

# 1 SOUL OF THE FOREST: HONEY VALUE CHAIN DEVELOPMENT IN ZAMBIA

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**Sector: Production, Income and Employment (Honey)**

## CHALLENGE

In Zambia's North Western Province the extensive miombo woodlands and perennial water sources are ideal for apiculture. For more than 20 years, honey production has provided livelihoods for thousands of rural households. Although North Western Province accounts for 95% of the country's honey production, producers have been faced with declining incomes, weakening market linkages, and little or no say in prevailing pricing structures.

Over the years a number of organisations have provided "project" support to the honey sector. For example, the GTZ Integrated Rural Development Project (IRDP) in the early 80's focused on the honey sector in Kabompo District. However, after IRDP was phased out by GTZ in 1987 the results were not sustained. This blow, combined with the liberalisation of the Zambian economy in 1991 spelt doom for the honey industry in the district.

"Suddenly, I could not sell my honey because there was no market. If I was lucky my honey was bought very late and on credit. I was given only one bucket when I needed 15 buckets for collecting, storing and bulking my honey crop" says Ruth Kasoka from a women's group of bee keepers in Kabompo District of Zambia's North Western Province. Ruth attributes the problems experienced in the honey sector to a monopoly enjoyed by a single buyer combined with lack of information on markets and prices.

Mr. Ngila Bunonge, Chairperson for the North Western Bee Keeper's Association (NWBKA), emphasises that the problems in the sector started because the bee keeping association formed at that time was not prepared and had no capacity to organise and carry on after the project ended. "*We could not run the association on a voluntary basis because it served thousands of people*", says Mr. Phillip Palata, Secretary for the bee keeping association. When the project ended the once vibrant and lucrative industry in the province became moribund as, without support, it was unable to address numerous challenges including, disorganised marketing structures, weak leadership skills and lack of extension support.

SNV identified an opportunity to systematically support the revitalisation of the honey industry in the province through developing the capacity of key players along the bee products value chain. Honey producers were identified as the entry point for SNV's support. Still in denial after the phasing out of the GTZ project, the bee keepers experienced difficulty understanding the value of the capacity building approach but, nonetheless, cautiously signed an agreement with SNV in 2005; mainly around issues of governance.

It was not an easy task for SNV advisors to explain the 'new' SNV way of work and, at the same time, strategise on the sector recovery methodology without a 'project' connotation.



"As SNV we were convinced that the honey value chain had a lot of economic potential (local, regional and global markets) to pull thousands of poor people of North Western province in Zambia out of the poverty situation through increased incomes and production (MDG1)"

Malani Simukoko, SNV Zambia, PSD Advisor

### Value chain study in 2005

## METHOD

The honey sector intervention strategy of SNV developed in 2005 is based on a comprehensive value chain analysis carried out to build understanding of the challenges faced by the honey sector, guide SNV's advisory services and ensure sustainability of the results. The study assisted the bee keepers and honey processors to recognise constraints to development of the honey sector. For the producers, constraints included poor organisational capacity, weak leadership skills, poor communication, unorganised structure, lack of full-time management, voluntary nature of the executive, weak financial management. Constraints confronting processors included lack of capital for pre-financing input purchases, lack of proper management systems, few market linkages. The export market viewed Zambian honey to be of low quality with no branding.

At the macro level, the absence of an apex body with a mandate to coordinate the honey sector proved to be a hindrance to development of the industry. Generally, a lack of information on Zambian honey was perceived to be a constraint to progress in the sector.

## CLIENTS

In 2006 SNV and the bee keeping association embarked on a recovery programme that included improved governance (leadership) of the association, improved management and increased honey production. The external evaluation report conducted in the same year, although critical, provided valuable guidance regarding the approach. While acknowledging that it was too early to assess the impact, the evaluation concluded that the bee keeping association had no organisational/institutional capacity to address the constraints faced by bee keepers.

