



AGRIBUSINESS VOLUNTEER PROGRAM ZIMBABWE

Project Impact Assessment

Date of Submission: April 20, 2001
Project: Zimbabwe Agrodealer Development Project, Murewa area
Host Organization: Agrodealers in the Murewa area
Project Location: Murewa, Mashonaland East Province, Zimbabwe
Date Project Began: November 7, 1997

Project History:

Dates of Assignment	Volunteer	Affiliation	Home State	Name of Assignment
11/7 - 12/10/97	Jim Roser & Bill Tanner	Retired Southern States Coop Ag. Input Managers	VA	Agrodealer Business Management
8/19 - 9/11/98	Lewis Dow	Retired Agway Farm Supply Store Manager	MA	Agrodealer Business Management
10/20 - 11/12/98	Louis "Pete" Kabat	Retired Agway Regional Manager	FL	Agrodealer Market Development
4/7-27/99	Jim Oliver	Retired Agway Director of Operations for Distribution	PA	Agrodealer Business Planning
7/30 - 8/18/99	Leroy Vanicek	Retired Manager of independent farmers' coop	NE	Agrodealer Business Planning and New Business Development

Impacts:

Level of Impact	Possible Impacts	Host Profile Verification Items	Impact Confirmed by Host Profile?	USAID Indicator Category
<i>I. Host performs specific acts using the information/skills provided by the volunteer</i>	Agrodealers keep financial records and use them to analyze the profitability of their business and make sound business decisions. ¹	Management Practices, Financial Records/Management Section	Yes	Table V (c) & VI (b)
	Agrodealers develop budgets and use them to help manage their businesses. ²	Management Practices, Budgeting Section	50% - Yes 50% - No	Table V (c) & VI (b)
	Agrodealers develop business plans and use them as management tools. ³	Management Practices, planning section	Yes	Table V (c) & VI (b)
	Agrodealers develop marketing plans and use them as management tools. ³	Management Practices, Marketing Section	Yes	Table V (c) & VI (b)
	Agrodealers analyze their expansion potential and develop plans to expand. ⁴	Management Practices, New Business Development Section	Yes	Table VI (b)
	Agrodealers extend credit to customers using improved management practices. ⁸	Management Practices, Credit to Your Customers Section	No	Table V (c) & VI (b)

Level of Impact	Possible Impacts	Host Profile Verification Items	Impact Confirmed by Host Profile?	USAID Indicator Category
	Agrodealers develop credible applications for credit from suppliers and financial institutions. ⁹	Management Practices, Credit to Your Business Section	Yes	Table VI (b)
	Agrodealers form an association. ⁵	Association Involvement Section: Are you a member of an agrodealer association?	Yes	Table VI (a)
II. Intermediate impacts (link Level I to Level III)	Agrodealers use their financial records, budgets and business plans to improve and expand their businesses thereby increasing market access for smallholder farmers. ⁶	Business Activities, Inputs Section: What volume of agricultural inputs did you sell this year? Combined with supplier Credit Limit information	Yes	Table V (a)
	Agrodealers use their marketing plans to stock and sell the products their customers need and educate their customers on their use. ⁷	Business Activities, Services Section: Did you educate your customers about how to use agricultural inputs?	Yes	Table V (a)
	Agrodealers decrease their loan delinquency rate from farmers, enabling them to continue lending to farmers. ⁸	Management Practices, Credit to Your Customers Section: How many of your customers repaid the credit on time?	Yes	Table V (c) & VIII (b)
	Agrodealers access credit from their suppliers and/or financial institutions, enabling them to expand their business operations. ⁹	Business Activities, Inputs Section: Did you get any of these inputs on a credit basis?	Yes	Table VI (c) & VIII (a)
	The agrodealer association provides services to its members. ⁵	Association Involvement Section: Have you been benefiting from any of the association services?	No	Table V (a)
III. Improvements in the lives of host people (usually an increase in income).	Agrodealers sell increased volumes of agricultural inputs to smallholder farmers, increasing their net business incomes. ¹⁰	Business Activities, Inputs Section: Proxy: Did you get any of these inputs on a credit basis?	Yes	Table V (a), (d), & (e)
	Smallholder farmers who access markets via the agrodealers save money on inputs, improve their productivity and therefore increase their incomes. ¹¹	Proxy: Level of farmers' savings on inputs due to agrodealer and farmer productivity changes?	Yes	Table V (c), (d) & (e)
IV. Spread-effect: improvements in the lives of others besides hosts	Employment of family and non-family members increase as a result of increased business for the agrodealers. ¹²	Employment Section: How many people are employed by the business?	Yes	Table V (d) & (e)
	Local trainers use standardized materials developed from volunteer assignments to teach additional agrodealers. ¹³	How many additional agrodealers have received agrodealer business management training from certified local trainers?	Yes	Table V (d) & (e), Table VII (b) & (c)
	Increased environmental protection due to increased product knowledge through agrodealers.	Business Activities, Services Section: Did you educate your customers about how to use agricultural inputs?	Yes	Table IX (b)

