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ZIMBABWE AGRICULTURAL COMPETITIVENESS PROGRAM

**THIRD QUARTERLY PROGRESS REPORT, YEAR TWO
(APR – JUN 2012)**

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ZIMBABWE AGRICULTURAL COMPETITIVENESS PROGRAM

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(APR – JUN 2012)**

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ACRONYMS

ACP	Agricultural Competitiveness Program
AFWG	Agriculture Finance Working Group
AGRIBANK	Agricultural Bank of Zimbabwe
AGRITEX	Agricultural Technical and Extension Services
AMA	Agricultural Marketing Authority of Zimbabwe
AMID	Ministry of Agriculture, Mechanization & Irrigation Development
ARC	Agriculture Research Council
BSP	Business Service Providers
BDSPS	Business Development Service Providers
CA	Commodity Association
CAADP	Comprehensive Africa Agricultural Development Program
CALR	Centre for Applied Legal Research
CBO	Community Based Organization
CBZ	Commercial Bank of Zimbabwe
CFU	Commercial Farmers Union
CGA	Cotton Ginnery Association
CIBER	Competitiveness Impacts of Business Environment Reform
CIG	Commodity Industry Group
COMESA	Common Market for Eastern and Southern Africa
COMEZ	Commodity Exchange in Zimbabwe
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CNFA	Citizens Network for Foreign Affairs
CSO	Civil Society Organizations
CZI	Confederation of Zimbabwe Industries
DAI	Development Alternatives Inc.
DCOP	Deputy Chief of Party
DOHOPA	Domboshawa Horticulture Producers Association
DR&SS	Department of Research & Specialist Services
DVS	Department of Veterinary Services
EMA	Environmental Management Agency
EMCOZ	Employers Confederation of Zimbabwe
EOI	Expression of Interest
FaaB	Farming as a Business
FaaFB	Farming as a Family Business
FACHIG	Farmers' Association for Community Self-Help Groups
FANRPAN	Food, Agriculture and Natural Resources Policy Analysis Network
FAO	Food and Agriculture Organization
FBC	Financial Bank of Zimbabwe
FCPA	Federated Cotton Producers & Marketers Association
FTFMS	Feed the Future Monitoring System
FY	Financial Year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Services)
GMAZ	Grain Millers Association of Zimbabwe
GMO	Genetically Modified Foods

GOZ	Government of Zimbabwe
HPC	Horticulture Promotion Council
IFPRI	International Food Policy Research
LFCE	Land Fortunes Commodity Exchange
LMAC	Livestock & Meat Advisory Council
LOE	Level of Effort
LOL	Land O' Lakes
LTTA	Long Term Technical Assistance
MAPA	Murehwa Agricultural Producers Association
M&E	Monitoring and Evaluation
MLA	Market Linkages Association
MoU	Memorandum of Understanding
MTP	Medium Term Plan
NACSCUZ	National Association of Cooperative Savings and Credit Unions of Zimbabwe
NADF	National Association of Dairy Farmers
NGO	Non Governmental Organization
NPPA	National Potato Producers Association
PAPST	Public Affairs & Parliamentary Support Trust
PMP	Project Monitoring Plan
PO	Purchase Order
PPAZ	Pig Producers Association
RDC	Rural District Councils
SADC	Southern Africa Development Community
SAPST	Southern Africa Parliamentary Support Trust
SATH	SADC - Trade Hub
SAZ	Standards Association of Zimbabwe
SHDF	Self Help Development Foundation
SI	Statutory Instrument
SIRDC	Scientific and Industrial Research and Development Centre
SMA	Stockfeed Manufacturers Association
STTA	Short Term Technical Assistance
TAMIS	Technical and Administrative Management Information System
TA	Technical assistance
TFC	Trade Finance Capital
ToT	Training of trainers
TWG	Technical Working Groups
USAID	United States Agency for International Development
USG	United States Government
UZ	University of Zimbabwe
WAM	Weekly Activities Meeting
WILSA	Women and Law in Southern Africa
ZAA	Zimbabwe Abattoirs Association
ZADT	Zimbabwe Agricultural Development Trust
ZAMFI	Zimbabwe Association of Micro-Finance Institutions
ZCFU	Zimbabwe Commercial Farmers Union
ZEPARU	Zimbabwe Economic Policy Analysis and Research Unit
ZETDRA	Zimbabwe Electricity Transmission & Distribution Regulatory Authority
ZFU	Zimbabwe Farmers Union
ZNFU	Zimbabwe National Farmers' Union
ZIM-ACP	Zimbabwe Agricultural Competitiveness Program
ZIM AIED	Zimbabwe Agricultural Income and Employment Development Program

ZINWA	Zimbabwe National Water Authority
ZNCC	Zimbabwe National Chamber of Commerce
ZPA	Zimbabwe Poultry Association
ZWPFT	Zimbabwe Women Poultry & Small Stock Farmers Trust
ZWLA	Zimbabwe Women Lawyers Association
ZWRCN	Zimbabwe Women's Resource Centre and Network

CHAPTER I: HIGHLIGHTS AND OPERATING ENVIRONMENT

1.1 HIGHLIGHTS

- As a result of trainings cascaded through DOHOPA and MAPA farmer associations on Farming as a Business, both organizations recruited new members. DOHOPA gained 269% new fees-paying members and MAPA added 61%. Providing services to increase membership is a key part of the Zim-ACP assisted sustainability plan for all its membership-based partners. It is significant that DOHOPA has 51% female membership and MAPA 45%.
- Impediments for the competitiveness of the horticulture and livestock/meat sectors are being addressed through the initiation of seminal studies in the areas of plant and animal products standards and livestock traceability. These are fundamental for the competitiveness-building strategy for these two sectors.
- Zim-ACP conducted stakeholder consultative meetings for the first time with the Tree Crop Commodity Industry Group (CIG), which resulted in an action plan to support policy/regulatory reform and strategy development, including the strengthening the various grower associations. The consultative process agreed that Zim-ACP will begin the CIBER assessment process to isolate constraints/issues and go on to prioritize them by potential impacts and likelihood of reform through advocacy using evidence-based analysis.
- Zim-ACP has signed an MOU with the Standards Association of Zimbabwe (SAZ) to support the implementation of the competitiveness strategy and to increase the engagement between LMAC and the HPC with SAZ. This is particularly significant as uptake of standards must be one of the foundation stones for Zimbabwean agriculture and livestock to even aspire to becoming competitive.
- The Agricultural Finance Working Group (AFWG), mentored and supported by Zim-ACP, hosted a well-attended stakeholder consultative symposium that brought together financial institutions and farmers organization to investigate the options for establishing a credit reference bureau to include small commercial farmers. Organization of this in turn is supported by Zim-ACP's assistance to representative associations to improve their databases as part of membership recruitment, retention and services sustainability assistance. Credit bureau XDS is actively interested in taking on the project. With availability of credit a major constraint throughout the agricultural value chains improving producer access is of great importance.
- Component 3:
Cascaded training exceeded the target of 2,500 by a wide margin, coming in at 3,920 trainees
The farming as family business manual stakeholder consultations took place, endorsing this gender-focused version

Action plans for some 20 animal health BSPs were underway following on diagnostics carried out, and

A concept paper was scoped out and discussed with the project's COTR for purposes of Year Three Work planning on full integration of this component in support of desired outcomes of Components 1 and 2.

