



**USAID**  
FROM THE AMERICAN PEOPLE

# AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (AIED) QUARTERLY REPORT #4 (ANNUAL REPORT #1)

**September 2011**

This publication was produced for review by the United States Agency for International Development (USAID). It was prepared by Fintrac Inc. under contract EDH-I-08-05-00007-00 with USAID/Zimbabwe.



fintrac

**Fintrac Inc.**

[www.fintrac.com](http://www.fintrac.com)  
[info@fintrac.com](mailto:info@fintrac.com)

US Virgin Islands  
3077 Kronprindsens Gade 72  
St. Thomas, USVI 00802  
Tel: (340) 776-7600  
Fax: (340) 776-7601

Washington, DC  
1436 U Street NW, Suite 303  
Washington, D.C. 20009 USA  
Tel: (202) 462-8475  
Fax: (202) 462-8478

Agricultural Income and Employment Development Program (AIED)  
5 Premium Close  
Mt. Pleasant Business Park  
Mt. Pleasant, Harare  
Zimbabwe  
Tel: +263 4 338964-71  
[aiied@fintrac.com](mailto:aiied@fintrac.com)  
[www.zim-AIED.org](http://www.zim-AIED.org)

# AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (AIED) ANNUAL REPORT #1

**September 2011**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENT

<b>FORWARD .....</b>	<b>5</b>
<b>1. EXECUTIVE SUMMARY .....</b>	<b>6</b>
<b>2. PROGRAM OBJECTIVES.....</b>	<b>8</b>
<b>3. ACTIVITIES .....</b>	<b>9</b>
3.1 Beneficiaries and geographical coverage .....	9
3.2 Sales and Income .....	10
3.3 Productivity .....	11
3.3.1 <i>Staple Food Crops</i> .....	12
3.3.2 <i>Livestock</i> .....	14
3.3.3 <i>Horticulture</i> .....	16
3.3.4 <i>Irrigation</i> .....	18
3.4 Value Addition .....	19
3.5 Market Access .....	21
3.6 Finance And Credit.....	22
<b>4. ENVIRONMENT.....</b>	<b>24</b>
<b>5. GENDER.....</b>	<b>25</b>
<b>6. LESSONS LEARNT .....</b>	<b>27</b>
<b>7. CHALLENGES .....</b>	<b>29</b>
<b>ANNEX 1: SUCCESS STORIES .....</b>	<b>32</b>
<b>ANNEX 2: PERFORMANCE INDICATOR SUMMARY TABLE .....</b>	<b>34</b>

# FORWARD

The Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program started on October 1, 2010, and will run through February 2015. Zim-AIED is providing technical assistance to increase household incomes throughout Zimbabwe covering all agro-ecological regions (Regions I-V). It is also generating new income streams from employment created in the wider agricultural sector and contributing to improved food security of all beneficiary households. In many areas, income derived from production and marketing of high-value cash crops can contribute more to food security than marginal production of maize, the main staple crop.

Zim-AIED is commercializing small-scale growers on communal and non-contested land by

- Raising efficiencies in production systems for an improved combination of cash and food crops
- Providing access to credit
- Linking producers to local, national, regional and international buyers
- Training farmers to adopt good business practices

The program is building demand for a range of Zimbabwean crops and products by focusing on quality, continuity and cost-competitiveness. It is also providing specialized technical support for the production of food crops to increase food availability on a sustainable basis in areas and communities most vulnerable to food insecurity. Fintrac, a US-based consultancy company, implemented the program during the first year in cooperation with two sub-contractors, International Relief and Development (IRD) and the Cooperative League of the USA (CLUSA). A sub-contract with CARE International will start in October 2011. Other local nongovernmental organizations (NGOs) and commercial companies support the program as development partners through a cost-sharing grant facility. Zim-AIED also includes a \$10 million revolving loan fund managed by three local banks that provide matching funds.

Fintrac's Memorandum of Understanding to implement Zim-AIED and the Smallholder Technology & Access to Markets Program (STAMP) was approved in September 2011 by the Ministry of Agriculture, Mechanization and Irrigation Development (MAMID) on behalf of the Government of Zimbabwe. This followed many discussions between Zim-AIED and MAMID senior management during the year under review. Despite the long delay in approval, Zim-AIED made a good start and was able to meet many of its targets.

# 1. EXECUTIVE SUMMARY

This is the first annual report (October 2010-September 2011) for Zim-AIED, funded under the USAID/Zimbabwe Task Order No. EDH-I-08-05-00007-00 with Fintrac Inc. The goal of the program is to increase food security by raising rural family incomes and increasing food production among 180,000 vulnerable but commercially viable farmers.

Notable achievements during the first year of implementation include the following:

- Established Zim-AIED as a “**different type of program**” that will transform smallholders on communal land into small-scale commercial farmers. The Zim-AIED **market-led development approach**, with no “free hand-outs” was largely accepted by both the NGO and private sector. By the end of the year most of the large commodity buyers had recognized the need to re-structure their business model to buy from smallholder farmers and were actively seeking assistance from Zim-AIED to do this.
- Based on research and analysis of market and production information from official sources, other donor and USAID-funded programs, and the private sector, Zim-AIED **initiated field work and market interventions on a shortlist of priority crops and products**. Increase in production, quality and competitiveness of these products stimulated by Zim-AIED will have a significant impact on smallholder income and the growth of the agriculture sector over the next three years.
- Target products selected are **maize, groundnut, sugar bean, sweet potato, Irish potato, banana, chilli (paprika, African birds eye, Tabasco), tomato (fresh and processed), and fresh peas (mangetout, sugar snaps and garden peas for export)**. Support was initiated to increase utilization and new planting of tree crops as a long-term investment but it will not contribute significantly to new income during the life of Zim-AIED. The same applied to livestock (cattle, sheep and goats). Households in climate zones 4 and 5 were surveyed and received training on the need to increase herd size and animal weights to commercial levels over the long term.
- A total of **28,622 farmers and small-scale traders were recorded as beneficiaries** of the program through technical assistance and training, as well as product and market development support. Much of Zim-AIED’s training was on crop budgets as the first step to commercialization, safe and cost-effective use of agrochemicals, and crop selection for the 2011-2012 season. Teams also created marketing plans for smallholder growers receiving various types of development support, including subsidized inputs. As a result, many farmers found new buyers for their crops.
- **Eighteen cost-sharing partnerships were agreed with private companies**, mainly commodity buyers, to raise production levels, establish new markets and increase profitability of Zim-AIED target commodities. A local NGO, Sustainable Agriculture Technology (SAT), will establish 90 food crop demonstration sites throughout the country that will provide direct technical support to 45,000 households and generate valuable production information.
- The Zim-AIED revolving fund for agro-dealers and traders (“AgriTrade”) was set up successfully with three local banks managing it and providing matching funds. By the end of

the year, **305 loans worth \$2.63 million had been disbursed. The average loan size was \$9,144.** Loans were used exclusively for the purchase of agricultural produce from smallholder farmers. Maize, livestock and vegetables were bought in large quantities by borrowers, and the fund contributed significantly to trade in food products from food surplus to deficit areas. New contracts were agreed with the participating banks in September 2011 to extend the range of loan products to include inputs and equipment purchase. In a separate initiative, MicroKing expanded its microcredit facility to provide small production loans to Zim-AIED beneficiary farmers.

- Produced a **national irrigation report** based on field visits to more than 40 schemes across the country which confirmed that irrigated production can potentially **provide competitive advantage to around 60,000 smallholder farmers.** The three significant requirements to make the schemes profitable are better crop selection, market planning and infrastructure rehabilitation. Zim-AIED has started work on the first two, but capital investment beyond the scope of this program will be needed to rehabilitate the schemes.
- A **\$1.8 million investment partnership was signed with top banana company Matanuska to bring commercial banana production to more than 1,000 smallholder farmers** in southern Manicaland. Zim-AIED is providing technical assistance and a \$203,000 grant for training and extension. The balance will be invested by Matanuska and farmers on three irrigation schemes.
- Despite the delay in MOU approval, **Zim-AIED had an immediate impact on incomes of groundnut, sugar bean, vegetable and paprika farmers** in Mashonaland Central and southern Manicaland. This year paprika sales by smallholders doubled in part due to technical and marketing support from Zim-AIED and two other USAID-funded programs. Zim-AIED's emphasis on high value vegetables for local and export markets also paid off – for the first time in ten years, exports of vegetables to Europe increased, almost exclusively due to new smallholder projects. Zim-AIED agreed to make direct interventions with horticultural export companies contracting growers for the 2012 season.

## 2. PROGRAM OBJECTIVES

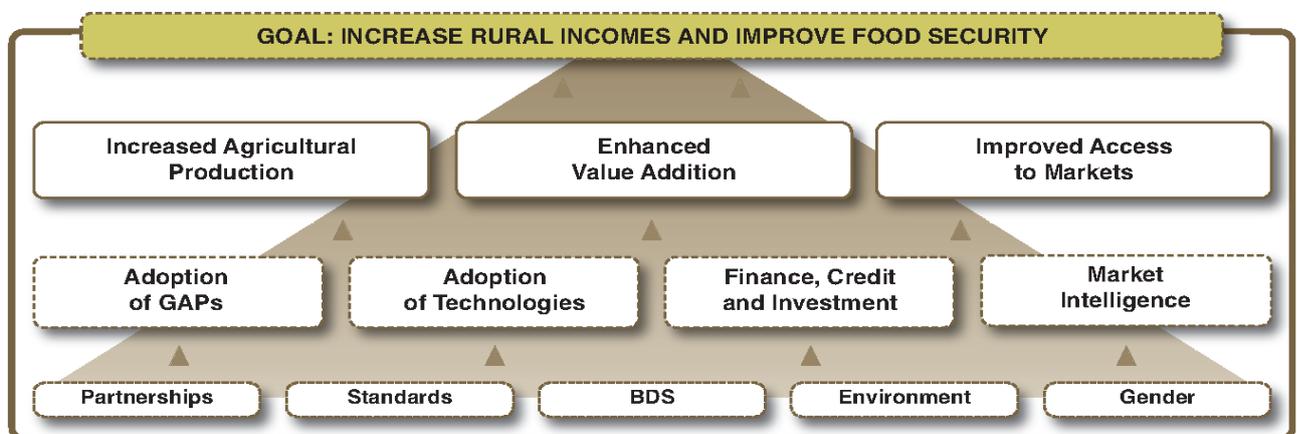
The primary objective of the Zim-AIED program is to increase food security by raising rural family incomes and increasing food production among vulnerable but commercially viable farmers. This goal will be reached through the achievement of three intermediate results:

1. *Increased Agricultural Production*: measured through percent and absolute change in total production (income and quantities), yields (productivity), changes in product mix to include higher value crops, and area under production at the household and national level. The emphasis is on commercially viable production of both food and cash crops.
2. *Enhanced Value Addition*: measured through percent and absolute change in farm sales of semi-processed products and crops for processing, new employment generation in added value products, and investment in processing facilities.
3. *Expanded Market Access*: measured through percent and absolute change in volume and value of sales of targeted commodities and integration of farmers into out grower and contract farming schemes.

