

How to! Stimulate last mile delivery of vital goods and services



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In traditional M4P projects, making markets work for the poor can be tricky.

Thriving market systems in developing countries are typically clustered in and around urban and peri-urban centres, mainly because of the absence of evolved infrastructure and organised market structures for efficient rural distribution in hard-to-reach places. This, in addition to a general underestimation, unawareness and/or misunderstanding of market opportunities and consumer base present in remote areas.

The bottom line for private sector companies is turnover and profit, and this means that they are not particularly willing to invest money into testing unproven business models or in trying to break into new territories. This is chiefly the case in a developing country such as Nigeria where there is not enough competition for the provision of certain goods and services which are important to poor people, and where the profits from the consumer base present in more urban areas are sometimes enough to keep companies in business.

This can be an unpleasant scenario for market development specialists. However, it is also understandable that the priority for businesses is not about the poor having better lives but about making maximum profit out of minimal investment and, sometimes, minimal effort.

[Balancing development practice and business dealing](#)

At Propcom Mai-karfi (PM), we learnt early on to wear different hats in our work. Being able to stimulate beneficial changes in market systems means that these hats are both a business hat and the development practitioner's hat. Getting businesses to think 'rural' and to see the potential therein can be daunting given the obvious bottlenecks which impede business channels to more rural centres. This is in addition to preconceived biases on the small purchasing powers of the poor versus the cost of reaching them. Thus, as with other market development programmes, this has required us to additionally seek out the value for businesses in reaching poor people.

PM's outcome indicator is to increase the incomes of 650,000 people in northern Nigeria, half of these women. This would be unachievable and unsustainable if all the stakeholders within a market system do not share in an increased value from a changed system. Businesses will not target their goods and services at a new area or demographic if they have not established what they stand to gain, at least on paper. Distributors and credible middlemen will not play a role either without anticipated benefits. In the case of a region like northern Nigeria, businesses do not only have to consider the absence of formal market rules and infrastructure or how much the rural poor can earn them. They also have to consider the dispersed nature of the region and its rural communities, the security challenges present in the north over the last seven years, and socio-cultural norms which make women difficult to access. Essentially, the private sector in Nigeria is predisposed to avoid conceiving business possibilities for a large part of the northern region.

Our entry point with the private sector has been strong business cases for targeting the rural poor which takes into cognisance the peculiarities of the region in which we work; particularly given ambitious gender targets which we set for ourselves. The business cases set out the objectives of a planned intervention, and are tailored to specific markets and our target companies' priorities in terms of value added, be it financial or social impact consistent with a corporate social responsibility. These are demonstrated using as much quantitative and qualitative data as we can get. Sometimes, in addition to providing technical support and hand-holding, we cost share a pilot to prove a business model and its adaptation to the context in which a business operates. All these are, of course, preceded by market analyses: trying to understand the structure of a market system (size, value, dynamics, and functions of players), as well as the position of our target demographic within this market. However, chief to our business cases have been effective last mile delivery maps.

Using community-based delivery agents as last mile agents

The implication of absent formal market structure in rural areas means that unlike in urban centres, businesses cannot merely rely on the usual delivery chain of: production warehouse to wholesaler to retailer and to consumer or some slight modification to this chain. Thus the rural poor are often cut off from accessing some

vital goods and services. Take for example a commodity as vital to the rural poor (80% of whom rely on agriculture and local natural resources for sustenance) as fertiliser, the average rural farmer in northern Nigeria needs to travel many miles to purchase quality fertiliser. There are limitations of good access roads and commercial transport networks between their communities and the nearest town, and they are unable to afford a one-time bulk purchase to make this trip worthwhile. So farmers rely on using whatever supply they can access close to home which invariably involves managing a small quantity of fertiliser over a large piece of land or buying adulterated fertiliser from dishonest middlemen, in both scenarios, wasting resources and getting low yields. Given this, a greater part of our business strategy for companies is about developing a cost-effective, yet efficient distribution chain to some of the poorest people. A common feature across many of our interventions is the use of community-based delivery agents; given various names and working with varying implementation strategies for different commodities.

The private sector companies that we work with (manufacturers and medium-large scale marketers) generally end their distribution channels at major cities and peri-urban centres. We look at the strength and reach of their existing networks and build a delivery pathway from where their linkages end to rural communities. Where these distributors are lacking or insufficient, we support companies to establish a network of distributors in our target states. Using distributorship networks, we develop functional supply chains from distributors into rural communities, with community-based delivery agents being our “last mile deliverers”.

Defining the role of community-based delivery agents - Community-based delivery agents are identified individuals in target communities and states who meet certain pre-qualification markers (depending on intervention, these can include level of education, social network, guaranteed form of transportation, some financial resources for initial purchase of goods, established sales outlets etc.) and who are linked by the business partner to distributors closest to a delivery agent. Working with community-based delivery agents as last mile delivery agents simply means that there is one person who shoulders the cost and inconvenience of travelling to the closest town to take delivery of a supply of goods at a slightly lower price than an individual would get, and then goes back to sell at a slightly higher price for profit in and around their communities. Sometimes a modality of transaction which allows community-based delivery agents to receive goods at no immediate cost and to remit payment after sales is agreed upon with business partners and their distributors. These community-based delivery agents are also typically given trainings which help them to market their products and to deliver goods and services efficiently. They are also given some product-use education which they cascade to their customers or service delivery training in the case of service provision. Reaching women in northern Nigeria is challenging for religious and cultural reasons, and engaging the services of women community-based delivery

agents is equally challenging for the same reasons, but where we have managed this, they have been more effective in reaching women beneficiaries in the region.