- The M&E unit had an intensive quarter due to the number of activities being conducted. It directly monitored 11 project workshops across a number of cities and sectors and oversaw the monitoring of all the cascaded training sessions. The M&E Unit met with USAID on the PMP and discussed potential indicator changes for Y3 to harness all the results being achieved under the program. It also oversaw the evaluation of outcomes of cascaded training.
- Zim-ACP provided support to ZFU to “unpack” the ZFU gender policy to management and association leadership. This is significant as ZFU had a gender policy that was drafted as part of development support by the EU in 2009 but had never been actively implemented. This workshop has resulted in ZFU reviewing its gender policy and to begin implementing it thereafter.
- The Farming as a Family Business Manual was pre-tested and approved by the review group including farmers, trainers and many development partners. Stakeholders and trainers welcomed the development of a gender-focused business manual as it was an innovation that was necessary to fill a gap for larger and small scale farmers.
- Zim-ACP developed an Environmental Monitoring and Mitigation Plan (EMMP) that was approved by USAID.

1.2 OPERATING ENVIRONMENT

Zim-ACP has not encountered any overt obstructions to forwarding the interests of private sector to operate productively. That said, the constraints now inherent of unreliable rule of law, inability to use land as collateral, and power and water shortages severely hamper the operating environment.

CHAPTER II: PROJECT OBJECTIVES

The objective of USAID | Zim-ACP is to increase competitiveness of Zimbabwe's agriculture private sector. In achieving this objective, the Zim-ACP program will focus on the following:

- Supporting and strengthening representative farmers unions, commodity associations and agribusiness associations and assisting them to develop their analytical and advocacy capacity, with the ultimate goal of improving the enabling agri-business environment for Zimbabwean farmers, agribusiness and foreign investors.
- Increasing the efficiencies in agricultural markets, developing and applying improved technologies and enhancing the capacity of institutions that support agricultural markets.
- Enhancing the capacity of business service providers to deliver demand-driven trainings and technical assistance at a firm and farmer level.

CHAPTER III: PROJECT ACTIVITIES

3.1 COMPONENT 1: STRENGTHENING ORGANIZATIONS AND INSTITUTIONS FOR EVIDENCE-BASED ADVOCACY

Objectives: Representative bodies of farmers and agribusiness organizations have proven competence as advocates for an improved business environment.

Indicator table targets

Indicator	Target Year 2012	Actual Quarter 3 2012	Cumulative to date			
ACP 1 Value of resources leveraged through partnerships with agribusinesses, agribusiness service providers, NGOs etc	\$100,000	\$159,693	\$159,693			
ACP 2 Improvement in services to members by representative bodies of farmers, commodity associations and agribusiness organizations i.e. ZFU, ZCFU, CFU, PPAZ, ZPA, MAPA, DOHOPA, FCPA, ZWPFT, LMAC, SMA, Abattoirs Association of Zimbabwe, FACHIG, HPC	262,500	188	221,428			
4.5.2-42 Number of private enterprises, producer organizations, water user associations, women's groups, trade and business associations and community-based organizations that applied new technologies or management practices as a result of USG assistance	4,889	2010	3,712			
4. 5.1-24 Number of Policies/Regulations/ Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: Stage 1: Analyzed Stage 2: Drafted and presented for public/stakeholder consultation Stage 3: Presented for legislation/decreed Stage 4: Passed/approved Stage 5: Passed for which implementation has begun	Stage 1	15	Stage 1	27	Stage 1	49
	Stage 2	12	Stage 2	2	Stage 2	14
	Stage 3	6	Stage 3	1	Stage 3	10
	Stage 4	2	Stage 4	0	Stage 4	4
	Stage 5	0	Stage 5	0	Stage 5	4
ACP 5 Representative bodies of farmers and agribusinesses and commodity associations participating in public forums and attending Parliamentary committee meetings	70	9	45			
4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	100	50	147			
4.5.2-11 Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and	4,889	3,930	5,947			

community-based organizations (CBOs) receiving USG assistance			
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The thrust of component one during the reporting period was to consolidate support to the stakeholder organizations to build their organizational capacity to effectively represent their members’ interest in policy dialogue forums, to generate evidence for advocacy and develop services meeting members’ needs. It is envisaged that being able to demonstrate this capacity and effectiveness would attract paid-up members thereby increasing inflow of income to the organization. The activities involved hosting stakeholder consultative meetings to gather data and information to generate evidence-based advocacy strategies on issues affecting farmers and other players in the beef, dairy, cereal, legumes commodity industry groups. The support was extended, for the first time, to the Tree Crop Commodity Industry Group (CIG). Advice was provided to the stakeholder organizations on presentation of issues affecting their members and commodity industry groups to relevant authorities. In addition, Zim-ACP facilitated the organizations to participate in activities or events that provided opportunities to develop services needed by members which they would use to attract new and retain current members. Specific aspects of these are detailed below.

STAKEHOLDER CONSULTATIVE MEETINGS AND ACTIONS FOR EVIDENCE-BASED ADVOCACY FOR IMPROVED AGRIBUSINESS ENVIRONMENT REFORMS

MEETINGS ORGANIZED BY ZIM-ACP

Zim-ACP facilitated several stakeholder consultative meetings that provided platforms for players in the beef, dairy, tree crops, grains and legumes value chains to dialogue and prioritize constraints and issues (including regulations) pertaining to and impacting their CIG (Table 3.1). The information obtained will be applied in the CIBER Assessment to generate evidence for advocating for improved agribusiness environment including regulatory review.