Although the focus of Zim-AIED is on profitable food production, income generation and employment, interventions focus on improving the livelihoods of vulnerable groups through appropriate and sustainable commercial initiatives that move rural families from subsistence to commercial farming and increase their asset base through investment in perennial crops and livestock.

Fintrac's approach for the implementation of Zim-AIED is summarized in the results framework shown in Figure 1. The program focuses on interventions which raise production, add value to products, expand market access and increase the availability of credit and finance across the value chain. To maximize outreach and ensure sustainability these interventions will be carried out via partnerships with commercial companies or other types of NGOs. Fintrac's technical team is developing these partnerships to create a national network of agribusinesses which can supply inputs efficiently, provide extension and training to growers as an embedded cost, provide working capital and finance at realistic rates; and guarantee access to markets at fair prices.

**Figure 1: Zim-AIED Summary Results Framework**

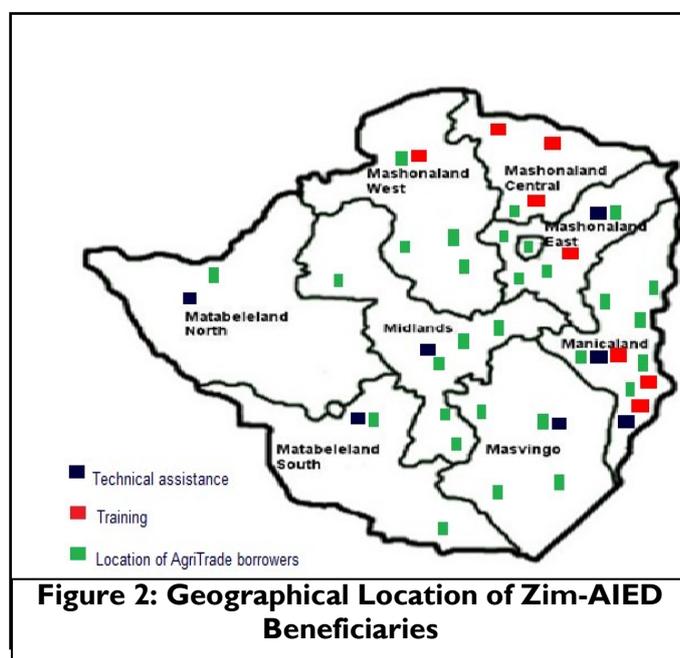


## 3. ACTIVITIES

Program activities were carried out across the whole country and included a wide range of interventions from producer credit to crop-specific irrigation and marketing assistance. The sections below describe Zim-AIED activities briefly in seven categories that reflect the technical approach and priorities selected to achieve program objectives:

- Beneficiaries – number, gender balance, geographical spread
- Sales and Incomes – amount of new money in the pockets of Zim-AIED beneficiaries
- Productivity – direct interventions on staple crops, horticulture and livestock
- Value Addition – crop production for processing
- Irrigation – cross-cutting activities to support commercial recovery of irrigation schemes
- Market Access – research, analysis, planning and new business development
- Finance and Credit – AgriTrade revolving fund and micro-credit support for smallholders

### 3.1 BENEFICIARIES AND GEOGRAPHICAL COVERAGE



To achieve its national objectives of improving food security and regenerating the agricultural sector with smallholders as the engine of growth, Zim-AIED needs to reach many farmers. During the past year 28,622 farmers and small-scale traders received technical assistance and training from the program (Table 1), slightly less than the target of 30,000. However, in the absence of an MOU approving field operation, work was done behind the scenes with commercial companies and NGOs to ensure that beneficiary targets are exceeded in future years.

By working in cooperation with private sector and NGO partners, the program achieved national coverage and worked in

all agro-ecological regions during the year. About 40 percent of the beneficiaries were in Manicaland and 54 percent in the three Mashonaland provinces but new projects were initiated in Masvingo, Midlands and Matabeleland Provinces that will be developed further over the next year (Table 2). Training covered crop budget analysis, new production systems, irrigation efficiencies, integrated pest management (IPM), safe use of agrochemicals, postharvest technologies, Zmarketing and various other topics related to profitable, small-scale farming.

Activity	Number of farmers			% of total
	Males	Females	Total	
Training	6,209	5,687	11,896	39%
Technical assistance	6,442	5,663	12,105	39%
Credit	4,449	2,309	6,758	22%
<b>Total</b>	<b>17,100</b>	<b>13,659</b>	<b>30,759</b>	<b>100%</b>

A total of 11,896 farmers attended group training sessions (Table 1). Commercial viability and training needs assessments were conducted for beneficiary farmers of other USAID programs that were closing during the year and had potential for assimilation

into Zim-AIED. A major initiative was launched with Sustainable Agriculture Technology to provide farming as a business training and safe use training to nearly 10,000 farmers benefitting from the Food and Agriculture Organization subsidized inputs program in Guruve, Hurungwe and other areas.

Technical assistance was provided on a large scale by Zim-AIED and partners at both an individual and group level. A total of 12,105 farmers, agro-traders and other service providers received various types of production, postharvest and marketing support. In many cases, this involved bringing groups of farmers together to advise on marketing and collect information that could be used to direct buyers to the production areas. It also included evaluations of production systems to advise on crop selection, trouble shooting on pest and disease control and problem-solving in relation to low yields. Marketing arrangements for smallholder growers receiving various types of development support, including subsidized inputs, were reviewed and evaluated. Overall there were very few reliable market linkages in place and direct technical assistance interventions were made to assist smallholders to sell their products.

Province	Number of beneficiary farmers			% of total
	Males	Females	Total	
Manicaland	5,970	5,577	11,547	40%
Mashonaland Central	2,528	1,960	4,488	16%
Mashonaland East	1,943	1,206	3,149	11%
Mashonaland West	2,625	5,071	7,696	27%
Masvingo	11	10	21	0.1%
Matabeleland North	75	131	206	0.7%
Matabeleland South	450	388	838	3%
Midlands	411	266	677	2%
<b>Total</b>	<b>14,013</b>	<b>14,609</b>	<b>28,622</b>	<b>100%</b>

### 3.2 SALES AND INCOME

Increasing smallholder incomes lies at the heart of Zim-AIED, but since the program began in October 2010 when preparations for the 2011-2012 cropping season were already underway, there were limited opportunities this year for increasing productivity and income. The main impact resulted from credit and marketing interventions to ensure that buyers at village level had more cash to buy crops from communal farmers and new buyers were introduced to areas of surplus production to create competition, higher prices and maximum sales.

Field surveys suggest that AgriTrade loans assisted farmers to sell at least 20 percent more of their crops than in previous years, equivalent to \$520,000 of new sales and \$360,000 in net income increase for about 6,000 households (Table 3).

<b>Table 3. Vegetable Sales of Zim-AIED Beneficiaries in Murewa, June-September 2011</b>					
<b>Crop</b>	<b>No. of farmers</b>	<b>Quantity Sold (kg)</b>	<b>Selling Price/kg</b>	<b>Sales</b>	<b>Name of buyer</b>
Tomatoes	600	60,000	\$0.70	\$42,000	Mbare, Favco, Muchero
Carrots	100	30,000	\$0.60	\$180,000	Muchero, Selby, Favco
Peas	500	180,000	\$1.50	\$270,000	Muchero, Selby, Sunspan
King Onion	500	250,000	\$0.50	\$125,000	Mbare,
Spring Onion	50	5,000	\$0.25	\$ 1,250	Interfresh, Favco, Mbare
Fine beans	30	6,000	\$0.90	\$5,400	Selby, Muchero, Glen Forest
Butternuts	200	20,000	\$0.70	\$14,000	Muchero, Favco
Sweet Potatoes	1,300	1,000,000	\$0.30	\$300,000	Mbare, Favco
Baby Marrow	100	4,000	\$1.10	\$4,400	Valley Fresh, Selby, Interfresh
Green Mealies	30	500	\$0.80	\$400	Mbare, Supermarkets
Leafy veg	1,433	143,300	\$0.25	\$35,825	Mbare,
Irish potatoes	150	45,000	\$1.00	\$45,000	Local institutions,
Sweet corn	5	1,500	\$1.00	\$1,500	Favco, Fruit & Veg City
Cucumber	400	40,000	\$0.90	\$36,000	Harare Produce, Selby, Favco
Eggplant	10	1,000	\$0.80	\$800	Selby, Interfresh
Gem squash	10	800	\$1.00	\$800	Selby, Sunspan, Harare Produce
<b>Total</b>		<b>1,787,100</b>		<b>\$1,062,375</b>	

Other interventions on irrigation schemes in Murewa and southern Manicaland increased incomes through both productivity increases and market development. In Murewa, 2,100 growers sold vegetables for \$1.06 million (\$506/grower) over a four-month period.

In southern Manicaland beneficiary farmers sold groundnuts, sugar beans, paprika and cow pea to various buyers, many of them earning cash from their crops for the first time (Table 4).

<b>Table 4. Sales of Zim-AIED Beneficiaries in Manicaland</b>		
<b>Product</b>	<b>Quantity (kilograms)</b>	<b>\$ Value</b>
Groundnut	164,056	82,028
Sugar bean	275,620	286,043
Cow pea	70,000	45,500
Paprika	173,378	108,764

Demand for sugar bean was high and farmers sold a total of 275,620 kilograms for \$286,043. Competition among buyers, some brought in by Zim-AIED, pushed prices from around \$0.70 per kilogram in the same period last year to more than \$1.00 per kilogram this season (Table 4).

