Tanzania and Uganda. So, it's run out of Uganda, but we also have a research arm in Tanzania. So the research folks in Tanzania will work with the LEAD researchers and data people in Uganda. That's the team. Separately we have a monitoring approach within Tanzania as well. So we have the research team and we've gone back and forth on it. But it looks like we're going to be creating a randomized control trial. And sometimes we do work with outside researchers.

But so far in this case, and it may be TBD, we often will work with outside universities and research arms to jointly conduct impact research. But here we didn't randomize at the first rollout so we couldn't do an RCT. But on our second rollout we're looking at randomizing – creating a new baseline and creating a treatment and controlled group so we can run an RCT. But it is challenging. A lot of the metrics are self-reported.

Can you get all of the details on the entire costs of the farmers? Can you get the actual sale price for all of the farmers? It will be challenging. We have metrics like percentage sold through collective marketing, self-reported nutrition and health metrics. So there are 20-something monitoring and evaluation. Some of them are collected annually. Some of them are collected monthly. And so we have a performance monitoring plan that governs that. And again, depending on how complicated it is to collect the metric it will be collected more frequently or once a year in some cases.

Joy Chen: Let's take a question from the webinar.

Angelina Gordon: Sure. Ashini Sachsia from Zimbabwe asks, or says: on Slide 16 you discussed income increases for rural, poor, marginal farmers and livestock keepers. But the outcomes expected are not fully in line with all the key stakeholders in mind. Can you expound on this a little bit please?

Rod Dubitsky: Say that again.

Angelina Gordon: Income increases for rural, poor, marginal farmers and livestock keepers, but the outcomes expected aren't fully in line with those key stakeholders, so can you expound upon that?

Rod Dubitsky: Yeah I'm not sure – we're showing the poultry farmers and the maize farmers, and I'm not sure if she's referring to the other value chain actors or what that might refer to. But we do show – again, we don't have the full suite of results from the maize farming yet, because of the timing of the harvest and sale. And we do show the impact on the general poultry farmers from the poultry interventions.

And again some of the data is collected annually, so we're just – I think we're just in the process of collecting that first – finishing up the collection and collation of that first year of data for some of the additional metrics. And we have a lot more data. So if anyone in the audience has a question on any particular actor or any particular metric ask the question through the webinar and we'll come back to you with whether we're collecting a metric.

And maybe you'll give us some ideas from additional data to include, although I'm sure our research people monitoring it won't envy the idea of collecting additional data. But we'd love to hear the feedback and we can dialogue through the post-webinar process.

Kevin Fath: Good morning, Kevin Fath with Bureau for Food Security at USAID. I'm curious to know with whom the results of your market analysis and research are being shared. Will those data become publically available? I'm also curious about whether there are opportunities to transfer knowledge and skills to extension services of the state so that they might be able to sustain it or replicate your model in the future.

Rod Dubitsky: Yeah those are good questions. The market analysis – and this is something where we'd follow up offline. Typically the documents produced within our agriculture are not made public, not because we don't want to. Often we will hire an outside person to do that. I know for the market analysis we've hired out the value chain reports. The entity we hired has done other published reports on the value chain in Tanzania so it might have similar results. But I'm not sure who owns the rights to publish that.

But we can come back and see, because I've seen at least five or ten of the specific market reports and they're 10 or 15 pages detailing that. Our reports produce sometimes information that's just in the field and not documented. But the market analysis reports we do have a fair amount of documentation on that. We can see how we can share that either as a one-off or maybe with a broader group. And I think we can post documents. But again I'm not sure if we are willing or able to share some of those because some of it was produced for us on behalf of consultants. And your other question was?

Kevin Fath: It was about opportunities to transfer the skills to an extension service.

Rod Dubitsky: Yeah so one of the players who – they're not an explicit target of LEAD, but we are working extensively with the local extension services, both the agriculture and livestock. And when I was visiting Tanzania we met with them. They're fully aware of our program. There's not a specific training element to them but there is very close interaction. In fact we use them to help in the farmer selection process and we dialogue with them in terms of what are the problems.

