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ZIMBABWE AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (Zim-AIED)

ANNUAL REPORT #2, 2012

October 2012
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.

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AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (AIED)

ANNUAL REPORT #2 2012

ISSUE #8

Cover Photo: *Emmanuel Manzvire admires the sugar beans on his farm in Chibuwe irrigation scheme in southern Manicaland. Manzvire was one of 1,500 farmers who grew more than 1,100 tons of the crop and sold the surplus for $1.15 million*

Photo by Fintrac Inc.

October 2012

ACRONYMS

AGRITEX	Agricultural, Technical, and Extension Services
AN	Ammonium Nitrate
APS	Annual Program Statement
ASP-Z	Agro dealer Strengthening Program in Zimbabwe
BDS	Business Development Services
BiZ	Bio-Innovation Zimbabwe
CA	Conservation Agriculture
CABS	Central African Building Society
CBOs	Community Based Organizations
CBZ	Commercial Bank of Zimbabwe
CESVI	Cooperazione e Sviluppo
CFU	Commercial Farmers Union
CIRIS	Client Impact and Results Information System
CLUSA	Cooperative League of the United States of America
COMESA	Common Market for Eastern and Southern Africa
COSV	Coordination Committee for Voluntary Service
CSOs	Civic Society Organizations
EA	Environment Assessment
EMA	Environmental Management Agency
EMMP	Environmental Mitigation and Monitoring Plan
EPA	Environmental Protection Agency
EU	European Union
FAB	Farming As a Business
FTF	Feed the Future
GAP	Good Agriculture Practice
GMO	Genetically Modified Organism
GMS	Gender Mainstreaming
GoZ	Government of Zimbabwe
HACCP	Hazardous Analysis Critical Control Points
HPC	Horticultural Promotion Council
IEE	Initial Environmental Examination
IMC	Irrigation Management Committee
IPM	Integrated Pest Management
IR	Intermediate Result
IRD	International Relief and Development
IRS	Indoor Residual Spray
M & E	Monitoring and Evaluation
MA	Manicaland
MAMID	Ministry of Agriculture, Mechanization and Irrigation Development
ME	Mashonaland East
MID	Midlands
MLRP	Mashonaland Livelihoods Restoration Project

MN	Matabeleland North
MOU	Memorandum of Understanding
MS	Matabeleland South
MSDS	Material Safety and Data Sheets
MSME	Micro, Small and Medium Enterprise
MSVO	Masvingo
MW	Mashonaland West
NRM	Natural Resource Management
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PHI	Pre-Harvest Interval
PIC	Prior Informed Consent
PMP	Performance Management Plan
PMP	Pest Management Plan
POP	Pesticide Organic Pollutant
PRIZE	Promoting Recovery In Zimbabwe Project
REALIZ	Restoring Economic Agricultural Livelihoods in Zimbabwe Program
REVALUE	Restoring Livelihoods Strengthening Value Chains Program
RUP	Restricted Use Pesticides
S and C	Standards and Certification
SAT	Sustainable Agriculture Technology
STAMP	Smallholder Technology and Access to Markets Program
STTA	Short-Term Technical Assistance
SNV	SNV Netherlands Development Organization
SUAP	Safe Use Action Plan
SUR	Safe Use Recommendations
TBD	To Be Determined
TBT	Tjinyunyi Babili Trust
ToT	Training of Trainers
USAID	United States Agency for International Development
USG	United States Government
USEPA	United States Environmental Protection Agency
WHO	World Health Organization
ZAPAD	Zimbabwe Agriculture Production and Agribusiness Development Program
ZESA	Zimbabwe Electricity Supply Authority
ZFAT	Zimbabwe Farmers Alliance Trust
ZFU	Zimbabwe Farmers Union
Zim-AIED	Zimbabwe Agricultural Income and Employment Development
ZINWA	Zimbabwe National Water Authority

CONTENTS

FOREWARD

The Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program began in October 2010, and will run through February 2015. Zim-AIED is providing technical assistance to improve food security and increase household incomes of small-scale farmers throughout Zimbabwe, covering all agro-ecological regions (Regions I-V). It is generating new income streams from employment created in the wider agricultural sector and contributing to improved food security for all beneficiary households. Beneficiaries are earning new income from both surplus production of food crops grown for home consumption and from production and marketing of higher-value cash crops under contract.

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

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

The program is building demand for a range of Zimbabwean crops and products by training growers on productivity, 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, is implementing Zim-AIED in cooperation with four subcontractors and grantees: International Relief and Development (IRD); the Cooperative League of the USA (CLUSA); Sustainable Agricultural Technology (SAT); and CARE International. Other local nongovernmental organizations (NGOs) and commercial companies work with the program as development partners, in some cases co-funded through a cost-sharing grant facility. This $5 million facility is used to leverage technical support for farmers through conventional grants, and also to fund purchases of essential inputs and new technologies on a cost-recovery basis, including interest at fair commercial rates. Zim-AIED also includes a $10 million revolving loan fund – AgriTrade – managed by three local banks that provide matching funds and provide loans on competitive commercial terms.

In summary, Zim-AIED is a market-driven program that works closely with small-, medium-, and large-scale buyers to raise demand and increase competition for smallholder-grown crops and products. It is contributing directly to food availability and access by concurrently increasing production of food crops and raising incomes of rural households.

1. EXECUTIVE SUMMARY

This is the second annual report of the Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program. Zim-AIED is providing technical assistance to improve food security and increase household incomes of 180,000 small-scale farmers throughout Zimbabwe. Significant achievements for the Fiscal Year 2012 are summarized below:

- All Zim-AIED activities were directed at increasing the number of companies purchasing products from smallholders – **market linkages**; increasing the availability and disbursement of working capital to rural-based agritraders and smallholders – **AgriTrade**; increasing **production and sales** of maize and other food crops; raising **smallholder earnings** from cash crops; and actively supporting **new agribusiness investors** in rural areas.
- A total of **50,793 rural households received various types of technical assistance** for the first time this year to raise productivity, access new markets, obtain credit, and increase incomes and employment, 54 percent over the target. The total number of beneficiary households, including those who joined Zim-AIED during the first year, is 72,831.
- The **total farmgate sales of agricultural products by program beneficiaries was valued at $67.2 million** for the year with average sales per household of $922. The program's market linkage interventions were highly successful and farmers sold products valued at $13.5 million through contract and formal marketing agreements formed with Zim-AIED assistance, equivalent to 20 percent of total sales.
- The **average net income from production of agricultural products by program beneficiaries increased by 73 percent to $835 per household**. Production of maize and livestock was the largest cumulative source of income for all farmers but the highest earnings per household were from horticultural crops, banana, paprika and sugar bean.
- Jobs increased in line with production but growth of full-time employment was minimal. **Farmers and companies working with Zim-AIED reported creation of 1,159 new jobs**, 83 percent on-farm.
- **AgriTrade loans doubled during the year** with 641 loans disbursed worth $5.4 million, bringing the total to date to $7.9 million, with 251 active loans in a portfolio of $3.6 million. Over $13 million in commodities were purchased with loans, primarily in livestock (64 percent), maize (15 percent), farm inputs (9 percent), and potato (6 percent). AgriTrade has effectively leveraged $3.25 in new loans to the agricultural sector for each $1.00 supported by USAID.
- **Irrigation schemes** received technical assistance with more than 6,000 plot holders benefiting, 53 percent in regions 4 & 5, on water management, market planning, and new crop production. Production of sugar beans under irrigation by Zim-AIED growers was a major success, generating $1.4 million in farm gate sales for smallholders.
- **The total of sub-grants disbursed and under implementation reached $2.84 million**, equivalent to 57 percent of the sub-grant budget. The grants are supporting a wide range of productivity-enhancing, postharvest, and marketing interventions directed at smallholders and 60 percent of the total is for "recoverable grants" that the beneficiary farmers and companies have agreed to re-pay for re-cycling into new activities.
- The program **implemented a gender mainstreaming policy** whereby men, women, young people, and disadvantaged groups were specifically considered in the planning of all program interventions. As a result, 52 percent of all beneficiaries receiving program assistance were women and 32 percent of AgriTrade loans were to women entrepreneurs.

2. PROGRAM OBJECTIVES

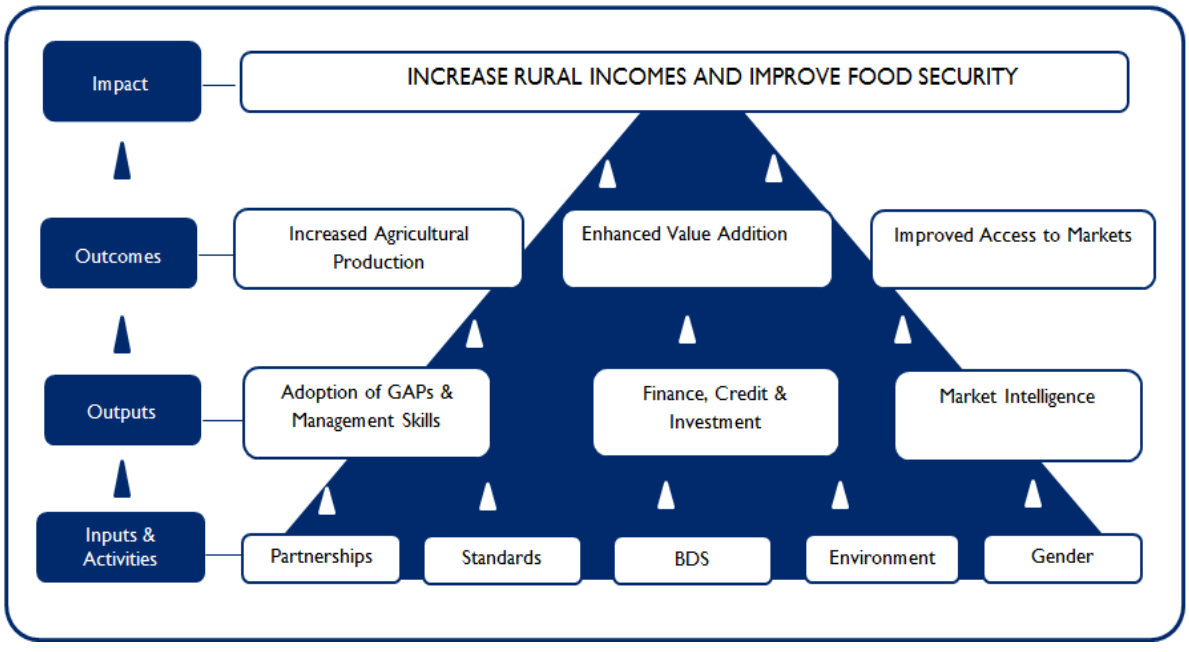
The primary objective of the Zim-AIED program is to improve food security for 180,000 Zimbabwean small-scale farmers (150,000 households) by increasing household incomes from agriculture and increasing food production among vulnerable but commercially viable farmers. This goal is being reached through the achievement of three intermediate results:

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

The focus of Zim-AIED is on profitable food and cash crop production, new sales and income generation, and employment creation. It targets low income households in rural areas. Interventions are aimed at improving the livelihoods of "vulnerable-but-viable" farmers through sustainable commercial initiatives. Already, many rural families in partnership with Zim-AIED are moving from subsistence to commercial farming and increasing their asset base through investment in perennial crops and livestock.

Figure 1 shows the results framework for the implementation of Zim-AIED. The program focuses on expanding market access, increasing the availability of credit and finance across the value chain, raising production, and adding value to crops. To maximize outreach and ensure sustainability, these interventions are carried out via partnerships with commercial companies with additional support from NGOs, particularly in vulnerable areas.

Figure 1: Zim-AIED Summary Results Framework



The program's technical team is developing commercial partnerships to create a national network of agribusinesses that can guarantee access to markets at fair prices; provide working capital and finance at realistic rates; supply inputs efficiently; and provide extension and training to growers as an embedded cost. During this year, the Zim-AIED technical team focused on:

- **Market linkages** – increasing the number of companies purchasing products from smallholders both through contracts and by opportunistic buying.
- **Finance and credit** – increasing the availability and disbursement of working capital to rural-based agribusiness investors and to agritraders buying products from smallholders at the village level and supplying inputs. Increasing direct credit to farmers through commercial loans, advances from buyers, and recoverable grants.
- **Staple food crops** – increasing local and national production of maize, beans, groundnuts, and root crops at competitive prices.
- **Cash crops** – raising smallholder earnings through surplus production of food crops and commercial production of high-value cash crops, particularly banana, vegetables and paprika.
- **Rural entrepreneurs** – actively supporting a new generation of small- and medium-sized agribusinesses willing to invest in rural areas across Zimbabwe.