### 3.3 PRODUCTIVITY

Based on research and analysis of market and production information from official sources, other donors, USAID-funded programs and the private sector, Zim-AIED initiated field work to increase

the productivity of a shortlist of priority crops and products. Increase in production, quality and competitiveness of these products stimulated by Zim-AIED will have a significant impact on smallholder income and the growth of Zimbabwean agriculture over the next three years. Target products selected were maize, groundnut, sugar bean, sweet potato, Irish potato, banana, chilli (paprika, African birds eye, Tabasco), tomato (fresh and processed), and fresh peas (mangetout, sugar snaps and garden peas for export). Support was initiated to increase utilization and new planting of tree crops as a long-term investment but it will not contribute much to new income during the life of Zim-AIED. The same applied to livestock (cattle, sheep and goats). Households in climate zones 4 and 5 were surveyed and received training on the need to increase herd size and animal weights to commercial levels over the long term.

### 3.3.1 STAPLE FOOD CROPS

Activities focused on maize, groundnut, sugar bean, cow pea and sweet potato. Structured training was provided to farmers in cooperation with Sustainable Agriculture Technology (SAT) and other commercial companies on crop budget calculations, safe use of chemicals and marketing. Production data was collected from farmers and compared with market demand and price information to select target crops and effective interventions for the 2011-2012 season.

Technical assistance in the field was provided by Zim-AIED staff and extension workers from partner companies on a full range of agronomic techniques with special emphasis on:

- Herbicide use in maize
- Fertilizer application in all crops
- Selection of planting material and pest management in sweet potato
- Postharvest handling and storage of cow pea, sugar bean and groundnut
- Yield estimates for marketing of groundnut

<b>Number of Beneficiaries</b>								
<b>AREA</b>		<b>Training</b>			<b>Technical Assistance</b>			<b>Total</b>
<b>Province</b>	<b>District</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>	
Mash Central	Guruve	1,313	1,416	2,729				2,729
Mash West	Hurungwe	1,320	1,217	2,537				2,537
Mash West	Sanyathi	1,058	802	1,860				1,860
Masvingo	Bikita				1	9	10	10
Midlands	Gweru				14	65	79	79
Mash East	Mutoko				474	543	1,017	1,017
Manicaland	Buhera	880	1,080	1,960	1,501	1,642	3,143	5,103
Manicaland	Chimanimani	255	218	473	435	331	766	1,239
<b>TOTAL</b>		<b>4,826</b>	<b>4,733</b>	<b>9,559</b>	<b>2 425</b>	<b>2,590</b>	<b>5,015</b>	<b>14,574</b>

A four-month project was implemented by Zim-AIED through sub grantee International Relief and Development (IRD), in semi-arid areas of Manicaland Province. The primary focus of the project was on the commercialization of groundnuts, sugar beans and sesame. Focus and activities were on training and technical assistance on harvesting and postharvest handling, marketing and farming as a business. Farmers achieved good returns for groundnut, sugar bean and cow pea and the production

of these crops will be expanded next season with technical support co-funded by Zim-AIED and delivered mainly by marketing companies and SAT. Results from sesame were mixed and this will be planted on a trial basis only for 2012 to collect more information.



Photo by Fintrac Inc.

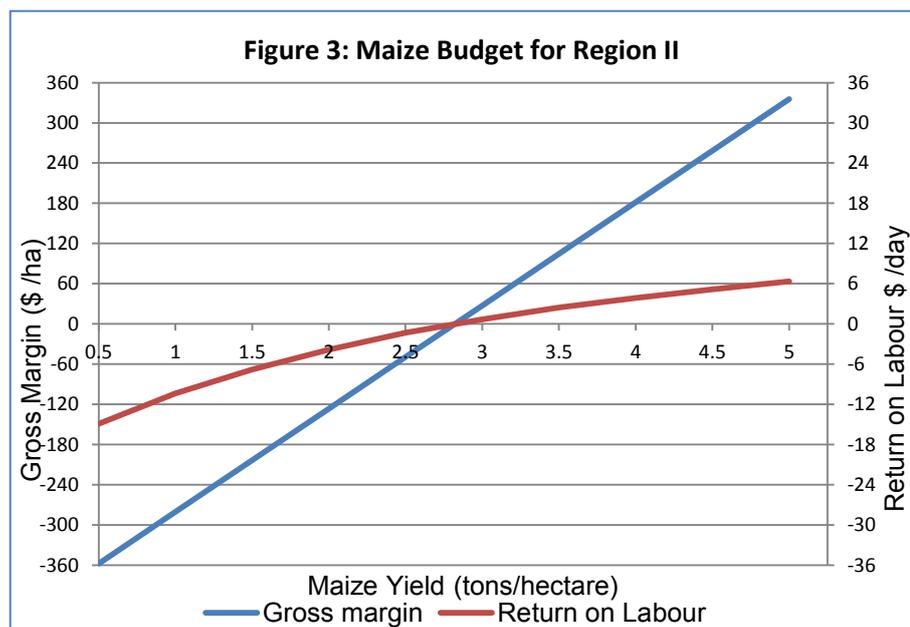
SeedCo maize grower Elliot Tembo explains to growers how good agricultural practices can give yields up to 15 tons per hectare. Zim-AIED is establishing more than 50 maize demonstrations in high potential areas to show a range of varieties provided by different seed companies.

Sweet potato interventions initiated by various projects were visited during the year and technical assistance provided in disease control and varietal selection. Yields were generally less than 5 tons per hectare, less than 30 percent of the level that can be obtained with good agricultural practices applied. Since market feedback was excellent, a sub-contract was agreed with CARE International to expand their current work in Midlands and Matabele South on sweet potato in community gardens. With Zim-AIED technical and financial support CARE will increase production and implement a marketing

strategy for selling crop surpluses.

Technical assistance on Irish potato production was provided to growers in Mashonaland Central. The growers previously made mistakes in transplanting and spacing so final yields were low. This crop has high potential as a food and cash crop on communal land and irrigation schemes but observations and results in the field demonstrated that growers will do much better using seed potato tubers. Good practices will be demonstrated across the country in 2012.

Maize is the staple food of Zimbabwe and although it is grown uneconomically by the majority of rural households, it has a major role to play in food security. In order



to develop a rational strategy for increasing maize production by communal farmers,

Zim-AIED linked up with SAT to gain first hand data from farmers targeted for inputs support by other donors. Farmers received training in maize budget calculations from Zim-AIED and in the process provided information on yields, labor costs and other productivity factors. The data collected shows that it is almost impossible to achieve a positive return in climatic Zones 3 and 4 but smallholders in Zone 2 can earn up to \$5 a day if they follow good agricultural practices (Figure 3). Hurungwe farmers calculated that they had achieved maize yields of three five tons per hectare in the 2010-2011 season. With the average farm gate prices of \$170-180 per ton, this means that they were making a return on labor of \$3-5 a day. Zim-AIED team has targeted clusters of these farmers in high potential areas such as Hurungwe, Guruve and Chiweshe where average yields of 4 tons per hectare are possible. At these yields, return on labor is \$4-5 a day using current cost and price figures. The groups are receiving technical assistance to become commercial maize producers and this will continue through the next crop cycle. By using herbicide to reduce labor costs and purchasing inputs in bulk, the growers will reduce their costs of production next season. By offering truckloads of maize to buyers, growers will be able to negotiate better prices than selling in small lots. Zim-AIED has agreed in principle with Northern Farming, Produtrade, Paperhole Investments and other companies to support the establishment of more buying points in these high potential rural areas to guarantee a competitive maize producer.

### 3.3.2 LIVESTOCK

Activities focused on evaluating the contribution that cattle and pigs can make to household income. Cattle production was targeted in the low rainfall areas of Mazarabani and Matabeleland. Pig interventions were restricted to one site in Chiweshe as a pilot project. Discussions and field visits were made with five potential commercial partners producing and trading in cattle, pigs, sheep and goats.



*Photo by Fintrac Inc.*

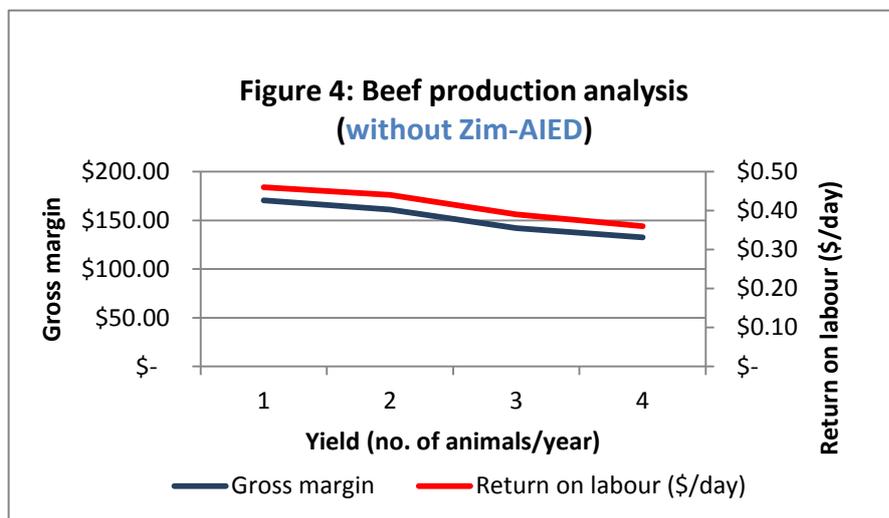
Sakhile Sibel, a beneficiary of Ithuba Cattle Breeding scheme, has increased her herd to 72 cattle, the majority of which are of superior quality.

- O'Enem Meats in Mashonaland Central will establish an agribusiness hub around its abattoir in Chiweshe.
- Montana Meats will provide support for rural feedlots across the country that can supply higher quality cattle for its processed meat products.
- The Tjinyunyi Babili Trust in Matabeleland South is providing community based extension and market linkages for cattle, sheep and goats.

