



IMPACT PATHWAY EVALUATION OF THE AFA/WIN PROJECT IN ZAMBIA

AN ENDLINE ASSESSMENT OF THE SMALLHOLDER AGGREGATION SYSTEM (FTMA AND MAANO) - PHASE 2: JULY 2020



AGRIFIN



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> We work with +14m farmers & over 130 partners across Africa

Mercy Corps' AgriFin is funded by the Mastercard Foundation and Bill and Melinda Gates Foundation to help organizations design, test and scale digitally-enabled services for Africa's smallholder farmers.

- Objective to develop services that increase farmer income, productivity and resilience, with 50% outreach to women.
- Work with private & public sector scale partners such as banks, mobile network operators, agribusinesses, technology innovators and governments.
- We help our partners develop bundles of digitally-enabled services, including smart farming, financial services, market access and logistics supporting data-driven partnerships.

PRS 365 Ltd works to provide innovative solutions for Africa's business and development challenges. We do this by providing three types of services:



Research

We conduct business and development research on behalf of organisations working in various sectors. Assignments are conducted to generate insights and solutions that precisely meet each organisation's needs. This ranges from business research and solutions relevant to the private sector, to project impact evaluations that assess the effect of development initiatives.



Project Management

We provide project design and management services on behalf of commercial and development agencies working in various sectors. Projects are implemented to successfully deliver client goals while achieving necessary commercial and social impact. This ranges from testing business innovations to delivering strategic development initiatives, aimed at improving people's wellbeing.



Human Capacity Growth

We provide professional and analytical skills training to build proficiency in individuals that leads to institutional growth. Assignments are conducted to ensure individuals obtain and retain knowledge, skills and experience through innovative participatory training methods.

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Background

Background

- Mercy Corps' Agrifin Accelerate (AFA) program funded by the Mastercard Foundation and WIN is implementing a number of interventions with the primary objective of **increasing financial inclusion and technical capacity for farmers, especially women smallholder farmers**. AFA uses a market facilitation approach that involves working through multiple partners committed to serving smallholders on digital platforms. The program utilizes human-centred design approaches to develop appropriate “bundles” of financial and informational services for farmers, while also linking in significant agricultural buyers to drive market access, lower risks for financial institutions, and increase impact for smallholders.
- As part of its activities, the AFA program collaborated with WFP to facilitate the provision of agricultural market linkages coupled with the relevant extension information to smallholder farmers through digital platforms. Through these interventions named Farm-To-Market-Alliance (FTMA) and Maano, farmers are able to sell their produce through an aggregator within their community.
- Following the roll out of its activities, Mercy Corps commissioned a research firm called PRS 365 to conduct a research study to generate insights on the kind of influence the aggregation model has had on smallholder farmers. The study was implemented in two phases comprising of a baseline evaluation in phase one (June 2019), and an end-line evaluation in phase two (June 2020). The study covers the various firms that Mercy Corps is working with in Zambia including WFP, and in this report, information specific to WFP's FTMA and Maano intervention was analysed to generate the results highlighted and provide feedback that could help inform decisions regarding the initiative. This report is an output of the endline evaluation undertaken in phase two of the assignment conducted in June 2020.

Methodology

The study utilizes a before-and-after mixed-methods approach. Therefore this baseline survey targeted farmers that are beneficiaries of the AFA/WIN supported interventions only.

A sample of 506 respondents were contacted and interviewed across 4 provinces: Central, Southern, Eastern and North-Western at endline. 178 were accessing aggregation services through the FTMA and Maano program.

Telephone surveys (CATIs) were used to collect the quantitative and qualitative data through structured interviews, FGDs and KIIs