3. ACTIVITIES

Program activities across the country included a range of interventions, from credit for livestock traders to crop-specific irrigation and marketing assistance. The sections below describe Zim-AIED activities in six categories of results measured against 13 Feed the Future and 11 custom indicators.

- **Beneficiaries:** number, gender balance, geographical spread, and types of support received
- **Sales and Incomes:** amount of new money in the pockets of Zim-AIED beneficiaries
- **Market Access:** research, analysis, planning, and new business development
- **Finance and Credit**: AgriTrade revolving fund and micro-credit support for rural traders
- **Business Development**: recordkeeping, crop budgets, marketing and contract production
- **Productivity:** increased sales and net incomes from crop and livestock products

3.1 BENEFICIARIES

FTF 4.5.2-13 Number of rural households benefiting from USG Assistance

The life-of-program target for Zim-AIED is to increase the incomes and food security of at least 180,000 farmers (approximately equivalent to 150,000 rural households) including 33,000 this year. Beneficiaries can choose from a wide range of interventions including training in agronomy and business skills; direct technical assistance to introduce new technologies; credit for producers and MSMEs; and creation of new market linkages. During this year, farmers from 50,793 households joined the Zim-AIED program, bringing the two-year cumulative figure to 72,831.

Table 1: Geographical location of Zim-AIED beneficiaries FY2011 & FY2012

Number of Rural Households								
	FY2011			FY2012			FY2011 & FY2012	
Province	**M***	**F**	**Total**	**M**	**F**	**Total**	**Totals**	**% Contribution**
Manicaland	4,516	4,339	8,855	5,361	5,709	**11,070**	19,925	28
Mashonaland Central	1,986	1,560	3,546	2,834	2,581	**5,415**	8,961	12
Mashonaland East	1,488	951	2,439	4,038	4,581	**8,619**	11,058	15
Mashonaland West	2,013	3,907	5,920	3,998	3,407	**7,405**	13,325	18
Masvingo	11	11	22	3,489	6,089	**9,578**	9,600	13
Matabeleland North	55	99	154	563	655	**1,218**	1,372	2
Matabeleland South	357	304	661	1,063	1,407	**2,470**	3,131	4
Midlands	265	176	441	3,066	1,952	**5,018**	5,459	8
Total	**10,691**	**11,347**	**22,038**	**24,412**	**26,381**	**50,793**	**72,831**	**100**

* M (male) and F (female) is the sex of the farmer joining the program from each household. In some cases men and women join from the same family, so total number of beneficiaries is approximately 20% higher than the totals given in this table.
Source: CIRIS

Table 1 provides an analysis of the number of rural households that have benefited from Zim-AIED's interventions this year and over the two years of implementation (October 2010 to September

2012).The program is operating in all Provinces of Zimbabwe with regional offices in Harare, Mutare, Gweru, and Bulawayo (Table 1, Figure 2). During the second half of 2012, all new interventions were targeted at specific areas of Manicaland, Mashonaland, Midlands and Matabeleland South. These areas, shown in yellow in figure 2, will be the FTF focal areas for the next three years of the program. Farmers in these areas currently make up 70 percent of the total participants in the program. The program is targeting irrigation schemes, particularly in Matabeleland South where little commercial farming takes place and developing them as "agribusiness hubs" that can extend technical and marketing support to surrounding communities that depend on livestock and crop production at subsistence levels to survive.

Figure 2: Geographical Distribution of Zim-AIED beneficiaries

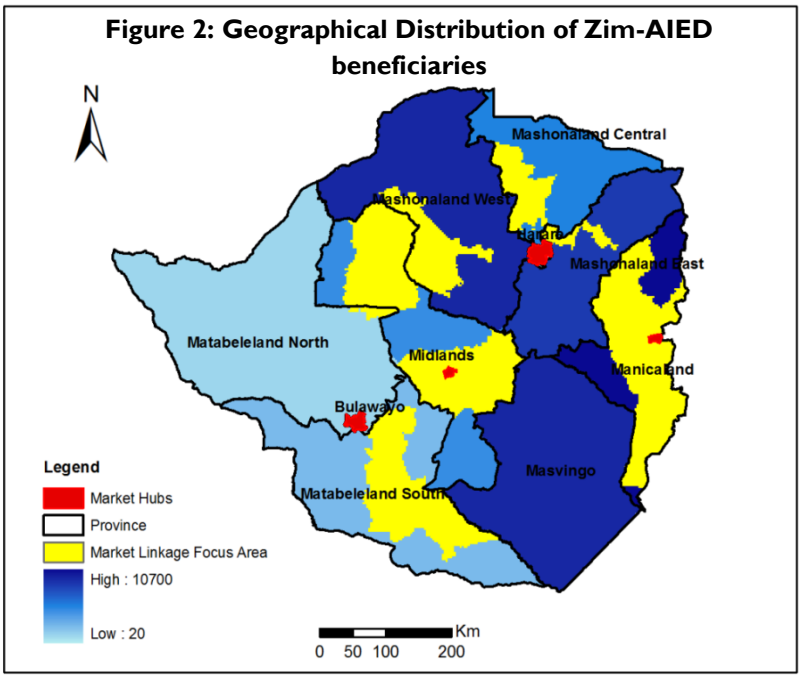


Table 2 summarizes the main types of support being provided by Zim-AIED to households who have joined the program. Eighty percent of farmers have received some type of formal training in agronomy, irrigation management, basic business skills, marketing or organization capacity-building. Twenty seven percent have received direct technical assistance including rehabilitation of irrigation schemes, introduction of new crops and demonstration of new, productivity-enhancing technologies. Four hundred and eight traders received loans this year and bought from more than 11,000 beneficiary farmers. At least 10,350 Zim-AIED assisted farmers grew crops under written contracts or marketing agreements with buyers this year, equivalent to 12 percent of individual beneficiaries.

Table 2: Number of individuals participating in Zim -AIED activities

	FY2011			FY2012			FY2011 & FY2012	
Activity	M	F	Total	M	F	Total	Grand Total	% of total Beneficiaries
Training	6,029	5,687	11,716	25,071	32,984	58,055	69,771	80
Traders receiving Loans	204	101	305	131	277	408	713	1
Direct Technical Assistance	6,442	5,663	12,105	4,908	6,777	11,685	23,790	27
Farmers linked to AgriTrade borrowers				4,813	6,381	11,194	11,194	13
Contracted Farmers				4,968	5,382	10,350	10,350	12
Unique Beneficiaries Reached to Date 87,397								

In summary, during the first 24 months of implementation, Zim-AIED has reached a recorded 72,831 rural households (Table 3). They have been linked to markets, trained, and provided with direct technical assistance by Zim-AIED technical staff and through partnerships with specialized local service providers, NGOs, and private companies working with the program (see below section 3.5, Table 9). This is resulting in significant and measurable increases in sales and income (see below section 3.2) that will continue growing at an increasing rate in future.

Table 3: Rural households assisted by Zim-AIED, FY2011 and FY2012

Number of rural households assisted							
FY2011				FY2012			
Target	Achieved	Variance	% Variance	Target	Achieved	Variance	% Variance
22,038	22,038	0	0	33,000	50,793	17,793	54
Source: CIRIS							

Table 4: Value of Sales from Sample Survey

Product	# of Farmers	% of Farmers	Value of Sales (US$)	Sales per household	% of Sales
Vegetables - domestic	263	52.0	85,981	327	18.4
Tobacco	27	5.3	72,684	2,692	15.6
Livestock	153	30.2	68,004	444	14.6
Maize	198	39.1	57,191	289	12.3
Paprika	69	13.6	31,178	452	6.7
Banana	20	4.0	26,493	1,325	5.7
Sugar beans	66	13.0	20,418	309	4.4
Cotton	54	10.7	18,942	351	4.1
Sweet Potatoes	43	8.5	14,727	342	3.2
Groundnuts	86	17.0	10,308	120	2.2
Other crops	143	28.3	60,567	424	13.0
Total	1,061		466,493		100.0
Sample HHs 506	Average Sales per HH		922		
Source: CIRIS					

3.2 INCREMENTAL SALES

FTF 4.5.2-23 Value of incremental sales attributed to FTF implementation

The results of a stratified survey of all beneficiaries, sampled to a 95 percent confidence level in August 2012, are shown in Table 4. When the sales data is extrapolated to the full Zim-AIED population of beneficiary households, 2012 sales were estimated at $67.2 million at an average of $922 per household. Data collected from 20,000 smallholders through the SAT partnership and from the procurement records of other commercial partners trading in banana, paprika, sugar bean and horticultural crops were consistent with the sample results.

The high returns from tobacco and banana are reflected in the high earnings per household given in table 4 but these are crops that need relatively high inputs and good management. Of all the other crops grown, maize and groundnut accounted for the lowest earnings per household although they took up by far the highest area of farm land. Vegetables are grown by just over half of Zim-AIED assisted households and although they occupy less than 10 percent of the land, they account for 14 percent more sales per household than maize and three times the sales value of groundnut. Sugar bean sales were only slightly below vegetables. Paprika was the most valuable crop after tobacco, banana and livestock.

The FY2012 result was $12.6 million in incremental sales for the three monitored crops (maize, paprika and banana).

3.3 GROSS MARGIN AND NET INCOME

FTF 4.5.4 Gross margin in dollars per hectare for three selected products

The gross margin takes into account value of production retained for home consumption and barter as well as sales, all of which contribute to net household income. Custom indicator AIED 1 measures total net income for all agricultural crops and livestock produced by Zim-AIED beneficiaries. The three crops selected for tracking changes in gross margin are maize, paprika and banana. The sample survey (see above, section 3.2) indicated that 77 percent of program beneficiaries planted maize. Maize surpluses are also a source of cash income, albeit small, for 39 percent of households. The survey showed that the average gross margins in 2012 were $225, $475 and $1,235 per hectare for maize, banana and paprika respectively although banana returns will likely increase threefold over the next year as new plantings come into production (see below).

The net income per Zim-AIED assisted household for all crops and livestock was $835, a 73 percent increase over the baseline agricultural income. Livestock margins cannot be calculated per hectare, since the majority of smallholders graze animals extensively, but beneficiaries generated $81 per household from livestock, of which $48 was from cattle and $22 from poultry.

Table 5: Gross Margins for Maize, Banana and Paprika

Product	Area (ha)	Yield (kg/ha)	Price ($/kg)	Value of production	Cost of Production	GM%	Net Income	Gross margin/ ha
Maize	359.6	1,473	0.30	158,907	77,970	0.51	80,937	225
Banana	13.2	6,106	0.24	19,344	13,074	0.32	6,270	475
Paprika	21.4	1,408	1.29	38,869	12,437	0.68	26,432	1,235

3.3.1 Maize

Maize was chosen as a proxy for analysis and tracking since it is the main food crop grown by the majority of Zimbabwean smallholders for home consumption. The gross margin for maize of $225 per hectare was six times the baseline margin and national average, largely due to the emphasis on fertilizer use, early planting and control of weeds at every training event. More than 20,000 of Zim-AIED assisted farmers were also targeted in high maize potential areas through a partnership with Sustainable Agriculture Technology and achieved yields 94 percent above the average for their areas. The multiplier effect on gross margin reflects the high net marginal return from optimal use of fertilizer (see below, section 3.6.1).

3.3.2 Banana

Banana was chosen as a proxy because it is a high value crop with a higher domestic demand than any other fruit. It also provides year-round income for rain-fed farmers in climatic regions 1&2 and has great potential on frost-free irrigation schemes in regions 4&5. Margins for banana growers were only 14 percent above baseline this year, mainly due to the long-term response to pruning and other crop rehabilitation and maintenance practices. Many Zim-AIED assisted farmers invested in re-planting this year and the impact of adopting these technologies will be seen in 2013 (see below, section 3.6.2).

3.3.3 Paprika

Paprika was selected since it is an established and relatively high value cash crop that can be grown by many smallholders and has a strong global demand. Zimbabwe was previously one of the four main suppliers to global markets but production has gradually dropped since 2000. Very few Zim-

AIED beneficiaries had planted paprika prior to 2012 so baseline production was negligible. The gross margin was $1,235 per hectare, five times the return on maize. Margins will increase further in 2013.

3.4 FINANCE AND CREDIT

FTF 4.5.2-11 No. of …private enterprises (for profit)… receiving USG assistance.

FTF 4.5.2-29 Value of agricultural and rural loans

FTF 4.5.2-38 Value of new private sector investment in the agriculture sector….

FTF 4.5.2-43 No. of firms engaged in agriculture …operating more profitably…

Zim-AIED provides funds and technical assistance for a revolving credit facility, AgriTrade. This intervention contributes to results measured by the four FTF indicators listed above. AgriTrade is a revolving credit fund operated by three partner banks under a *wholesale loan agreement*, whereby they borrow funds at zero percent interest and target a dollar-for-dollar match funding with their own capital. The loan funds are then used to finance Zim-AIED's agribusiness partners who supply inputs and buy crops grown by smallholder farmers on communal and "purchase" land. The partner banks assume the full credit risk of all loans extended to AgriTrade clients.