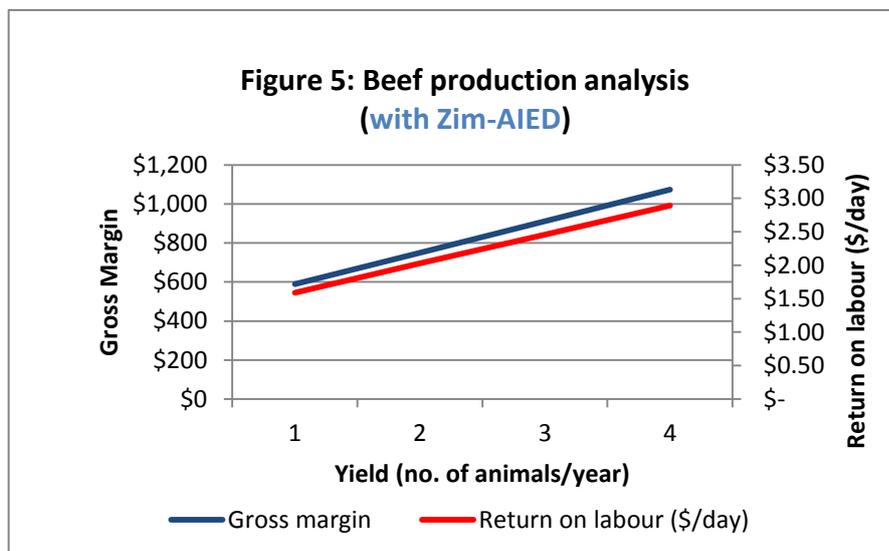
- Inala Enterprises, including the Ithuba cattle breeding scheme, is providing genetic improvement, herd management and marketing services in Matabeleland North.
- Outback Safaris are providing a market for cattle, sheep and goats in Matabeleland North.

Draft partnership agreements were made with them as a basis for negotiation. Technical assistance and training was initiated with these partners:

- 335 small-scale livestock farmers, who supply Montana Meats, were trained in beef budgets and contract farming in Muzarabani District.
- Demonstrations were conducted on castration, dehorning and health management.
- Cattle, goats and sheep production and market linkages in Plumtree with Tjinyunyi Babili Trust.
- Beef breeding herd management in Nkayi with Inala Enterprises.
- Training of maize and soya bean farmers for production of animal feed in Chiweshe.



The marketing hub at O'Enem meats received an AgriTrade loan of US\$50,000 from Micro-King to improve production capacity. Six hundred farmers were registered and offered contracts to produce maize and soya for the piggery unit. Farmers received technical assistance in pig production for the pig out-grower scheme. Production cycles and input quantities for the cropping season were verified.



Based on the field data collected and analyzed, three production models for small-scale livestock producers in cattle, goats and pigs were developed. The analysis shows that a household needs a minimum herd size of

12 and good cattle production protocols including dosing, supplementation.

The model allows an average off-take of 17 percent (two cows a year) and provides the family with an average income of \$1.29 per Labor Day. This is low but since families want to keep animals as assets against crisis, it is a realistic food security target.

The baseline survey in Muzarabani indicated that the average herd sizes in the districts were around 6-10 cattle per household. Also cattle production in Muzarabani is a haphazard business where cattle are sold to generate income to alleviate a crisis and the calving periods are not planned. ZIM-AIED intervention to calendarize the livestock production activities will help timing the bulling periods and calving periods in such a way that they coincide with periods when there is good feed supply for the calves, while the selling dates coincide with periods when the cattle requires minimal inputs in terms of feeding in the pens.

With the ZIM-AIED intervention, the model predicts that the gross margins and return to labor from a minimum herd size of twelve, and a farmer is selling two to four cattle a year will range between USD 600-1100 and \$2-3 a day, respectively. Without the ZIM-AIED intervention, farmers with herd sizes ranging from six to 10 can only sell one animal per year and will be operating at declining gross margins and return to labor ranging from \$160-130 and \$0.45- 0.40 per day respectively.

All partners agreed that small-scale feedlots for 10-20 animals located in rural areas could improve the weight of animals bought by traders for slaughter and increase returns to producers. To test this, SAT agreed to establish at least 20 feedlots on Zim-AIED demonstration plots in October 2011 and run them as pilot commercial enterprises. Veterinary services will also be provided to farmers using the feedlots at market rates.

### 3.3.3 HORTICULTURE

Following a review and analysis of production and export data, horticultural activities focused on crops with high returns that have strong markets and can be grown competitively by smallholders under irrigation, including :

- New banana production for local and regional markets in partnership with Matanuska and FAVCO, the two leading banana distributors
- Expansion of tomato and a range of other vegetables (Table 3) on various irrigation schemes in partnership with FAVCO (for OK supermarkets), Tanganda (for TM supermarkets) and other wholesale buyers
- Expansion of export vegetables grown by smallholders on irrigation schemes, in partnership with Better Agriculture, Selby Enterprises and Crostel.



*Photo by Fintrac Inc.*

Kudakwashe Muchena shows a sample of his carrots during a training session on quality standards. Zim-AIED is partnering with local buyer FAVCO to increase sales of vegetables from smallholder growers to the OK Zimbabwe supermarket chain.

Commercial partnerships were initiated with Matanuska and FAVCO, two of the leading banana production and marketing companies in Zimbabwe, to increase their supply from contracted small-scale growers. Field data collected suggested that returns to successful growers could be as high as \$20/day per unit of family labor.

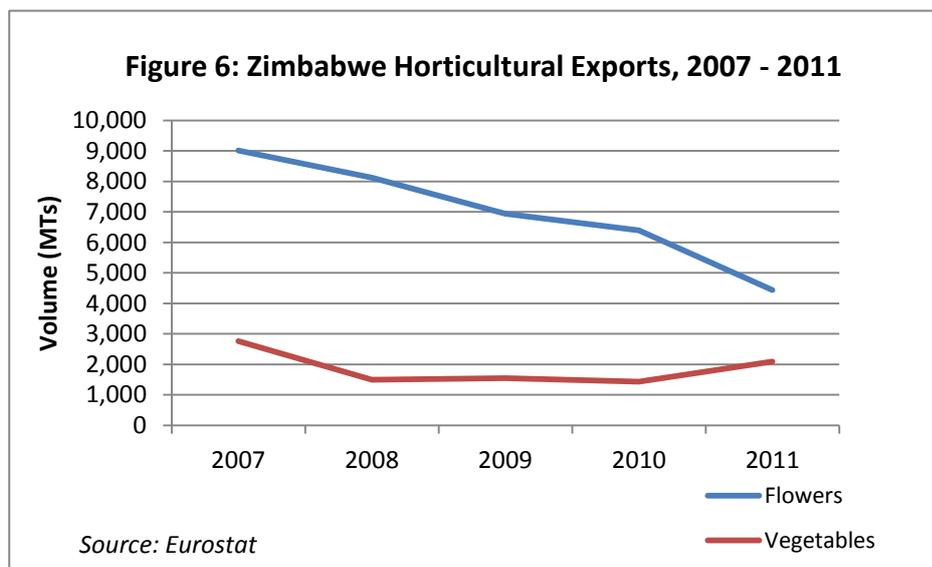
Matanuska signed a \$1.855 million partnership fund agreement for production and marketing support for commercialization of banana with 1,000 farmers establishing 200 hectares of bananas at Mutema, Chibuwe and Musikavanhu irrigation schemes in southern Manicaland. The grant portion of this award is \$202,970 (11 percent of the total), mainly for extension and training. Eighty three thousand tissue culture disease free seedlings were bought from South Africa and planted in a new nursery at Mutema, fitted with a microjet irrigation system. Irrigation surveys were carried out to assess and quantify repair and maintenance works necessary on each scheme and analyze water for salinity and pH levels. Irrigation scheduling and water application practices were observed and training initiated to improve water management practices and utilization efficiency. More than 400 farmers received training on banana budget calculations, planting techniques, pest and disease control, and fertilizer application. Seven banana demonstrations were planted on the irrigation schemes, four at Musikavanhu, two at Chibuwe and one at Mutema. Four banana demonstration plots on nematode control were established in Musikavanhu. In a separate banana intervention that will encourage competition, FAVCO registered 713 new banana farmers in Honde Valley.

Technical assistance was provided on a wide range of vegetable crops for the local market (Figure 6). Preliminary analysis of crop budgets during the year suggests that tomato production can generate a return on labor of \$11.30/day for the fresh market. Similar returns apply to physalis (gooseberry), cabbage, kale, spinach, onion, carrot, beetroot, squash and other vegetables that are being grown on small household FAVCO registered 82 new growers in Mutoko and Murewa for high value vegetable production for OK supermarket contracts. A baseline survey was carried out in Chipinge with Tanganda plantation to create a contract vegetable program for smallholders to supply TM supermarkets. It confirmed that the area has high potential area for commercial horticulture using perennial water sources for irrigated crop production. Training was initiated in irrigation management, selection and safe use of agrochemicals, fertilizer application and postharvest handling

A four-month grant agreement was signed with Mercy Corps to continue providing technical and marketing support through Zim-AIED to horticultural farmers in Murewa. Farmers received direct technical assistance and attended crop production workshops on land preparation, selection of high value crops (and hybrid seed), safe use of pesticides, fertilization, weed control and harvesting (including postharvest) methods. Through group loans from MicroKing, 252 farmers received asset and input finance to purchase manual and motorized irrigation pumps, pipes, hoses and sprinkler equipment. The Zim-AIED team assisted farmers to design cost-effective irrigation systems including pump selection, in-field layout of hydrants, operation and maintenance of the equipment. A total of 743 horticultural farmers were trained on farming business principles, use of calculators and preparation of crop budgets for calculating break even yield and price. Group leaders were trained in leadership and management techniques, group organization and conflict resolution. Agrodealers received training in record keeping, marketing, double entry accounting system as a financial tool and basic business ethics.

A marketing plan was initiated to introduce new vegetable buyers capable of taking up the standing crop on a spot basis and to develop more formal arrangement for the future. A new contract farming agreement was established between 175 farmers and Zimspice for growing coriander seed.

Zimspice supplied 800 kilograms of coriander seed for planting and will buy back the seed at \$2.00 per kilogram.