As is typical with government extension offices they said, "We don't have transport. We can't get our people out to the field to do the extension work. And we don't have enough of them." So the lack of funds to actually do an effective extension service – there's not much BRAC can do other than learn from them, teach them what we're learning and vice versa. And we view them as a partner and not necessarily a beneficiary of the program. But we are working both with the regional and national level with the poultry – the maize and the agriculture and livestock extension officers.

Angelina Gordon: We have another question from one of our webinar participants. Her name is Marcella Willis. She's joining us from NetHope Payment Innovations Project based here in Washington, D.C. And she asks: do you incorporate mobile money or digital payments to facilitate payment transactions at any stage of the program? Are there paid training per diems to farmers for using it to pay supplier inputs or for poultry extension agent performance payments?

Rod Dubitsky: We're not doing that now. We are talking to one of the mobile money providers about providing information to farmers, so digital information provision to farmer via text messages. We do in our SME program have – I think it's been converted – 100 percent of our small/medium enterprise has been converted to mobile loan repayment. So the fact that we are doing it on a large scale with our SME clients in Tanzania – it's not happening now but, again, because the mobile repayment doesn't work really with the group repayment – the methodology that we've currently rolled out.

But once we start expanding to small/medium enterprises – and part of the takeaway is we get more clients for our SME. If we are linking an input supplier to the program they may borrow from our SME program. They're not considered a LEAD beneficiary. But they'll borrow through the SME program and then they will take – get to take advantage of the mobile money repayments that we're doing in our SME program.

So microfinance is not doing it and therefore the financial services are too small for mobile money. But maybe on the larger loans and the investment fund and other actors that are connected to BRAC financial services outside of LEAD will naturally get that mobile money repayment benefit.

Kristin O'Planick: Kristin O'Planick, USAID. Our office – you know we spend all of our days trying to get people to do facilitation because we think it is the right approach to this kind of development work. So I'm very curious as to what drove the decision to take DFID from being an implementer to being a facilitator. And how are you learning what to do? Because facilitation is really hard. It's not an easy thing to just suddenly make that shift. So just in terms of kind of the motivation and the operation, how?

Rod Dubitsky: Yeah.

Kristin O'Planick: But congratulations. Thank you.

Rod Dubitsky: Oh thank you. Thank you. Yeah, I think part of our moving towards that frankly is a reflection of, in part, the large development agencies like USAID and DFID moving towards that, so moving more towards a facilitation approach and M4P approach. Also, we constantly ask ourselves how we become sustainable in Africa. We've achieved that nearly completely in Bangladesh. How do we become sustainable? The only revenue-generating source that we can do in Africa is very small social enterprises.

And we're not convinced we can grow social enterprises by BRAC. So we've been wrestling with the sustainability question for a while. Along comes the LEAD proposal. And I suspect – we have a very strong partnership with DFID in Bangladesh. We have a strategic partner agreement and I wasn't involved in that. I expect it was dialogue happening all the time, us recognizing that that's the direction of where the best thinking is going in terms of facilitation as well as BRAC wrestling with the sustainability because our normal extension services –

We can step out of that, but if we're supplying all those inputs – we're buying them and selling them – once we step out it's very hard to imagine the farmer can step in on day one. In fact we're looking at phasing out some of those. We're doing a reverse RCT in Uganda where we're looking at the impact of phasing out some of our agriculture activities because of funding and comparing them to those where we're continuing them. It is difficult and there is one role that I haven't talked about.

We have an org chart in the handouts. We have a market development officer which is a new role. And they are a specific dedicated resource helping with the market development aspect. We've done a significant amount of hiring of consultants. And in fact a lot of the delays in launching the project were in finding consultants. So we're engaging in outside expertise to a far greater degree because very good input is very challenging to do. And BRAC doesn't have that intense market development experience, at least in Africa.

So it's mostly hiring dedicated market development officers as well as engaging a number of outside consultants on the research side as well as the regional market analysis side.

Eric White: Eric White, Integral LLC. My question is on the agricultural finance piece of this, specifically how you're doing it in Tanzania. From the little information I have about BRAC in Bangladesh, you actually operate your own microfinance bank. So did you incorporate a microfinance bank in Tanzania? Are you working through local partners? Do you have commercial bank partners? How is that being set up?