* Footnote refers to the item within the discussion section that supports each impact.

Quotations from Hosts:

"..We can now improve our record keeping to be able to expand our business. Mr. Bill [Tanner] and Mr. Jim [Roser] taught us proper business management [practices]."

- Musarurwa Gonzo, Murewa Agrodealer

"Lew [Dow] explained how to display agricultural inputs, handle customers and change marketing to have more sales. We have put many things [Lew taught us] in practice [and] there is a great improvement in our business."

- Bishop Nyamakura and Maxwell Madziya, Murewa Agrodealers

"I'm using the pricing and costing practices Pete [Kabat] taught me to make more profit by reducing my margin and increasing my sales volumes. I also started going to other villages, where there are no agrodealers, to talk to farmers about the types of fertilizer and seed varieties available at my shop. Many of these farmers then came to see me at my shop. As a result, I was able to sell 30 tons of fertilizer and 10 tons of hybrid seed this year compared to 16 and 7 tons last year, respectively."

- Peter Machinga, Murewa Agrodealer

"[Jim Oliver] clearly explained to us the importance of keeping business records, how to make a market plan, how to research and analyze the market situation as well as how to determine the market share. He [then] gave us some valuable information on how to [use this to] write the [sections of the] business plan. I am now able to write a business plan, manage my stocks and draw final accounts for my business"

- Tungamirai Mudimu, Murewa Agrodealer

"I used to not keep my records properly...but now I am trying to do exactly what [Jim Oliver] told me. I feel [that] I will be improving my business and prospering in the future."

- Sydney Chigasa, Murewa Agrodealer

" [Leroy taught us that] it is very essential to explore new business opportunities. [We have] expanded our product/service range so that we can realize higher profit levels and enable farmers to have greater access to agricultural products."

- Sidney Chitekwe, Murewa Agrodealer

Discussion:

Both of CNFA's pilot Agrodealer Development Projects have been successful at improving smallholder farmers' access to agricultural inputs, initially for farmers' in Murewa and Gokwe, but also now for the farmer-customers of an additional 500 agrodealers throughout Zimbabwe who have received the rolled-out version of the business management training course developed during the pilot projects.

Within the Murewa Agrodealer Development Project, CNFA's efforts to develop rural shopkeepers' business management skills and relationships with input supply companies have helped 13,525 smallholder farmers' improve access to agricultural inputs such as seed, fertilizer and crop protection products. CNFA volunteers provided business management training short-courses for the agrodealers over a two-year period, ending in 1999. In its most recent evaluation, CNFA recorded the following developments that support the impacts reported in the table above.

1. 85% of the shopkeepers/agrodealers had already been keeping **basic business records** when they initiated training with CNFA, but only 33% were using them to analyze their business performance or make informed management decisions. One year after graduating from CNFA assistance, 100% of the surveyed agrodealers were keeping business records, and 71% regularly summarized their financial records to develop a profit and loss statement.
2. Prior to receiving training, only 12% of the surveyed agrodealers had **business budgets** and those that did, did not use them to make financial decisions. This year, 50% of the surveyed agrodealers had detailed budgets and all of them reported that they track their expenses during the year according to their budget line items and then use that information to evaluate how they are doing.
3. Initially, 25% of the surveyed agrodealers had **business plans** and 12% had **marketing plans**, though many of these were not written down or had been developed by outside consultants. This year, 88% of the surveyed agrodealers had current business plans and 75% had marketing plans

that they've developed on their own.