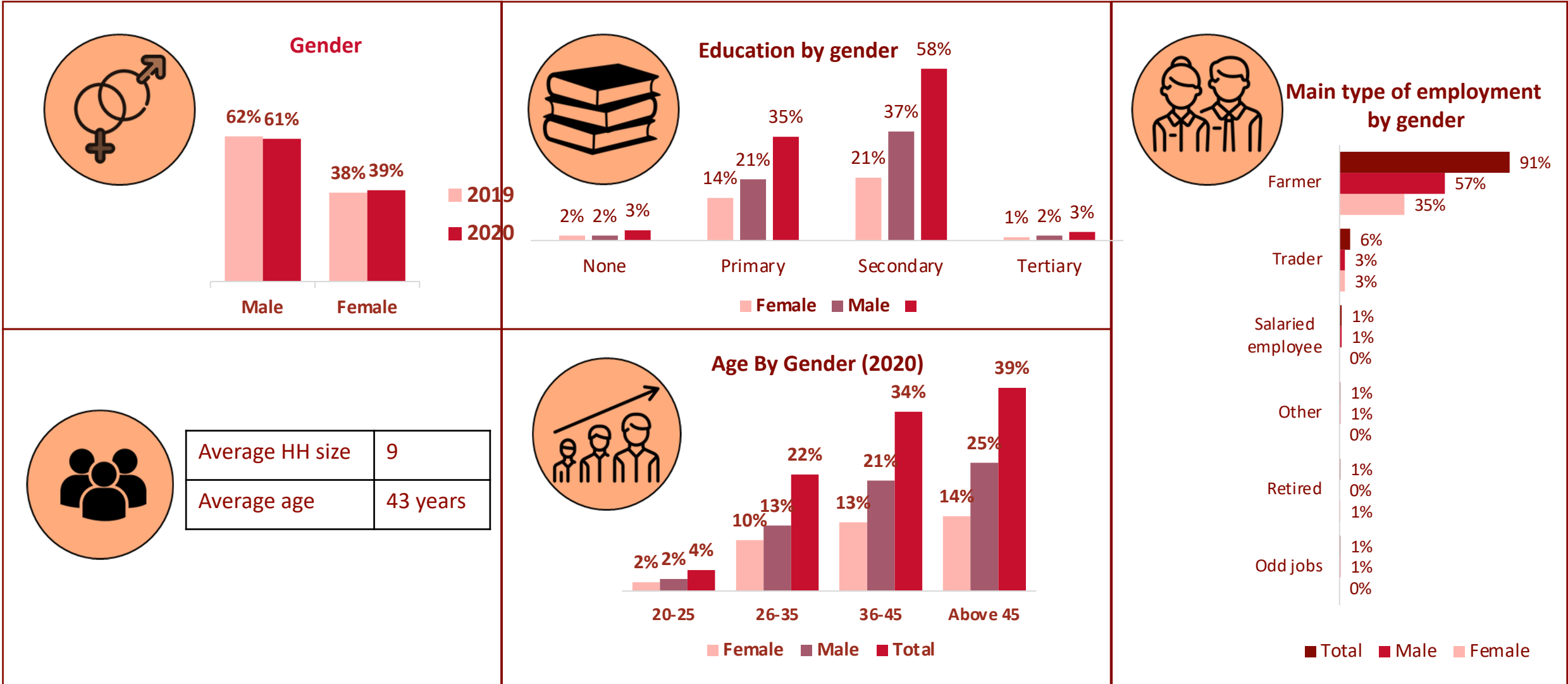
The analysis and insights in this report were generated based on a sample of 178 farmers, FTMA (97), Maano (78), who are accessing aggregation services through the two interventions

Findings

Key Highlights

- There was a decrease in the effect scores in 2020 of about 14% on average across all the impact pathways tested for the aggregation model.
- Despite being less than 2019 results, the overall impact of aggregation activities on income was positive with a significant proportion of farmers indicating that they had experienced change in their income as a result of better prices, reduced marketing costs and access to markets for a variety of crop types.
- Part of the reason for reduction in impact results could be attributed to the effects of the Covid-19 pandemic, as well as WFPs restructuring of the agricultural linkage program. FtMA has been transitioned into another larger program area called the market access program. Further more, WFP is relooking the Maano intervention with the intention of finding a private sector partner to own so as to ensure sustainability. Project results would potentially improve once these changes are completed.