From the first week of the program, Zim-AIED met and discussed production and marketing strategies with horticultural export companies. Based on market information and a strong demand for Zimbabwean vegetables for the European market, partnerships to

stimulate smallholder production were agreed in principle with Better Agriculture, Selby Enterprises and Crostel. Technical support was provided to small-scale growers of mangetout, baby, physalis (gooseberry) and other high-value vegetables. Visits were made with the commercial partners to identify new export growers in various irrigation schemes in preparation for the next export planting season in February 2012. Two companies increased their exports this season in cooperation with Kenya companies. As a result, Zimbabwean exports of vegetables to Europe increased for the first time in ten years and are set to increase again in 2012, supplied almost entirely by out growers and smallholders.

### 3.3.4 IRRIGATION

A provisional inventory and status report on irrigation carried out by Zim-AIED during the year, based on field visits to more than 40 schemes, concluded that there are more than 18,000 smallholders farming 14,000 hectares unproductively on 260 formal irrigation schemes all over the country (Table 6). The key findings of the study so far are that:

- Only 18 percent of the schemes are fully operational, 70 percent are partially functional, and 12 percent are not working at all. The 70 percent that are partially functional are operating on average at about 60 percent capacity.
- Irrigated production can potentially provide competitive advantage to around 20,000 smallholder farmers.
- The three significant requirements to make the schemes profitable are better crop selection, market planning and infrastructure rehabilitation.
- Zim-AIED has started work on the first two, but capital investment beyond the scope of this program will be needed to rehabilitate the schemes.

An additional study was carried out in Honde Valley as a collaborative effort between Zim-AIED and the Agricultural Partnership Trust (APT), funded by the Food and Agriculture Organization (FAO) of

the United Nations. The FAO plans to increase support for contract farming activities at irrigation schemes in the Honde Valley and requested a technical assessment by Zim-AIED. The objectives of the study were to produce a detailed inventory of schemes, to assess the status of each scheme and to determine the rehabilitation works required to bring back them back into full operation.

Province	Total Area (ha)	Plottolders
Manicaland	7,274	5,481
Mashonaland Central	653	692
Mashonaland East	545	756
Mashonaland West	397	465
Masvingo	1,641	3,824
Matabeleland North	201	283
Matabeleland South	2,160	4,126
Midlands	1,006	3,068
<b>Grand Total</b>	<b>13,877</b>	<b>18,695</b>

An assessment was also carried out of the three irrigation schemes that Zim-AIED partner Matanuska selected for banana production in Chipinge in southern Manicaland to ascertain the operational status of each scheme, determine the type and cost of repairs needed to bring back them to optimum capacity, and to assess the farmers' training needs in water management. Chibuwe has five blocks and draws water from the Save River while Musikavanhu has 10 blocks, with five in block A and another five in block B, and uses boreholes drilled just along the Save River. The schemes are operating at 60 percent capacity mainly because the motors have broken down. There are also significant problems with drainage and salinity that will need to be corrected.

In addition to the diagnostic and needs assessment work carried out, the irrigation team also provided continuous training and technical assistance support on irrigated crop production to the staple crops, value addition and horticulture teams.

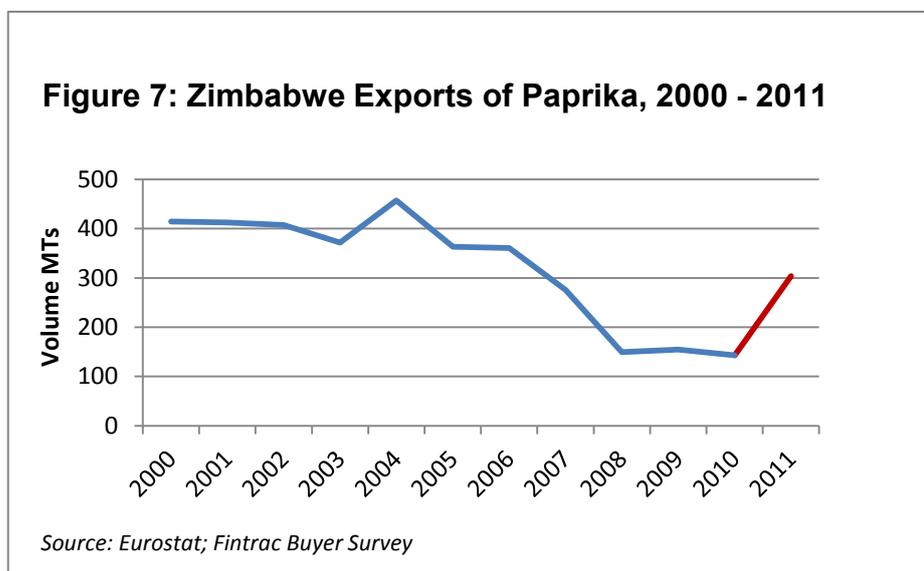
### 3.4 VALUE ADDITION

Negotiations took place with medium scale processing companies who expressed interest in partnering with Zim-AIED to increase their procurement of raw materials from small-scale growers. Factory visits were made to assess condition and status of the processing equipment and the capacity of each company to contract with growers and meet market requirements in terms of product quality and food safety standards. Provisional agreements were made with five companies:

- Capsicum – a paprika processor based in Ruwa.
- Paprico – a paprika processor based in Bulawayo.
- National Distributors – a processor near Bulawayo that manufactures a range of canned and pickled vegetables, dried mango products and mixed fruit jam.
- Honeywood – a fruit processor in Manicaland specializing in jams, canned fruit and canned tomato products.

- Freshtrade – based in Harare with export orders for tabasco chili mash to the South African Chilli Pepper Company, agents for the McIlhenny Company, and manufacturers of Tabasco sauce in the United States of America.
- The Better Agriculture Company – a new company formed by a group of experienced agribusiness investors whose business plan for this year focuses on marketing smallholder-grown tabasco chili and export vegetables.

Paprika exports to Europe and South Africa increased by 107 percent from 665 tons in 2010 to 1,380 in 2011 following a downward trend in previous years (Figure 8).<sup>1</sup> Zim-AIED worked directly with export companies Capsicum and Paprico in the buying, processing



and exporting of paprika to Spain and South Africa. Capsicum was the first beneficiary of the AgriTrade 2 loan facility, borrowing \$130,000 to buy paprika exclusively from smallholders on communal land. Direct technical support was provided by Zim-AIED to extend the USAID-funded REVALUE program until the end of the paprika season. Through this intervention 321 paprika smallholder farmers in southern Manicaland sold a total of 91,689 kilograms of the crop worth more than \$54,000. Prices ranged from \$0.50 per kg for low grade to \$1.50 per kilogram high grade, about 20 percent higher on average than in 2010.

Capsicum will expand its paprika production base to include Matabeleland provinces for the first time in 2012. So far 270 farmers have been contracted to grow paprika at four irrigation schemes, two in Matabeleland north and two in south provinces. To support this investment, Zim-AIED trained 181 farmers in marketing and contract farming arrangements. Sites were also identified for demonstration sites and productivity training for next season. Following detection of aflatoxin levels above international limits in paprika exported to Europe and South Africa, a major postharvest intervention for next season was planned with the three main exporters to raise the quality standards achieved by smallholder producers.

A partnership was agreed with National Distributors in Bulawayo to boost production of a range of processed products including beetroot and onions for pickling; tomatoes for canning; mangoes (dried and mango chutney); garlic and chili powder. All production will be from growers in Matabeleland who started receiving technical support from Zim-AIED. A total of 289 growers were trained on different aspects of FAAB, 130 on beetroot enterprise budget and 159 on contract farming. Work started on crop demonstration sites.

<sup>1</sup> Data from 2000 to 2010 from Eurostat. Figures for 2011 were estimated based on a buyer survey of the main paprika buyers in Zimbabwe.

A partnership was agreed with Honeywood to increase production of physalis (gooseberries) from smallholder farmers on irrigation schemes in southern Manicaland for processing and export to Germany and South Africa. As part of the agreement, farmers will also receive technical support to increase supply of tomatoes for canning and guava for processing into mixed fruit jam and canned slices.

Agreements were made with Freshtrade and Better Agriculture for production of tabasco chilies for export as semi-processed mash to the United States. New tabasco chili production sites were identified in Honde Valley and Gudyanga in Manicaland and technical support for production started. Local agridealers will also be trained and equipped to produce the mash and access to AgriTrade credit to finance the purchase of chili directly from growers under contract to Better Agriculture.

An inventory of Zimbabwean processing companies was completed and updated. The inventory lists and analyses the various classes of buyers and processors of agricultural produce. It lists the products, contact details, size and annual turnover of each processor. A review of processed products was also produced and updated. It analyses the processed products that will be the focus of the Zim-AIED partnerships, market opportunities, target source areas, key constraints and proposed interventions.

### 3.5 MARKET ACCESS

Market access data provided by commodity buyers was a crucial factor in the selection of Zim-AIED target products, combined with production and trade statistics, crop budgets and assessments of domestic, regional and global demand. The potential competitiveness of smallholder producers was evaluated in detail with proven commercial companies and other agricultural stakeholders (see Annex 3). Specific market directed activities included:

- Collection and analysis of baseline data on historical production and trade.
- Collection and analysis of production data and historical price information to update crop and product budgets.
- Creation of an inventory of buyers for each target crop.
- Identification of new buyers and assessment of their willingness and ability to enter into contracts with growers and traders.
- Assessment of market size, average prices and net returns which growers could achieve for each potential target crop.
- Evaluation of comparative and competitive advantages of potential target products in cooperation with field managers, producers and buyers.
- Review and analysis of market information.

Based on the information collected and analyses carried out, priority target products selected were maize, groundnut, sugar bean, sweet potato, Irish potato, banana, chilli (paprika, African birds eye, Tabasco), tomato (fresh and processed), and fresh peas (mangetout, sugar snaps and garden peas for export). Tree crops, especially mango and guava, and livestock (cattle, sheep and goats) were included for their potential in climatic Zones 4 and 5 but will not contribute much to new income

during the life of Zim-AIED. Trade and market analyses on paprika, sweet potato, horticultural exports and other target crops were documented and will be expanded and updated regularly.