4. Initially, only 50% of the surveyed agrodealers had plans to expand their businesses. Now, 100% have viable **expansion plans** and implement them on an annual basis. CNFA volunteers Tanner and Roser encouraged agrodealers to look at opening a second shop in an area where there is none, or selling new products such as baby chicks. If an agrodealer's limiting factor was transportation, they advised him to "calculate what it would cost to buy a truck and compare that to the extra income it would bring and let that be your answer." Since CNFA started training the Murewa agrodealers, 25% of those sampled have opened another retail outlet, while others have added more storage area to their current store or have purchased a vehicle.
5. In 1996, there was no **agrodealer association** through which the Murewa agrodealers could access services or work together. Now, 100% of the surveyed agrodealers belong to the LeRoy Traders' Association, an association they formed themselves following the training they received from CNFA volunteer LeRoy Vanicek. Unfortunately, the association has not yet begun to provide meaningful services to its members, but it does hold regular meetings where its members share information and network amongst themselves.
6. The surveyed agrodealers now sell **56% more agricultural inputs** than they previously did (calculated as the difference between their initial credit limits and current credit limits). CNFA believes this is a conservative estimate since most agrodealers will re-stock several times during the year, meaning they would have sold more inputs than the value of their annual credit limit. Actual sales volumes were not available during the baseline year since few of the agrodealers recorded that information prior to receiving training.
7. Because 100% of agrodealer customers are smallholder farmers, it is important that all agrodealers **educate their customers on safe and proper product use and handling**. Before joining the Agrodealer Development Project, only 50% of the agrodealers said they educated their customers about product knowledge through a combination of verbal advice during a sale or at demonstrations. Now, 100% are active educators using demonstrations, field days, and leaflets as well as advice during a sale.
8. Initially, agrodealers who extended credit to farmers reported an average **loan delinquency** rate of 43% and were considering eliminating their credit service. CNFA volunteer Lew Dow taught the agrodealers several ways to reduce loan delinquency rates by recording credit account information, aging the credit on a monthly basis, and using a written credit application. CNFA asked the agrodealers if they had begun to use written credit applications, since this is apparently the starting point for good credit management. No agrodealers responded that they used written credit applications, either before or after the training; however, they reported that their average loan delinquency rate had fallen from 43% to 2%. Therefore, CNFA can not confirm that the reduction in the loan delinquency rate was due to the CNFA training, but believes that this is probably the case, just not from the use of written applications.
9. Initially, 62% of the surveyed agrodealers had **credit accounts** with their grocery wholesaler but only one had a credit account directly with an input supply company. Once they decided to increase their agricultural input activities, it was critical for them to develop direct credit accounts with manufacturers or their products would be very expensive (due to the inclusion of the wholesaler as a middleman), reducing much of the benefit of extending the agricultural input distribution chain to the farmer's doorstep. One year after graduating from the CNFA program, 100% of the trained agrodealers surveyed reported that they did have credit accounts with at least one major input supply company. Many even had credit accounts with two or three supply

Murewa Agrodealer Development Project - Summary Profile

	Baseline - 1996	Update - March 2001
Person completing this questionnaire:	Shorai Mwale with summary/analysis by Tracy Mitchell	same
Date:	1-Mar-01	same
Current exchange rate at date of completion:	~ 10 Z\$: 1 USD	58 is official rate/unofficial is ~ 85
Background Information		
Agrodealers sampled:	10 (out of ~ 25) agrodealers * All of those interviewed were male although 3 of the 25 are female * Sampled was selected either by agrodealer's availability or willingness to complete the questionnaire	same
Name of Training Group:	Murewa	same
Trainings attended:	Average of 2.3/agrodealer	same
Do you own the business yourself, or what is your relationship to the owner?	63% own their businesses, 25% work for their father, 12% are employees	same
What is your age?	Average is 30, with a range of 20 to 51.	same, just 3 - 4 years older
What is your educational level?	10th grade education, no variation	same
Number of shops operated	50% - 1 shop, 50% - 2 shops	50% - 1 shop, 25% - 2, 25% - 3
Do you own or rent your shop(s)?	63% own, 37% rent	same
Do you own a vehicle(s)?	63% No, 13% Yes - 1 vehicle, 25% Yes - 2 or more vehicles	same
Is your business seasonal or year-round?	67% year-round, 33 % seasonal	same
Do you/your family also farm?	100% Yes	same
Do you own title for your shop?	50% Yes	same
Association Involvement		
Do you belong to an agrodealer association?	100% No	100% Yes
Have you benefitted from any of the association's services?	na	37% Yes
If so, which services and how?	na	Sharing of information
Employment		
How many people are employed by the business (not including yourself)?	3	4 (33% increase per agrodealer)
How many of these employees are related to the owner?	0%	13%
How many are full time (year-round) employees?	87%	95%
Business Activities		
Grocery:		
Did you sell groceries this year?	88% Yes	63% Yes
If you sold groceries, were they a major source of income for your business?	71% Yes	100% Yes

