Case study: ActionAid

Transforming Livestock Based Value Chains in Zimbabwe

The CIPS Foundation is supporting ActionAid to empower small producers, develop value chains, promote sustainable growth and lower cost in Zimbabwe’s meat industry. Together we seek to improve lives through better supply chains.

Issues within the supply chain:

63% of Zimbabweans live below the poverty line and 27% of Zimbabwean children have stunted growth, largely owing due to the lack of sustenance and availability of food. Issues within the supply chain mean that Zimbabwe struggles to access markets and develop sustainable, efficient supply chain services in order to feed its people.

Within the agricultural sector, Zimbabwe’s small livestock value chains are the least developed, most fragmented and under-performing in terms of contributions to agricultural Gross Domestic Product. Despite growing consumer demand for meat within the country there are persistent shortages of pork and goat meat.

The CIPS Foundation is supporting ActionAid to review and address these issues within the supply chain and to understand where procurement and supply best practice can help alleviate some of the challenges faced by small farmers within the country. This project will support both women and men and help create sustainable procurement practices that bring small livestock farmers together empowering them to unite and penetrate markets as a stronger force. This will increase purchasing power and negotiation abilities and also create a long term support network of farmers to learn and build procurement and supply knowledge and skills.

Improving lives through better supply chains
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On the Ground

Meet Newton Chari. Newton works for ActionAid in Zimbabwe and heads up the project. There are some unique challenges faced in Zimbabwe and this case study outlines how the project team have approached finding a solution.

Procurement and supply best practice: Local currency

In 2019 Zimbabwe banned foreign currencies in an effort to battle the issues with the currency black market and physical shortage of cash, however, in a country where the US Dollar is used more than the ZWL the people of Zimbabwe have struggled to align the cost of living and inflation with the enforced currency. This directly has an impact on local trade and procurement practices as driving down costs and price negotiations are impossible. Producing goods locally is therefore expensive which means the market is driven towards importing.

Newton: “We have a bit of currency fiasco where the official exchange rate differs to the parallel market rate. As we speak the current official rate is averaging 1 USD = 19 ZWL while the parallel market averages 1 USD = 24 ZWL. “

Special provisions have been put in place for NGOs/Embassies to trade in foreign currency but the end beneficiary must convert the funds back into ZWL at the interbank rate. For local traders and those wishing to support local trade this has meant that prices increase. Newton explains how this impacted on the project.

Newton: “when we buy a laptop for 1000 USD, ordinarily we transfer the 1000 USD into the suppliers foreign account. When they wish to access those funds they must convert them at the interbank rate and will withdraw 19000 ZWL. In order for the supplier to then re-stock that laptop, they would need foreign currency to trade, which the bank are not selling to the public.

The supplier then has to buy USD from the parallel market. 19000 ZWL divided by 24 (parallel market rate) gives 791 USD. This is not sufficient to restock. If payments are done through transfer, they would need to charge at least 1265 USD to ensure the working capital is preserved for restocking.

Prices in some cases have become extremely unreasonable in real money hence the need to consider importing.”
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Import and export

Zimbabwe is a landlocked country and relies heavily upon importing the goods it needs. In the top ten of goods imported into the country vehicles is number 2. The import of goods is a lengthy expensive process. It took 3 months from order of goods to delivery and this impacted the project.

Newton: “reputable and renowned companies do not prioritise applying for tenders as they have established a significant market share and have loyal customers.”

Procurement of vehicles is centralised within the project and the tender process saw 8 tenderers return a package; all of them were unsatisfactory. In order to solicit the required response the tender process was expanded and this allowed more attractive dealers to participate.

Newton: Thereafter, certificate of conformity and rebate application required at least two weeks hence we missed the monthly shipment from Gibraltar. The vehicles were shipped on the 16th of September with scheduled date of arrival was 30th of October however the vehicles arrived on the 8th of November 2020 after delays in Durban.
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What can be done to help?

This is a 4 year project and aims to support 800,000 goat owners and 56,000 pig farmers but has sustainability at the core; improving value chains for future generations, strengthening livestock structures, creating cooperative associations and developing cascade linkages to build knowledge within the networks.

Currently ActionAid are researching and scoping all aspects of the supply chain including economic and environmental social factors. The project is developing its own procurement and supply processes; tendering, negotiating and contracting.

Newton’s reflections on the project so far:
“This project will positively impact on the economic opportunities for 800,000 small-scale goat farmers and 56,000 small-scale pig farmers, primarily small to medium-scale producers who are currently stuck at different suboptimal stages of commercialization and growth. It is our hope that the project will reconfigure the current outlay of the Pork and Goat industry in Zimbabwe.”

Can you help?

Do you have knowledge and skills within the agricultural and livestock industry that would help develop procurement and supply best practice?

Do you have knowledge of the Zimbabwean import export business and could help provide advice?

Do you have the academic skills to case study the project and make recommendations?

If you think you could help in any way, it doesn’t have to be listed above, then please contact the Foundation team foundation@cips.org.

We want to hear from you and to work together to make a difference to the lives in Zimbabwe.

Improving lives through better supply chains foundation@cips.org