

# Notes for 'CLP Market Development Projects Overview'

## Slide 2 – CLP's Market Development Projects

This slide outlines the chronology as well as salient features of the overall project.

CLP has since inception included an 'enterprise development' component. The objective here was to create additional income generating activities for core participants. The activities included research into feasible opportunities, piloting new businesses such as gas stoves (eco-friendly) and promoting fodder and fodder seeds. The most prominent success was the Livestock Service Provider (LSP) project where the groundwork was laid for sustainable para-vet services.

In 2012, 2 years after CLP 2 started, a strategic decision was taken to use the 'Making Markets Work for the Poor' approach as the guiding framework. M4P Consultants assisted CLP to select target areas, market systems (meat, milk and fodder) and outlined a workable strategic framework.

The Markets and Livelihoods Unit was a new organizational department established to deliver the M4P projects. To support the Unit, a special service provider, iDE was contracted to implement interventions in the meat and fodder market systems.

Over the last 3 years there has been some innovation in the markets projects. Notably, the fodder project was integrated as a cross-cutting function as most (85%+) fodder produced was used for own account. The Char Business Centres assumed greater prominence and CLP developed a bespoke intervention strategy depending on the level of development of each CBC. Access to finance for chars farmers was boosted with the introduction of a seasonal loan product.

## Slide 3 – CLP market working areas

This slide demonstrates the geographical coverage of the market working areas in CLP2. According to the map, 17 Upazilas are shown in 8 Districts where CLP 1 and 2 was implemented.

Some of the Districts such as Bogra and Sariakandi were chosen due to the potential for market linkages with the mainland market players.

The green colour depicts CLP 2 working areas and rest is CLP 1.

## Slide 4 – M4P in Context

The markets projects comprise 2 of 18 CLP projects in total. This slide provides a visual of the size of M4P relative to overall programme.

CLP's core programme (Phases 1 and 2) was delivered to 133,000 households and the markets projects worked with 5,694 farmers – of which 34% were CLP graduates from all CLP 1 and 2 cohorts and 66% were poor char based farmers.

The markets projects focused on the char farmer as the target group but in delivering the intervention many other poor businesses owners were impacted. The list of market actors includes LSPs, CIDs, AI workers, paikers, goalas, milk processors and irrigation providers who either started or expanded their businesses because of the markets projects.

From our observation in the field, the change of entrepreneurial mindset has started, especially regarding modern livestock rearing and management, crowding-in and overall systemic change, etc.

### **Slide 5 – Market Systems Dimensions**

When selecting market systems for intervention using an M4P framework it is possible to rate / grade different market systems on the basis of:

- How relevant the system is for the poor (in our case, extreme poor),
- If there is an opportunity for systemic change, and
- Whether or not it is feasible for the project to bring about systemic change.

In this slide we discuss how the meat and milk market systems meet the criteria.

#### Relevance:

CLP had developed a specialisation in the livestock sector due to its prominence in the overall livelihoods work. 98% of CLP households chose livestock as an income generating asset and CLP's expertise, interventions and networks have all coalesced around this sector. It was a logical next step to focus on this when the decision was made to use a M4P approach.

Producer groups (25 individual businesses) were established for meat, milk and fodder interventions. The selection criteria for milk was at least 1 milk cow, meat at least 1 bull for fattening and fodder – 5 decimal land. 34% were CLP graduates and 66% other poor farmers. Women-owned businesses made up 60% of all groups.

#### Opportunity:

From CLP's livelihoods work it was known that milk and meat markets offered sustainable market opportunities in both formal and informal markets. Any volumes or reasonable milk and meat products would be consumed by a growing consumer base.

The question that needed to be answered is whether or not we could (through market players) help char farmers to improve the value of their products and reduce the cost of production. The solutions were not only down to technical skills and knowledge of individual businesses (which CLP graduates would have mastered already) but a host of interrelated products and services (feed, vets, medicines, etc.) that would allow farmers to improve value and reduce costs.

Further justification was that private sector providers had not yet focused on the char as a business opportunity but showed early interest once CLP started to create awareness and started investing in the collective action groups.

#### Feasibility:

18 private sector market players concluded MOUs with CLP demonstrating that it was and remains a feasible area for systemic change. The partnerships covered inputs (feed and medicines), services (AI and loans) and outputs (Milk) and included companies offering embedded technical and business support services.

Government has also been an active market player especially in the areas of animal health and safety. Using government produced vaccines and effectively becoming a means (through LSPs) for extension services has ensured that they remain committed to the projects.

However, the feasibility of working in the chars was initially undermined by the lack of market players, zero collective action groups, no business infrastructure and lack of any business services for start-up businesses. CLP decided to invest directly to establish the services and improve the feasibility for systemic change in the chars.

### **Slide 6 – Strategic Framework**

The strategic framework outlines the theory of change and provides a narrative of how CLP has performed.

Starting from below, a series of interventions were implemented to bring about changes in the behaviours of farmers and market players. CLP's interventions focused on access to finance, knowledge and skills and market linkages. Examples of interventions are unpacked in slides 19-22.