Agritrade banks disbursed $5.38 million in new loans during fiscal year 2012. This increase is a result of 641 new loans, of which MicroKing disbursed 590 loans ($2,743,214), followed by Trust Bank with 44 loans ($1,587,788) and CABS disbursed 7 loans ($1,045,000). Loan volume more than doubled in fiscal year 2012 over 2011, an increase of 111 percent in the amount of new loans and 170 percent increase in number of loans (Tables 6 and 7).

Table 6: Loans disbursed fiscal year 2012

	Q4 2011	Q1	Q2	Q3	Total Disbursed FY 2012
Amount of Loans Disbursed	$1,992,517	$951,840	$1,038,093	$1,393,552	**$5,376,002**
Number of loans Disbursed	307	112	115	107	**641**
Average Loan Size	$6,490	$8,499	$9,027	$13,024	**$8,387**

Table 7: Loans disbursed project-to-date

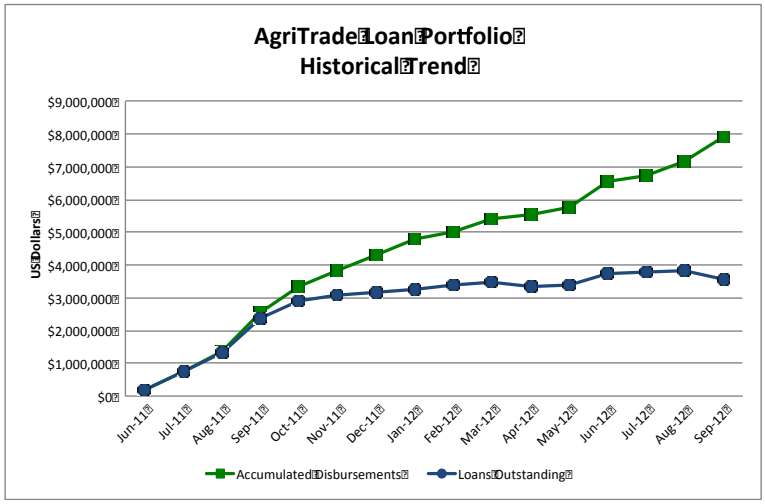
	FY 2011	FY 2012	Cumulative Disbursed
Amount of Loans Disbursed	$2,539,400	$5,376,002	**$7,915,402**
Number of loans Disbursed	237	641	**878**
Average Loan Size	$10,715	$8,387	**$9,015**

PORTFOLIO GROWTH

AgriTrade has delivered solid growth since the launch in June 2011(figure 3). A total of 878 loans have been disbursed for more than $7.9 million. The fund has leveraged $3.25 in new loans to the agricultural sector for each $1.00 supported by USAID. Partner banks operate under a wholesale loan agreement, whereby they borrow funds at zero percent interest and target a dollar-for-dollar match funding with their own capital. The partner banks assume the full credit risk of all loans.

UNIQUE BORROWERS

Figure 3: AgriTrade Loan Portfolio



The fund has provided loans to 408 unique borrowers (agribusinesses and individuals). Total loans provided amount to 641, of which some are repeat, which is important because repeat loans demonstrate the quality of borrowers and an increasing relationship between borrower and lender. This translates into profitable bank operations and sustainable lending to the agricultural sector. While Zim-AIED assists the banks in finding new agri-clients, we also support relationship banking and efforts to grow good clients through repeat business. Many repeat borrowers qualify for increased loan amounts based on their performance with the initial loan.

Table 8: AgriTrade Portfolio Ending September 30, 2012

	CABS	Trust Bank	MicroKing	Total
Loans Outstanding	$765,937	$1,775,936	$1,027,176	**$3,569,049**
Number of Borrowers	8	55	188	**251**
USAID/Zim-AIED Loan Capital	$500,000	$1,350,000	$579,500	**$2,429,500**
Partner Bank Loan Capital	$265,937	$425,936	$447,676	**$1,139,549**
Match Funding Ratio	53.19%	31.55%	77.25%	**46.90%**

COMMODITY PURCHASES

By making loans to traders at village level, AgriTrade has provided working capital for purchasing more than $13 million worth of agricultural commodities, (Table 9) purchased from smallholders in communal areas. Livestock purchases represent 64% of total purchases. The market for meat is increasing in Zimbabwe and banks are responding to demand for loans by growing businesses: butcheries, abattoirs and pen fattening operations. In addition, Butcheries and abattoirs are attractive to financial institutions because of the high turnover cash business. Maize purchases are 15%, most significant during July – December. Farm Inputs represent 9%, concentrated during the August-November period when farmers are purchasing inputs from rural agro-dealers to plant their main food and cash crops. Potatoes represent 6% of total commodities purchased and the demand is growing for both table and sweet potatoes.

Table 9: Commodities Purchased from Loans Disbursed		%
Maize	$1,929,037	15
Potatoes	$718,411	6
Livestock	$8,387,862	64
Farm Inputs	$1,219,320	9
Other	$750,998	6
Total	**$13,005,628**	**100**

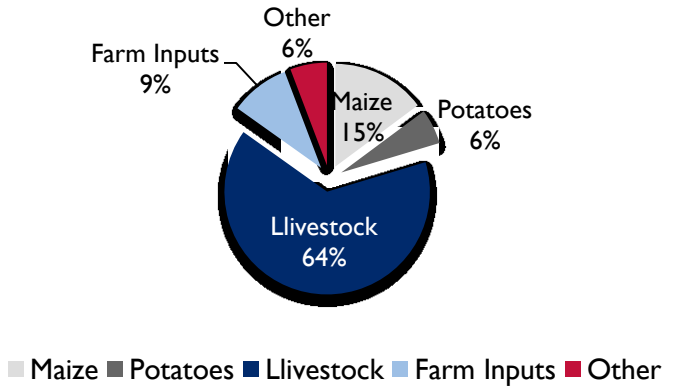
The largest number of AgriTrade loans continued to serve smaller borrowers in rural areas with 77 percent of all loans being $5,000 or less. For the majority of these borrowers, AgriTrade provided them the first opportunity to access credit through the formal banking sector. These loans are critical in stimulating the rural economy and support purchases of small lots of maize and vegetables, livestock trading, and the consolidation of produce for national buyers/processors.

PARTNER BANKS

The three partner banks focus on different market segments and vary in their approach to the market, borrower profile, loan approval criteria and administration.

CABS has a strong financial standing, is one of the oldest financial institutions in Zimbabwe, is the most conservative of the partner banks, and seeks the larger, more stable agribusiness clients. Consequently, it has the lowest AgriTrade portfolio, both in terms of number and value of loans disbursed; a total of 11 loans worth $ 1,495,000. Early during the fiscal year 2012, Zim-AIED requested the return of $250,000 of the original $400,000 loan advanced to CABS because of their low loan volumes, which they complied promptly. Since then $350,000 has been re-loaned to CABS because of their increased performance.

Figure 4: Commodities Purchased from Loans

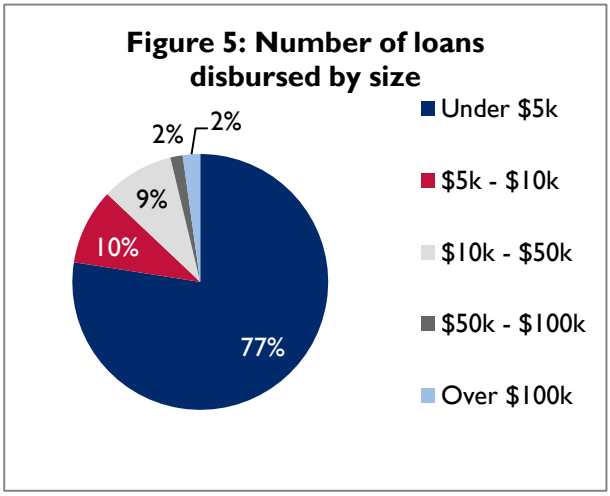


CABS is seriously interested in the agricultural and smallholder market and looking for ways to operating in this space. To help the bank grow its portfolio Zim-AIED's AgriTrade team created a new market approach that will provide direct lending to targeted farmers, whereby CABS will utilize its branch network and electronic cash (e-banking) facilities. CABS expects to launch this product late October 2012 in the Honde valley with 40 loan recipients who are contracted to sell their produce (bananas) to FAVCO, a Zim-AIED partner.

CABS portfolio at risk is 17.8 percent as of September 30, 2012, which is high. Of the total eight loans outstanding, three loans totaling $130,000 are past due more than 30 days. These loans are well secured and although not as aggressively as we would like, CABS continues its collections efforts and the borrowers are slowly reducing their outstanding balances.

Trust Bank targets the middle market sized client. Although a long-standing financial institution, they did not operate for a number of years and therefore are experiencing growth issues similar to that of a new bank, primarily a lack of liquidity and operational efficiencies. Loan disbursements during the first six months of the program were impressive, however best practice in risk assessment of the borrowers were not followed. Matters were further compounded by a weak credit administration and loan recovery system. As a result, loan delinquencies closed the year at 35.5 percent. Consequently, new lending has slowed as the bank tightens their credit evaluation criteria and resources shift towards credit recoveries. The AgriTrade field team is assisting with recoveries through increased field monitoring of past due.

Figure 5: Number of loans disbursed by size



The bank borrowed $1.35 million under the AgriTrade terms; however as of September 30, 2012 their portfolio outstanding was $1.8 million. Trust Banks will be requested to repay $350,000 to

Zim-AIED, until such time that they can stabilize and grow their portfolio. The recovery of these funds will be directed towards MicroKing whose loan growth is more robust.

MicroKing services rural clients with loan requests generally below $25,000. When MicroKing entered the AgriTrade program they were in a very weak liquidity position and loan growth was limited to the $1.2 million provided through AgriTrade Credit. In addition the parent corporation Kingdom bank was under an operating agreement with the Central Bank for insufficient capital. During fiscal year 2012, Kingdom Bank received a capital infusion from Afrasia Bank, which translated into additional capital for MicroKing.

In early 2012, before Afrasia's investment, MicroKing encountered lending irregularities at their Gweru branch, including loans under the AgriTrade facility. This led to a two-month lending moratorium. During this period the bank revised its lending procedures and improved its administrative checks and balances to ensure all loans disbursed were appropriately approved. As a result of these corrective actions and borrower repayments, the portfolio outstanding balances dropped significantly. This prompted Zim-AIED to request the return of $650,000 of the original $1.2 million advanced. Microking promptly complied and continues to invest in technology and operational improvements that will improve reporting of balances and payments. Prior to this conversion, Microking's Portfolio at delinquency stood at 10.5 percent, the best of all partner banks. Additional staffing has been assigned to begin collecting this data on a manual basis, while the service provider resolves the system upgrade issues. Following this streamlining of operations and Afrasia's new capital investment, loan growth is again on the rise. Once the past due loan reporting issues are resolved, Zim-AIED will support this loan growth with an infusion of matching funds.

3.5 BUSINESS DEVELOPMENT

Business development is a cross-cutting activity that contributes directly to all Zim-AIED results. The business development services team leads the training program, integrating agronomy, irrigation management, crop husbandry, natural resource management, gender mainstreaming, marketing, postharvest handling, recordkeeping, budgeting, and contract management. To ensure all farmers adopt a commercial approach, no matter how small-scale their operation, all activities take place in cooperation with private sector partners or NGOs linked to for-profit companies. Most of these partners are sub-grantees or sub-contractors but some work with Zim-AIED through memorandums of understanding, using their own funding, or simply on an informal basis.

Table 10 shows the breakdown of beneficiaries by partnership during FY2012. The largest single intervention was with the Sustainable Agriculture Technology that reached 23,568 low-income households and provided training through demonstrations in food crop production. More than 10,000 additional farmers linked to commercial partners also received training through the SAT demo sites. The intervention was so successful that the model was adapted towards the end of 2012 to upgrade some demo sites into "agribusiness hubs" where farmers are brought together with input suppliers, specialized trainers, buyers and credit agencies on a regular basis to create permanent, year-round market linkages and provision of technical services from both public and private organizations. This approach will form the cornerstone of Zim-AIED's implementation strategy in 2013. In addition to the crucial role of training, commercialization requires a range of other specific business-related interventions that are monitored through six FTF indicators summarized below.

3.5.1 Technical Assistance

FTF 4.5.2-11 Number of food security …organizations… receiving USG assistance

The program provided technical assistance to 689 organizations, mainly for-profit companies, surpassing the target of 447 by 54 percent. These included banks, agri-traders, exporters, meat processors, irrigation management committees, and producer associations.