Table 3.1 Meetings organized by Zim-ACP Stakeholder consultations

Date	Venue & Stakeholders	Participants	Issues discussed	Outcomes	Way forward
6 June	Mutare ZCFU, Zimbabwe Coffee Growers Association, Zimbabwe Coffee Mill, World Vision, GMB, Matanuska, SNV, EMA, AGRITEX	35 (28 males 7 females)	The status of the coffee, tea, banana and macadamia nuts industries	-prioritization of constraints in the CIG -identification of training on lobbying and advocacy, investment plan development and organizational strengthening as priority areas for intervention - Emphasis was made on the need for institutions to be wary of environmental issues	Conduct a CIBER analysis of the CIG to assess competitiveness of the smallholder coffee and tea production in Zimbabwe
8 June	Mashonaland Aivodale Farm NADF members	40 (10 females, 30 males)	Status and constraints in dairy sector	-Issues and prioritized constraints were captured for the CIBER constraints analysis of factors determining competitiveness include high animal feed costs, costs of regulatory compliances due to multiplicity of regulatory agencies; fees not based on any viability assessment, environmental standards not being appropriate to Zimbabwe, among others.	Incorporated in the CIBER analysis of the CIG to assess competitiveness of the smallholder dairy production
15 June	Bulawayo, ZITF NADF members and dairy industry service providers	75 (15 females, 60 males)	Status and constraints in dairy sector		
19 June	(Bulawayo) LMAC, CFU, ZFU, ZCFU cattle producers, abattoir operators, livestock input and services providers	34 (7 Females 27 Males)	Constraints in the beef and dairy values chain	-Issues and prioritized constraints captured for the CIBER constraints analysis of factors determining competitiveness include high animal feed costs, costs of regulatory compliances due to multiplicity of regulatory agencies; fees not based on any viability assessment, breakdown in disease surveillance; inadequate traceability & identification services; high incidence of veld fires impacting on the environment and hence pastures for livestock etc.	An economic analysis of the issues to be carried out through a CIBER analysis of the CIG to assess competitiveness of the sectors
22 June	Harare LMAC, CFU, ZFU, ZCFU, cattle producers, abattoirs operators, livestock input and services providers	55 (10 females, 45 males)	Constraints in the beef and dairy values chain		
26 June	ZCFU, ZFU, GMAZ, ZFC, Delta, Triame Agriculture,	20 (14 males 6 females)	Grains and legumes value chain discussion	- Issues and prioritized constraints captured for the CIBER constraints analysis of factors determining competitiveness include high input costs; poor dialogue between public and private sector on maize and wheat. etc	<ul style="list-style-type: none"> • An economic analysis of the issues to be carried out • Holding of more dialogue forums in collaboration with FANRPAN

Tree crops stakeholder consultative meeting held on 6th June in Mutare

This was the first stakeholder consultative meeting held with the Tree Crops Commodity Industry Group. This meeting was well attended by 28 males and 7 females drawn from tea, coffee, banana growers, buyers and respective commodity associations; macadamia nuts associations; large-scale corporate tea producers, i.e. Tanganda; and banana buyers, Matanuska; government departments for coffee and tea research and extension; USAID-partner World Vision; and other development agents, namely SNV. The meeting developed and agreed on an action plan for supporting policy and strategy development and strengthening the various growers associations. Zim-ACP is to undertake a comprehensive competitiveness assessment of smallholder tea and coffee production.

MEETINGS ATTENDED AND ORGANIZED BY STAKEHOLDER ORGANIZATIONS FOR ADVOCACY AND RELATED ACTIVITIES

During the reporting period Zim-ACP monitored meetings attended and lobbying and advocacy actions by the stakeholder organizations to assess improvements in their advocacy and lobbying. The various organizations attended 10 public meetings where they presented on issues affecting their members as well as made contributions to discussions on specific commodity issues. List of meetings attended is attached as Annex 2.

A cattle industry stakeholder dialogue forum, organized by ZCFU and attended by 42 participants (28 males and 14 females), held on 9 May 2012 in Bulawayo discussed the situation regarding cattle and the cattle industry as a result of the effects of drought in Matabeleland. The meeting agreed on priority mitigation strategies for addressing the situation and restoring the viability of the cattle industry in the two Matabeleland Provinces for presentation to the Deputy Minister of Agriculture, Mechanization and Irrigation Development.

ZCFU with the support of Zim-ACP hosted a policy dialogue forum on 26th June that discussed constraints faced in the grain and legume value chains and explored strategies to improve competitiveness as opposed to advocating for banning imports of flour, soya meal and maize grain. The discussion provided information for the ongoing CIBER Assessment of the grain, legume and stock feed sub-sectors.

ADVOCACY ON VAT ON SOYA BEAN

Further to work undertaken in Quarter 2 on the issue of the payment of VAT on raw or unprocessed soya beans when sold by farmers or traders to processors, LMAC and Stock-feed Manufacturers' Association, with Zim-ACP technical support, drafted a position paper analyzing the economic impact of the VAT on the soya bean and livestock value chain (attached as Annex 3). This was presented to the Oilseeds Marketing Technical Committee of AMA and to the Ministry of Finance for consideration. Zim-ACP will be undertaking further comprehensive analysis of this issue through the CIBER Assessment, currently underway, for the Grain and Legumes CIGs which incorporate stock feed of which soya bean is a major ingredient. This will guide any future advocacy strategies on the matter.

IMPROVEMENT IN SERVICES TO MEMBERS BY REPRESENTATIVE BODIES OF FARMERS, COMMODITY ASSOCIATIONS AND AGRIBUSINESS ORGANIZATIONS

As part of fulfilling their strategic plan for increased services to members, MAPA and DOHOPA worked with training service providers trained under Zim-ACP's ToT to offer Farming as a Business cascaded training as a service to their members (Box 3.1). As a result the number of paid-up members increased by 61% for MAPA and 269% for DOHOPA, during The reporting period. Both MAPA and DOHOPA are convinced that offering services is a strategy for being relevant to current and potential members. Zim-ACP is working with them to develop other services, such as credit referencing and rating for their members as reported under C2.

