

Livestock sector analysis and development of an investment framework for Smallholder Livestock Production in Zimbabwe

Terms of References

I. Background

The livestock sector in Zimbabwe has undergone major changes since the turn of the century, not least as a result of major changes in the way the agricultural sector has been restructured since the advent of the Fast Track Land reform Programme (FTLRP), combined with considerable fluctuations in macro-economic performance. This has resulted in significant shifts in ownership, use and management of livestock, with concomitant effects on animal disease management, marketing and production. This concept note proposes an in-depth analysis of the current status of the Livestock sector in Zimbabwe, and aims to identify opportunities to improve its performance and propose policy, regulatory, and investment option to improve the livelihoods of smallholder livestock farmers in the country. The livestock sector can contribute significantly to the CAADP vision of a more equitable distribution of wealth for rural populations - in terms of higher real incomes and relative wealth. The issues in small holder livestock production and marketing form essential components in all 4 pillars of the CAADP framework, namely 1. Land and Water Management; 2. Market Access; 3. Food Supply and Hunger and 4. Agricultural Research. (<http://www.nepad-caadp.net/about-caadp.php>).

Zimbabwe has a wide variety of domesticated animals. However, their contribution to the national economy is limited. Livestock production in Zimbabwe includes beef, dairy, poultry, pigs and to a lesser extent goats and sheep. There has been a marked decline in commercial beef and dairy cattle production when compared to the pre-2000 period. Although the smallholder sector holds the bulk of the national beef, pig, poultry and small ruminant livestock, productivity and off-take have been low. Local production doesn't meet market demand, and export of meat and dairy products has been drastically reduced. In addition, disease incidence is on the upswing in all classes of animals, further reducing productivity.

The current cattle population is estimated at 5.3 million heads and 92% are owned by smallholder farmers (Sibanda, 2009). It is estimated that about 650 000 heads of cattle are found in A2 farms and former commercial farms, compared to 2.9 million cattle in the commercial farms in 1999. In the country's agricultural planning systems, some specific geographical areas such as Matabeleland North and -South, Midlands and Masvingo Provinces are designated as having comparative advantages for beef production but attaining commercial production and productivity levels among smallholders remains a challenge. Smallholder cattle producers traditionally tend to hold onto their livestock as a hedge against inflation, for draught power and a source of manure and milk.

It is estimated that Zimbabwe requires 180 million litres of milk for domestic consumption. Peak levels of domestic milk production were achieved in 1994 with production levels of about 300 million litres of milk with 383 registered dairy farms and the national dairy herd was 104 483 head, including 53 073 milking cows. Currently, the number of dairy farms has declined by more than 50% with total milk production estimated to be less than 53 million litres in 2011(MAMID).

In the domestic poultry sub-sector, the country is currently experiencing shortages of all products, due in large part to continuing shortages of productive inputs from stock feeds, day-old-chicks and veterinary products. Another major challenge facing this sub-sector is price controls, which results in a significant rise in informal marketing of smallholder production in particular.

The Zimbabwean commercial pig population is estimated to be 120,000, excluding the smallholder sector, which may comprise about 80% of the total pig population in Zimbabwe. Pigs in this sector contribute significantly to the total livestock assets, meat production and in ensuring food security in the rural areas. Although off-take into the formal market is still very low, the smallholder sector has great potential for growth, if deliberate policies aimed at empowering small pig producers are put into place.

Other small ruminant stock in Zimbabwe are dominated by goats (+/- 3 million) and sheep (+/- 600,000) and are largely reared and owned by smallholder farmers. Goats and sheep are relatively easier to rear than cattle, and are considered a safety net for cash strapped smallholders.

Zimbabwe's predominant agro-ecological semi-arid zones or Natural Regions (NR) IV and V cover about 65% of the country's surface area (Livestock Sector after the Fast Track Land Reform in Zimbabwe, Bulawayo, 2008) making livestock production a *de facto* livelihood strategy for smallholders in the light of poor crop performance in these areas. About 70% of communal farming areas are in NRs III, IV and V. In those regions household income from livestock can be as high as 86% (ICRISAT, 2010) as extended dry spells, increased land degradation and dwindling water resources expose small scale farmers to high risks in crop production.

Increasing human population reduces grazing land in favor of crop production, unclear and dis-organized grazing rights and regimes contribute to poor livestock condition and degradation of land. Periodic droughts have been a constant setback to the sustained development of the beef industry (Revised Livestock Policy, Ministry of Agriculture, August 2007) and had a negative effect on the conception and calving rates in the past 10 years, with national fertility levels

estimated at below 50%. This is primarily due to poor condition of animals as a result of continued degradation of the communal grazing lands and poor management practices.