Table 10: Zim-AIED beneficiaries disaggregated by sub-grantee, sub-contractor and non-funded MOUs, 2012

Partner	Male	Female	Total	%Total
SAT + co-partners	9,352	14,216	23,568	46.4
CABS, MicroKing, Trust Bank through AgriTrade	6,486	2,895	9,381	18.5
Capsicum Company	2,001	1,995	3,996	7.9
Prime Seeds (Pvt) Ltd.	1,383	1,950	3,333	6.6
CARE + co-partners	1,042	1,638	2,680	5.3
FAVCO	1,109	877	1,986	3.9
Zimbabwe Farmers Alliance Trust (ZFAT)	977	747	1,724	3.4
Matanuska Private Ltd.	652	711	1,363	2.7
Inala Enterprises	452	605	1,057	2.1
O'Enem Meat Products (Pvt) Ltd	349	277	626	1.2
Others	609	470	1,079	2.0
Grand Total	**24,412**	**26,381**	**50,793**	**100**
	48%	**52%**		

Source: CIRIS

3.5.2 Investment

FTF 4.5.2-38 Value of new private sector investment… leveraged by FTF implementation

Based on surveys of farmers and companies assisted, new investments during the year were estimated at $5.88 million. Farmer purchases were $3.9 million, 67 percent of the total, mainly used for low-cost mechanization, irrigation equipment and livestock. Many AgriTrade borrowers upgraded their storage and shop buildings. The annual target of $4 million was exceeded by 47 percent.

3.5.3 Profitability

FTF 4.5.2-43 Number of firms …now operating more profitably because of USG assistance

Technical support was provided to many AgriTrade borrowers, banks and other companies to improve their business operations. Fourteen have reported operating more profitably in the profit centers benefiting from Zim-AIED partnership. In practice, many more are also benefiting but collection of information to validate this is a long process.

3.5.4 Employment

FTF 4.5-2 Number of jobs attributed to FTF implementation

Overall, new employment opportunities are rare in Zimbabwe in the current business climate. However, the end-of-year survey indicated that Zim-AIED interventions with new crops and the expansion of production have resulted in 962 new, on-farm jobs (converted to full-time equivalents). A further 197 jobs were created in companies working with the program.

3.5.5 Management Practices

FTF 4.5.2-42 Number of …organizations… that applied new technologies or management practices

At least 679 organizations adopted new management practices during the year surpassing the target of 447 by 52 percent. This includes the majority of AgriTrade borrowers with loans under $10,000 who are now keeping better management and accounting records to conform with the terms of their loans. In addition, 10 producer organizations have mobilized farmers to consolidate and increase the volume of produce collectively marketed to wholesalers.

3.5.6 Business Development Services

FTF 4.5.2-37 Number of MSMEs receiving business development services

A total of 73,520 farmers and other MSMEs received business services from Zim-AIED and its implementation partners during the reporting period. These included new access to credit, improved market linkages and training in record-keeping, budgeting and contract management.

3.6 PRODUCTIVITY

FTF 4.5.2-7 Agricultural sector training

FTF 4.5.2-2 Area under improved technologies

FTF 4.5.2-5 Farmers who have applied new technologies

Productivity interventions in crop agronomy, irrigation, livestock management, and postharvest processing were carried out intensively throughout the year by the Zim-AIED technical team and extension workers employed by partner organizations. Sub-grants with SAT, Prime Seed, Matanuska, Capsicum, FAVCO, Better Agriculture, Agriseeds, O'Enem Meats, and Inala Enterprises, provided additional technical and marketing resources to food and cash crop growers and livestock farmers across the whole country. The Zimbabwe Farmers Alliance Trust was supported with Zim-AIED extension staff under an MOU. Target crops were maize, groundnut, sugar bean, banana, vegetables and paprika. All except paprika are important food crops that also contribute directly to income through cash sales of surpluses. The livestock team targeted cattle and goats. Productivity increases are monitored by three FTF indicators, summarized below.

During the year, 58,055 (see Table 2) beneficiaries received short-term, specialized training and technical assistance in crop production, integrated pest management, post-harvest technology. Training focused on good agricultural practices (GAPs) customized for specific crops and conditions. An analysis of 20,000 maize growers showed that training was more effective than either provision of inputs or marketing contracts in raising crop yields and productivity (FTF MIS 4.5.2-7)

Based on the end-of-year survey, a total of 25,804 hectares were put under new technology and/ or management practices during the year. This surpassed the target of 19,500 hectares by 32%. Maize, banana, paprika and sugar bean all showed significant improvements in yield and productivity as a result of this high rate of adoption (FTF MIS 4.5.2-2)

A total of 20,480 farmers applied at least one new technology. Improved soil management systems were reported by 38 percent of farmers; better pest management techniques by 26 percent; improved varieties (crop genetics) by 24 percent and changes to optimal planting rates by 12 percent. Of note is that 52 percent of these early adopters were women. Some of the main productivity interventions and their impact on incomes are highlighted below (FTF MIS 4.5.2-5).

3.6.1 Staple Food Crops

Maize production over the past 10 years has fallen well below the domestic demand of 1.8 million tons. Since it is the main food and cash crop for smallholders, Zim-AIED is targeting it specifically

with the aim of eliminating this deficit over the life of the program. National production for 2011-12 was estimated at 1.1 million tons due to the low average yield in high potential maize areas of 1.04 tons per hectare. By contrast, more than 20,000 Zim-AIED assisted farmers in these areas almost doubled their production by achieving an average yield of 2.02 tons (figure 6). This increase was due to adoption of basic techniques of selecting the best variety for the conditions, planting early, applying optimum fertilizer and controlling weeds. Results from demonstration sites managed by the farmers showed that yields can be doubled again with more intensive application of these techniques.

Figure 6: Yields of Zim-AIED assisted Farmers in Areas with Potential for Commercial Maize Production

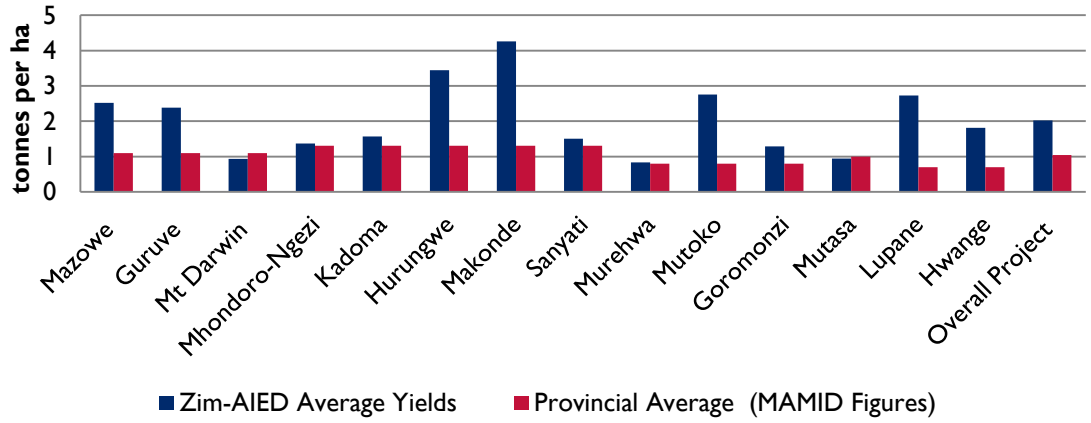
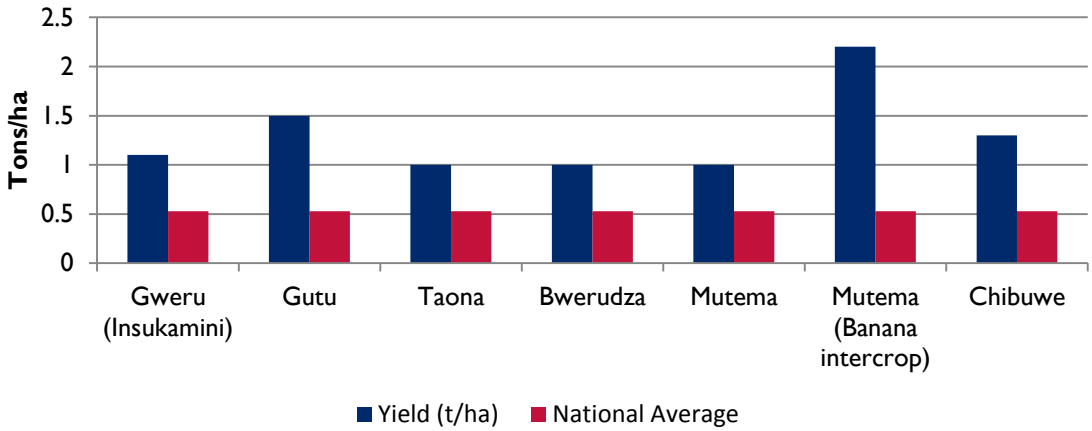


Figure 7: Sugar bean yields achieved by Zim-AIED beneficiaries compared to the National average, 2012



Similar results were obtained with sugar beans, the main source of protein for many rural households across the country. Technical assistance to sugar bean growers was provided on irrigation schemes in Manicaland, Matabeleland South and Midlands provinces respectively. Growers assisted achieved yields ranging from 1.0 to 2.2 tons/hectare, with an average of 1.50 tons/hectare at the two main production locations on irrigation schemes in Manicaland and Gweru. Despite challenges with frost and irregular water supply on some schemes, this was 2.8 times the national average of 0.53 tons/hectare as reported by MAMID. Since sugar beans are grown under irrigation or in high rainfall areas (>500mm) there is much less variability in yields across the country. In addition to household needs, sugar bean generated significant new income to the growers since high world prices for dry beans pushed local farmgate prices up from $0.80 per kilo in 2011 to $1.30 in 2012. Average net income per hectare was $852, more than three times the income achieved from maize. Some of the most successful sugar bean farmers were in Chibuwe and Musikavanhu irrigation

schemes in Chipinge, in southern Manicaland (table 10). Approximately1,500 farmers on these schemes reported total sales of 1,081 tons, a 162 per cent increase over last year. The farm gate value of sales was $1,148,000 which translates to a net income of $1,836 per hectare or $901 per farmer.

Table 11: Sugar beans yield and performance

Location	# of farmers	Area (ha)	Ave. plot size (ha)	Total produced (MT)	Yield (t/ha)	Gross sales value ($)	Total net Income ($)	Net income/ ha ($)
Mutema/Chibuwe	1,500	764	0.5	1,081	1.4	1,148,000	688,638	901
Mutasa	110	11	0.1	11	1.0	14,300	9,900	900
Insukamini Gweru	110	11	0.1	17	1.5	18,500	11,110	1,010
Gweru- wetlands	655	65	0.1	46	0.7	50,050	25,935	399
Hama Mavhaire Irrig. scheme	92	92	1.0	92	1.0	101,200	69,000	750
Gutu- Ranga Irrig. scheme	80	8	0.1	10	1.3	11,440	7,120	890
Gutu- wetlands	155	16	0.1	12	0.8	12,787	6,897	431
Gutu- Ruti Irrig scheme	80	20	0.3	30	1.5	33,000	22,680	1,134
Total	**2782**	**987**		**1,299**		**1,389,277**	**841,280**	
Average			**0.3**		**1.2**			**852**

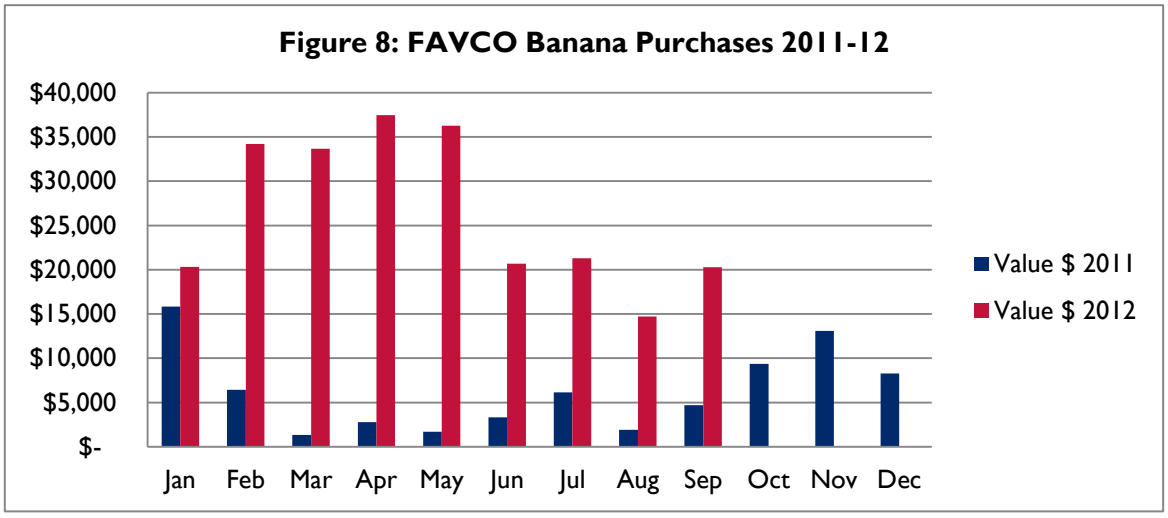
Sweet potato is a crucial food source for many rural households living at subsistence levels but has not been grown commercially in the past. This year 1,205 smallholder farmers partnered with Zim-AIED in Gweru and Gutu to develop a small-scale sweet potato industry. During this pilot stage, the farmers earned net average income of only $37 per household but for many it was their first attempt to grow on a commercial basis. In preparation for the new season, the farmers established 10 nurseries stocked with virus free vines that are being multiplied to supply 2,000 sweet potato growers in the two districts with planting material for 0.2 hectares per household. If the yields achieved in 2012 are maintained, this should generate new net income of at least $300 per family over the next year.