Box 3.1: Extract from a Training Report

This workshop targeted Domboshawa Horticultural Producers Association (DOHOPA) affiliates drawn from Shumba village. This workshop came at a time when the association was rebuilding its membership and venturing into new projects to revive its operations and obligations as an association. *The members had longed to take part in a farming related training but did not have the opportunity to do so in the past few years and this training was greatly welcomed as participants jostled to get a place in the first workshop. Attendance rose to a stunning 66 participants, which included two Agricultural extension officers, whose presence added value to the workshop.* This group was very much organized in terms of logistics. The participants arrived at the training venue on time such that they had an opportunity to participate in more learning games than in other areas. The farmers were basically horticultural producers who grew a variety of vegetables and fruits for sale at Harare markets. Their production capacity is highly valued, for their quality products told a clear story of hard work and sincerity in the farming business.

LIVESTOCK AND MEAT INDUSTRY REGULATORY REVIEW

The livestock regulatory review process in the poultry, animal health and stock feed industry produced three issues papers analyzing gaps, weaknesses and proposed changes in the respective regulations pertaining to the respective sub-sectors. The analysis covered technical, economic and gender impacts of the proposed changes to update and harmonize the various regulations and make them consistent with regional and IOE (International Animal Health Organization) requirements for animal health regulations. The issues papers are attached as Annex 4. Table 3.2 lists the 13 Acts and 14 Statutory Instruments analyzed. This is the first of five stages of regulatory review as per Indicator 4.5.1-24.

Table 3.2 Poultry, Animal Feeds and Animal Health Acts and Regulations Analyzed

Acts	Regulations	Issues
Poultry		
Food and Food Standards Act		There is no representation of poultry producers associations to the Food Safety Advisory Board
Farmers Licensing and Levy Act		<ul style="list-style-type: none"> There is no poultry levying authority.
Public Health Act	(Abattoir, Animal, Bird Slaughter and Meat Hygiene) Regulations, SI 50/95	<ul style="list-style-type: none"> The disease salmonellosis; is broad and should only include salmonellae that is of zoonotic significance. Contagious tuberculosis 'is still considered a notifiable disease
Animal Health	(Newcastle Disease) (Quarantine Areas) Order, 1985 (SI 365/85) as amended by (SI43/1986 and SI 208/1994) (Newcastle Disease) (Control)Regulations of 1999 SI193/99	Surveillance is carried out by the Ministry of Healthy Officials who are not the appropriate officers to do so.
Animal Health		
Animal Health Act	Abattoir and Slaughter Regulations of 1995 (SI 50 of 1995)	<ul style="list-style-type: none"> The Act is outdated and needs to be brought in line with international best practices Need to include mechanisms for monitoring and enforcing the law in the informal partition of the sector.
Public Health Act		<ul style="list-style-type: none"> Need to transfer the issues responsibilities that are vested in the MoHCW should be transferred to the DLVS as these are veterinary issues which DLVS is best able to deal with <p>Meat inspection is currently carried out by health inspectors under the Ministry of Health who are concerned with the sanitary concerns of meat production and not with diseases. Veterinary officers are best suitable</p>
Fertilizers, Farm Feeds and Remedies Act		<ul style="list-style-type: none"> Remedies should be administered by DLVS instead of Chemistries and Soils Research Institute (CSRI) as the focus of the institute is on fertilizers but not animal remedies. Unbundling the legislation i.e. separate the fertilizers from the farm feeds and examine what the remedies are and how they are distinct from medicines with respect to animals health
Medicines and Allied Substances Control Act		<ul style="list-style-type: none"> There is limited coordinated institutional relationship between MCAZ and DLVS on the regulation of veterinary medicines as MCAZ <p>High fees charged by MCAZ make the registration of animal health drugs very expensive</p>
Stock feed Production and Marketing		

Fertilizers' Farm Feeds and Remedies Act	<p>Fertilizers' Farm Feeds and Remedies (Sterilization of Animal Products) Regulations of 1976</p> <p>Fertilizers' Farm Feeds (Exemption) Regulations of 1969</p> <p>Fertilizers' Farm Feeds and Remedies (Registration) Regulations of 1996 (SI 184/1996)</p> <p>Fertilizers' Farm Feeds and Remedies (Sterilization of Animal Products) Regulations of 1976</p> <p>Farm Feeds Regulations 1968 (corrected by 68/2001)</p> <p>Fertilizers' Farm Feeds and Remedies (Registration) Regulations of 1996 (SI 184/1996)</p>	<ul style="list-style-type: none"> • The definition of the term “remedy” does not include therefore it is necessary to include growth promoters, and change the word “remedy” to “feed additives.” • The registration of farm feeds to include clauses stipulating the registration procedures for imported farm feed coming into the country as complete mixes. • The FFR Act does not provide for the registration of feeds based on standards that the industry and other stakeholders agree to; and provide for a central testing laboratory that is used in the registration process with methods of analysis that are published for consistency of results and reduce conflicts related to different laboratory procedures. • the FFR Act is inflexible as it only registers a feed and not the factory that produces the feed • Currently the Act measures the quality of feed on amino acid profile instead of a Crude Protein (nutrient specification) figure • The appeal process in the Act does not include an independent laboratory opinion to conduct an analysis in case of a dispute based on farm feed specifications. • There is no provision for registration of imported whole mixes of feed. • Amend the FFR section covering offences and penalties to assure that the penalties are at sufficiently high levels to prevent offenders (opportunists) from taking advantage of the gaps in the Act • There is need to clarify that the registration requirements for sterilizing plants be applied to all farm feed plants.
Grain Marketing		The prize of maize is fixed under the regulations. This makes maize production uncompetitive
Seeds Act		
Customs and Excise Act		Lack of effective enforcement of the Act
Finance Act		
Agricultural Research Act		The Act is outdated
National Biotechnology Act		The import of GMO raw materials is banned in Zimbabwe and yet there is no ban finished goods that are processed from GMO.
Agricultural Marketing Authority Act		AMA controls the marketing of agricultural products which sometimes renders them uncompetitive.
Total 13	Total 14	

The presentation of the issues papers to stakeholders led to several meetings between LMAC, the Department of Research and Specialist Services (DR&SS) and the Department of Veterinary Services (LPDVS). These regulatory organizations were of the view that the process should be public sector-led. The meetings resulted in obtaining public sector collaboration and support for a regulatory reviews approach led by the private sector and involving extensive stakeholder consultation.