Location	Partner	Male	Female	Total
Mash West & Central	SAT	3, 728	3, 414	7, 142
Manicaland	IRD	226	264	490
Mash East	Mercy Corps	168	116	284
Manicaland	Matanuska	100	85	185
Matebeleland	National Distributors	92	197	289
Totals		4,314	4,076	8,390
Gender		51%	49%	

The importance of markets, buyers and competitiveness in commercial farming was the theme of business development training provided to 8,000 farmers in the postharvest period of May-September. Farmers

attended sessions on how to develop and use an enterprise budget as a planning and decision making tool, different types of markets, and reading, understanding and negotiating contracts. Six agri-business advisors rolled out the training in the five regions where training took place. A range of cash and food crops including maize, groundnut, banana, beetroot and tomato were used to explain the principles of crop budgeting. After training, farmers were encouraged to develop budgets on their own and apply them to choose a crop mix that optimizes their profits.

The training indicated major challenges for communal farmers in relation to marketing:

- Apart from traditional buyers such as GMB and Cairns Foods, farmers have no knowledge of the types, names and number of buyers for their products.
- Sales are almost all channeled or bartered through local agridealers.
- Farmers sell individually in small lots and are rarely organized into strong marketing groups.
- They do not understand how prices are determined in a market.
- They lack basic marketing tools such as calculators and scales.
- They do not relate cost of production to price and have received no previous training in competitiveness.

### 3.6 FINANCE AND CREDIT

The Zim-AIED revolving fund, branded as AgriTrade, was successfully launched in 2011. It provides short term lines of credit to rural agritraders, medium and large-scale companies for the purpose of financing the purchase of farm produce from smallholder farmers for sale to agro processing companies, for movement of commodities from surplus to deficit areas (see Annex I), and for export.

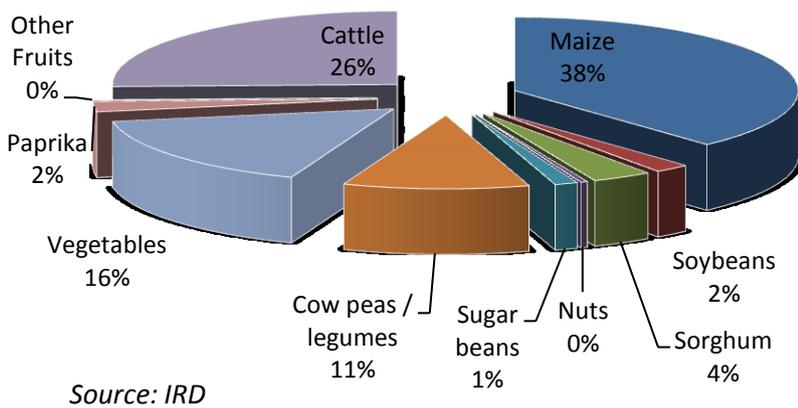
After a competitive bidding process, three partner financial institutions were selected to manage the fund - CABS, Trust Bank and Micro King. They were required contractually to match Zim-AIED contributions at least 1:1 from their own resources, to create a total fund of \$10 million, and keep interest rates below 1 percent a month. In 2011, the three banks disbursed 305 loans totaling \$2.6 million (Table 8), average loan size \$8,634. These were mainly for the purchase of agricultural

produce from smallholder farmers in communal and old resettlement areas. Trust Bank disbursed \$1.06 million followed by MicroKing (\$670,000) and CABS (\$450,000).

The AgriTrade Credit Team, supported by Zim-AIED technical staff, worked in all provinces to identify and engage traders and agribusinesses that showed the greatest potential for positive impact in the agricultural sector and successful repayment of loans. Those selected were referred to participating banks for loan applications. The AgriTrade team assisted clients on the elaboration of business plans focusing on locations, prices and volumes of commodities purchased from smallholder farmers. Field staff also monitored purchases after loans were made.

MicroKing concentrated on loans below \$10,000 and has strong rural presence. Trust Bank has concentrated on small and medium enterprises taking loans ranging from \$15,000 to \$50,000. CABS has focused on the upper end of the market. To date Trust Bank has disbursed \$1,513,000 to 34 clients (average size \$44,500), MicroKing disbursed \$670,400 to 267 borrowers (average size \$2,510) and CABS disbursed \$450,000 to 4 borrowers (average size \$112,500).

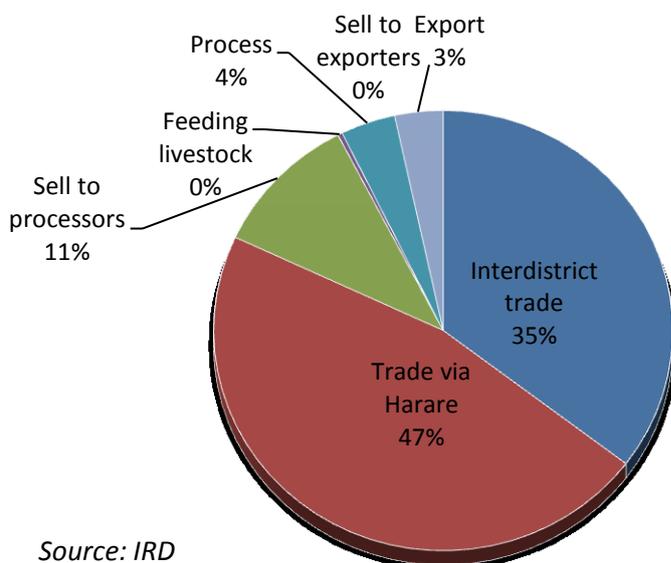
**Figure 8: Commodities Purchased with Disbursed Loans**



Most of the loans were used for buying maize, followed by cattle and vegetables (Figure 8). These are the most critical food security commodities and the fact that they account for 80 percent of AgriTrade spending so far tends to confirm the view that cash liquidity from village level

through to national distribution companies can play a significant part in reducing food insecurity. The launch of AgriTrade coincided with the main harvest period for maize and contributed to a

**Figure 9: Aim of Purchase of Planned Commodities**



more efficient distribution system from the high yield potential areas of Mashonaland and Manicaland to food deficit areas around the country. Inter-district trade accounted for 35 percent of the loan utilization (Figure 9).

The AgriTrade team worked closely with each bank on risk assessment procedures. MicroKing is

essentially a micro-credit institution and used a range of non-traditional collateral whereas Trust and CABS were more conservative and insisted on immovable collateral as security although during the year they became more flexible on collateral requirements. The high coverage ratios have been reduced and movable collateral is now being used by Trust Bank covered by insurance and Notarial and General Covering Bonds.

Turn-around time for loan applications has gradually decreased as a result of improvement in the quality of loan applications, following technical assistance and training from Zim-AIED credit advisors to applicants. One-on-one discussions with the banks on specific applications also helped and this role will be transferred gradually to financial service providers during 2012.

In September 2011 a new contract was agreed with the banks to increase the scope and product range of AgriTrade. This contract specifies that the banks can borrow from Zim-AIED with no interest, but must provide security for the loan in the form of a promissory note. The loan has to be matched by the banks for on-lending to agribusinesses. The banks assume 100 percent of the risk on loans but get all proceeds from interest and fees. The contracts are competitive insofar as amounts will be transferred to each bank depending on their level of utilization of funds. Unutilized funds will be withdrawn by Zim-AIED and diverted to another bank that is lending at a faster rate.

The original AgriTrade loan product was restricted to trading finance. Under the new system it has been expanded to include all activities from production to processing, trading and retailing. Funds can also be used for capital expenditures, up to a maximum of 20 percent of the total loan portfolio. All banks can give loans from \$1,000 to \$200,000.

This new contract runs until December 2014, by which time the banks should have profitable and sustainable portfolios of agribusiness customers, a range of products to offer and a lending system in place that can respond commercially to the needs of the industry.

Through a separate initiative, originally supported by USAID through the RAIN program, Zim-AIED worked with MicroKing to continue and expand small loans directly to smallholder farmers in Murewa, a high potential area. The farmers borrowed for inputs and equipment and received assistance from Zim-AIED technical staff. Since July 2011, \$94,750 has been disbursed to 249 horticulture farmers and MicroKing will expand the facility in 2012 to include other Zim-AIED – assisted communal farmers. The bank will provide matching funds that will bring the total available for lending to \$600,000.

## 4. ENVIRONMENT

The Zim-AIED Environmental Monitoring and Mitigation Plan was completed and approved by USAID. Positive interventions were made to contribute to environmental sustainability including:

- Economic evaluation of cropping systems that will make best use of limited water resources available in Zones 3 and 4 and reduce pressure on natural ecosystems.
- Introduction of bamboo hedges as a wind break and barrier crop.
- Identification of markets for mango and guava products that will encourage planting of these tree crops in semi-arid areas.

Poor water management practices leading to erosion and waterlogging were observed everywhere, especially on irrigation schemes. Specific water-related mitigation interventions were made including:

- Farmers carrying out stream bank cultivation as they expand their gardens towards rivers were required to move above the high water line before they could join the Zim-AIED program.
- Farmers were trained on ways to avoid veld fires during land cultivation.
- Borehole water was tested for salinity and pH levels at Mutema, Musikavanhu and other irrigation schemes. Irrigation practices to improve water quality and maintain soil structure were demonstrated.
- Technical assistance was provided to growers on irrigation schemes to prevent over-irrigation and improve maintenance of drainage channels. Farmers are generally applying too much water especially on surface irrigation schemes. The main problem found with these systems was neglect of drainage channels. In some schemes farmers have planted fruit trees or dumped manure in the drains rendering them non-functional. All of the schemes visited had unmaintained drainage channels with evidence of overgrown weeds, accumulated rubbish, poor levelling and poor gradients. The field drains were often non-existent and in some schemes the channels were blocked and served as irrigating channels while in others drainage channels had accumulated. On sprinkler schemes farmers were often observed to be using over-sized nozzles which also resulted in surface run-off. Training was initiated in management practices to correct these poor techniques and will be continued through 2012.
- Water management in dambo (wetlands) areas such as Murewa is one of the biggest challenges that smallholder farmers face. Correct construction and utilization of raised beds with broad ridges and furrows was demonstrated in Murewa, which helps reduce the effects of water logging by creating an aerated root zone and also controlling the water table level especially in the dry season. Raised beds help farmers to start the cropping season early.
- Training in wetlands management practices include plot layout, raised beds, improved water application methods and irrigation technology.