3.6.2 Horticulture

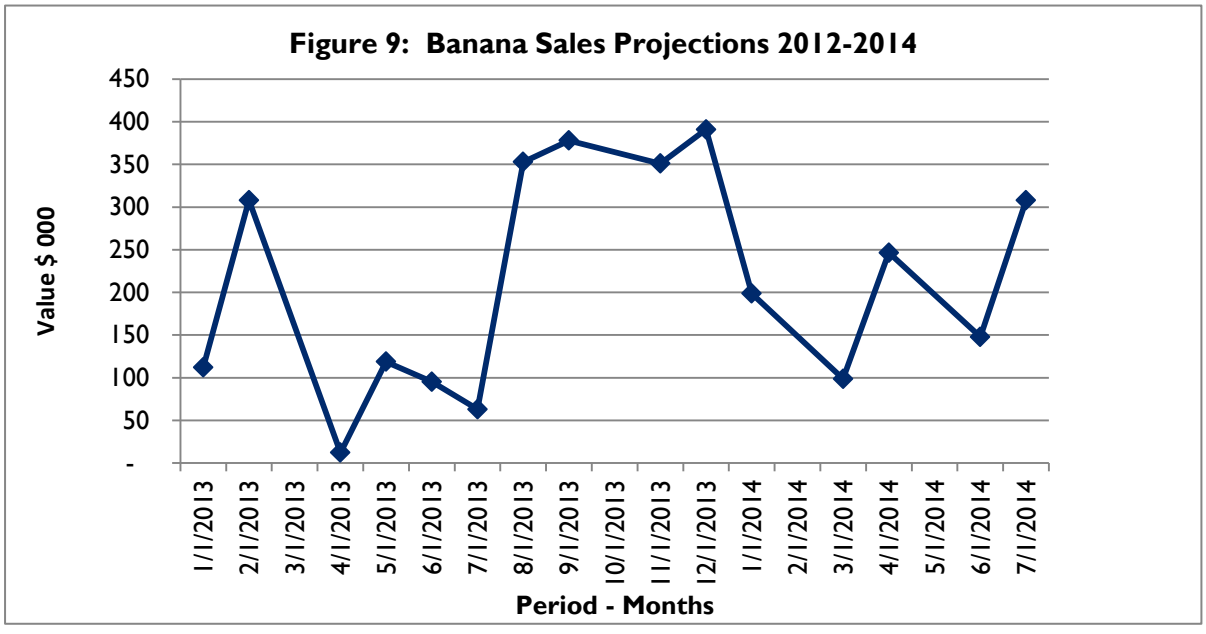
Horticultural crops are grown for home consumption and cash by many smallholders (see above, table 4) because they produce high returns per unit area. Most are grown and hand-watered on small areas around the home but, with the right conditions and techniques, production can be scaled up to commercial levels. The main interventions focused on banana and local market vegetables, particularly brassicas (kovo, rape and kale) and tomato, which have large domestic market demand and make a crucial contribution to household nutrition.

Two major interventions were made with leading commercial banana distributors. In Honde Valley, existing growers received intensive post-harvest technical assistance to raise quality standards and consolidate product for marketing to FAVCO. This had an immediate impact and sales have increased continuously during the year (figure 8) with farmer incomes more than doubling. During September 2012, FAVCO bought 67,640 kg of bananas from the smallholders at $ 0.30 per kilo and a total farm gate value of $20,292. This was more than three times the quantity purchased during the same period last year at a lower average price. The increase in volume of bananas sold was largely attributable to better crop management and improved farmer group organization with the number of groups supplying FAVCO increasing from one to 15 during this year. Zim-AIED initially provided

business training to strengthen the four pioneer groups in Murara, Buwu, Chipote and Zindi but once the benefits of consolidated marketing became obvious, farmers in neighboring areas formed themselves into 11 more commercial groups. On average the farmers have 0.2 hectares of banana from which they are starting to harvest at least 600 kg per month. At the current price of $0.30 per kilo, this provides a net household income contribution of $117 per month. As a result, many farmers have invested in tissue-cultured banana plants to replace and expand their current fields. The sales impact of this new technology will be seen in 2013 as the plants mature.



In a separate development, farmers on three irrigation schemes in southern Manicaland have formed a joint venture with Matanuska, a major plantation grower and marketing company, to grow bananas intensively for local and regional markets. Each farmer has 0.20 to 0.25 hectares, planted cooperatively in 10-20 hectare blocks to take advantage of the latest techniques and technologies. The farmers are growing tissue-cultured plants of selected varieties under a micro-jet irrigation system funded by loans arranged by Zim-AIED. Matanuska and Zim-AIED technicians are supplying specialist technical assistance to the growers. The first crop from demonstration plots is producing the equivalent of 35-50 tons per hectare yield, as good as any large-scale plantation. Monthly sales from the 80 hectares planted in 2012 are expected to reach $400,000 (figure 9).



So far, 359 farmers have planted 80 hectares and expect to generate new income of $1,674 per household in 2013, equivalent to a gross margin of $7,543 per hectare (Table 11). So far the fields are exceeding expectations and on target to achieve this. The project is serving as an example of the commercial potential of small-scale production if the best technologies and management systems are introduced and adopted. Given the large market available it has the potential for scaling up to thousands of small-scale commercial growers.

Table 12: Projected 2013 income of Banana Farmers planting in 2012

Block Location	# of farmers	Area planted (ha)	Total volumes (kgs) in 2013	Expected net income @25c/kg	Expected net income per farmer
Mutema	154	38.5	3,316,500	$406,961 (2 harvests in 2013 for 32ha)	$2,642
Musikavanhu A5	45	9.2	732,484	$72,939 (2 harvests for all 9.2 ha)	$1,620
Chibuwe C1	50	10	400,900	$44,042	$880
Chibuwe C2	50	10	380,000	$35,118	$702
Chibuwe D	60	12	456,000	$42,142	$702
	359	79.7	5,285,884	$601,202	$1,674
NET INCOME (GROSS MARGIN)/ HECTARE $7,543					

Technical assistance for production and marketing was provided to farmers producing a wide range of vegetables on irrigation schemes and high rainfall areas across the country. For example, growers in Mutoko are producing a range of fresh vegetables for Harare Fresh Produce following specialist advice to rehabilitate their irrigation systems so that year-round production and sales can be assured. The technical and credit teams combined to secure a $50,000 AgriTrade loan from Trust Bank for Sandefer Investments to contract smallholder farmers in the production of vegetables at Silalabuwa Irrigation Scheme in Matabeleland South. The company is providing growers with a full package of hybrid seedlings, inputs and marketing services. Zim-AIED is providing technical assistance and training. Silalabuwa is a gravity fed scheme of about 400 ha and presents good opportunities for commercial horticulture.

Two hundred and ninety seven smallholder citrus farmers at Negomo Irrigation Scheme in Chiweshe (Mashonaland Central) were given post-harvest training to grade their crop to negotiate a contract with Chegutu-based Dodhill Citrus Exporters (Mashonaland West). The farmers have 72 hectares of oranges, of which 60 percent consist of Washington Navel, an easy-peeling variety suitable for both local and export fresh markets. The balance is Valencia oranges, a processing variety that was sold to Interfresh for juicing at Mazowe Citrus estates. The farmers sold more than 150 tons to Dodhill at a farm gate value of $21,700 for export to South Africa, DRC, and Zambia. After grading, they earned additional revenue from processing and roadside sales to give an average net income per grower of more than $300 from plots of 0.2 hectares.

The oranges were a spin-off from Zim-AIED's separate intervention to regenerate mangetout and sugar snap pea exports from Negomo that will provide new export income for farmers over the next year. Trials with peas carried out this season showed that farmers can achieve a net income of at least $2,000 per hectare. Samples of the trial production were exported and received good quality reports from European importers.

More than 3,000 smallholders were trained and received technical assistance to grow paprika . Previously Zimbabwe was a major supplier to global markets from large-scale farms but production

has gradually declined since 2010 to less than 600 tons in 2011. As part of this rehabilitation of the crop, Zim-AIED partner Capsicum contracted paprika from 2,652 smallholders and purchased 380 tons for export to Spain and India including 14 tons from pilot scale production on irrigation schemes in Matabeleland and production will be increased there in 2013. Aflatoxin levels were within international standards and the color and size of the crop was 90 percent Grade A. Total national production was about 1,000 tons with a farm gate value of $1.4 million. Discussions with importers from Spain, India and South Africa indicated that production can be scaled up tenfold without affecting market prices. Net income achieved by growers who adopted GAPs and were not affected by frost was $1,235 per hectare and this can be improved in future (see above, table 5).

3.6.3 Livestock

The main activities this year focused on providing extension support, training, and technical assistance to the farmers contracted to O'Enem Meat Products for supply of maize and soy bean for animal feed. The abattoir in Chiweshe was rehabilitated following a new joint venture to establish a feedlot adjacent to the plant. In Matebeleland North and South, training and technical assistance on good animal husbandry practices continued with partners Tjinyunyi Babili Trust (TBT) and Inala Enterprises. Specific technology activities transferred included:

- Completion of water reticulation systems, pig sties, feedlot, and borehole at O'Enem. This will increase reliability of supply and increase throughput to achieve the slaughter targets of 100 pigs and 125 head of cattle per month.

- The refurbishment of the abattoir, establishment of the feedlot, opening of a retail butchery. O'Enem recorded total sales of $114, 095 since January 2012 for sales of their processed meat products and abattoir services. This comes from a zero base in 2011 when Zim-AIED started providing technical assistance to the company to rehabilitate its processing plant, source maize and soy bean for feed from communal farmers and replace equipment with a commercial loan. A total of 125 cattle from smallholders were slaughtered during this period, giving 20,237 kg of beef with a market value of $75,002 and 3,359 kg of offal with a value of $6,242. Fees of $17,792 were earned from toll slaughter of 510 cattle. Other income came from the slaughter and sale of pigs and from trading maize supplied by surrounding communal farmers. The livestock business provided average gross returns of $264 to 431 farmers who generally incurred no input costs apart from labor. More than 900 smallholders earned new net income of $140 to $379 from sales of maize and soy.

- The new feedlot, with a capacity of 360 herd of cattle was established through a partnership between O'Enem Meats and Comtex, a major cattle rearing and livestock trader. As of September 30, 50 cattle were in the feedlot.

- The 300 sow piggery unit, which has been lying idle since 2008, was refurbished with all the pigsties connected to clean borehole water and each unit individually served by pig-friendly nipples. Watering the pens with nipples is an efficient way of providing the animals with clean water while reducing the wastage of water, keeping the sties dry, and reducing labor and cleaning costs. The waste water flows through anaerobic tanks to fishponds. All projections are to stock the pig sties by May/June 2013 and this will coincide with the harvests from the 2012/2013 cropping season and ensure enough stock feed for the piggery.

- Smallholder farmers contracted to grow maize and soy bean to O'Enem for feed achieved net income of $379 per household from 0.6 hectares of maize following adoption of GAPs. A total of 405 soy farmers achieved $140 net income from an average 0.74 hectares.

- The sub-grant agreement with Inala Enterprises in Matabeleland North enabled the company to expand its cattle leasing operations to smallholders; purchase livestock for its meat market at Nkayi business center; co-fund training to improve meat quality; and introduce good quality bulls to the area. Two Beef Master bulls and 26 breeding heifers were purchased to start and heifer

and bull loan and leasing scheme that is targeting to increase herd sizes and improve breeds amongst 1,000 smallholder livestock producers in Nkayi district, Matabeleland North.