Rod Dubitsky: Yeah that's a great question, and as I was paring down the presentation I didn't get to do a background on each country. But we have a microfinance operation in Tanzania already running. What we've done is we've taken the agriculture finance and in order to make it operationally efficient we basically took a lot of the underwriting farmer organization – so borrower selection process, the loan underwriting process – and we basically have mirrored, modified to the extent necessary for the agriculture side.

So we are leveraging the operational infrastructure of our financial services. We don't have a savings arm. It's a non-depository microfinance organization. That's where I think farmers may not only want to borrow. They may want to save, and offering them a savings product, which we can't do, but maybe linking up with other partners. I have mentioned the Savings and Credit Cooperatives as being a potential partner in the future. We have microfinance operations in all of our African countries other than South Sudan which we had to close down because of unrest.

Angelina Gordon: We have another question from Anna Garlock from here in Washington, D.C. She notes that an earlier slide showed 6,000 LEAD farmers. She's wondering, is that a goal or is that the current number? And if it's the latter, that's pretty impressive for the first year. So how are you identifying these LEAD farmers? What's the incentive for them to participate? And will you be analyzing your results by LEAD farmer characteristics, meaning: males versus females do better than the other; poor versus rich did better than each other, older versus younger?

Rod Dubitsky: Yeah we've got – we can share more details but we are – the LEAD farmers are a beneficiary and will be part of the monitoring and evaluation. And I think the slide she may have been referring to is the total project slide. And so that is – we are ramping up over that period of time. We haven't – I showed the amount of general farmers. Let me flip to the – there are a couple of places where – so here we show the general farmers but not the LEAD farmers. And so the slide – just wherever it is on the same page.

So say [there are] 1,000 LEAD farmers during the total project period. That's the entire project period and we're scaling up one year by one year. And I think the first year we were about one-fourth of the way through in terms of general farmers. And because it's 10 to 15 general farmers per LEAD [farmer], you can do the math on how many LEAD farmers we've reached.

Chris McCray: Chris McCray. I've got a question on job descriptions for the poorest, because my understanding of, let's say the Poultry Value Chain back in Bangladesh, was it started around four or five micro-franchises, like what would be the sustainable job for having a flock of chickens in the village. Or how would you define the job description of the poultry vet so that it was – say you had 50,000 of them or 150,000 of the poultry flock people.

What I'm trying to understand is when you look at those sorts of jobs or relationship constants on that chart, you don't seem to have any goal for the smallest or the poorest. And maybe it's because – I mean it's, for example, when it comes to your maize crop charts. Have you developed some crop which gives specific advantage to smaller farmers in maize or something? So where are the poorest in this whole value chain?

Rod Dubitsky: As we already talked about, the average farmer here is two acres, which is poor but not the ultra-poor. And again, the idea is if you're able to stimulate markets for smallholder farmers in general – and I didn't talk about it but we have a separate project in Tanzania that is more along our traditional lines. And I think our - it's a project also with DFID and it is a kitchen, garden, and backyard poultry market. So in order to not tank the two projects we've got what's called the G-path projects which are backyard poultry and kitchen gardens with maize and other crops.

And so those are dealing with much smaller, much poorer farmers. We're addressing ultra-poor, I don't know if I'd call them ultra-poor but much lower on the landholding scale through the G-path program. And here we're dealing with – because it's M4P, we're dealing with larger. Is there an explicit element for ultra-poor in the LEAD project? I'm not sure I can say. We can offer offline. But separately, BRAC has an ultra-poor program in Bangladesh because, to your point, we were not reaching the ultra-poor with microfinance.

And so the ultra-poor program was designed to capture individuals who were too poor to be able to have enough livelihood to repay microfinance loans. And so we are looking at the ultra-poor program and exporting that to other countries, including Tanzania. So that would handle that question in general, not just for ultra-poor famers, but ultra-poor in general. And the hope is that if you're stimulating the value chain and you're giving more income to the smallholder famers, those smaller holders, the one acre farmers who are providing services to the larger farmers –

The mid-size farmers have more money to buy the services and hire the people. And if we're going SMEs, the SMEs themselves will be hiring more people and adding staff whether it's a miller or a trader, etc. By building the SMEs through the investment fund, they will add employment which helps the ultra-poor. And by creating stronger sort of low-middle size farmers we're creating potential output for our products and services by the ultra-poor.