Figure 1: Livestock stakeholder consultation presentation in Bulawayo

CAPACITY BUILDING FOR POLICY ANALYSIS, RESEARCH AND EVIDENCE-BASED ADVOCACY

ADVOCACY AND CAPACITY BUILDING WORKSHOP

In line with implementation of the action plans for organizational strengthening through effective advocacy and lobbying, 12 males and 10 females participated in an Advocacy and Lobbying Capacity Building Workshop facilitated by ZFAT (Zimbabwe Farmers' Alliance Trust) in collaboration with Zim-ACP. The workshop trained representatives from ZFU, ZCFU, MAPA, DOHOPA, FACHIG, ZWPFT, WASAA, and ZFAT on advocacy and lobbying strategies at district, provincial and national levels for creating an enabling environment for the agriculture private sector. The representatives were tasked to identify pertinent advocacy issues and develop advocacy and lobbying action plans by 12th July 2012, for implementation with technical assistance from Zim-ACP. In the coming quarter Zim-ACP will work with specific issues and help lay out the road to change.

NEXT QUARTER ACTIVITIES

Next quarter activities will focus on consolidating the momentum that has been generated hitherto. Major activities planned are:

- Supporting the work of the Livestock and Meat Taskforce through LTTAs seconded to LMAC to address outstanding policy issues that the industry has been raising over the past year;
- Supporting the Horticulture Industry Task force through the seconding of an LTTA in coming up with a new drive in support of smallholder producers beginning with MAPA and DOHOPA;
- Incorporating the recommendations from the CIBER Assessment of the beef, dairy, grain and legume sector in policy advocacy strategies;
- Working with the regulatory agencies to conduct public consultations on the issues papers which will be used to draft white papers informing regulatory review in poultry, animal health and stock feed sectors;
- Supporting the policy dialogue forums and platforms through bi-monthly meetings of the forums. This includes supporting the establishment of the Joint Agricultural Forum for Improving Agricultural Productivity and Competitiveness.
- Secure services of STTAs to assist in development of databases; and services that farmers' organizations can offer to their members;
- Holding a cotton symposium to discuss the issues affecting the competitiveness and viability of the sector.
- Providing technical support in the implementation of advocacy and gender mainstreaming plans of ZFU, ZCFU, FACHIG, DOHOPA and MAPA.

3.2 COMPONENT 2: IMPROVING MARKET INFRASTRUCTURE AND INSTITUTIONS

Objective: Improved Market Institution Infrastructure and Institutions

Indicator table targets

Indicator	Target Year 2012		Actual Quarter 3 2012		Cumulative to date	
ACP 1 Value of resources leveraged through partnerships with agribusinesses, agribusiness service providers, NGOs etc	\$100,000		\$159,693		\$159,693	
ACP 3 Increase in client coverage and/or customer outreach of supported market facilitation institutions /organizations	500		0		0	
ACP 4 Number of market facilitation institutions/ organizations (not for profit) that, as a result of USG assistance are in each of the following 3 stages	Stage 1	4	Stage 1	25	Stage 1	25
	Stage 2	4	Stage 2	0	Stage 2	0
	Stage 3	4	Stage 3	0	Stage 3	0

C2 BACKGROUND

The thrust of Zim-ACP Component 2 is to support the re-building and strengthening of market institutional infrastructure and agribusiness services that foster competitiveness in the overall agricultural sector in Zimbabwe. A Concept Note on C2, drafted and discussed with COTR gave direction on activities to be undertaken. The non-financial market institution infrastructure targeted for support includes market information systems, quality standards assurance systems, agricultural commodity exchanges and contract dispute resolution mechanism. The financial institution infrastructure targeted comprises financial intermediation institutions such as credit clearance and rating bureaus, credit guarantees schemes.

CAPACITY ASSESSMENT OF MARKET INSTITUTIONAL INFRASTRUCTURE AND INSTITUTIONS

Zim- ACP commissioned two studies, namely (i) *Capacity Assessment of Quality Standards, Food Safety Plant and Animal Health Safety Management and Control Systems for the Horticulture and Livestock/Meat Industry Groups* and (ii) *Capacity Assessment and Investment Plans for Revamping the Livestock Identification, Traceability and Improvement Systems in Zimbabwe*.

Both studies are aimed at assessing the current institutional capacity and identifying areas needing technical support for improving SPS standards and quality assurance schemes for food safety, animal and plant health and livestock identification and traceability systems for strategic commodities in order to improve competitiveness in domestic, current and potential export markets. The consultants will identify the market facilitation institutions for capacity building and draft investment and technical support action plans for consideration by CIG stakeholders and Zim-ACP.

In anticipation of the work envisaged from the actions plans, a MOU was drafted for Zim-ACP to support SMA, HPC and LMAC to collaborate with the Standards Association of Zimbabwe (SAZ) on the

development of market-demanded quality standards and assurance systems for animal feeds, meat products and horticulture produce.

IMPROVING AGRIBUSINESS FINANCE INSTITUTIONAL INFRASTRUCTURE

The Agricultural Finance Working Group (AFWG) on the 30th of May hosted a Stakeholder Consultative Symposium titled *Financial Market Institutional Infrastructure for Sustainable Agricultural/Agribusiness Finance Provision and Access*. Forty-eight participants (7 Females, 41 Males) from financial institutions supplying agricultural credit and representatives of farmers' organizations participated. G-AnalytiX, a credit referencing and rating service provider from Kenya shared the Kenyan experience in establishing a credit rating systems based on the smallholder farmer's credentials which minimizes risk and gives farmers easier and sustainable access to affordable credit.

OUTCOMES

The participants agreed on the need and requirements for setting up a credit reference and rating bureau for agricultural financing in Zimbabwe. The stakeholders agreed to advocate for regulatory reforms to remove institutional challenges in the provision of agricultural finance referencing and rating services, namely (i) the ineffectiveness of the statutory requirement for farmers to be union members which rendered unions ineffective in monitoring and sanctioning the behavior of defaulting farmers and (ii) the absence of a regulatory framework that allows banks to share information on the credentials of borrowers. The farmers' representatives undertook to work on designing or improving membership databases to make them useable for credit referencing and rating. Zim-ACP undertook to assist with the regulatory review.

As a result of the symposium, MAPA and DOHOPA leadership met with Agri-trade on the 22nd of June 2012 on how they would improve their membership databases for their members to access the credit facility provided through Trust Bank, CABS and Micro-king Finance.

Also as a result of the symposium, XDS Credit Reference Bureau, a firm offering credit referencing services in the retail sector, responded to the opportunity to provide services to the agriculture sector. At a meeting on 28th of June 2012 facilitated by the AFWG, XDS and the farmers' organizations representatives agreed on (i) a strategy to educate leaders of the farmers' unions and their members on the importance and value of credit referencing and rating, and (ii) designing a database template for capturing farmers' demographic information and profiles suitable for credit referencing and rating. Zim-ACP offered to assist with both through technical support to the AFWG. The workshop report is attached as Annex 5.

