

GOAT AUCTIONS OPENING MARKET OPPORTUNITIES FOR SMALL HOLDER FARMERS IN WESTERN PROVINCES OF ZIMBABWE

Author: Darlington Sarupinda and Farai Tavesure

Country: Zimbabwe

Sector: Agriculture (Livestock)

CHALLENGE

Thousands of square kilometers of dry scrubland; poor, sandy soils, with erratic rainfall and little irrigation, is Matabeleland North and Matabeleland South provinces in Western Zimbabwe. Here you can hardly grow crop but only make a living out of rearing livestock such as cattle and goats. This region has over 2 million cattle and 1.8 million goats. These animals are mostly used for milk, draft power and occasionally selling to traders who supply markets in the towns.

Goats are however not regarded as an important source of household income and this result in far less investment in goat production compared to cattle. Many goats die (45% kid mortality) from diseases or lack of feed and water during dry periods. Production is low with a kidding rate of less than 70%. To stimulate commercial goat production, the Goat Forum¹, realized the non-functionality of the marketing system was the biggest constraint. The goat markets have been characterized as informal, un-viable and thin. According to a study in 2006 by farmers usually sold their animals to local traders at the farm gate, unaware that they could get much better prices elsewhere. Demand for goat meat in the cities has always been high and this provides a clear potential to improve the marketing system.

Why goat auctions in Zimbabwe?

According to the baseline study (2006), farmers only managed to sell their goats at farm gate getting an average price of not more than US\$7 per goat. Statistics revealed that although farmers owned goats in large numbers, they still could not earn enough income to meet their basic needs such as food, clothes, health and also to send their children to school. Besides the subdued prices at farm gate level, it was also noted that the prevailing goat marketing system was not efficient. Buyers had to spend a lot of time moving from household to household buying goats and this proved to be very costly to them. This also made it difficult for the buyers to consistently supply the market. From the analysis, it was clear that the main challenges hinged on the existing poor marketing system which meant that revamping that system would see more than 15,000 small holder farmers attain better incomes and improved livelihoods.

To promote a market driven approach, SNV proposed the auction system as one of the marketing options. This option was proposed after realizing the huge goat populations in the drier parts of Zimbabwe that would make it easy to attract many buyers. The other factor was the potential of creating marketing hubs where input suppliers, goat buyers and farmers would conduct their transactions in a cost effective way.

CLIENTS

Organisation of Rural Associations for Progress (ORAP) is a local NGO which support the emancipation of poor communities through enhancing their ability to earn a living out of various economic opportunities that surround them. This includes mobilizing and training farmer groups on issues like entrepreneurship,

¹ Goat Forum comprises SNV, the Department of Agricultural Technical and Extension Services, the Department of Veterinary Services, the Department of Agricultural Research for Development, the Organization of Rural Associations for Progress and the International Crop Research Institute for Semi Arid Tropics

METHOD / SNV INTERVENTION

agronomy, animal husbandry, market linkages, etc. SNV is supporting ORAP to enhance their capacity to better implement the programmes indicated above.

Agricultural and Technical Extension Services Department (AGRITEX) is a government department responsible for offering technical support to the agricultural sector of Zimbabwe. They therefore support farmers with extension support. SNV provides programming support as well as market linkages and farmer group strengthening.