But you're right, they're not an explicit targeted beneficiary, but I would say implicit. And again we've got other services that we have that are designed to reach the ultra-poor. Because it's the same question on our microfinance. We're not reaching the ultra-poor.

Brett Sedgwick: Hi, Brett Sedgwick from Global Communities. We're about to get started on a loan guarantee fund in Tanzania so we're looking forward to working closely with you.

Rod Dubitsky: Great.

Brett Sedgwick: And I think there will be a lot of opportunities to find work together. My question is about the – to go back to the investment fund. You know we've found that a lot of times, if the borrower's business model is dependent on the same organization on the NGO but also receiving financing from the same NGO, then that really can mess with repayment rates. So I was wondering if you guys have a plan for that or if you're separating your interactions from the lending or how you're addressing that.

Rod Dubitsky: Yeah so the – if I understand your question, the investment fund itself is not necessarily targeted to direct beneficiaries of the program. They'll be indirect beneficiaries that are potentially training in linkages. But the investment fund is operated – and I didn't talk about the deep operational details of that but we have a technical advisory committee who oversees that. We will be reviewing first at a concept note level; once we approve a short list for the concept note we'll be moving to final application.

So they'll be independently underwritten and reviewed by our SME program. So there will be – the loan, the small loan, is run under our microfinance and the investment challenge fund will be coordinated with our SME fund. They are a revenue-generating sustainable entity separate from the LEAD project. And so they have no interest in approving a loan that will ultimately default simply because that farmer – now if that farmer views them as having benefits from the LEAD program and therefore that's why they're taking the loan –

But of course in the underwriting we'll consider that farmer's income as it is today. If we think it's going to improve because of LEAD interventions I'm not sure. We may take that into account but it's a separate committee that improves those investment funds and not the LEAD – and not the direct LEAD program staff. And again, because of the – I forgot if it's a hard line or dotted line to the SME loan program. That's independent evaluation of the risk. And the technical advisory committee is meant to approve the best entities with the best business prospects but also have social value.

Joy Chen: Let's take one last question from the room. And again if we didn't get to your question either in the room or webinar please let us know and we can work with Rod to get you that answer.

Sylvia: Hi. My name is Sylvia. I'm an M4P consultant. And until recently, I was managing a large M4P project in Nigeria. I found it interesting when you mentioned when you find it difficult to find qualified staff that have very unique M4P skills that you require. That's something that I can very much relate to. And I was wondering how you bridged that gap. You said you resorted to the use of consultants when you can't find qualified people.

That's something I have experienced and I was wondering how you managed to work with your technical staff and your M4P consultants and how you managed to get that set of skills transferred onto them so that they don't continue working in the rural way and they can actually integrate, understand, and incorporate the M4P principles into their everyday work.

Rod Dubitsky: Yeah, that's a great question. And some of the consultants we hired were not hired because we couldn't find staff, but because it was designed to be a short term project. And ultimately we were able to hire all the staff we needed to. We have an extensive training program, not only for the general farmers which we talked about, but also for anyone we hire who – if they don't have the direct relevant experience, we having training for them.

More broadly, your question goes around HR issues, and turnover in M4P is harder because it is in demand and it's a harder skillset. But it's an issue we face in all of our programs: keeping and retaining good staff. You know it's through recently implemented HR policies, thinking more broadly about how you retain staff beyond just the compensation level, because frankly we often get outbid by the Western NGOs. We are a Southern NGO and we pay like a Southern NGO.

We lost our lead researcher in Sierra Leone to a Western organization who paid more. We have to work harder outside of the compensation to develop the incentives: promotions, trainings, and just through a feedback mechanism to retain staff. But we've overcome most of those problems. We've been able to find most of the staff and I think – I forget which component of the staff and we had a 15 percent turnover, which I think is higher than normal but not dramatically outside of the turnover we've seen.

So I think we've resolved the initial staffing. It delayed the project starting up but I think we're okay there. But we'll come back with more details on specific training for those brought into – like the market development officers. I don't know the specific training for them but we'll come back because those are the people who have the unique skillset and maybe we're hiring people who don't have as much knowledge as needed for the job.

Joy Chen: Great. So please join me in thanking Rod and BRAC and BRAC International.