The chronically underfunded governmental institutions such as the Veterinary Services and Livestock Extension Services contribute to the poor performance of the sector. Most agricultural support programs by donors and NGOs focus on crop production neglecting the important role livestock production plays in a mixed farming system dominant in Zimbabwe despite its potential to contribute significantly to food security and increasing farm income. Relief and recovery efforts by the government, NGOs, Farmer Unions and the donor community have largely been crop-centered even though crop production, particularly maize in NR IV and V, is a high risk endeavor.

Latest Zim Statistics from 2011 show the lowest food security status in the Matabeleland North and Matabeleland South Provinces. Crop input programs in these areas often result in poor outcomes for the farmers, or the areas are simply not benefiting from these input supply programmes because of anticipated low returns in crop production. Yet, livestock support programs are few, patchy, underfunded, not designed as long-term intervention and poorly supported by relevant institutions (extension, farmer' unions, commodity associations).

The Fast Track Land Reform Programme (FTLRP) has resulted in a major transformation of the beef industry and the livestock sector in general. The transformation has been in terms of producer base, livestock ownership, numbers and marketing structure. This calls for a review of the existing policy and regulatory frameworks governing this sector, as well as an assessment of the current production and marketing systems. Therefore, and given the importance of the livestock sector for Zimbabwe, particularly in NR IV and V, the Agrarian Sector Technical Review Group (ASTRG), in collaboration with the Ministry of Agriculture Mechanization, and Irrigation Development (MAMID) and the Livestock Working Group (LWG), proposes to support an in-depth analysis of the Zimbabwe Livestock sector to help identify and prioritize needs for the livestock sector over the medium to long term, and propose a sector-specific investment framework. This work will build upon and feed into ongoing work in the agriculture sector, particularly the Zimbabwe CAADP Agriculture Investment framework, currently being drafted.

II. Objective of the Study

To provide an in-depth sector analysis on the major livestock production systems, beneficiary groups, and the policy/institutional environment governing the livestock sector in Zimbabwe. In addition, the study will propose a pre-investment framework which will provide guidance to Zimbabwean public and private sector decision makers to identify priorities for medium and longer-term support and investment in the livestock sector in Zimbabwe.

III. Scope of work

The study will be conducted in three parts: i) a comprehensive literature review of the livestock sector in Zimbabwe; ii) a diagnostic analysis of the determinants of investment returns for smallholder livestock production systems, and iii) a detailed discussion of investment, policy, and regulatory options to improve the incomes generated, and sustainable management of livestock production in the country. This will need to result in an in-depth analysis of the livestock sector, and the development of a pre-investment framework for this sector.

The livestock sector analysis will specifically address:

- main characteristics and features of the livestock sector in Zimbabwe;
- evolution of the livestock sector and its performance at the national and sub-regional level since 1990, paying particular attention to the recent developments in Zimbabwe since the FTLRP as well as noting developments and implications in neighboring countries;
- main beneficiary groups and stakeholders in the sector;
- institutional and regulatory environment within the sector and how it impacts the beneficiary groups; and
- mapping out the various actors and initiatives, both government, private sector, and donor supported
- identification of the main constraints preventing the development of the livestock sector and the problems that hamper the enhancement of the livelihood outcomes of the beneficiary groups, with a prioritisation of these constraints. This problem analysis should highlight issues related to, *inter alia*; i) policy and institutional setup, ii) production systems, iii) trade, iv) livestock health, v) livestock marketing and diversification, and vi) human resources and infrastructure constraints.

Strategic orientation of a proposed livestock pre-investment framework. Based on the findings of the sector analysis, an overall strategic orientation of a pre-investment framework will be presented, including:

- identification of the issues to be targeted under the framework;
- rationale for prioritising these issues;
- overall policy guidelines and objectives proposed to spur livestock development in the country, ensuring consistency of these objectives with sub-regional and international policies;
- proposed concrete interventions for achieving these objectives and expected benefits of these interventions; and
- broad overview of time frame, actors and expected costs involved for these interventions.

- schedule of transition from current livestock sector activities to more strategic interventions proposed by the investment framework ;
- possible instruments for financing of these interventions;
- identification of potential partners for the implementation of these interventions;
- locally available means or support mechanisms that could be mobilised in support of these interventions;
- the assumptions underlying the expected outcomes of these interventions and possible risks associated with these outcomes; and
- monitoring and evaluation mechanisms for these interventions.