During 2007, SNV scaled up the interventions along the value chain and set targets that included- incomes: 30-80% increase from average \$0.80; production: 80% increase from averages of 60 kg/season; employment: increased membership by 250; 30% women participating in beekeeping activities; financial brokering for operational support to NWBKA and increased capacity for processors; 3 more market linkages and a baseline study.

In February 2008, under SNV Zambia's "One Programme One Team" (OPOT) approach, the Honey Sector Team developed and launched a new Apiculture Programme aimed at enhancing competitiveness in the honey sector toward increasing incomes for producers and stimulating sector growth.

The case of MESH Enterprises

*"It would be unfair to talk about the history of our company without mentioning the contribution made by SNV to achieve whatever we have achieved so far."* (Misheck Moonga, July 2008)

"MESH, as an emerging local small-scale honey processing enterprise, tried all the local financial institutions and none was willing to fund our business. Through SNV, MESH was linked to Cordaid which



## OUTCOME

proved to be the survival line. Because of the expanded operations, this brought up new challenges in terms of building management systems and also training programmes for the honey producers. MESH did not have the capacity to undertake this and SNV came in to support the development of management systems.”

“At every stage, without SNV, it would have been almost impossible to do whatever we have done as a company. We have now reached a point where the company has to grow further from small scale to a medium scale and further developing the relevant management systems and market linkages in neighbouring countries. We are mindful of the need to avoid the overdependence culture but we still need SNV to help us graduate from small scale to medium scale company and at that level we will be able to manage our own affairs.”

Three years down the ‘forest’ many stakeholders can not believe the success of the honey sector today and SNV has been widely recognised as the main facilitator in development of the honey chain. As of May, 2008 the sector experienced significant increases in honey production with Forest Fruits recording 350 tonnes purchased, while Mpongwe bee keeping recorded 20 tonnes compared to a previous 10 tonnes (from 153 farmers) and the production for MESH increased by over 200%.

With increased competition, the price offered to producers per kilogram of honey has risen to ZMK 3,500 across the board over the previous average of ZMK 2,500. This translates into increased aggregate incomes at producer level. In the case of one company (MESH) ZMK 165,728,472 (approximately USD 50,000) in incomes went to bee keepers averaging USD 1.75 per bee keeper per day compared to the previous averages of below 80 cents per bee keeper among the same groups.

Because of increased competition and sensitisation by the association to its members, producers are getting immediate cash for their produce as opposed to the past situation when it took 3-5 months before payment was made. Bee keepers are thus able to send their children to school. They can now afford other basic necessities of life such as health services, energy and rural transport.



Records indicate that membership in the bee keepers association increased by 1200 as of May, 2008 to a total 7,200. The improved capacity of the producer association to deliver services to its membership has resulted in 33 jobs created at community level through the new bulking mechanism facilitated by SNV which more efficiently links buyers to producers.

At the producer level several outcomes have been realised as a result of improved institutional capacity in the NWBKA supported by credible governance structures and full time staff to manage day to day operations of the association. NWBKA now offers extension support to producers on cost sharing basis i.e. inputs and processors. Service delivery has been improved to bee keepers (inputs) based on the bulking mechanism.

The establishment of a good financial system resulted in the association accessing EUR 159,000 brokered by SNV from Cordaid for producers. Increased competition has resulted in expansion of market players from 2 to more than 8. There have been tremendous increases in the demand for honey as indicated by increased request orders recorded by the association. Due to the re-organisation, there is increased confidence in the association as evidenced by members’ willingness to

pay for services and buyers using the association for mobilisation and bulking of honey.

A loan of Euros 120,000 in financial resources was brokered to assist MESH to the increased processing capacity. The improved management capacity of the bee keeper's association and the newly established bulking system has contributed to easier, more effective marketing. In most cases buyer contracts are in place and strong market linkages have been established with Forest Fruits, Mpongwe and MESH who are now the major buyers of honey in the province.