The Zim-AIED Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) was prepared and approved by USAID. Interventions to ensure correct selection and application of agrochemicals included:

- Training in use of herbicides and mulches to minimize soil erosion and conserve water.
- Training in compliant and safe selection use of chemicals.
- Initiation of trials to test effectiveness of safe nematicides derived from sugar cane extracts.
- Technical assistance in spray application methods and maintenance of spraying equipment.

## 5. GENDER

Zim-AIED prepared and implemented a fully operational gender mainstreaming policy whereby men, women, young people and disadvantaged groups are specifically considered in the planning of all program interventions. Zim-AIED continues to emphasize the importance of the role women play in the development of rural Zimbabwe. Noting their previously disadvantaged position in access to land and credit, as well as the patriarchal system they live under, emphasis was placed on areas in which women are involved, such as interventions targeting crops traditionally considered to be those



Photo by Fintrac Inc.

Horticultural crops are popular with women for their nutritional and culinary benefits and opportunities for income generation through neighborhood sales.

grown by women (groundnut, cowpea, and sweet potato). A strong emphasis was placed on horticultural crops that contribute to child and family nutrition as well as generating cash income from local sales. Export vegetables were included as target crops that attract young people with computer skills to monitor traceability and record good agricultural practices. Partnerships were initiated to increase production with five manufacturers of processed products that employ mostly women and youth.

Irrigation schemes comprising of mostly women participated in farming as a business trainings and received technical and marketing assistance. In Hwange,

Matabeleland North province, 92 percent of the participants at a crop budget training were women. The women trained were encouraged to grow paprika and chilies for private sector partners, National Distributors and Capsicum to increase their incomes as they are the ones usually involved with processing.

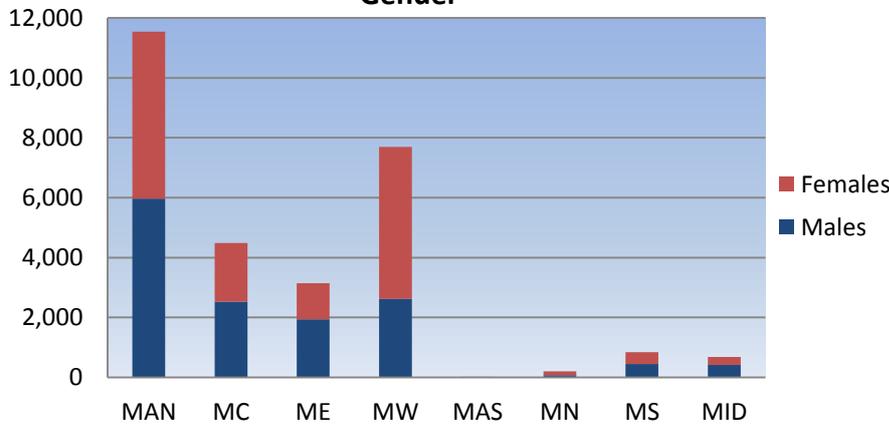
The irrigation team introduced gender sensitive technologies in Murewa on three gardens. Female farmers had previously been using time-consuming treadle pumps, but were introduced to modern motorized pumps, saving them time and labor. The irrigation team was also able to facilitate the creation of 30 constitutions for Irrigation Management Committees in Murehwa, which emphasized the need to have at least three of the seven committee members as women. Leadership training was provided to these groups.

Approximately 51 percent of overall beneficiaries who received project related assistance were women, as well as 47 percent of those participating in training events, and 48 percent of those who received technical assistance. To bolster these activities, many technical positions within the project are held by women, thereby creating an environment where women will feel more apt to participate. Trainings were strategically planned around times when women are free from their day-to-day household chores. Equal participation in all activities was promoted as well, avoiding the development of conflict or tension in the domestic setting.

Women-led farmer groups were encouraged to attend trainings, and registration of female plot holders took place. A number of women-owned businesses have applied for and received loans under the AgriTrade facility, resulting in an increase of women's access to credit. Women have largely been disadvantaged in the past by little or no access to credit because of their lack of

collateral. Credit lines availed by microfinance institution, MicroKing, have improved their circumstances.

**Figure 10: Zim-AIED Beneficiaries by Province and Gender**



Source: Fintrac

Out of a total of 288 active borrowers from the AgriTrade revolving fund, 40.5 percent were women. AgriTrade has a deliberate predisposition towards female borrowers but efforts to target them through loans have been hampered by deep rooted cultural ownership of

collateral bias towards men. Men have been accessing the bigger loans and women have been resorting to forming groups in order to access loans and use social collateral to borrow.

Monitoring of purchases through records by borrowers at buying points indicated a total of 6,963 transactions by farmers. Of all these transaction deliveries of produce by males to the buying points were 4,537. Women constitute the remaining 2,426 transactions. This shows that men still control selling decisions at harvest time in the communal areas.

Several constraints that women face in the agricultural sector were identified, the most prevalent being a mostly patriarchal society resulting in lack of women's access to land in their own right, little to no ownership of livestock, and rare provision of education for female children. Women rarely have a say in household decisions, and are charged with childcare and household management, as well as manual labor whereby any money resulting from such activities is handed over to the man.

Over the coming year, Zim-AIED and partners will continue to develop its gender mainstreaming strategy to address specific challenges faced by women in Zimbabwe. The program will focus on activities that will generate job opportunities for women and promote events that will increase women's participation and contributions beyond the provision of labor, with the ultimate objective of an improved environment for all.

## 6. LESSONS LEARNT

### Finance

- The cost of money was not a major challenge amongst the small rural agro-traders as previously conceived at the launch of the AgriTrade Loan Facility. The major concern, however, was access to finance and improvement in the terms of trade of their businesses. Access to AgriTrade finance enhanced their liquidity positions and terms of trade. Their business models enabled them to have margins and repay the borrowed finance.

- Banks can lend money profitably to small-scale farmers and agritraders if they create suitable financial products.

### **Staple crops**

- Smallholders on communal land can achieve maize yields of more than 4 tons per hectare using good agricultural practices in climatic Zones 2 and 3a. At this yield the maize provides both food and income. In areas with lower rainfall, maize can still contribute to household food security but short season varieties early planting and water conservation techniques are essential
- Sweet potato has high potential as a food security crop, contributing both cash and food to vulnerable households. There is great potential for yield improvement in Zones 2 and 3.
- Zimbabwe has strong comparative and competitive advantages in groundnut production for regional and global markets. Farmers will adopt new varieties and can improve productivity and quality relatively quickly if reliable marketing contracts are put in place.

### **Horticulture**

- Horticultural crops offer the fastest route to commercialization for many communal farmers since they have short production cycles, high value per unit area of production and gross margins of 50-70 percent.
- Zimbabwe has a strong competitive advantage in exports of mangetout, sugar snap peas and garden peas to Europe. These crops can all be grown profitably by smallholders.

### **Livestock**

- Cattle, sheep and goats can be managed successfully to hold as an asset and generate a small net income. However, households need to keep a minimum number of animals, usually 12 to 15, and provide them with dietary supplements and basic veterinary health care.

### **Processing**

- Most of the large-scale processors have outdated and inflexible production lines that cannot manufacture products competitively except in large quantities that tie up working capital. Small and medium-scale processors can process relatively small batches of fruit and vegetable products more competitively and have great potential as buyers from farmers on communal land.

### **Irrigation**

- Irrigation schemes exist across the country and offer immediate opportunities for increasing smallholder incomes. Although some rehabilitation is necessary on most schemes, the real problem is lack of marketing plans. By focusing on buyers and marketing, production will increase immediately on many schemes.

### **Partnerships**

- Most private sector partners that approach Zim-AIED are trading companies, processors, exporters and input suppliers whose historical business models were based on buying from

or selling to large scale agricultural producers. When alternative models for doing business with small-scale farmers are explained and technical assistance provided by Zim-AIED, these companies can expand and become profitable again.

- There is a shortage of new, rural-based, agribusiness entrepreneurs but as new opportunities are identified and promoted by Zim-AIED the numbers will increase exponentially.

## 7. CHALLENGES

- Farmers have received free or subsidized inputs for many years. This has prevented them from becoming small-scale commercial farmers, making a profit from agriculture. *ZIM-AIED is leading the way in de-linking subsidized input supply from commercial production. All Zim-AIED beneficiaries will pay for inputs at commercial rates.*
- Agro-processing of fruits and vegetables was previously dominated by large-scale companies who rely on economies of scale which cannot be met entirely by smallholder suppliers in the short-term. *Zim-AIED is focusing on developing small- and medium-scale processors in provincial and rural areas.*
- Despite much discussion of market linkages within the development community, reliable buyers are very short on the ground in rural areas. *We will continue strengthening relationships with commercial buyers and assisting them to work with smallholders.*
- Most rural households have uneconomical herds and low body weights of cattle, sheep and goats. *Zim-AIED will pioneer minimum herd sizes and village feedlots.*
- Most sprinkler irrigation schemes require equipment rehabilitation and repair/replacement of either a pump or a motor. The estimated rehabilitation cost is \$2,000 per hectare and the total estimated for rehabilitating irrigations schemes is \$13.5 million for about 6,739 hectares of sprinkler schemes in the smallholder irrigation sector. *The technical and finance teams of Zim-AIED will work together to source finance for this.*
- Pumped irrigation schemes are not performing well because of the unreliable electricity supply. In some cases, electricity has been disconnected due to non-payments. Most schemes are in arrears for their ZESA utility bills. About 80 percent of the pumped schemes are in arrears and most bills are from before the dollarization. *Zim-AIED will link up with ACP to lobby ZESA and reach agreement on payment terms that benefit both ZESA and the debtor schemes.*
- Potential borrowers are having challenges in accessing AgriTrade loan facility due to strict collateral demands by financial institutions. *Technical assistance to borrowers and banks alike will be increased during the next year in order to ensure a process tailored to agricultural lending is established and that potential loan recipients will understand what is needed in order to be considered bankable.*
- A significant number of potential borrowers that are referred to AgriTrade banks are turned down by the banks after they review the potential borrowers' financial statements. *The*

*AgriTrade team will work with accountants based in rural areas and other business advisors to prepare borrowers for bank scrutiny.*

- *Two of the AgriTrade partners have shown distress when it comes to matching the Zim-AIED portion of loans. This is a reflection of the liquidity challenge in the market and cost of capital from the market. Banks will be monitored closely and advanced funds in manageable amounts that compatible with their access to other sources of capital.*

## 8. CONCLUSIONS

- The design of the Zim-AIED task order and Fintrac's proposal for implementing the program proved to be realistic and no major changes were necessary during the first year of implementation.
- Although it took ten months to obtain an MOU with MAMID to implement Zim-AIED, this has not significantly held up the program. It provided the opportunity for Zim-AIED to work in a very collaborative way with commercial and NGO partners to achieve most program targets. This has provided a solid foundation for sustainability and exceeding targets in future.
- Zim-AIED has the resources to achieve a significant impact on national regrowth of the agribusiness industry as well as contributing directly to income generation and food security of small-scale farmers.
- Zim-AIED is well positioned to achieve its objectives and exceed its targets in 2012.