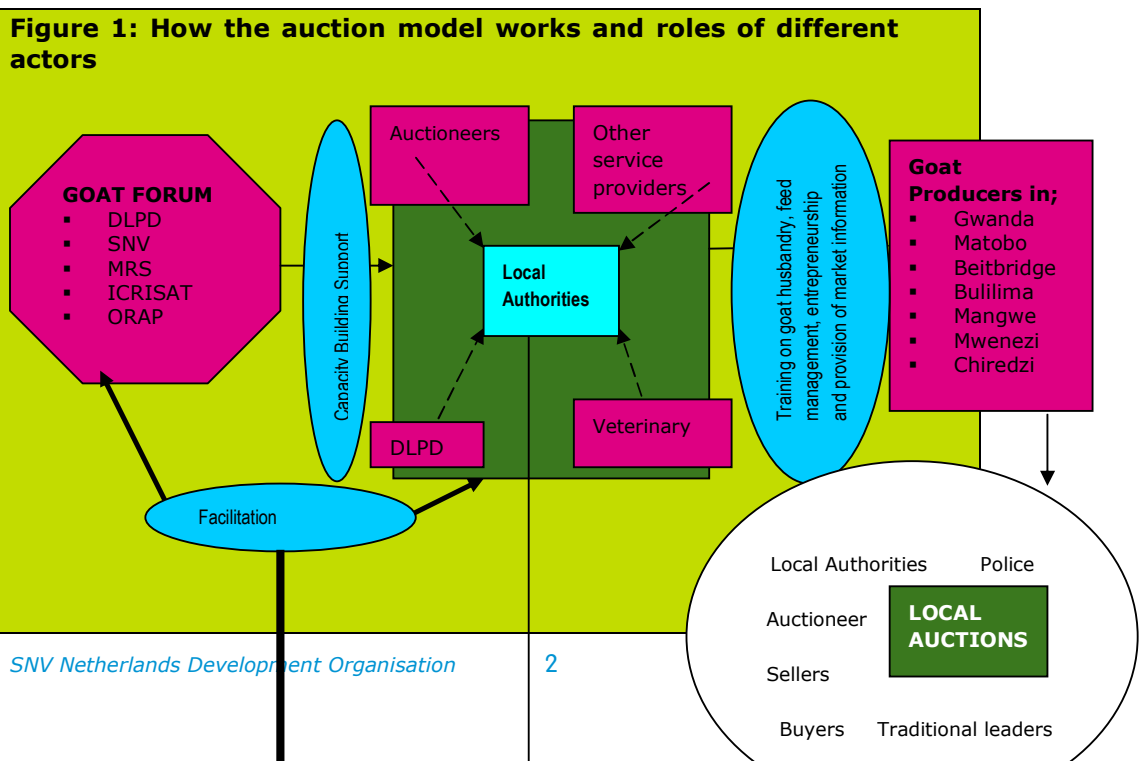
Building the blocks for goat auction

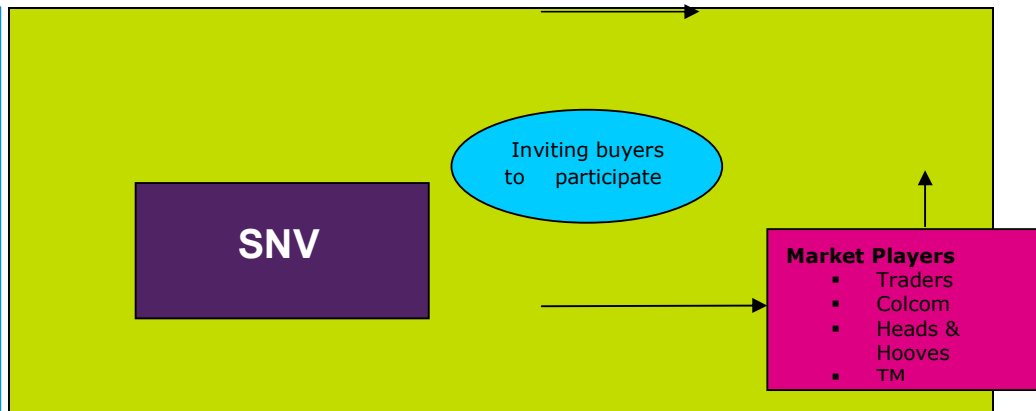
To ensure smooth implementation of the goat auction system in Zimbabwe, a learning tour to Namibia was facilitated by SNV and ORAP. The objective of the tour was to learn more about how Namibia has managed to successfully run goat auctions and get some tips on how we could initiate the same system in Zimbabwe. The lessons from the Namibian trip included the appreciation of the role of the private sector and the coordinating role of the local authorities. In addition, there was a realization that some basic infrastructure and equipment was a necessity at the auction sites.

The first goat auctions were in Beitbridge and Gwanda district which have the highest goat populations. It was clear that the success of the auction depended entirely on the contributions of the different actors through their different roles. The two selected local authorities extended the responsibility of auctioning goats to an auctioneer who already had a contract to auction cattle. Temporary sale pens were constructed at the selected pilot sites using funds from the EU-ORAP programme with the communities contributing labour and locally available materials.

The first goat auction was launched at Zezani on 6 November 2008. Subsequently, auctions have been successfully conducted at both Zezani and Nhwali sites on a monthly basis.

The service providers such as the local authorities, AGRITEX, ORAP and SNV provided technical support. To strengthen the model feedback from the farmers, buyers and the auctioneer is being incorporated on a regular basis. Figure 1 overleaf illustrates how the auction model works and the roles of the different actors.