With SNV support at the macro level, the Zambia Honey Council has been established and is now coordinating sector activities and developing quality standards preparatory to branding of Zambian honey and bee products. Equally, the sector multi stakeholder forum established in early 2008 is improving stakeholder dialogue and accountability along the value chain.

From the global perspective, SNV's work with international organisations and stakeholders is founded on issues that affect local producers, for instance, support through the strategic alliance with the Fairtrade Labelling Organisation (FLO) at HQ level as well as direct linkages with international markets.

SNV's support embraces the development of a good governance and management system for NWBKA (Association building) through strengthening of producers structures that are inclusive to all. Constitutional reviews and leadership/governance roles have been strengthened while special attention has been devoted to product costing and pricing, financial management and systems, business plans and proposal development and the launch of bulking systems.

SNV brokered resources to address producer constraints including the recruitment of full time management, procurement of inputs and improved processing capacity of processors. SNV facilitated direct linkages to alternative markets such as Mpongwe and MESH who were able to buy, respectively, 6 and 50 tonnes of honey from producers in the last season. SNV's advisory services so far have included market support systems that enhanced private sector market performance, marketing strategies, building relationships with customers, training producers in marketing and facets that support local/international marketing of organic products. SNV also engaged the services of a consultant to facilitate external market linkages and business entrepreneurship.

#### Consultant facilitating external market linkages-NWBKA



Through linkages with processors, production has been stimulated with more than 200% increase recorded in purchases of honey. SNV managed to facilitate economies of scale in beekeeping by stimulating outreach of relevant business services providers such as MESH and Mpongwe bee keeping enterprises for the commodity production systems, and the local capacity. This has also

increased access to production inputs (buckets) by 50% of the current supply levels. SNV supported the development of a management system (including supporting the recruitment of management staff) that enabled the producers to become autonomous and more familiar with making choices based not only on honey and beeswax production criteria alone but also integrating with market information and the capacity to access and use the market information.

SNV's added value encompasses skills and knowledge in sub-sector, value chain analysis, value chain development, networking and linkage brokering (e.g. Cordaid), experience and knowledge in market linkages and multi-stakeholder processes.

For the period 2008/2009 SNV's planned outcomes include: increasing the income of Bee keepers from the current average \$1.5 per day to \$2 a day targeting 6000 producers in NWP and Copperbelt by end of 2008; increasing honey production from the current average 120 kg per bee keeper per season to 400 kg per bee keeper per season by end of 2008 and contributing to increase in membership (employment) from the current 7200 to 10000 members by end of 2008.

It is clear that finance is a key factor in strengthening rural producer organisations that, in most cases, are run on a voluntary basis. Because SNV brokers resources from other partners, there is only limited influence over when such resources may be released. Therefore SNV's programmes for achieving and contributing to outcomes may be affected by 'time differences'. Furthermore, there is a 'temptation' for the client to be over dependent on SNV for resource mobilisation until such time as enough capacity is built both in terms of management skills and 'facilities'.

The SNV Zambia Honey Value Chain Development Programme will hold annual provincial stakeholder review sessions to monitor and report on progress and results. A two pronged programme evaluation is anticipated by the second quarter of 2010. The programme evaluation will be carried out by SNV evaluators from regional/corporate levels to draw key lessons & results. Another team of independent evaluators contracted by SNV regional/corporate offices will be contracted to ascertain the levels of direct and indirect impact realised by the programme.

Into the future, the synergy flowing from the One Programme One Team approach of SNV Zambia combined with the multi-stakeholder processes applied by SNV will play a crucial role in bridging the gap between capacity development services and financial resources for value chains. Within SNV Zambia's OPOT the focus of the apiculture programme for coming year will be to roll out best practices and successes from North Western Province.

This will support the emerging bulking system, management training and communication, strategic planning for long term survival & sustainability, strengthening producer organisations at district level and resource mobilisation for information system support, and women bee keeping support and training in all three provinces where SNV Zambia has a presence. Under the expanded programme there is every chance that the "soul of the forest" will be sustained to embrace an increasing number of players along the bee products value chain.