- Two nucleus centers were established at Dakamela and Ezinyangeni Village, Nkayi district. Thirty para-vets from Inala Enterprises underwent training of trainers courses on the beef calendar; castration, dehorning and supplementary feeding; vaccination protocol; and marketing of cattle and goats. The para-vets are playing a critical role of cascading all the Zim-AIED trainings to the livestock farmers on a regular schedule.
- Smallholder farmers took ownership of new heifers after qualifying for loans through the Inala partnership. Each animal was valued at $650 and the farmers will pay back by selling off old, unproductive animals so that their herds improve in quality. The cattle loan scheme is the first step towards commercialization of smallholder cattle and goat herds in the area. Over the long term, the loan scheme will be linked to new rural auctions and meat processing companies. Montana Meats, one of Zimbabwe's leading processors, is already in discussion with Inala to buy under contract through these hubs

3.6.4 Irrigation

Technical assistance to improve irrigation technology is a cross-cutting activity that contributes to all Zim-AIED crop interventions. During this year activities focused on providing technical assistance and training to farmers and extension staff from private companies and public institutions on irrigation schemes where Zim-AIED is commercializing smallholder production. More than 6,000 farmers on 24 irrigation schemes were assisted this year, 53 percent of them in natural regions IV and V (Table 12). A standard commercialization methodology was followed for each scheme:

- Confirmation of amounts owed by the scheme to ZESA and ZINWA.
- Assessment of the repair and rehabilitation costs necessary to bring the scheme into full production.
- Replacement and maintenance costs of the scheme under full production conditions.
- Soil and water analysis.
- Determination of a viable cropping programme for the whole schemeTraining of farmers in irrigation water management and maintenance of systems
- Building capacity of farmers to operate commercially

Table 13: Irrigation schemes assisted by Zim-AIED, 2012

	Schemes assisted	# of Farmers	Province	Natural Region	Type of Assistance
1	Musikavanhu	312	Manicaland	V	Set up maintenance fund
2	Chibuwe A & B	125	Manicaland	V	Set up maintenance fund
3	Insukamini	112	Midlands	III	Field levelling Drainage
4	Dufuya	92	Midlands	III	Canal lining Raised beds
5	Makwe	484	Matabeleland South	V	Set up maintenance fund Pump maintenance
6	Honde Valley – Murara	270	Manicaland	I and II	Equipment operation Maintenance
7	Bende	300	Manicaland	II	Repair and maintenance
8	Mutema	370	Manicaland	V	Installation of borehole pump, Rehabilitation of main pipeline Installation of micro jet system
9	Tawona	593	Manicaland	V	Water application efficiency
10	Negomo	296	Mashonaland Central	II	Organization and management Maintenance fund
11	Moza	360	Matebeleland South	IV	Canal maintenance Organization and management
12	Thornville	142	Matebeleland South	V	General maintenance Organization and management
13	Ingwizi	170	Matebeleland South	IV	General maintenance Organization and managemen
14	Antelope	102	M Matebeleland South	V	General maintenance Organization and management
15	Lungwalala	240	Matebeleland North	V	Canal maintenance Organization and management
16	Chitora II	43	Mashonaland East	III	Canal maintenance Organization and management
17	Ngondoma	209	Midlands	III	Canal maintenance Organization and management
18	Ruti	270	Masvingo	III	Water management for sugar bean
19	Hamamavhaire	93	Midlands	IV	Water management for sugar bean
20	Exchange	820	Midlands	III	Water management for sugar bean
21	Ranga	170	Masvingo	IV	Leadership training Water management for sugar bean
22	Zvavahera	40	Masvingo	IV	Repair and maintenance of pumping plant
23	Murewa wetland gardens	200+	Mashonaland East	II and III	Water management Organization and management
24	Mutoko wetland gardens	200+	Mashonaland East	II and III	Organization and management
	Total	**6,013**			
	Region 5 – 2,368, 39.4% **Region 4 – 833, 13.9%** **Regions 2&3 – 2,812, 46.8%**				***Source: Zim-AIED***

4. CLIMATE CHANGE AND ENVIRONMENT

During this year, farmers in various parts of the country have experienced:

- Exceptionally high temperatures in February followed by a month without rain during what is usually the rainy season.
- Intense hailstorms that destroyed standing crops.
- Sub-zero temperatures in June causing frost damage to banana and sugar bean for the first time in ten years.

These "climate change events," generally accepted to be caused by global warming, are becoming more common and will have a negative impact on agricultural production unless farmers adapt to the new conditions. Climate change models are in general agreement temperatures are rising in Zimbabwe but there is uncertainty regarding rainfall levels and seasonality in future. Zim-AIED therefore promoted "no regrets" interventions. These were adaptation and mitigation measures that have positive returns on productivity, profitability, environment, biodiversity, risk-reduction, and future adaptability regardless of climate changes. Some of the strategies being applied and examples of specific agricultural practices and technologies being implemented by Zim-AIED are given below:

- **Commercialization** in itself is a mitigation strategy since all studies on smallholder adaptation to climate change show that the best way to adapt to change is by focusing on profitable production. This principle underpinned all activities relating to climate change and environmental management during 2012 and was included in all training activities.

- **Good agricultural practices** (GAPs) have positive climate change adaptation and environmental outcomes, and many also have mitigative qualities. Practices promoted by Zim-AIED such as biological and integrated pest management; efficient water collection, conservation and irrigation systems; low tillage techniques; wind and water erosion barriers; composting, mulching and cover crops to improve soil texture all have positive environmental impact as well as reducing farm costs.

- **Mixed farming systems** were promoted since they reduce both economic and environmental risks for small-scale farmers. Including perennial as well as annual crops also improves soil structure and reduces labor requirements. Zim-AIED interventions in Honde Valley and Manicaland to encourage mixed farming of banana, avocado, beans and maize were a good example of this approach.

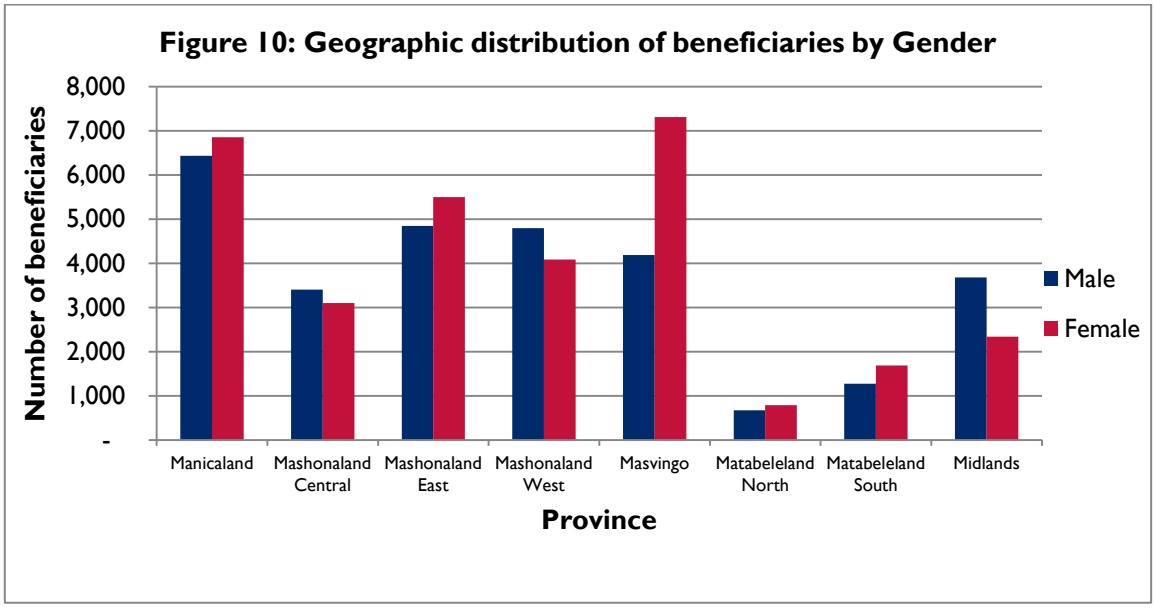
- **Crop selection** must take account of conditions. In the drier, hotter parts of Zimbabwe, short cycle maize varieties that mature quickly are essential to obtain a commercial yield. Zim-AIED demonstrated more than 20 different maize varieties with thousands of farmers on more than 50 demonstration sites across the country. An agreement was also reached with Delta Corporation for 2,000 smallholders to grow cassava under contract in low rainfall areas (for low-cost beer production). Cassava can produce at least 15 MTs per hectare in areas where maize and other food crops cannot be grown successfully.

- **Water management** on irrigation schemes is currently extremely efficient. Water conservation techniques were demonstrated to 6,000 growers on 34 schemes across the country (see above, section 3.6.3). Rain-fed farmers in general did not have the financial resources to invest in rainwater collection and storage on a bulk scale, so in-field techniques for temporary collection and conservation were stressed. More than 100 field demonstrations across the country included mulching, composting, and raised beds as effective techniques for "collecting" and storing water at field level.

- **Minimum tillage** systems that conserve water and weed control to avoid competition for water were included in all trainings. Farmers were shown how to select and apply herbicides for maize, soya, and paprika that cut costs and increased productivity dramatically.
- **Technology** can dramatically increase water utilization. Zim-AIED assisted 400 growers at Mutema to install a micro-jet system on 32 hectares of bananas. The micro-jets target the plant root zones precisely so that water losses from soil evaporation and deep drainage are minimized.
- **Inorganic fertilizers** have great capacity to increase crop yields and productivity but their manufacture and distribution is highly energy intensive and contributes significantly to GHG emissions. Zim-AIED therefore promoted cropping systems that recycle nutrients as far as possible and reduce the cost and environmental impact of supplementary fertilizer.
- **Burning crop residues** produces CO_2 and other GHGs. Instead, farmers were taught how to use the residues in compost production that actually locks up GHGs. At the same time, by planting crops at optimum density and including perennial plants and tree crops in their farming systems, farmers learned how to contribute to GHG storage in the permanent biomass of their farms. Drying paprika on-farm or at source also eliminated the energy-intensive process of forced drying and reduced the economic and environmental costs of transportation by 60 percent.
- **Cattle and goats** contribute significantly to global methane emissions and global warming but are a traditional and essential part of Zimbabwean farming systems in arid and semi-arid areas. They graze on plants that grow on land unsuitable for cropping and, in some cases, provide the only income-generating option for rural households. Zim-AIED trained farmers to improve livestock waste management and reduce emissions through using covered lagoons, improving animal diet and increasing feed digestibility
- **Rangelands** must be managed to avoid over-grazing and land degradation. In Matabeleland, the livestock team in collaboration with the Department of Livestock Production trained farmers on veld reinforcement, use of agroforestry species and agroforestry products, and the use of crop residues and other fodder crops in order to increase carrying capacity of the land, improve on species diversity and reduce erosion.
- **Integrated systems** that capitalize on the effective interaction between crops and crop-related products to provide feed for livestock maintains ecosystem stability. Throughout Masvingo and Matabeleland, Zim-AIED trained farmers to adopt integrated crop-livestock systems will positively affect biodiversity, soil tilth, organic matter, water infiltration, water retention, forest preservation and adaptation to and mitigation of climate change.
- **Agrochemicals** are produced in highly energy-intensive processes that generate GHGs. In addition to this, pesticide residues can have negative impact on beneficial species and are expensive and often difficult to apply effectively. For these reasons, Zim-AIED trained all beneficiaries to employ integrated pest management systems that control pests and diseases more safely, efficiently, and cost-effectively by minimizing agrochemical application and maximizing biological controls. Wherever possible, varieties of target crops were recommended that have tolerance to common pests and diseases.
- **The USAID PERSUAP** for Zimbabwe was updated, re-written and submitted for approval by Zim-AIED on behalf of all projects and programs.

5. GENDER

Zim-AIED's commitment to gender integration assisted thousands of women throughout Zimbabwe to improve the quality of life for themselves and their families through higher crop yields, improved microenterprise development and expanded markets. During 2012, Zim-AIED assisted 60,952 farmers (50,793 households) across the country of which 52 percent (31,657) were women (see above, Table 1) and this balance was evenly distributed across the country except in Mashonaland Central where men narrowly outnumbered women and in Masvingo where 64 percent of beneficiaries were women (Figure 10).