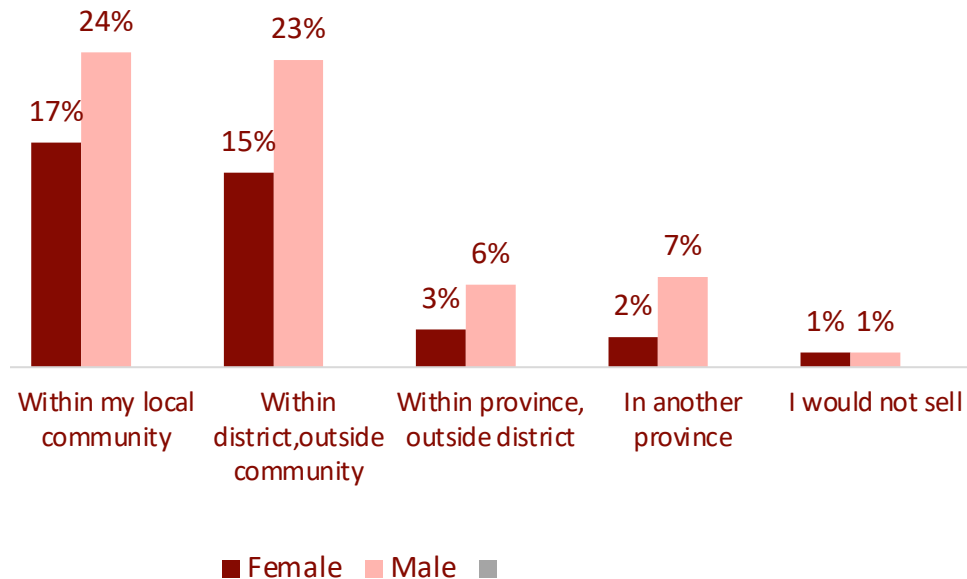
Profile of Farmers Engaged in Output Market Linkages



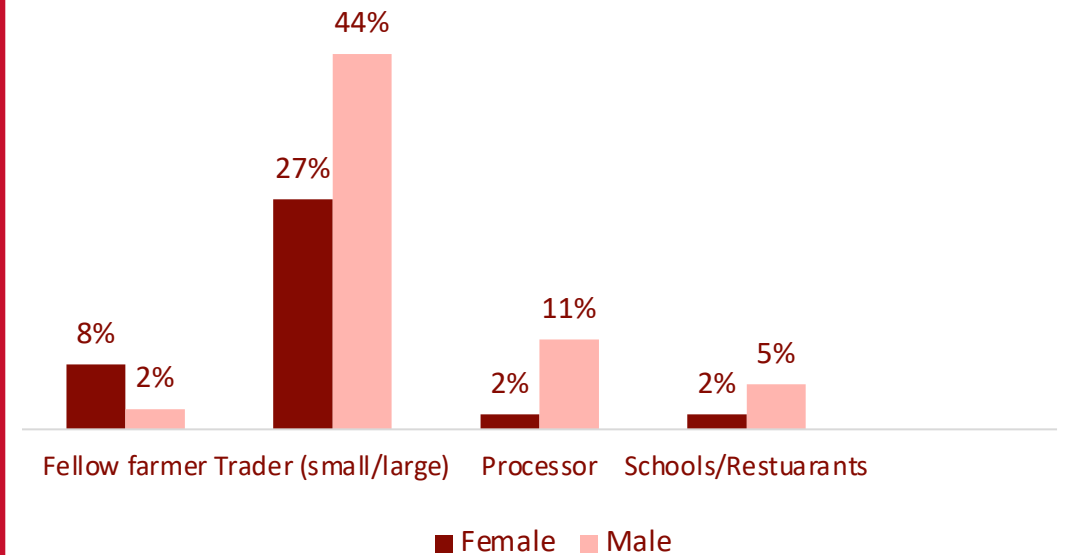
The typical output market intervention beneficiary is a 43 year old male who has attended secondary school and lives within a family size of about 9 members. The demographic profile of the agricultural market linkage beneficiaries remained similar in 2019 and 2020, slight differences emerged due to respondent replacements undertaken to address attrition

Marketing Activities

Location of sale before the intervention (2019)