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Agricultural Inputs:		
Did you sell agricultural inputs this year?	75% Yes	100% Yes
If so, how many companies did you buy the inputs from?	2	3.5
What kind of companies supplied you with inputs?	Wholesaler	Manufacturer
How many farmers do you estimate you supplied inputs to this year?	Unknown	541 (calculated by dividing the volume of inputs sold by the volume needed to grow 1 hectare of maize (an average farmer uses 250 kg fert and 25 kg seed/ha))
How many of those were smallholder farmers (versus) largescale?	100%	same
What types of agricultural inputs did you sell this year?	1) grain seeds, 2) vegetable seeds, 3) basal and top dressing fertilizer, 4) crop protection products, 5) animal health products, 6) smallscale equipment and hardware.	Same categories of products were sold, but the number of types of products stocked at any one time increased, as did the volume of products and stocking period.
What volume of of seed, fertilizer and chemicals did you sell this year?	100% didn't know	100% knew this data. On average, each agrodealer sold 64 MT of fertilizer, 15 MT of seed, and 4100 units of crop protection products
Did you get any of these inputs on a credit basis?	62% of the agrodealers had 1 credit account, mostly from a wholesaler.	100% of the agrodealers had at least 1 credit account, all from manufacturers/direct distributors. (60% increase in access to credit)
What is your credit limit with these companies?	3825 USD	5980 USD (56% increase)
Have you been meeting your scheduled payments?	80% Yes	100 % Yes
Were agricultural input sales a major source of income for your business?	66% Yes	100% Yes
Crop Buying:		
Did you buy or trade grain or other crops this year?	38 % Yes	63% Yes
If so, what crops?	maize & sunflower seed	same
What volume of each crop?	Average of 70 MT of maize per agrodealer. Only one agrodealer traded in sunflower seed and the volume was 2 MT.	Average maize volume reduced to 23 MT. Sunflower volume not stated.
What did you do with the crops you bought?	100% was immediately sold	50% was immediately sold. 50% was stored and then sold.
If you sold them to buyers, which buyers or markets?	64% to large commercial buyers. 33 % to commercial farmer syndicates.	43% to large commercial buyers. 43% to local buyers. 14% to so-called horse-traders.

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If you traded crops, were they a major source of income for your business?	100% Yes	40% Yes (reflects problems that large commercial buyers and commercial farmer syndicates experienced in 2000)
Crop Processing:		
Did you process any crops this year?	33% Yes	12% Yes
If so, what crops did you process?	maize and sunflower	maize only
What were the final products?	stockfeed and cooking oil	stockfeed only
What volume of each final product did you produce this year?	15 MT stockfeed, 300 l cooking oil (total)	20 MT stockfeed (total)
What did you do with the final products?	stockfeed fed to own livestock, cooking oil sold in shop	stockfeed fed to own livestock
Was the sale of processed products a major source of income for your business?	100% Yes	same
Services:		
Did you operate any transport services this year?	33% Yes	same
If so, what did you generally transport and where?	maize & cotton hauling, and inputs delivery	same
Did you offer any tillage services this year?	100% No	same
If so, how many hectares would you estimate you tilled?	na	same
What equipment did you use to do the tillage?	na	same
Did you help educate your customers about how to use agricultural inputs?	50% Yes	100% Yes
If so, describe how you did this?	50% via demos. 50% via verbal advice during sale.	50% via advise during sale. 40% via demonstrations & field days. 10% via leaflets.
Did you provide any other services as part of your business this year?	100% No	same
Were any of these services a major source of income for your business?	12% Yes	33% Yes
Management Practices		
Financial records/management: (Module I)		
Do you record your daily business transactions?	85% Yes	100% Yes
If you keep records, do you organize the transactions according to categories?	50% Yes	85% Yes
Have you summarized this year's transactions into a profit/loss statement?	33% Yes, some via an accountant	71% Yes
What was your annual profit level on your statement?	3010 USD (only based on 2 agrodealers' responses)	2080 USD, with a range of 86 USD to 7069 USD (based on 4 agrodealers' responses)