The changes in the market systems include the availability of inputs (feed, medicine, technical and business advice/services), integrating the chars into the local/mainland economies with regular trading taking place and improving access to finance, including introducing seasonal loans. Market players have responded by changing their business models and crowding-in is well advanced in input markets (especially ready feed and fodder seeds) and slowly taking place in output markets (mainly milk). In the supporting functions CLP's investment in LSPs, CBCs and CIDs have generated new sustainable businesses and access to finance is growing. CLP is confident that sustainable changes in the meat and milk market systems is taking place.

Does it benefit poor producers?

CLP's MRM uses an 875 sample panel (multi-stage clustering sampling) to track the performance of the markets projects. In keeping with the overall philosophy regular Output/Outcome Reports are produced and published on the CLP website.

The impact at enterprise level includes productivity improvements for increased milk production, faster production cycles and healthier bull fattening; better prices achieved in competitive markets; and farmers reinvesting in the core business or diversifying into agriculture. A picture of improved enterprise success is evident.

The poverty reduction objective focuses on increase in net additional income and CLP set outcome targets for this. Income from milk remains challenging but productivity improvement pushes up overall HH income. With regard to meat, real and sustained income increases from prices as well as improved productivity are noted.

### **Slide 7 – Results**

All output (intervention) targets were met. The rolled up results do not convey the extent of the work done by CLP and contractors. In slides 19-22 examples are given of the types of interventions done and the impact of these.

Evidence of market system changes includes availability of AI (34), LSP services (40), CIDs (selling 2,234MT per year of ready feed and 41MT of fodder seeds per year; the fact that 27% of

milk is sold to formal milk processors, 80 big paikers trade regularly with chars farmers; and United Finance has launched its seasonal loan product.

The impact on the business in terms of productivity included improving milk production from 1.3 to 1.64 Lt/cow (26.2% above base) and reducing the rearing cycle of bulls from 12 to 3.4 months. CLP also persuaded farmers to delink their bull fattening from religious holidays. Better management resulted in higher quality meat and better prices from mainland paikers. Farmers were expanding their businesses rapidly with 16% already having 3 or more animals and investing in other agriculture products.

Profit targets are partially met for milk due to difficult trading conditions but fully met for meat. Milk Group members make an average of Tk.712 profit per cow per month; and Meat Group members Tk.2,564 profit per cow per month.

### **Slide 8 – Creating Awareness**

This slide represented live example of awareness creation in the chars since the markets projects have been initiated. CLP engaged with market players to encourage them to look at commercial opportunities.

There are more than 150 Chars in CLP working areas covering 28 Upazilas and 10 Districts in the North West with 1.6 million households. The projected (estimated) cattle population in these areas is 4.8 million.

There are approximately 810 MT/season fodder seed required meaning a market value of Tk.97 m. the current supply is 41 MT with a supply gap of 769 MT/season.

The ready feed market has a demand of 3,558,750 MT/year based on an average requirement of 2kg/cattle/day. Current supply has reached to 2,234 MT since the market projects started and the supply gap is worth Tk.106,695 million.

### **Slide 9 – Intervention: Ready Feed (Input)**

The market map for ready feed shows that a number of interventions were implemented for strengthening CBCs, LBGs (Livestock Business Groups), local trading systems, technology commercialization and supply chain development in the inputs and services.

The strong linkages for input supply only existed at the District/Upazila level input dealers and mainland cattle producers, whereas weak linkages prevail amongst the same dealers and the char cattle producers.

Interventions aimed to change this with evidence of significant sales being done at char level.

### **Slide 10 – Intervention: Milk Market (Output)**

The milk market map shows that there are numerous initiatives taken in the chars, such as technical training, meetings, technical support and services, etc. to increase milk production as well as the sale of milk in the market.

It also points out the linkages between the milk producers, CBC, goala, local market and consumers via formal or informal markets. However, weak linkages still prevail among the CBC and formal/informal market actors which needs to be work on.

## **Slide 11 – Connecting the Char**

This slide shows the public and private sector actors who are currently involved with the CLP market projects in the chars and demonstrates how the char has been 'plugged into' the market systems.

The Department of Livestock Services (DLS) provides vaccines, supports LSP training and ongoing relationship with them for advice on technology and treatment issues.

ACI Godrej, Misham Agro, Lalmoni Agro and BRAC are supplying ready feed for both meat and milk producing cattle in the chars. ACI, Novartis, Square and Acme are supplying medicines for livestock. Advanta, Ispahani and ACI are supplying green fodder seed in the chars. PRAN and BRAC Dairy are purchasing milk from some of the milk producing areas in the chars including supporting for technical training and AI training.

Milk Vita, the largest national milk cooperative in Bangladesh is collecting milk for their local chilling centres.

The RDA in Bogra is also keen to continue its support to the char producers through agriculture and livestock based training and technical support including the supply of semen and training of AI.