# ANNEX 1: SUCCESS STORIES

## SNAPSHOT

### AgriTrade Loan Increases Trade Activity

#### Credit expands small business and boosts crop production



Photo by IRD | Fintrac Inc.

Sizamile Gumbo buys scarce food crops from smallholder farmers in rural areas for sale in her hometown of Bulawayo.

#### What is AgriTrade?

A \$10 million revolving credit fund geared toward the agricultural sector. Local financial institutions established the fund with 50 percent of the support coming from USAID. Agribusinesses, including processors, traders, exporters, and wholesalers can access AgriTrade loans to purchase crops and livestock from smallholder farmers. AgriTrade is assisting hundreds of small and medium-size businesses, resulting in millions of dollars of new investment. To date, AgriTrade has disbursed over \$3 million in loans to 391 businesses.

#### Telling Our Story

U.S. Agency for International Development  
Washington, DC 20523-1000  
<http://stories.usaid.gov>

An AgriTrade loan to one local businesswoman is having far-reaching effects on smallholder farmers in the Midlands Province. Sizamile Gumbo received a \$25,000 loan to expand her business, which is allowing her to buy more crops from more rural farmers.

Gumbo purchases roundnuts, groundnuts, sorghum, maize, beans and other lentils from farmers in nearby Gokwe, where the crops are abundant. She then sells the crops in her hometown of Bulawayo.

The city of Bulawayo receives little rainfall, making it difficult for its residents to grow crops. Small businesses owners like Gumbo are working to solve this problem by buying necessary crops from rural villages and selling them in the city.

“We do not have most of the crops in large quantities in Bulawayo, yet our people need them. So, I have taken it upon myself to trade in them,” Gumbo said. “This is my contribution to food security in the area.”

With her AgriTrade loan, Gumbo can buy crops at a higher price than other buyers, translating into increased incomes for 150 rural farmers. She offers an average of \$50 more per ton of maize. She also helps reduce farmers’ transport costs by traveling from farm to farm to purchase the crops.

Gumbo has expanded from four to 10 employees. As her business continues to expand, she hopes to hire additional staff, further stimulating economic activity in the region.

A mother of three, Gumbo relied heavily on her limited personal funds to finance her business activities. While she was able to support her family, she lacked the capital to grow or save for the future. After receiving the AgriTrade loan, she has seen 100 percent growth in revenue.

Gumbo is one of 391 loan recipients of the AgriTrade credit fund, which provides credit to buyers and is managed by the Zimbabwe Agricultural Income and Employment Development program (Zim-AIED). She received her loan in August this year through MicroKing, one of the three financial institutions disbursing funds in partnership with Zim-AIED.

# SNAPSHOT

## With New Capital, Agribusiness Booms

### AgriTrade Credit Facility helps small businesses expand



Photo by IRD | Fintrac Inc.

Clapos Hove's employees unload maize purchased from smallholder farmers in Zimbabwe.

**“We are very happy for AgriTrade’s support...It offers us more job security.”**

--Den Kakweza

#### What is AgriTrade?

A \$10 million revolving credit fund geared toward the agricultural sector. Local financial institutions established the fund with 50 percent of the support coming from USAID. Agribusinesses, including processors, traders, exporters, and wholesalers can access AgriTrade loans to purchase crops and livestock from smallholder farmers. AgriTrade is assisting hundreds of small and medium-size businesses, resulting in millions of dollars of new investment. To date, AgriTrade has disbursed over \$3 million in loans to 391 businesses.

#### Telling Our Story

U.S. Agency for International Development  
Washington, DC 20523-1000  
<http://stories.usaid.gov>

Clapos Hove, an entrepreneur who trades in maize, is now buying from more than 100 rural farmers in Mashonaland after receiving an \$11,000 loan through AgriTrade.

With the loan, Hove is able to buy maize in large volumes, making his business viable and profitable for both himself and for the smallholder farmers that supply him.

“The trick with maize lies in volumes. Without high volumes, the low profit margins can make your business sink,” he said.

Hove struggled to turn a profit before receiving the loan because of his inability to buy in bulk. Now he is able to buy more maize from farmers in rural villages, which he then sells to large companies around Zimbabwe.

Before, these communities relied on the Grain Marketing Board, a state-run institution, to set the prices. But without competition from private businesses, the farmers did not always earn fair prices.

With businesses like Hove's, farmers in the area are assured competitive prices, translating into increased incomes. Hove pays an average of \$50 more per ton of maize than other buyers in the region.

With the loan, Hove has also been to hire more people. He now employs nine workers.

“We are very happy for AgriTrade’s support that has seen our business and work here increasing. It offers us more job security,” said Den Kakweza, one of Hove’s employees.

AgriTrade aims to increase agricultural incomes and food security of smallholder farmers, and to generate rural employment for agribusinesses.

“This selling season, with the funds from AgriTrade, I hope to realize a profit of up to \$6,000, a 50 percent increase from last year,” Hove said.

While trading in low volumes of maize previously has not yielded profits for agritraders in Zimbabwe, credit provided by the AgriTrade component through Trust Bank, CABS and MicroKing, is transforming the industry and creating an enabling environment for both traders and farmers.

# ANNEX 2: PERFORMANCE INDICATOR SUMMARY TABLE

#	Indicator Name	Baseline	Year 1 Target	Year 1 Actual	LOP	Units
1	Number of farmers assisted by main activity and location	0	30,000	28,622	180,000	Farmers
2	Number of rural households benefiting directly	0	25,000	23,852	150,000 <sup>2</sup>	Households
3	Number of people benefiting from USG-supported social assistance programming	0	125,000	119,258	750,000	Individuals
4	Number of individuals who have received short-term agricultural sector productivity training	0	30,000	11,896	180,000	Individuals
5	Value of incremental sales (collected at farm-level) attributed to FtF	0	2,080	112.53	10,400	\$
6	Number of growers (and others) who have adopted new technologies or management practices as a result of USG assistance	1,000	20,000	1,000	150,000	Growers
7	Number of micro, small and medium enterprises receiving business development services from USG assisted sources	5	100	198	850	MSMEs
8	Percent change in income of program beneficiaries **	\$132.06	100	582	350+	Percent
9	Net Income per household from agricultural products	\$132.06	1,040	907.11	5,200	\$
10	Returns to household labour per agricultural product	1.21	2	8.13	8	\$/day
11	Percent change in volume of production ***	5	100	5	285+	Percent
12	Percent change in value of production ***	5	100	25	285+	Percent
13	Percent change in average yields per target product***	2.8	50	3	190+	Percent
14	Percent change in area under production ***	0.5	20	0.4	130+	Percent
15	Number of cash crops grown per grower	0	1	1	3	Cash crops
16	Number of additional hectares under improved technologies or management practices	300	10,000	500	120,000	Hectares
17	Percent change in value of processed agricultural products ***	2	5	139	25+	Percent
18	Number of employment positions generated	0	5,000	155	45,000	Employees
19	Farmers receiving credit	600	3,000	249	31,000	Farmers

<sup>2</sup> Assumes that 20% of households have at least two separate beneficiaries

20	Value of credit to farmers	0.2	1	0,117	26	US\$M
21	Value of agricultural inputs and equipment including livestock purchased	0.2	1.2	2,663	23.2	US\$M
22	Area planted with credit	150	2,000	15	30,000	Hectares
23	Number of agribusinesses receiving credit	15	50	305	570	Agribusiness
24	Value of credit to agribusinesses	0.5	5	2,63	57	US\$M
25	Value of new investments in agriculture and agribusinesses	0.7	2	2,78	26	US\$M
26	Value of cost-sharing with alliance partners	0	1	0,41	8	US\$M
27	Percent change of commercial sales including exports of targeted agricultural commodities ***	25	100	119	285+	Percent
28	Volume of commercial sales including exports of targeted agricultural commodities	548	46,000	2,195	619,000	MT
29	Value of commercial sales including exports of targeted agricultural commodities	0.575	32	2.3	433	US\$M
30	Number of farmers in out grower and contract farming schemes	600	5,000	325	38,000	Farmers
31	Number of smallholders linked to national, regional and international value chains	60	2,500	8,973	19,000	Smallholders
32	Number of agriculture-related firms benefiting directly from interventions	0	5	21	40	Firms
33	Number of individuals receiving training in business skills	750	5,000	11,896	40,000	Individuals
34	Number of participating producers achieving compliance with international standards	548	2,000	1,708	24,000	Producers
35	Number of participating companies achieving international standards	2	2	7	18	Companies
36	Percent women beneficiaries	25	50	51	50	Percent
37	Percent women participating in training events	14	50	48	50	Percent
38	Percent women-owned businesses supported	3	10	34	14	Percent
39	Number of growers adopting natural resources management (NRM) practices	980	20,000	800	150,000	Growers
40	Number of people receiving training in NRM	2,600	40,000	443	300,000	People



# **Agricultural Income and Employment Development (AIED)**

[www.Zim-AIED.org](http://www.Zim-AIED.org)