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Was this profit only from agricultural input sales, or does it include your other business activities?	Includes everything	Includes input sales ONLY (part of the reason why the profit figure has decreased)
Do you have a current balance sheet for your business?	100% No	25% Yes
What was your net worth on that statement?	na	6727 USD (based on only 1 agrodealer's response)
Did you increase your net worth this year, ie make any capital purchases or business investments? (please explain)	100% No	28% Yes (one by electrifying his shop and the other by expanding his storeroom)
Do you routinely use your financial records to make business decisions?	83% Yes	100% Yes
If so, what kind of decisions?	marketing and self-evaluation	ordering/marketing, self-evaluation, control costs, evaluate and access financing
Do you have a bank account?	80% Yes	100% Yes
If so, with which bank?	Standard Chartered, Metropolitan Bank, CABS	Standard Chartered, Metropolitan Bank, CABS, CBZ
Budgeting: (Module II)		
Do you have an annual budget for your business?	12% Yes	50% Yes
If so, do you track your expenses throughout the year according to the budget categories?	100% No	100% Yes
Planning: (Module II)		
Do you have a business plan for your business?	25% Yes	88% Yes
If so, do your operations match what you wrote in your business plan?	50% Yes	same
If not, why?	unknown	1) price changes due to high inflation 2) lack of financing
How have you used your business plan to improve your business this year?	unknown	improve management, stay focused, reduce costs, and as a guide to apply for financing.
Marketing: (Module III)		
Do you have a marketing plan for your business?	12% Yes	75% Yes
If so, did you do any market research to help develop that plan?	100% Yes	same
If so, what kind?	unknown	checked competition's product line and prices, talked to farmers, talked to suppliers, talked to Agritex
Did you estimate your market potential to help develop that plan?	100% Yes	same
Did you promote the use of agricultural inputs to your customers this year?	25% Yes	100% Yes

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If so, how?	unknown	demonstrations, prizes at field days, rebates, special prices, & verbally promoting certain products.
New Business Development (Module IV)		
Are you considering expanding your business?	50% Yes	100% Yes
If so, in what ways?	increase number of shops, increase volumes	increase number of shops, increase volumes, buy a truck, add a bottle store
Have you calculated the costs and estimated the additional revenue from those forms of expansion?	66% Yes	100% Yes
To implement them, will you need to borrow money?	50% Yes	83% Yes
According to your analysis, how long will it take you to recover your investment?	Unknown	Average of 2 years, with a range of 1.5 to 3 years.
Credit to your customers: (Module V)		
Did you extend credit to any of your customers this year?	50% Yes	62% Yes
If so, did you actually finance the credit or did someone else (ie. NGO)?	100% self financed	same
Do you use a written credit application when extending credit to your customers?	100% No	same
How many customers did you extend credit to this year?	Average of 46 customers	Average of 21 customers
How many of those customers repaid the credit on time?	On average, 57% repaid on time.	On average, 98% repaid on time.
Credit to your business (Modules I, II, and III)		
Have you applied for any credit this year from either suppliers, financial institutions, or other organizations?	62% Yes	100% Yes
Have any of your applications been refused?	10% were not successful	9% were not successful
Have you received credit from any financial institutions or other organizations (not suppliers) this year?	One had received credit from CARE in the form of 2000 USD worth of inputs.	One had received credit from Pundutso MFI for 103 USD for grocery inventory, another had received credit from Barclay's bank for 3000 USD to add a second shop.
Have you been meeting your scheduled payments?	100% Yes	same
Benefits to farmer-customers (to be asked to supply companies)		
Companies surveyed	ZFC, Agricura	same
Savings to farmers due to agrodealers stocking agricultural inputs.	25% of the value of the inputs	same
How do most farmers use those savings?	Buy more inputs	same

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If farmers buy more inputs, what is the net result?	Increased total productivity leading to increased family income and household and national food security	same
Expansion of Training Model (to be asked to Agmark Training Coordinator)		
How many additional agrodealers have received agrodealer business management training from certified local trainers?	0	500