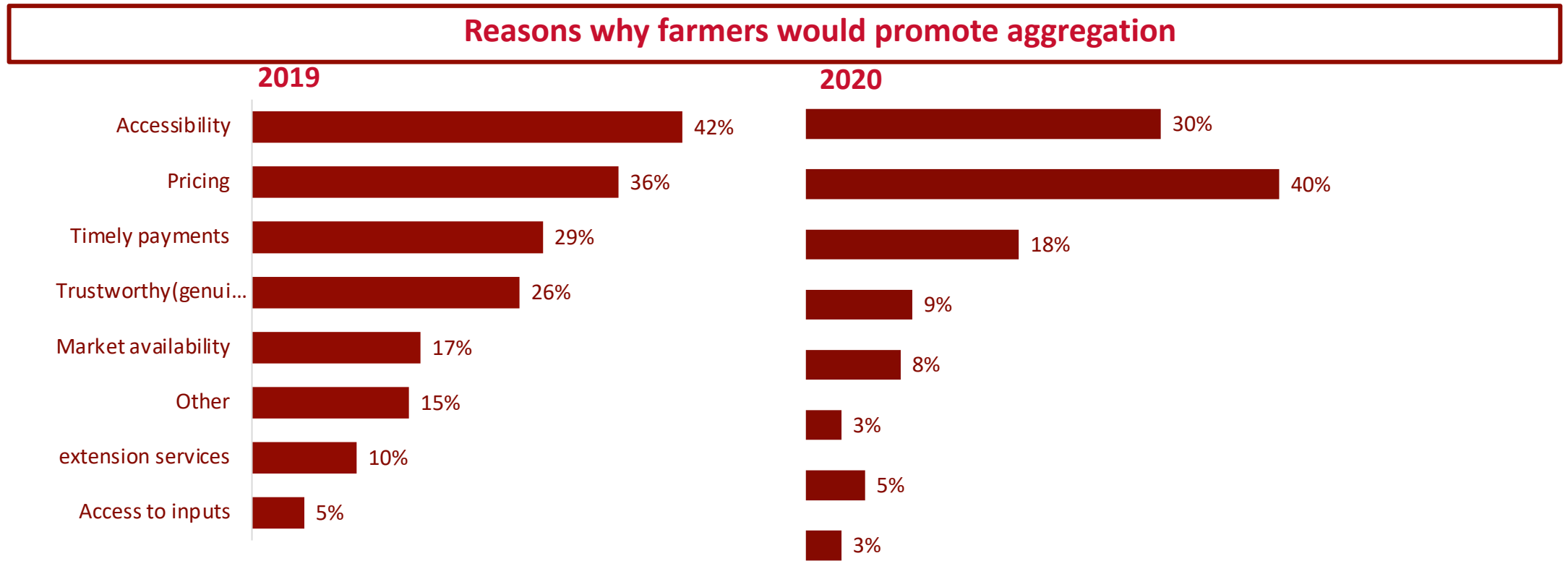


Who was the main buyer of your produce before you started selling through the aggregator (2019)?