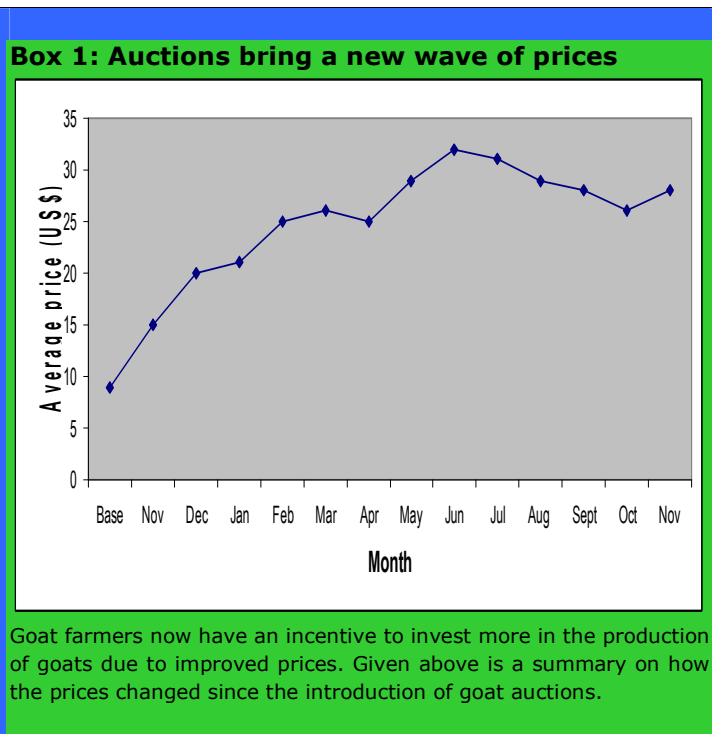




As depicted in the diagram, the success of the Auction Model is a result of collaborative effort among different stakeholders. Local Authorities are viewed as the pillar of the auctions; coordinating the auctions.

OUTCOME

Enjoying the fruits of change



Yes, what started as a small fire, a crazy idea in the minds of some of the stakeholders is now a highlight of the moment. More than 1,500 farmers have since benefited from the pilot auctions, earning prices which are more than 3 times higher than what they used to get at farm gate level (See box 1).

"...Today, is a great day, little did I know I was sitting on gold all along..." One of the farmers; Mirriam Rangonyana had this to say after an auction where she sold two goats at US\$35 and US\$40 respectively.

More than 5,000 goats have been sold through auctions collectively earning the participating farmers more than US\$125,000. The good prices at the auctions have also influenced the prices at farm gate to increase indirectly benefiting an additional estimated 5,000 farmers in Gwanda and Beitbridge district.



Some of the hundreds of goats waiting to go under the hammer. Looking at the goats are the owners of the goats who are mostly women

The two local authorities have also started earning significant revenue from the auctions. Prior to the introduction of the auction system, the councils were not able to collect levies as transactions were largely informal. To date more than US\$9,500 has been collected in levies and the Local Authorities are keen on reaping the potential benefits from up-scaling auctions to other sites in the districts.

It has been realized that buyers have been able to cut on their transaction costs by more than 60%. Auctions provide an easy and efficient bulking opportunity

for buyers. Transactions can now be done in 1 or 2 days compared to the 2 to 3 weeks turnaround period they used to experience before the introduction of the auctions. The system has therefore been regarded as efficient and buyers are really coming in their numbers to participate. The auction also reduces other administration costs for the buyers as the veterinary officers and police details are all in one place to issue clearance certificates.

Auctions set to spread other districts



At the center is an Auctioneer explaining the modalities of the goat auction to the buyers and farmers who thronged the goat auction at Nhwali in Gwanda district.

The local authorities who are the principal drivers of the goat auctions have since realized the benefits of the auctions through more transparent levy collections. They are committed to introduce the auctions at other centres within their areas of jurisdiction. The news of the success of the pilot auctions has spread and councilors in six other local authorities have since expressed their desire to borrow the idea and try it in their own areas.

SNV will continue to offer capacity development support to the local authorities who have picked up the idea. A

business case has been presented to the local authorities and they have committed themselves to invest in the putting up of the basic infrastructure to facilitate the start of these auctions. An estimated 20,000 farmers are expected to benefit from these auctions once the up-scaling process gets into gear.

Donors and the private sector have also shown interest in replicating goat auctions. This will provide SNV with opportunities for resource mobilization as it facilitates the up-scaling processes. Private sector actors have started investing in goat auction facilities. For example, Agri-Auctions has started constructing goat auction facilities in Bulawayo. The involvement of the private sector will ensure long term sustainability. SNV is encouraging the participating local authorities to engage the private sector on 'build-own and transfer' (BoT) arrangements for the development of auction facilities.

The stakeholders have demonstrated commitment towards the success of the auctions. There is a shared vision and everyone owns the processes. Although,

the auctions have proved to be self managing, there is also a need to ensure that there are toilets and clean water at each site. The water will come in hand for both animals and people who converge at the auction site in their thousands to conduct various transactions. SNV will also support AGRITEX, ORAP and Local Authorities to design an information system that will enable farmers to get timely market information to assist them in negotiating for better prices. Some of the key issues that SNV will facilitate include improving the voice of the farmers through strengthening producer associations and the transparency of the auction system through addressing issues of grading and weighing.

LESSONS LEARNED

The pilot exercise was a vital learning experience as useful lessons were also derived in the process. One of the major lessons learnt was the need to create a shared vision among all the key stakeholders. The success of the goat auctions was based on the involvement of people closer to the problem and also ensuring that they had space to deliberate on issues that affects them. The key lesson derived is that higher level organizations should not perform functions that can be handled more effectively by people who are closer to the problem. The producer group leadership owned the processes and did an outstanding job in mobilizing communities and providing feedback on the setting up of the auctions. Finally, the other key lesson was the realization that bringing people with diverse opinions to create a shared vision is not easy. It requires patience as well as effective facilitation and networking skills.