At PM, the community-based delivery agents take various forms with varying interventions, but the premise is largely the same. We have successfully used this model with agricultural input interventions including fertilisers, seeds and crop protection products, and with our poultry health intervention. Some examples of the roles played by community-based delivery agents in our interventions include:

1. Rural Promoters for rural fertiliser sales: PM has worked with some of the biggest fertiliser companies in Nigeria to take fertilisers to rural farmers. Our delivery strategy has been modified a few times over the course of the project in response to the resources of companies that we work with and to fluctuations in market systems; including distortion by government subsidy programmes, entrance or exit of new companies, a need to “break bulk” from fertiliser companies and package fertilisers in smaller packs, etc. In all of this, our use of community-based delivery agents has remained constant. Currently our fertiliser intervention uses “rural promoters” (RPs) who are community-based delivery agents that take small-pack fertilisers closer to smallholder farmers. These RPs purchase fertilisers from distributors, stock in their shops, and devise marketing strategies which they know will resonate with their communities to publicise their products. As agriculture is the mainstay of rural communities, these promoters are not short of customers and are benefitting from the added business. The benefits have not only been to our RPs. In 2016 alone, there were 350 RPs working across 17 northern states who collectively sold 4,800 metric tonnes of fertilisers for our business partners. This has led to reported increases in yield and income for smallholder farmers who also received fertiliser application trainings from RPs.
2. Village-based Inoculators for Newcastle disease vaccines and vaccination: Every year, rural chicken farmers lose 50 - 100% of their flock to Newcastle disease (NCD). This is a significant loss for rural households and to national nutrition and GDP. Before PM, vaccines and vaccination services were nearly non-existent in rural communities of northern Nigeria. Working with a veterinary pharmaceuticals company, we sought to take the thermo-tolerant NCD vaccine manufactured by the National Veterinary Research Institute (the sole producer of NCD vaccines in Nigeria) closer to rural chicken producers. However, we questioned that if we only took vaccines closer to rural chicken owners, how would this translate to vaccinated healthier chickens. Urban centres do not have enough working veterinary professionals, less so rural areas.

We developed the Village-based Inoculators’ (VBI) model to provide two functions: the sale of NCD vaccines and the provision of vaccination services.

Identified VBIs were trained at no cost by the partner company to administer the vaccine to poultry. VBIs were however required to buy a vaccination starter pack (consisting of a vial of the vaccine, a dropper, diluent and syringe) which costs the equivalent of £5 as one of the prerequisites to being trained so that they could start the vaccination business immediately afterwards. The 50-dose vial is finished in 1 day on the average, and the revenue from this covers the cost of a starter kit. Subsequently, for every vial purchased and used, the VBI earns about £2 in profit. In 2016, there were 152 working VBIs across PM's poultry health states. As with other community-based delivery agents, village-based inoculators understand the communities in which they live and know how to effectively generate demand for their services. Last year they earned a total of NGN10.5million (£26,000) in total income while helping to sell over 10,000 vials of the NCD vaccine for our partner company in PM states. Based on profitability of the model for our private sector partner, the company has replicated the VBI model in southern Nigeria, selling a total of 15,000 vials of the vaccine in their first year. The company also uses the VBI model to deliver other poultry health products to rural communities. For our rural beneficiaries, in 3 years over 13,500 poultry owners have paid for vaccination services for their chickens and as a result have collectively earned a total of NGN49million (£122,000) in additional profit as a result of their chickens being protected against Newcastle disease.

The trial and error of last mile pursuit

There is never a "one-size fits all" to market development, neither is any one approach to delivering vital good and services to beneficiaries foolproof. Often we have to test different models and continually modify those models to deliver the best results possible given prevailing contexts. Working with community-based delivery agents comes with a whole set of challenges which include the intricacies of working with people who may not have the highest formal literacy, the need to establish a robust monitoring system which simultaneously tracks the progress and impact of a number of agents as to effectively collate results and identify problems early-on, etc. With our VBI model for example, during the pilot and just afterwards, we found that some of the people trained did not go on to work as vaccinators, partly because they had other careers like being in the civil service or already running thriving businesses. We also found that people who were already placed in circumstances where they interacted with farmers on a regular basis made better vaccinators. These are findings with which we have modified our model, putting more measures in place like a requirement for potential VBIs to purchase a starter kit in advance of the training. It's a continuous learning, brainstorming and adjustment process for us, and we still have not cracked the nut of engaging more women as community-based delivery agents which could translate to more female beneficiaries.

Like the M4P approach itself, the pursuit of delivering products to the people who rely on them for better lives can be a veritable minefield, but market development practitioners cannot be afraid to try and fail, and to refine and try again, with community-based delivery agents being an option for the last leg of delivery.

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