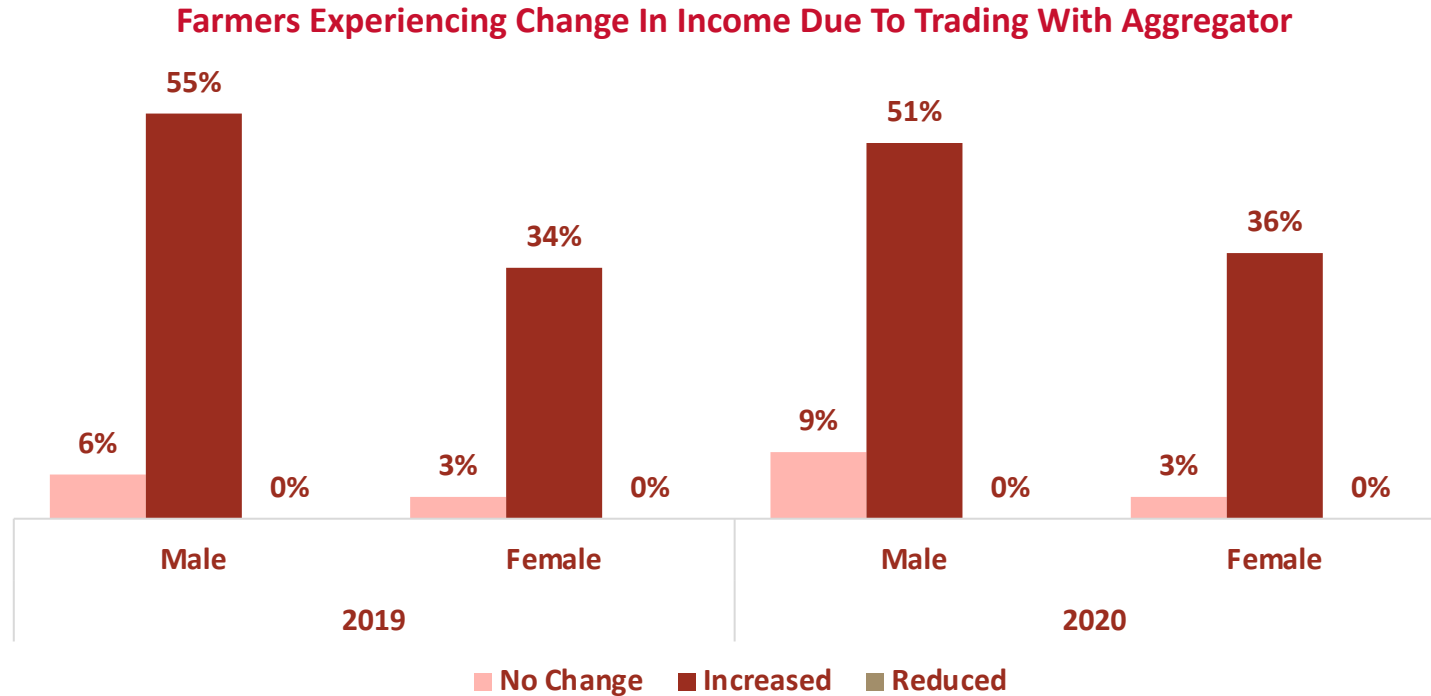
- ❑ Before engaging in the aggregation model for marketing their produce, about 70% of the farmers used to sell their crop individually, largely to small traders who were mostly located within their communities, as well as outside their communities but within district lines

Marketing Challenges and Benefits



- ❑ Baseline information was collected regarding the challenges faced prior to the intervention, 60% of the farmers indicated that high transport costs was the biggest constraint faced during their marketing activities before the intervention, 34% of the farmers cited low prices offered for produce while 38% cited limited access to markets.
- ❑ There was a 4% increase in farmers mentioning pricing as a reason for promoting aggregating, indicative of a positive price influence on commodities sold as a result of aggregation. On the other hand, there was a reduction in farmers mentioning accessibility and timely payments as a reason for promoting aggregation.

Impact of Aggregation/Market Linkages



- ❑ This was a slight reduction in farmers that indicated an increase in income as a result of utilizing the aggregation model in 2020. About 87% Of the farmers felt that their farming income had increased in 2020 and 89% in 2019.
- ❑ The gender related discrepancy in income from aggregation did not vary much in 2020. In 2019, men were 1.6x more likely to see an income change due to trading with an aggregator, this reduced to 1.4 times in 2020.

Effect of Aggregation on Farming Income

- ❑ AFA interventions were designed with the expectation that including farmers in an ecosystem that improves their access to commodity markets enhances their ability to thrive within the financial system. Therefore through FTMA/Maano interventions farmers access aggregation services that are able to improve their farming activities and lead to an increase in farming income
- ❑ There are 5 hypothesized pathways to impact that were tested at baseline and endline. These were:

