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TranZDVC Bulletin

The newsletter for the Transforming Zimbabwe's Dairy Value Chain for the Future (TranZDVC) project

JANUARY 2020



FROM THE PROJECT COORDINATOR

On behalf of the Transforming Zimbabwe's Dairy Value Chain (TranZDVC) for the Future project, I am pleased to present the January 2020 newsletter which contains updates on the project. This is coming at a time when we are celebrating our project's first anniversary this month. On behalf of the project partners, I would like to congratulate, and offer our sincere thanks, to all those who have contributed to the success of this project over the last 12 months. It's one of the greatest successes of the project – farmers, scientists, industry groups, service providers and the government working together to make a difference. Putting efforts to improve dairying to grow our national economy, aiming for high-value returns to boost the national economy, a smarter workforce and a productive sustainable dairy sector. That leads to real transformation.

In this issue of the publication, you will read about examples of the project's achievements. Our main story is the Question and Answer (Q&A) session that the newsletter production team did with me to reflect on the project's achievements and priorities for 2020. You will see these achievements and priorities reflected in a Q&A story in this publication. The article highlights on what has been implemented to date; what has been delivered to date; how has this been delivered; what are the projected benefits? Are there any impacts beyond dairy?

We also feature project updates to highlight the strength of partnerships in transforming the country's dairy sector. The areas where we collaborate are the result of careful planning, with wide consultation to ensure that they reflect the country's dairy value chain priorities and objectives, and areas of common interest. Innovation is at the heart of all our partnerships, which seek new ways of working in the dairy value chain while our training programmes build vital new skillsets to fertilise innovation.

The year 2020 presents a lot of challenges for the dairy sector in the country. Chief among them is the climate change induced drought. This means stakeholders in the dairy sector should find sustainable ways of feeding their cows and maintaining their agribusinesses amidst the effects of climate change and variability.

We welcome feedback on this, and future issues of the publication. Thank you, and enjoy reading!

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STRONGER TOGETHER: SMALLHOLDER DAIRY FARMING MAKING A DIFFERENCE

Q&A Session with TranZDVC Project Coordinator, Dr Edson Chifamba

The Transforming Zimbabwe's Dairy Value Chain (TranZDVC) for the Future project, which commenced in January 2019, celebrates its first anniversary this month. The TranZDVC project is part of the Zimbabwe Agricultural Growth Programme (ZAGP). The project is investing in interventions that will contribute directly to continued development of Zimbabwe's dairy-sector. This project is about increasing the production of milk in Zimbabwe from a current level of 75 million litres to 120 million litres per year and increasing the participation by small-scale farmers, especially women and youth, in the dairy value chain. To achieve this, the project is targeting 4,500 small-scale dairy farmers that are currently unable to participate in organised marketing of milk.

TranZDVC Newsletter (TN) caught up with project coordinator, Dr Edson Chifamba (EC), to discuss the TranZDVC project focus for 2020, achievements to date, and other related issues. Following are excerpts from the discussions:

TN: Congratulations to TranZDVC for its first anniversary! It has been such a wonderful journey – hectic and action-packed, but you still managed to record a number of milestones.

EC: Thank you very much and compliments of the season! It was indeed a tough first year but we managed to reach some commendable milestones. Let me share a few of them with you:

Matching grants: Firstly, we developed comprehensive Matching Grant Facility Guidelines and selected five Window 1 beneficiaries (USD92,000 each), eight Window 2 beneficiaries (USD16,400 each). These have all signed the contracts. We also identified 125 Window 3 beneficiaries (USD3,000). Procurement of the assets is currently in progress. We are having a gala in February this year for these beneficiaries.

Bullying heifers: The project is finalising the procurement of 200 in-calf heifers for our small-scale farmers and we will procure another 300 in the first or second quarter of 2020.

Milk mapping and baseline survey: We carried out an exhaustive milk mapping and baseline survey. The reports have already been validated and shared with stakeholders. We intend to publish the work this year.

Farmer mobilisation and registration: Intense farmer mobilisation was conducted and managed to identify 1,935 dairy farmers during the milk mapping exercise of which 1,004 new farmers were registered in 2019.

Material development: Business plans, quality and operational manuals for our milk collection centres were developed. In addition, we produced the following study circle material: Saving for Investment, Financial Literacy, Business Plan template and Generate, Start and Improve your business.

Position papers: The project managed to develop a position paper on Dairy Cost of Compliance which we use for lobbying purposes. We also started working on a second position paper on Land Rights in Dairy.