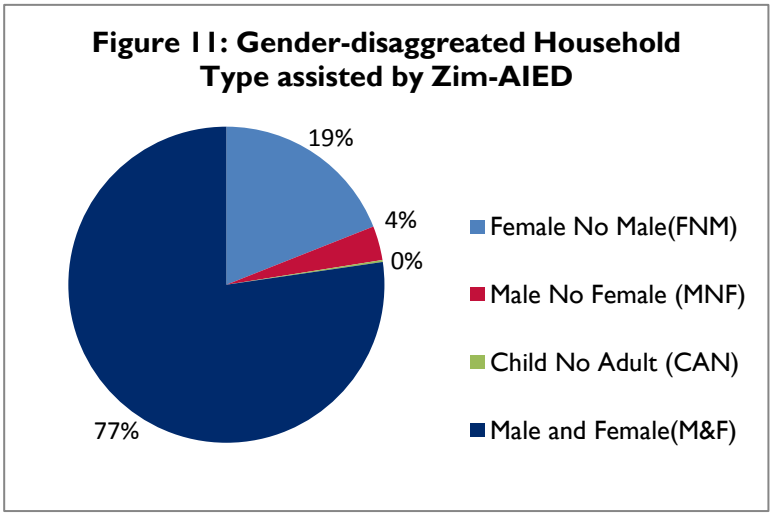


A further analysis of the household composition shows that of the 50,793 households assisted by the program, there were no child-headed households while 77% had both male and female adults, 19% were single female households with no male adults and 4% of the households were male households with no female adults (figure 11).

Zim-AIED provided productivity and business trainings and technical assistance in places and at times accessible to women..

Training stressed the adoption of labour and time-saving technologies that reduce the labour burden for all household members and women in particular.

Emphasis was on improving water access and introducing irrigation technologies for smallholder farmers to ensure all year round crop production. A special focus was placed on improving water access and introducing irrigation technologies for smallholder farmers working on irrigation schemes to help ensure production throughout the dry winter months. Water access is a constraint to agricultural productivity for both women and men, but women bear the brunt of the burden because

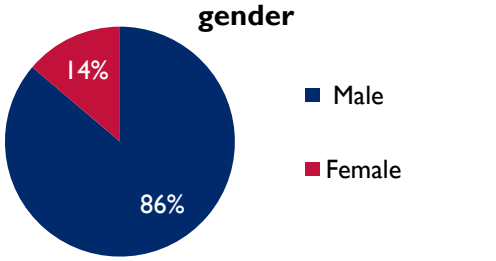


67 percent of farmers working on irrigation schemes assisted by Zim-AIED were female and they are responsible for collecting water for both household and agricultural use. At Mutema Irrigation Scheme, Zim-AIED installed a micro-jet system on 40 hectares of banana crop benefitting 160 farmers. This new system has reduced the burden for both men and women who no longer move irrigation equipment (pipes) between irrigation cycles thus leaving farmers with more time to perform other on-farm and off-farm activities. Women at Makwe irrigation scheme in Matabeleland South, took the initiative to set up a repair and maintenance fund with Agribank since they suffer the most hardship when water is disconnected. As a result, they were able to quickly respond to a pump breakdown in August and ensure food production was not compromised. Weed control with mulch and herbicides, and mechanized land cultivation using affordable ox drawn rippers, were emphasized because land tillage with hand hoes is largely the job of women. Since there is usually too much work for them to complete by hand, mechanization increases productivity and income for the whole family as well as freeing women from the drudgery of manual labor.

As traders, women face challenges posed by inadequate transport infrastructure as well as social restrictions over their mobility. Contract farming avoids these problems, to some extent, since products are usually consolidated and collected by the buyer. Through Zim-AIED interventions, 10,350 farmers planted and sold crops under contract with eight private companies. Fifty two per cent of contracted farmers were women. This has greatly improved the lives of banana farmers in Honde Valley who now sell every week under contract to FAVCO. The company bought a new tractor and trailer to reach difficult areas and reduce the post-harvest damage while, at the same time, reducing the distances walked by women and children carrying bananas. Farmers previously sold their produce at prices as low as $0.06 from the field or had to carry it to urban markets were they would stay for up to two weeks without decent accommodation. This effectively excluded women from marketing. With the FAVCO contract both men and women farmers sell at prices of $0.25-30 per kilo and have more time to work on developing their farm businesses.

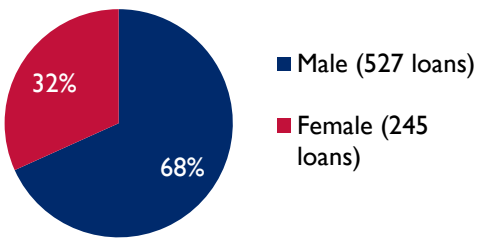
Women traditionally have little access to credit and so are disadvantaged in establishing or expanding their businesses. Collateral requirements for lending are primarily title deeds to property, which creates a structural limitation for women to access credit since most title deeds are in the male's name. The AgriTrade team continued to work with the partner banks expend lending opportunities to women and as a result, 32 percent of all AgriTrade loans have been extended to women. However, women generally borrow less than men and account for only 14 percent of the value of loans disbursed to date (Figures 12 and 13).

Figure 12: Value of loans by gender



Source: AgriTrade

Figure 13: Number of loans by gender



Source: AgriTrade

6. LESSONS LEARNED

The main lessons learned during program implementation to date and mitigation steps taken during this quarter are listed below. Strategic challenges are provided separately in Section 8.

- Separate, written and signed protocols with provincial and district authorities are essential to implement Zim-AIED activities on the ground, even though a memorandum of understanding has been agreed with MAMID. Many meetings were held with the authorities in each District and additional documentation provided where necessary. Some Districts require new MOUs to be signed for 2013.
- Equally important as obtaining local authority approvals is to provide regular newsletters and other information to local administrators.
- Field activities can be implemented more effectively if AGRITEX officers are involved from the start. However, activities cannot be delegated to officers without close supervision and training. Zim-AIED engaged AGRITEX in all field interventions without providing financial incentives.
- As a general rule, conditions in Zimbabwe do not allow for successful commercial production of horticultural crops outside of irrigation schemes or other areas where water is available year round. Selected schemes were provided with intensive technical support to create whole-scheme business plans and step up production of higher value crops and act as hubs for surrounding rain-fed farmers including both crops and livestock.
- Irrigation schemes provide a potential competitive advantage for thousands of smallholders, but they are misunderstood. No attempt to rehabilitate schemes or improve management can be successful until growers on schemes agree to and start implementing marketing and business plans that treat the scheme as a single commercial unit. Zim-AIED promoted this approach with selected schemes.
- Many pumped irrigation schemes have outstanding ZESA bills of up to $300,000. In an attempt to recover this, ZESA turns off the electricity supply to make growers pay, whenever it sees money coming into the scheme, either from sales of produce or investment by development projects such as Zim-AIED. Until this problem is resolved, Zim-AIED is working mainly with schemes that have manageable fuel bills and low arrears, which is usually those that are gravity fed.
- Food crops, especially maize, sugar bean and groundnuts must be included in cropping systems recommended for commercialization of communal farmers and other types of smallholders, including irrigation schemes. These farmers are not ready to implement high risk cash cropping systems without the inclusion of food crops. Zim-AIED promoted inclusion of the most suitable food crops for each climatic zone, in combination with cash crops, to achieve low risk commercialization.
- Growth of commercial farming on communal land will not succeed using traditional labor-intensive systems. The cost of labor is not competitive. Training in use of herbicides, mechanization, and improved irrigation systems is essential to improve productivity. At Tshongokwe irrigation scheme in Matabeleland North, paprika plots that had received herbicide treatment had the highest yields.
- Planting sugar beans and other frost-sensitive crops such as bananas after February is to be avoided in Matabeleland. Frost affected and destroyed a total of 80 hectares of the bean crops at Makwe irrigation scheme that were at pod filling stage.
- Paprika must be planted in September at irrigation schemes to avoid clashes with follow-on crops as was the case at Tshongokwe irrigation scheme where 12 hectares of productive paprika was prematurely uprooted in early May to make way for planting wheat.
- Farmers are not well versed with crop budgets and had no understanding of how buyers derive prices. Business training on budgeting enabled farmers to appreciate the profitability of cash crop production.

- High yields of maize are achievable by smallholders. Early planting and optimum use of inputs, yields obtained by contracted farmers in Chiweshe were four times higher than their neighbours. If high potential areas are targeted, smallholders employing GAPs can easily achieve yields of 4 tons per hectare.
- Side marketing is still a major problem. Despite signing contracts with buyers and receiving inputs on credit, at least 50 percent of sugar bean farmers appear to be selling outside of their contracts for a 5-10 cent advantage only. Some growers are just providing enough beans to pay for the inputs and then selling the balance elsewhere. Paprika growers are also selling outside of contracts to avoid payment for inputs even though all processors are paying similar prices.
- Recoverable grants for viable but not bankable projects can have a good developmental impact but recovery rates are low. The low rate of recovery needs to be costed and budgeted from the outset if this mechanism is used in future.
- Contract farming is not always the best option for smallholder growers. It is necessary for non-food crops such as tabasco chilli for which there are few "open market" buyers but difficult for growers and buyers to comply with for major food crops where there are many cash buyers.
- Provision of inputs must be de-linked from contract farming. The emphasis should be on making inputs available to all farmers and training farmers in the cost-benefit of buying good seed, fertilizer, herbicide and agrochemicals. Production credit lent directly to farmers to fund purchase of inputs also needs to be increased with or without contracting.

7. CHALLENGES

Lessons learned during implementation of the program this year were described above in Section 6. The main strategic challenges facing development of agribusiness sector; commercialization of small-scale farmers; and therefore, the implementation of Zim-AIED, are outlined below :

- Despite Zim-AIED interventions, low productivity remains a problem at national level. Production of maize, sugar bean and groundnut this year were all well below national domestic demand. This is because most farmers on communal land are completely dependent on rainfall, which was inadequate for crop production in some areas. Many smallholders are also farming on soils with sub-optimal pH (high acidity) and low fertility, which take several years to rehabilitate. Much of the potentially productive land, where high yields can be achieved, is held by A1 and A2 farmers not accessible to the program.
- One of the participating AgriTrade financial institutions, Trust Bank, has liquidity issues, resulting in serious delays on behalf of the bank in meeting its 1:1 matching requirement. This has reduced rates of disbursements to an unacceptable level. Trust has been instructed to repay $350,000 of the loan made to it by Zim-AIED.
- Sustainable agricultural development needs rural investment in a range of agribusiness activities covering production, processing, logistics, and marketing. Although Zim-AIED is contributing actively to short-term credit availability, long-term investment funds are almost non-existent and traditional private sector investors are still reluctant to invest outside of Harare. This applies particularly to processing of fruits and vegetables that was previously an important part of the agriculture sector but now is almost non-existent. New rural entrepreneurs are emerging and receiving support from Zim-AIED but their progress is slow in the absence of investment funds.
- Irrigation schemes are a good example of the previous point. They represent a potential opportunity for smallholders to become successful commercial farmers but require a massive amount of new capital investment for rehabilitation and upgrading. Donors and government are making piecemeal interventions which inevitably fail when the support ends, instead of developing and financing a national strategy for commercialization of the irrigation sub-sector.
- Donor and government subsidies for seed and fertilizer have not increased productivity or production over the past 5-10 years and may even have had a negative impact. The expectation of free inputs is preventing many smallholders from raising their productivity and profitability. Contract farming as a means of advancing inputs is not working for the main food crops. Credit and inputs should be de-linked from contract buying of produce.
- Seed and fertilizer will be in short supply for all smallholders for this coming season since attempts linked to supplied inputs have resulted in very low repayment by farmers. Added to this, many input suppliers are owed millions of dollars by government. Consequently they are unable to provide any input stock to agro-dealers and farmers on credit terms. Zim-AIED activities will focus on encouraging farmers to buy inputs on time when they can afford them and ensuring that agro-dealers have inputs available for the key crops being targeted for each area.

8. CONCLUSIONS

Targets were exceeded for nine of the thirteen indicators being tracked. Since this was the first full cropping season using the full list of FTF indicators, there were some wide variances both over and under target that should be largely eliminated in 2013 based on experience gained this year. Variances occurred both because of misunderstanding of the indicator definition and, in some cases because of unexpected successes (and failures) in implementation. The specific reasons for all results that exceeded or fell below target b more than 10% are given below.