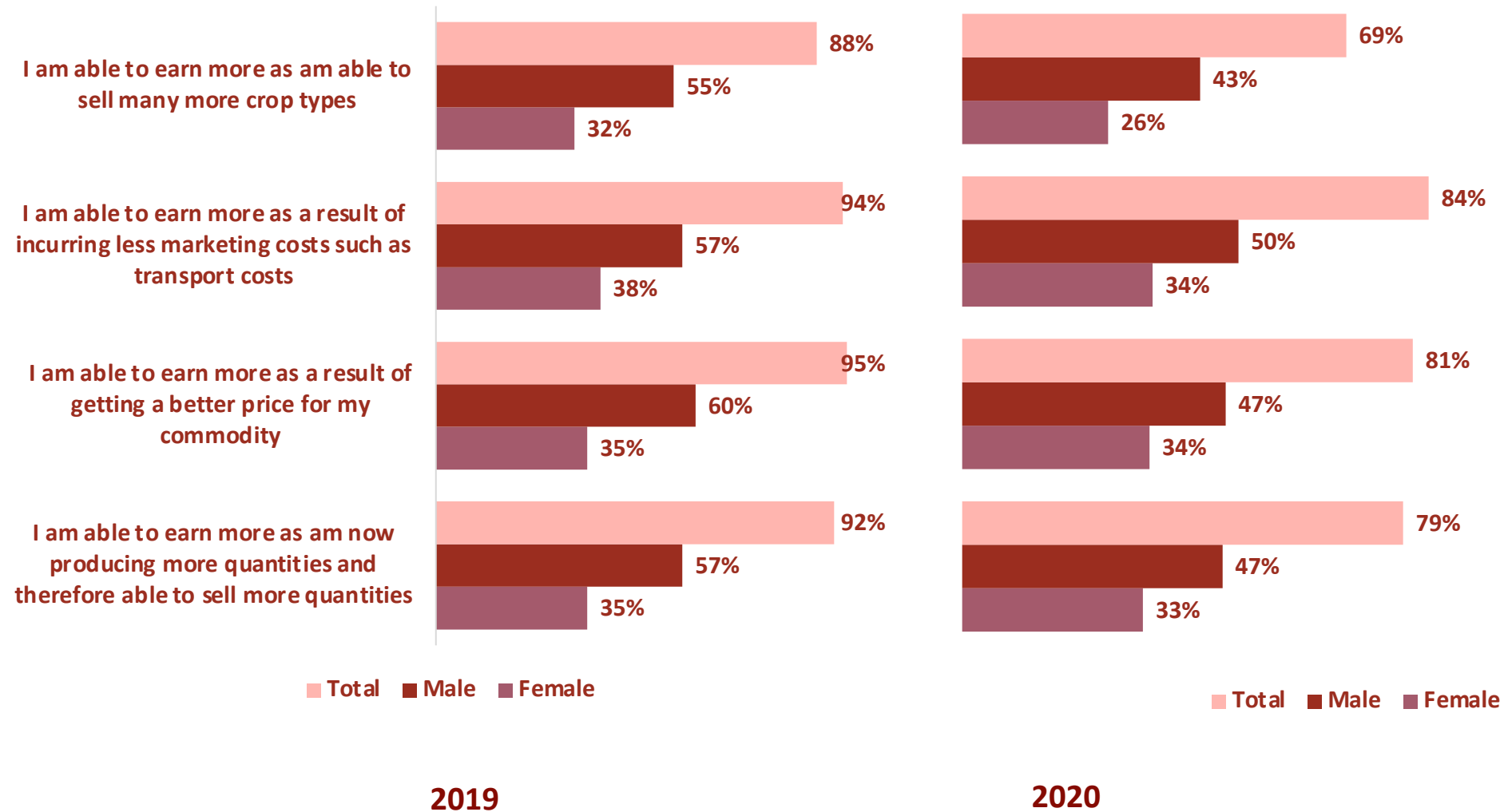
1. Farmers receive better prices offered by aggregator for commodities purchased ➡ Increase in income

2. Farmers sell crop within farming community ➡ Reduced marketing costs incurred by farmers ➡ more income

3. Access to a nearby market increases farmer investment in production ➡ Farmers produce more ➡ farmers sell more ➡ more income