TN: What is your strategic focus for 2020?

EC: Procurement of more productive assets for our farmers will be done. This year, we will give 15 Window 1 beneficiaries, 22 Window 2 beneficiaries and 375 Window 3 beneficiaries. We will also facilitate the procurement and distribution of 1,000 in-calf heifers to small-scale dairy farmers. We will also produce a Dairy Strategic Plan for the industry. We also target to mobilise another 1,500 new dairy farmers in 2020. We shall also capacitate one dairy independent laboratory for milk, water, soil and feed testing. Farmer training and technical assistance will also be conducted during the year.

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TN: A key dimension of the success of the project has been the partnerships established between various participants. May you comment on the effectiveness of this partnership approach within the project.

EC: We are collaborating very well within ZAGP and outside ZAGP. We have monthly ZAGP grantee meetings where we share experiences and formulate strategies. Outside ZAGP, TranZDVC has made deliberate efforts to interact and collaborate with relevant government departments, feed suppliers, training institutions, milk aggregators, milk processors, dairy farmers, breeders, research and financial institutions.

TN: Fractured supply chains have been identified as a barrier to growth for the agricultural sector in Zimbabwe. Dairy is a key investment sector for the Government of Zimbabwe. Despite this, domestic production response has been unimpressive. Why is this?

EC: I wouldn't say domestic production is unimpressive because

there is a steady growth. You will appreciate that we were on 75,422,158 litres in 2018 and production slightly increased to 79,896,215 litres in 2019. Admittedly, we should have produced more but the cost of feed went unbearably up in the third and fourth quarters of 2019. This year, our thrust is to ensure farmers have adequate on-farm feed and water available through sinking of solar boreholes and creative water harvesting strategies.

TN: What are the challenges and opportunities of smallholder dairy production systems in Zimbabwe? How is TranZDVC going to solve these challenges?

EC: The biggest challenge in our opinion is low availability and high cost of dairy feed. This will be addressed through increased on-farm feed. We are specifically looking at mixed crop silages and pastures as a permanent solution for production of low-cost, high-protein feed.



Dr Edson Chifamba (in red cap) and Washington Sagonda, a dairy farmer in Mutasa district, making maize and velvet bean mixed crop silage

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We are facilitating bulk feed purchases and transportation to reduce feed costs. Another challenge is the quality of our dairy genetics. We are importing more exotic dairy breeds and we are also getting good semen (both sexed and conventional) for our dairy farmers. Another challenge is high compliance costs in dairying. We have just produced a position paper on cost of dairy compliance. We target to have a total of eight position papers by the end of the project which we will use for lobbying. Another challenge for small-scale farmers is governance, especially of Milk Collection Centres (MCC) and cooperatives. We have produced lot of material that will ensure that MCC operate as profitable business entities.

TN: Do smallholder-inclusive business models offer opportunities for growing the Zimbabwe dairy sector? Give examples from the TranZDVC project.

EC: Smallholder-inclusive business models indeed offer opportunities. We are currently working on various out grower schemes; where farmers, processors, and feed suppliers operate in harmony to increase operational efficiencies. We are also looking at transforming our MCC to functional hubs. This way, our MCC will cease to be mere milk bulking centres, but will have various business development services to ensure efficiency, productivity and business viability. We are also developing a Cow Zone model, where cows are centrally managed professionally. We are creating relationships between our farmers and financial institutions, academic institutions, feed suppliers, drug and input suppliers for more cohesion in the dairy value chain.

TN: How are you going to make sure that TranZDVC project is going to make markets and value chains work for pro –poor smallholder dairy producers in Zimbabwe?

EC: We are deliberately linking our small-scale farmers to milk off takers to ensure that milk market is guaranteed. We are also

training farmers, farmer organisations and MCC on micro-processing and value addition to ensure milk market and more value for money.

TN: What have been the key learnings of the project in the last 12 months of implementation?

EC: One key lesson we have learnt was timeous production of accurate guidelines to ensure activities are planned better so as to flow faster. We have also learnt from the draught and incessant power cuts that green technology should be our key thrust.

TN: What have been the impacts (if any) beyond dairy?

EC: Because of interactions with other livestock value chains, some of the TranZDVC feed cost interventions are being adopted by other livestock value chains.

TN: How are you going to strengthen Innovation Platforms on information sharing and nurturing of smallholder Innovation Platforms?