NEXT QUARTER ACTIVITIES

The findings of the capacity assessment studies commissioned in this quarter will provide the direction and content of the activities in the next quarter:

- Effort will be devoted to working with institutions that provide market institutional infrastructure support services to improve on their services;
- Strengthening quality assurance systems;
- Commissioning studies to assess commodity brokerage options and market information supply and demand and market information systems that can be developed as services offered by the farmers' organizations;
- Supporting activities of AFWG in facilitating the financial sector to develop or establish credit referencing and rating systems.

- Support Farmers Unions, commodity associations and agribusiness association put a system in place to collect useable membership data to support planning and services provision

3.3 COMPONENT 3: IMPROVING AGRO-BUSINESS DEVELOPMENT SERVICES, AGRO-BUSINESS SKILLS, AND AGRO-PRODUCTION AND PRODUCTIVITY

Objectives: Improved agro-businesses development services, agro-business skills and agro-production and productivity.

Indicator table targets

Indicator	Target Year 2012	Actual Quarter 3, 2012	Cumulative to date
4.5.2-38 Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	\$1,600,000	\$305,904	\$865,150
4.5.2-43 Number of firms (excluding farms) or Civil Society Organizations (CSOs) engaged in agricultural and food security-related manufacturing and services now operating more profitably (at or above cost) because of USG assistance	295	66	66
4.5-2 Number of jobs attributed to FTF implementation	500	325	1,211
4.5.2-42 Number of private enterprises, producer organizations, water user associations, women's groups, trade and business associations and community-based organizations that applied new technologies or management practices as a result of USG assistance	4,889	2010	3,712
4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	100	50	147
4.5.2-11 Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	4,889	3,930	5,947
4.5.2-37 Number of micro, small and medium enterprises receiving business development services from USG assisted sources	5,000	3,920	5,927

SUMMARY

The primary focus of C3 in quarter 3 was furthering the development of the Farming as a Family Business (FaaFB) manual. The manual was subjected to a critical review process by engaging stakeholders in order to get inputs and buy-in from these. Stakeholders participating in the review process included USAID partners, farmer organizations, NGOs, training institutions, independent consultants, and government service providers. The manual was also pre-tested with farmers as a way of confirming its relevance and applicability at the farmer level. All comments gathered during the review processes will be incorporated into the manual. The program collaborated with certified trainers to cascade trainings to 3,920 agribusiness enterprises across the country. Zim-ACP also carried out a capacity assessment of

BSPs of the livestock industry in Zimbabwe. The findings of the assessment and the resulting Action Plans will be used to further the level of TA and/ or training required to increase growth and expansion of essential services to the livestock sector in Zimbabwe.

DEVELOPMENT OF THE FARMING AS A FAMILY BUSINESS (FaaFB) MANUAL

Zim-ACP hosted stakeholders and trainers workshops to review the draft FaaFB manual. The stakeholders and trainers review workshops were attended by 19 (15 male, 4 female) and 33 (18 male, 15 female) participants respectively. The stakeholders included Zim-AIED/CLUSA, Care, SHDF, SNV, Fambidzanai, Agritex, Bucklesbury, FACHIG, WASAA, ZFU, ZCFU, Agrichem, LEAD, DOHOPA and CADS whilst the trainers were selected from those trained and accredited by Zim ACP in FY 2011. The objectives of the workshops were: a) To get buy-in on the use of the manual from stakeholders; b) To give stakeholders and trainers an opportunity to review the manual and comment on its relevance, applicability, gender sensitivity and appropriateness c) To familiarize trainers with the FaaFB manual and the proposed approach for training. Stakeholders and trainers welcomed the development of a gender focused business manual, as it was felt that it fills a gap that other manuals of similar focus are not addressing. Participants also indicated that the manual can be used for training smallholder farmers.

The manual was then pre-tested with farmers to further check on its relevance and applicability. Farmers appreciated the manual and recommended that it should be translated into vernacular to make it more user-friendly at the target group level. Plans are underway to translate the FaaFB manual into vernacular in the next quarter.

Comments that were gathered will be incorporated into the manual. The manual will then be taken to the Ministry of Gender and Women's affairs for a final review, and then submitted to USAID for approval.

CASCADE TRAININGS WITH TRAINED TRAINERS

In quarter 3, Zim-ACP collaborated with 7 training consortia made up of trainers that were trained and certified by Zim-ACP in FY2011. The consortia were formed around training firms that collaborated with Zim-ACP to cascade trainings in quarter 2. The training firms included SHDF, Bucklesbury and RBCT (Harare), Roots and Market First (Mutare); and Health Excellence and Khanya (Bulawayo). A total of 3,920 enterprises benefitted from cascaded trainings in quarter 3. Of the enterprises that participated in trainings, 2,561 (65%) and 1,359 (35%) were female and male owned or managed respectively (see Table 3.3 for a detailed breakdown). Figures 2 and 3 show percentages of trainees who attended specific business modules offered by certified trainers in quarter 3 and the distribution of participants attending each module by sex, respectively. The results show that the modules which were demanded the most were marketing, record keeping, financial management and business planning. In all cases, more women than men were trained.

Table 3.3: Cascaded Business Training Courses Conducted During Quarter 3 of FY2012

Training firm/ Organization	Course Title	Male	Female	Total
SHDF	Business Planning, Record Keeping, Marketing, Budgeting	124	443	567
	Contract Farming	114	120	234
Sub Totals - SHDF		238	563	801
Roots Consultancy	Contract Farming & Marketing	155	207	362
	Entrepreneurship	41	47	88
	Record Keeping	6	86	92
	Financial Management	2	54	56
Sub Totals - Roots		204	394	598
Bucklesbury Consultancy	Farming as a Business	445	577	1022
Sub Totals - Bucklesbury		445	577	1022
Market First	Record Keeping	38	61	99
	Business Planning	51	56	107
	Marketing	61	89	150
Sub Totals - Market First		150	206	356
Health Excellence	Farm Business Planning	104	233	337
Sub Total - Health Excellence		104	233	337
Khanya Development Trust	Record Keeping & Fin Management	6	34	40
	Record Keeping & Costing	0	58	58
	Marketing & Record Keeping	56	86	142
	Record Keeping & Stock Control	6	37	43
Sub Totals - Khanya Development Trust		68	215	283
RBCT	Financial Management	27	102	129
	Marketing	41	132	173
	Record Keeping & Fin Management	82	139	221
Sub Totals - RBCT		150	373	523