4. Farmers access a market for various crop types ➡ farmers sell more crop types ➡ more income

Impact of Aggregation / Market Linkages on Farming Income



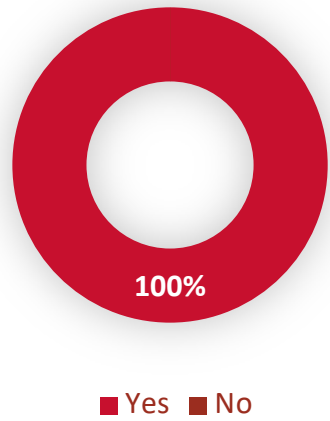
Effect on Farming Activities and Income

- In order to assess farmers' perceptions of how the aggregator model has affected their farming income, respondents were asked to rate to what extent they felt the statements (impact pathways) applied to them. Effect scores were computed for each hypothesized effect pathway by adding the proportion of farmers that 'agreed' and 'strongly agreed'.
- There was a decrease in the effect scores in 2020 of about 14% on average across all the impact pathways tested for the aggregation model.
- Despite being less than 2019 results, the overall impact of aggregation activities on income was positive with a significant proportion of farmers indicating that they had experienced change in their income as a result of better prices, reduced marketing costs and access to markets for a variety of crop types.
- Part of the reason for reduction in impact results could be attributed to the effects of the Covid-19 pandemic, as well as WFPs restructuring of the agricultural linkage program. FtMA has been transitioned into another larger program area called the market access program. Further more, WFP is relooking the Maano intervention with the intention of finding a private sector partner to own so as to ensure sustainability. Project results would potentially improve once these changes are completed.

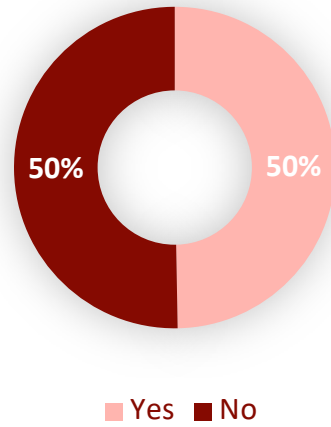
Effect of Covid-19



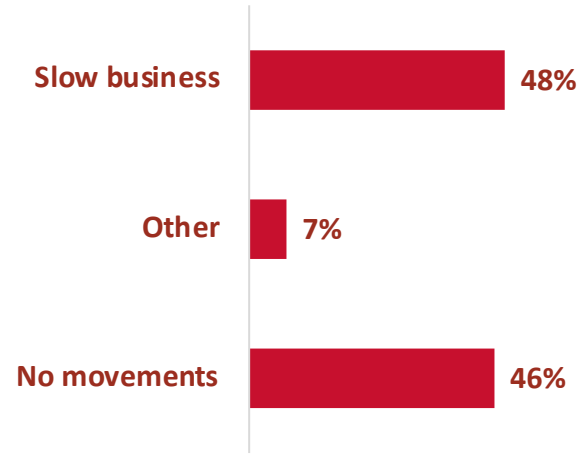
Aware of Covid-19



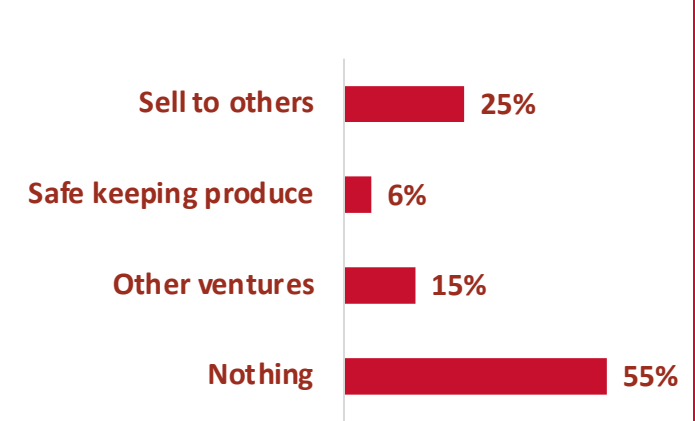
Affected by Covid-19



How has it affected you?



What are you doing to cope with it?



- ❑ Covid-19 awareness was high amongst farmers accessing aggregation services interventions. 100% of the farmers indicated that they were aware about the pandemic.
- ❑ About half of the farmers felt that their marketing activities were affected by the pandemic
- ❑ 48% of the farmers indicated experiencing slowed business activities as a result of measures to mitigate the spread of the pandemic. Further more, 46% of the farmers felt that their inability to move from their homestead during the lockdowns impacted their marketing activities negatively.
- ❑ About 55% of the farmers did not employ any coping mechanisms to mitigate the effects of the pandemic on their livelihoods, while 25% sold their produce to other more buyers that were not necessarily aggregators.

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