EC: We are working with ZAKIS in the development of dairy centres of excellency which will serve as training and innovation hubs. We are also establishing a dairy multi-stakeholder platform before end of 2020.

TN: As a parting shot, what would you tell readers of the TranZDVC Newsletter?

EC: I wish to thank all readers of this newsletter for the interest. I am humbled and encouraged by the positive feedback we have been getting so far. I encourage the readers to continue giving us feedback and suggestions to improve the publication. I also wish to announce that TranZDVC is now on Twitter. Please follow us on [@ZagpDairy](https://twitter.com/ZagpDairy).

Thank you.

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PROJECT UPDATES

MATCHING GRANTS AWARDED TO SUPPORT INVESTMENTS IN THE DAIRY VALUE CHAIN

TranZDVC is implementing a matching grants facility for investments in productive assets to improve the performance of the dairy value chain in Zimbabwe. The purpose is to support investments to increase milk production and milk sales, participation by small-scale farmers in the dairy value chain, greening of manufacturing and production processes, decent job creation and local production of affordable feed.

The facility is limited to capital investments in productive assets such as machinery, equipment and buildings and does not include finance for working capital and services.

The matching grants have been characterised into the following windows:

Window 1: 50:50 match

Large-scale dairy processors and dairy farmers are eligible to submit co-finance proposals that aim for establishment of out grower schemes that are targeting small-scale farmers, especially women and young farmers, with a current milk production below 200 litres per day. The MGF will cover 50% of a capital investment cost not exceeding USD92,000 per scheme.

Window 2: 70:30 match

Small and medium-scale processors and/or farmer-owned milk collection centres are eligible to submit co-investment proposals that improves the performance of their businesses. The MGF will cover 70% of a capital investment cost not exceeding USD16,200.

MGF Window 3: 70:30 match

Within this window small-scale dairy farmers (with a milk production not exceeding 200 litres per day), and feed entrepreneurs are invited to submit co-investment proposals that improves their farming business performance. The MGF will cover 70% of a capital investment cost not exceeding USD3,200.

TranZDVC has awarded the grants to the following beneficiaries:

WINDOW 1 - USD92,000 (50:50 MATCH)

- Magure Farm Private Limited (Hwedza district)
- Wonderklip Private Limited (Chikomba district)
- Portelet Estates (Chinhoyi district),
- F.J. Barry and Company (Mutare district),
- Red Dane Farming (Harare South district)

WINDOW 2 - USD16,400 (70:30 MATCH)

- Celestial Delights Private Limited (Chinhoyi district)
- Red Tractor Farm (Bulawayo district),
- MilkZim FoodNet Private Limited (Mhondoro district)



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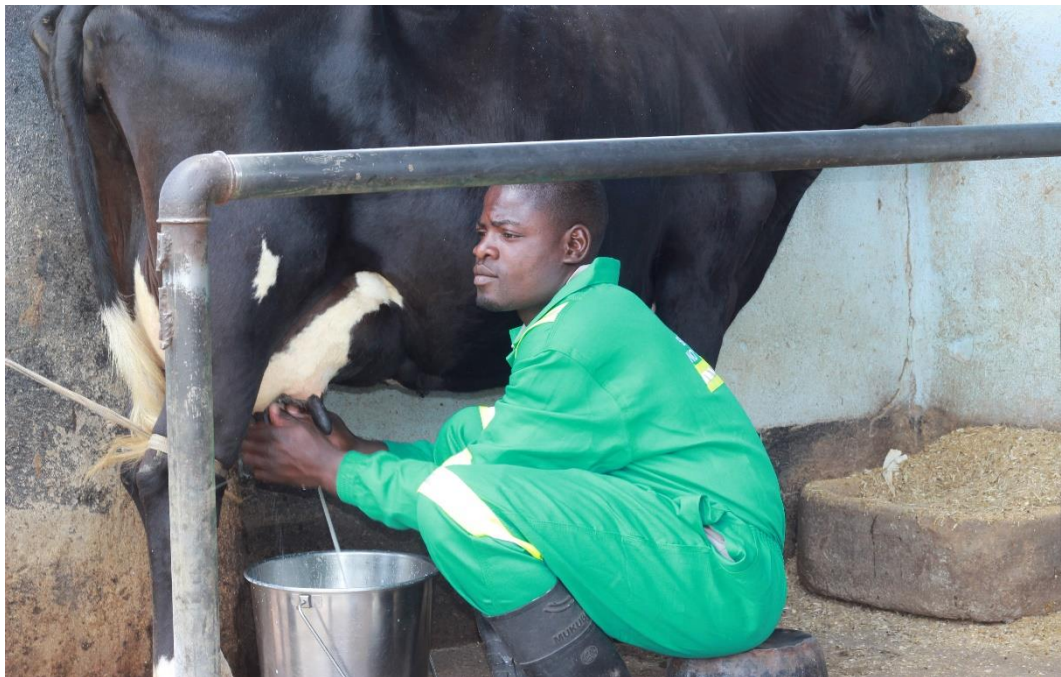
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- Sadza Masasa Dairy Milk Collection Centre (Chikomba district)
- Hamaruomba Dairy Cooperative (Masvingo)
- Gokwe Dairy Association (Gokwe district),
- Marirangwe United Bush Dairy (Mhondoro district)