Grand Totals	1,359	2,561	3,920
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Figure 2: Percentage distribution of trainees by modules attended

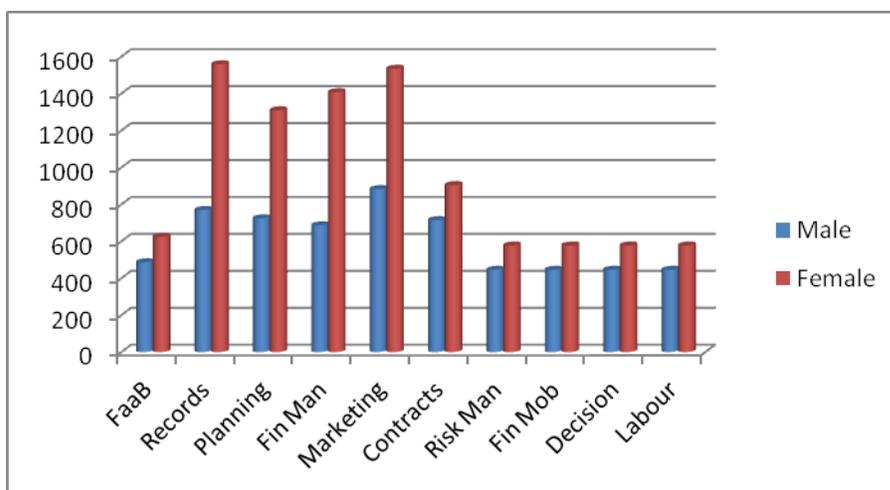
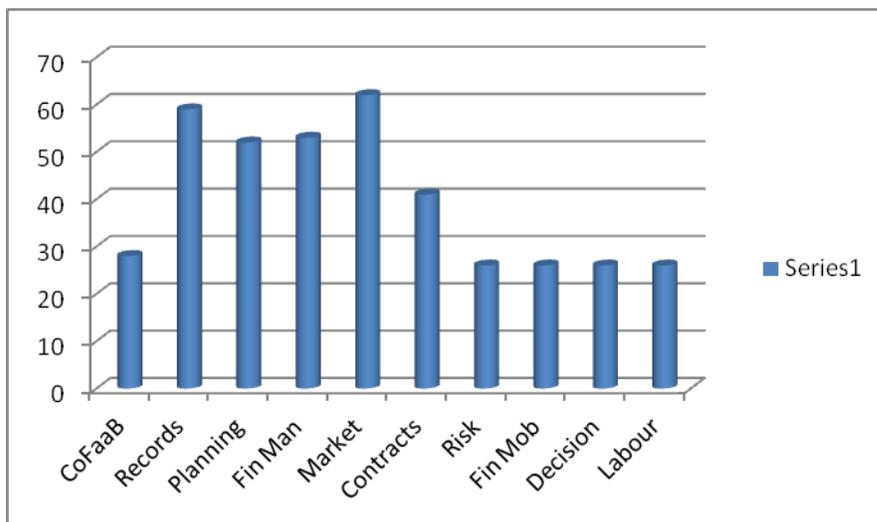


Figure 3: Distribution of trainees by sex and modules attended

NB: Some trainees attended more than one module in the same training i.e. some trainers covered several modules in one training.

SUPPORT TO BSPs/ BDSPs

Assessment of BSPs/ BDSPs with potential to initiate, improve and/ or expand demanded services in the Livestock and Animal Health sectors and Action Planning.

Zim-ACP conducted a capacity assessment of BSPs of the livestock industry in Zimbabwe. The objective of the assessment was to identify gaps between services currently offered against projected current and anticipated market demand, and then develop Action Plans to improve services delivery in the sector. Consultants working on the assignment recommended three relatively low cost and high impact activities that could be considered by Zim-ACP as follows:

a) Access to credit: Access to credit was identified as a major constraint among all the BSPs interviewed. However, the general belief that all terms of credit, including an interest rate of 25%, are far beyond manageable, may be misleading. The consultants recommended a one day seminar for financial institutions to describe their range of finance products to the livestock and animal health BSPs. Therefore, Zim-ACP plans to facilitate a one-day workshop for the livestock and animal health BSPs where financial institutions will come and describe their range of products.

b) Improve communication with rural customers: Significant growth opportunities can develop from improving communication with rural customers. The current flow of communication from a BSP firm to dealers at provincial and district levels and eventually to the end user of the products and services of the BSP is lengthy. Cell phone technology is an excellent vehicle for managing the gap in communication and building a stronger customer base through direct and more frequent communication between BSP and customers. Cell phone messages can be designed to improve farmers' access to technical information and to drive product sales. For example, messages can be transmitted to a large number of customers for delivering calendar based technical information such as timely information for treating livestock for parasites. Messages can also be transmitted to notify customers of new products, discounts, or local training provided by the BSP. Therefore, Zim-ACP will organize a one-day training workshop with BSPs in the use of cell phone technology to deliver technical information and product and service information to customers in rural areas.

c) Training: The business model undertaken by the interviewed animal health BSPs involves product and service distribution networks that rely upon local dealers which are also referred to as agents, traders, franchisees, or local suppliers. Interviewed BSP firms expressed a need to upgrade the business skills of dealers particularly those who are the point of sale of the animal health products to the end user. The lack of business capacity at the dealer level of the distribution network has a negative impact upon the BSP firms' ability to serve small farmers. Therefore, Zim-ACP will build the capacity of BSP firms to train their distribution networks in product knowledge and in doing business. The program will also facilitate trainings aimed at improving the performance of animal health BSPs. Some of the business areas that will be covered include sales skills and strategies, inventory management, distribution management, and developing market intelligence.

NEXT QUARTER ACTIVITIES

The activities planned for the next quarter are as follows:

- Finalization and launch of the Farming as a Family Business Manual
- Conduct two ToTs for certified trainers and Training Institutions of the use of the FaaFB manual for training agribusiness enterprises
- Facilitate cascaded trainings to 4000 agribusiness enterprises across the country. Approximately forty trainings will be conducted
- Finalize the capacity assessment of Livestock and animal health BSPs and Action Planning assignment

3.4 M&E ACTIVITIES

Monitoring and Evaluation (M&E) effort in Zim-ACP ensures that relevant project data is captured and program activities and results are tracked in real time according to the PMP indicators to aid reporting and information provision for planning and decision-making purposes. Monitoring helps provide supporting evidence of progress and success.