- **FTF 4.5-2** The FY2012 target for number of jobs created was 10,000. The result was 1,159 full-time job equivalents, 88 percent below target. Targets assumed an improvement in the current economic environment that did not occur. As a result, both farmers and companies avoided taking on new permanent staff as far as possible. The number of casual and temporary jobs increased but extent of this was not measured except where they qualified as full-time equivalents. Realistic targets have been set for FY2013, FY2014 and FY2015 using information derived from sample survey data.
- **FTF 4.5.4** The FY2012 target was for gross margins of $500, $900 and $500 per hectare for maize, paprika and banana respectively. The results were $225 for maize, 55% below target, $1,235 for paprika, 37% over target, and $476 for banana, 5% below target. Maize yields achieved were 94% above average in the target areas and gross margin was six times the baseline level, so the results were actually good. The target of $500 in the first year was based on production in high potential (high rainfall) areas. In practice, many Zim-AIED farmers were in marginal maize areas where production was affected by lower than average rainfall this year. Paprika was above target mainly due to availability of credit through AgriTrade; high uptake of training and technical assistance by farmers and partner personnel; access to inputs; improved postharvest handling that reduced losses and improved quality (90% of paprika sold was A grade). Realistic targets have been set for maize and paprika for FY2013, FY2014 and FY2015.
- **FTF 4.5.2-2** The FY2012 target for number of hectares under improved technologies was 20,000 (19,500 new and 500 hectares continuing). The result was 25,804 new hectares 32 percent over target due to rapid uptake of new crops and contract production by smallholders. These targets were set without factoring multiple counting. Achieved area of 58,089 includes multiple counting. Targets for FY2013, FY2014 and FY2015 have been readjusted accordingly.
- **FTF 4.5.2-5** The FY2012 target for the number of farmers applying new technologies was 39,600. The result was 32,376 farmers (20,480 were new farmers),18% below target. The target assumed that all farmers attending training would adopt the technologies being demonstrated. Adoption rate was at 67% of those who attended trainings and received technical assistance. Realistic targets have been set for FY2013 to FY2015 based on this information.
- **FTF 4.5.2-7** The FY2012 target for the number of farmers receiving short-term agricultural productivity training was 39,600. The result was 58,055 farmers, 47% percent over target due to greater numbers of contracted farmers and the pull effect of new market linkages and high quality trainings on offer from Zim-AIED and partner staff. Targets for FY2013 to FY2015 have been adjusted.
- **FTF 4.5.2-11** The FY2012 target for the number of enterprises and organizations receiving assistance was 447. The result was 689 enterprises, 54 percent above target due to the high demand from rural agribusinesses for business training and financial services offered through AgriTrade. Realistic targets have been set for FY2013 to FY2015.
- **FTF 4.5.2-13** The FY2012 target was for 33,000 rural households benefiting. The result was 50,793 households, 54 percent over target. Zim-AIED offered a comprehensive package addressing commercialisation of the small holder farmer (credit; market linkage; training; and technical assistance). The production response from farmers to greater liquidity at village level and markets offered by new buyers was stronger than expected. Quality of service delivery was high.

- **FTF 4.5.2-23** The FY2012 result was $12.6 million in incremental sales for the three monitored crops (maize, paprika and banana), against a target of $77.42 million. Sales for FY2012 were $16.5 million compared to a baseline value of $3.9 million. Targets for FY2013 to FY2015 have been set at realistic levels taking cognisance of the geographic targeting of Zim-AIED.
- **FTF 4.5.2-29** The FTF2012 target for value of agricultural and rural loans disbursed was 13 million. The result was 5.38 million, 59 percent below target. Even though it was below target, the result was actually six times the baseline loan figure so it would have been difficult to do better. The target was based on AgriTrade being fully matched by the implementing banks. In

practice they did not have the liquidity or in-house systems to achieve this. Targets have been adjusted for FY2013 to FY2015.

- **FTF 4.5.2-37** The FY2012 target was for 150 MSMEs receiving. The result was 73,520 MSMEs, many times greater than the target. This was because the FTF definition was clarified and confirmed that farm households should be classified as MSMEs which were not included in setting targets. New targets for FY2013 to FY2015 now take this into account.
- **FTF 4.5.2-38** The FY2012 target for the value of new private sector investment in agriculture was $4 million. The result was $6.73 million, 68 percent over target due to higher than expected farm level investment in low-cost mechanization, irrigation and livestock. This reflected a shortage of labor in communal areas, something that was not anticipated. AgriTrade borrowers also invested in their facilities to a higher level than projected. Training in basic business principles also convinced some farmers on the need for investment to increase yields and margins.
- **FTF 4.5.2-28** The FY2012 target for number of enterprises and organizations adopting new technologies or practices was 447. The result was 649 companies, 45 percent over target. This was due mainly to the large number AgriTrade borrowers improving their record-keeping management practices to meet bank lending criteria.
- **FTF 4.5.2-43** The FY2012 target for the number of firms operating more profitably because of program assistance was 10. The result was 14 firms, 40 percent over target. Small-scale traders benefited particularly from liquidity provided by AgriTrade, many obtaining 2-3 consecutive loans that increased turnover and profit.

ANNEX 1: SNAPSHOTS

Small Loans Boosting Local Economies, Changing Lives

With access to capital, small-scale enterprises can contribute meaningfully to economic development.

Photo by Fintrac Inc.

Poultry production is just one of the many business ventures carried out by the entrepreneurial women of the Shingai Group. With access to credit, these women are improving the quality of living for themselves and their families, and serving as inspiration to other Zimbabwean women.

"We are improving our standards of living by strengthening our livelihood strategies… the group has changes our lives."

Sibusisiwe Ncube, Chairwoman, Shingai Group

The Shingai Group in Gokwe South, in Midlands Province, was established in February 2011 by four enterprising Zimbabwean women who were determined to succeed, despite daunting economic challenges.

Shingai is a beneficiary of the USAID-Zimbabwe Agricultural Income and Employment Development Program's AgriTrade loan facility. This revolving fund lends at commercial rates to small-scale, village-based traders, enabling them to purchase crops from smallholders in the area. So far the fund has lent more than $8 million to 700 rural entrepreneurs like the Shingai Group.

Now on its third loan, the Shingai women use the money to buy and resell fish, goats, chicken, and maize at a profit. Its business interests span a wide spectrum encompassing broiler production and a piggery, coupled with fish, maize, and goat trading.

With its first loan of $8,000 in August 2011, the group began expanding its buying and selling. In November, with another loan of $10,000, the women started a poultry venture. They began with 50 birds but have now extended the chicken runs with a capacity to carry 350 birds.

Women in Zimbabwe traditionally cannot borrow money since they do not have title to property for collateral. Access to credit is proving life changing for these women.

"I have my own money and don't have to plead with my husband to give me money for use in the home," said Sherina Matsika, the group's secretary.

"The AgriTrade loan facility enables traders to access alternative incomes, especially for us women," said Sibusisiwe Ncube, the Shingai Group chairwoman.

"We are improving our standards of living by strengthening our livelihood strategies…the group has changed our lives. We also hope that more people will benefit from the facility so that their lives can be transformed as well."

Ncube and the other members can now pay their children's school fees, buy food, and pay for other household expenses. The group has managed to purchase a secondhand pick-up truck for $5,500, enabling them to ferry fish from Binga and Lake Kariba 250 to 350 kilometers from where they are based. The group now employs four permanent workers.

The recent purchase of two deep freezers and a generator help ensure freshness and constant electricity, underlying the women's sharp business acumen and dedication to improving their business.

ANNEX 2: PERFORMANCE INDICATOR SUMMARY TABLE

#	Indicator	Source	Unit		Baseline	FY2011		FY2012			FY2011+FY2012
						Target	Actual	Target	Actual	Variance	Cumulative
Project Objective: Increased Rural Incomes and Food Security											
1	# of rural hh benefiting from USG assistance	FTF 4.5.2-13	Hh		0	22,038	22,038	33,000	50,793	+17,793	**72,831**
2	Net income per hh from target agricultural products	Custom (AIED 1)	US$		483	-	-	966	835	-131	**835**
3	Value of incremental sales attributed to FTF implementation	FTF 4.5.2-23	Total sales($USm)		54.9	-	-	132.32	67.2	-65.12	67.2
			Incremental Sales($USm)		0	-	-	77.42	12.2	-65.12	12.2
			Total Sales / Hh($US)		754	-	-	2,161	922	-1,239	922
			Incremental sales/Hh($US)		0	-	-	1,401	168	-1,233	168
			Actual sales – Banana ($US)		28,249	500	500	-	3,815,000	-	-
			Actual sales – Paprika ($US)		1,130,267	1,580,000	1,580,000	-	4,488,000	-	-
			Actual sales – Maize ($US)		2,742,980	830,000	830,000	-	8,230,000	-	-
Intermediate Result: Increased Agricultural Production											
4	Volume of production by program beneficiaries	Custom (AIED 2)	Tons		21,846	0	0	96,400	83,778	-12,222	**83,778**
5	Value of production by program beneficiaries	Custom (AIED 3)	US$ m		4		0	19	26	+7	**26**
6	Area grown per target product	Custom (AIED 4)	Ha	Maize	16,000	0	0	48,000	51,760	+3,760	51,760
				Paprika	100			800	700	-100	700
				Banana	100			100	1,080	+980	1,080

#	Indicator	Source	Unit		Baseline	FY2011		FY2012			FY2011+FY2012
						Target	Actual	Target	Actual	Variance	Cumulative
7	Average yields per target product	Custom (AIED 5)	tons/ha	Maize	1.35	0	0	1.94	1.47	-24%	1.47
				Paprika	0.72			1.50	1.41	-6%	1.41
				Banana	1.74			12.00	6.11	-49%	6.11
8	Gross margin per unit of land, kilogram, or animal of selected product	FTF 4.5.4	US$/ha	Maize	37	0	0	500	225	-275	225
				Paprika	220			900	1,235	+335	1,235
				Banana	416			500	476	-24	476
9	# of food security private enterprises (for profit), producers organizations, water users' associations, women's groups, trade and business associations, CBOs receiving USG assistance	FTF 4.5.2-11	Enterprises Organizations Groups Associations		0	0	333	447	689	+242	**1,022**
Intermediate Result: Expanded Market Access											
10	# of buyer and market-related firms benefiting directly from interventions	Custom (AIED 9)	Buyers/ Firms		0	305	305	1,300	679	-621	**984**
11	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	FTF 4.5.2-38	US$ m		0	4.0	2.78	4	6.73	+2.73	**9.51**
12	# of firms (excluding farms) or CSOs engaged in agricultural and food security-related manufacturing and services, now operating more profitably because of USG assistance	FTF 4.5.2-43	Firms/CSOs		0	-	-	10	14	+4	**14**

#	Indicator	Source	Unit	Baseline	FY2011		FY2012			FY2011+FY2012
					Target	Actual	Target	Actual	Variance	Cumulative
13	# of farmers in out grower and contract farming schemes	Custom (AIED 8)	Farmers	0	5,000	325	10,000	10,350	+350	**10,675**
14	# of jobs attributed to FTF implementation	FTF 4.5-2	FTE	0	155	2,204	10,000	1,159	-8,841	**3,363**
Sub-Intermediate Result: Increased Technology Adoption										
15	# of hectares under improved technologies or management practices as a result of USG assistance	FTF 4.5.2-2	New Ha	0	500	500	19,500	57,589	+6,304	**57,589**
			Continuing Ha	0	0	0	500	500	500	**500**
			Total				20,000	58,089	+38,089	**58,089**
16	# of farmers and others who have applied new technologies or management practices as a result of USG assistance	FTF 4.5.2-5	New farmers	0	11,896	11,896	39,600	20,480	-19,120	**32,376**
			Continuing	0	0	0	11,896	11,896	0	**11,986**
			Total	0	11,986	11,986	51,496	32,376	-19,120	**51,496**
17	# of individuals who have received USG supported short term agricultural sector productivity or food security training	FTF 4.5.2-7	Individuals	0	11,896	11,896	39,600	58,055	+18,455	**69,951**
18	# of private enterprises, producers organizations, water users' associations, women's groups, trade and business association & CBOs that applied new technologies or management practices as a result	FTF 4.5.2-28	Enterprises/ Organizations/ Groups/ Associations	0	333	333	447	649	+202	**982**

#	Indicator	Source	Unit	Baseline	FY2011		FY2012			FY2011+FY2012
					Target	Actual	Target	Actual	Variance	Cumulative
	of USG assistance									
Sub-Intermediate Result: Increased Finance and Credit Opportunities										
19	Value of agricultural and rural loans	FTF 4.5.2-29	US$m	0.79	2.5	2.5	13	5.38	-7.62	**7.88**
20	# of beneficiaries receiving credit	Custom (AIED 6)	US$m	1,002	3,050	554	1,300	10,758	+9,458	**11,312**
21	Value of cost-sharing with alliance partners	Custom (AIED 7)	US$m	0	1	0.41	1.00	0.71	-0.29	**1.12**
Cross-Cutting Themes: Business and environment										
22	# of individuals receiving training in business skills	Custom (AIED 10)	Individuals	0	11,896	11,896	10,000	13,756	+3,756	**25,652**
23	# of MSMEs receiving business development services from USG assisted sources	FTF 4.5.2-37	MSMEs	0	364	-	150	73,520	+73,370	**73,520**
24	# of individuals receiving training in (NRM)	Custom (AIED 11)	Individuals	0	5,948	5,948	5,000	14,563	+9,563	**20,511**