The assets applied for included agricultural equipment such as tractors, disc harrows, planter, slashers and silage cutters. Also covered are solar boreholes, centre pivots, irrigation equipment, cold rooms, cooling tanks, delivery trucks, spray races, milking cans, sausage filling machines and milking machines. To assist in own feed production, the beneficiaries have included feed mixers, balers and forage choppers. For the MCCs the grants will finance construction of building and a processing plant. A key project component is the implementation of renewable energy solutions. To cover this, some of the farmers and entities applied for solar systems to power dairy operations and solar powered boreholes. Other investments include milk analysers, extruders, oil expellers and packaging machines.

Procurement of the productive assets has commenced and the project targets to have procured all the assets by March 2020. Shortlisting of 125 beneficiaries for Window 3 is in progress. Additionally, TranZDVC will be hosting a gala for all 2019 matching grant beneficiaries in February 2019.



Milking management is one of the most important and crucial activities in the milk production chain. Procurement of milking machines through matching grants will ensure more efficient operations for dairy farmers still using manual methods to milk their cows.

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HEIFER PROCUREMENT

To improve productivity, to increase marketed volumes and to reduce production costs, TranZDVC will co-finance the acquisition of improved dairy heifers, semen and artificial insemination equipment for inseminators.

As part of this activity, three heifer suppliers have been shortlisted (two from South Africa and one from Zimbabwe) for supply of 200 in-calf heifers.

A heifer procurement team has been set up led by Dr Kramer Manyetu, a senior veterinary doctor within the Department of Veterinary Services (DVS). The team will visit all shortlisted heifer suppliers to carry out heifer supplier verification. The heifer importation ban from Limpopo province in neighbouring South Africa is still being enforced, but DVS Principal Director, Dr Joshat Nyika has proposed an alternative route to bypass the province.

DAIRY POLICY

The dairy policy was jointly identified and scanned. One policy issue was identified and a policy brief was generated which culminated in a position paper developed by Zimbabwe Association of Dairy Farmers (ZADF) and Zimbabwe Farmers' Union (ZFU). The cost of compliance draft position paper was developed as a product of policy research. The exercise leveraged on the ZFU Annual Congress – to be reported in the February 2020 of TranZDVC newsletter. The event was graced by the Minister of State for Provincial Affairs, Masvingo Province - Honourable Ezra Chadzamira. The event also brought together participants from dairy producers, processors, feed entrepreneurs, financial institutions, Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement officials and commissioners, the academia, research institutes and other dairy stakeholders.

ACCESS TO FINANCE

Internal Savings and Lending Schemes (ISALs) groups in Mashonaland East have been linked to a financial institution as a means to access credit facilities at affordable terms. Farmers in the province are doing business with Zimbabwe Women's Microfinance Bank (ZWMB). There are few affordable credit options for small-scale farmers with limited or no assets as financial institutions see them as high-risk borrowers.

FARMER MOBILISATION AND REGISTRATION

Farmer mobilisation and registration has taken a giant leap as 1,935 farmers were identified and to date 1,004 farmers had registered in 33 focus districts.

TRANZDV DATABASE

TranZDVC has gone digital. Dairy digital data gathering system is 75% complete and due for testing in first week of February. User Requirement and Systems Requirement Definition processes were completed in January. The objective of the database is to strengthen the existing information system whereby various actors within the dairy value chain are, at the same time as providers as well as users of information advance their respective and collective interests.

DEVELOPMENT OF DAIRY STANDARDS

TranZDVC has identified five dairy standards through FD005 Milk and Milk Products Technical Committee. This achievement has set ground for the development, review and generation of dairy standards for the sector.