IV. Expected Outputs and Recommendations:

On the basis of the proposed time schedule outlined below, the study team will prepare an inception report with a detailed methodology and work plan, which will need to include the following elements: literature review/fact finding, data collection & analysis methodology; workshops, consultations and other means of ensuring broad participation of all relevant stakeholders, including government and non-government entities (private sector, service providers, development partners, etc.); identification of possible approaches for the development of the livestock sector pre-investment framework; consultation meetings with the LWG and the ASTRG to identify the preferred approach; and preparation of the draft and final document. The report should also include an annotated draft outline of the final study report.

The study team should submit drafts of the inception report and the final study report to the ASTRG. The first draft should be formally presented to, and discussed with, the Livestock Working Group, ideally chaired by the MAMID, and the Agrarian Sector Technical Review Group (ASTRG), about one week after the distribution of this draft to allow ample time for detailed comments on the draft. The final draft of the study report should be submitted to the ASTRG, through the World Bank, approximately 3 weeks after the consolidated comments from LWG and ASTRG have been received.

V. Proposed Qualifications and Profiles of Consultants

A firm will be contracted for this study through a lump sum contract, which will cover all costs associated with executing this study (including travel, workshops, survey/data collection, fees, etc.). The firm will provide a team of about four technical specialists for this assignment, one of whom will also operate as the team leader. These specialists should all have previous experience with livestock sector development, preferably in Africa. Experience working in Zimbabwe is an advantage; and the team shall draw from national as well as international expertise, and could include:

- **Team Leader; Senior Livestock Sector Development Specialist:** this technical specialist should have at least a Masters' degree in agriculture and rural development, with in-depth expertise in the livestock sector, gained through a minimum of 15 years of practical experience in livestock farming systems in African countries (preferably in Southern Africa), demonstrated experience in livestock sector analysis, performance evaluation, and strategy development.
- **Livestock Production and Marketing Systems Specialist:** University degree in agricultural economics or economics with more than 10 years demonstrated experience in smallholder and commercial livestock production, international livestock trade and meat marketing, preferably in Southern Africa . Proven experience in market analysis, including analysis of market profiles, market access and import/export regulations;
- **Institutional Management Specialist:** This technical specialist should have a post-graduate degree and at least 10 years of practical experience with institutional arrangements especially for livestock production systems. This should include experience with the legal and regulatory framework governing livestock production and marketing, producer and buyer associations, and related institutions involved in regulating livestock markets.
- **Livestock Management Specialist:** This technical specialist should have a post-graduate degree, and at least 10 years of practical experience with livestock farming in commercial and smallholder systems in Africa. This specialist should also have experience with the development and evaluation of livestock extension systems and service providers.

The consultant (firm) will be free to propose a different group composition and additional expertise as long as the above core expertise is mobilized for the assignment. One of the specialists will operate as the Team Leader, and will need to demonstrate extensive international experience. It is anticipated this person will need up to 40 days for this assignment. This person will retain primary responsibility for all aspects of this study, which includes, *inter alia*, the setting-up and formulation of the methodology and process of the study, the literature review, liaison with government and non-government entities, and editing / quality-assurance of the resulting report. The other three team members are expected to provide up to a maximum of 30 days each for this assignment.

The interested firms will be ranked according to the extent of their collective experience in conducting similar assessments; the extent of their knowledge of, and experience with, Zimbabwe's agricultural and livestock sector; their proposed methodology; and their administrative and financial capacity to undertake rapid, in-depth studies of this nature.

Proposals and proposal personnel will be scored using the following weights:

- Disciplinary credentials of the consultants specifically for this assignment: 10 percent

- Technical experience and competence of the key staff related to the assignment.: 40 percent
- Experience with livestock production in Zimbabwe: 10 percent
- Proposed methodology and the proposed work plan in responding to the Terms of Reference: 40 percent

VI. Proposed Timeframe

Milestones	Date
Recruitment of Firm	April, 2013
Desk study	May, 2013
Inception Report	May, 2013
Data collection and diagnostics	June, 2013
Draft Report	July, 2013
Validation workshop	August, 2013
Final Report	Sep, 2013

VII. Disbursement triggers and payment schedule:

Disbursement Trigger	Payment schedule
Signing of contract	10% of contract value
Inception report, acceptable to the World Bank	20% of contract value
Draft report, acceptable to the World Bank	30% of contract value
Final report, acceptable to the World Bank	40% of contract value
Total	100%