MONITORING OF ZIM-ACP ORGANIZED EVENTS

A major M&E activity during the reporting period was collecting and maintaining a record of attendance (sex disaggregated) of scheduled events by stakeholders. Completed registers were captured in TAMIS (Technical and Administrative Management Information System) and collated for reporting and decision making.

Scheduled events (workshops and trainings) were evaluated to solicit feedback from participants on event organization, content, standard of facilitation and whether the event was time well spent. The event evaluation allowed each attendee to give an overall score for the event, out of 100. The evaluation report served to provide lessons for organizing future events. Copies of these reports appear as Annex 6 of this report. Table 3.4 shows the events monitored and evaluated during the reporting period.

Table 3.4: Workshops monitored during the reporting period

Date	Workshop	Attendance			Average score given by participants (out of 100)
		Total	Male	Female	
10 May 2012	Matabeleland region livestock stakeholder consultative meeting on drought mitigation	42	28	14	77.1
15 to 16 May 2012	ZFU Gender Training and Policy Unpacking Workshop	44	31	13	83.9
30 May 2012	Financial Market Institutional Innovations Stakeholder Consultative Workshop	48	41	7	77.6
31 May 2012	FaaFB Manual Review Workshop with Stakeholders	20	13	7	82.7
5 to 6 June 2012	FaaFB Manual Pre-Test Workshop with Trainers	33	18	15	85.7
6 to 7 June 2012	Tree Crops Stakeholder Consultative Workshop	35	28	7	82.5
19 June 2012	Matabeleland Beef Sector CIBER	35	28	7	
22 June 2012	Mashonaland Beef Sector CIBER	55	45	10	
26 June 2012	Grains, Legumes & Animal Feed Value Chain CIBER	20	14	6	81.4
26 to 28 June 2012	Lobbying and Advocacy Workshop	23	13	10	81.3

MONITORING CASCADED TRAINING

The M&E unit participated in the training of 16 enumerators (5 male, 11 female) contracted to monitor business trainings conducted during the reporting period. Enumerators were familiarized with the data collection instruments.

Data collected by enumerators on business enterprises trained during the reporting period was entered into TAMIS for collation and reporting. The database allowed for reporting on achievement of target figures (by category) of enterprises trained. From the database, a total of 3,920 business enterprises (3,229 micro, 681 small and 10 medium) were trained during the reporting period. The target of 5,000 business enterprises to receive business development services in year two has been surpassed. Some 38 percent (1474) of the enterprises trained during the reporting period were female managed, while 25 percent (991) were male managed and 37 percent (1455) co-owned. The majority of enterprises were producers 3864 (98.6 percent); 1.3 percent (54) were traders, three (0.1 percent) were input suppliers or output processors.

EVALUATION STUDIES

ADOPTION AND IMPACT STUDIES

Adoption study

The M&E unit conducted a survey to establish the number of supported business enterprises that applied learned management practices during the reporting period. Sixteen enumerators were contracted to conduct face to face interviews on a sample size of 398 trained business enterprises with the aid of a short questionnaire. The tool used to guide the interviews is attached as Annex 7. The findings of the study were that 51 percent of the trained business enterprises had applied some of the learned management practices within a month of receiving the training. The figure is significantly lower than the 85 percent recorded in the second quarter when data was collected from a census, using telephonic interviews. The difference could be due to change in survey methodology. Use of face to face interviews during the reporting period increased data quality as it allowed for observation of records and other management practices applied by the supported businesses. Learned practices mentioned as having been applied include:

- Market research: have looked for a reliable market for products; have researched on what type and quality of products the market wants
- Product promotion: am advertising products at village gatherings
- Applying good management principles: working hard
- Improving product through grading and packaging
- Pricing –pricing products according to grade or quality
- Record keeping: keeping various records including financial records, land use records, planting records, output and yield records, sales records, stock records etc
- Calculating profit: making use of income and expenditure records to calculate profit or loss
- Timeliness of operations: have procured inputs -seeds, chicks, stock feed in preparation for a planned business enterprise
- Budgeting: have projected, on paper, the quantities and associated costs of producing a product to marketing and projected the income
- Financial management-opened a bank account
- Taking farming as a family business -allocation of responsibilities to all family members, giving them remuneration
- Planning: having drawn-up a schedule of activities to be carried out and the resources required in preparation for the coming production season; use of computer in planning
- Forming cooperatives for bulk supply of produce to supermarkets.

Impact studies

The expectation is that when business enterprises receive business training in areas where they most need it and in addition benefit from an improved business environment (conducive regulations due to effective advocacy work by representative bodies of farmers and agribusiness organizations), not only will business enterprises adopt the promoted techniques and management practices, but, in addition, long term changes will occur in the businesses in terms of

- Increased profitability of the business enterprise;
- Increased number of jobs created; and
- Increased investment in the business enterprise.

Profitability

Zim-ACP has a target of 295 business enterprises (excluding farms) operating more profitably or at above cost because of USG assistance in 2012. Zim-ACP provided support to 67 business enterprises (non-farm) involved in input supply, selling of horticultural produce, bakeries and agro-processing last year (August/September 2011). Sufficient time had elapsed for impact of the good practices to start showing in terms of business performance. Interviews were conducted on the 67 business enterprises trained in Year one to assess impact of Zim-ACP support on business performance. The interviews were conducted by trained enumerators with the aid of a short questionnaire attached as Annex 8. The findings of the survey were that of the 67 business enterprises that received business-type training, four business enterprises that were loss making last quarter are now operating profitably, one of the 63 that were operating profitably last quarter is now operating at a loss and 62 are still operating profitably from last quarter (13 attained lower profit levels this quarter compared to last quarter whilst 42 achieved higher profit levels this quarter). Generally, the trend is that of good performance by supported business enterprises.

Investment and Job Creation

Zim-ACP has a target of \$1.6 million in new private sector investment directly encouraged or facilitated by activities funded by Zim-ACP initiative in 2012. On job creation, Zim-ACP has a target of 500 jobs created during the year in agriculture related enterprises. Interviews were conducted on 1,939 that received business-type training in August/September 2011 to assess impact of Zim-ACP support on both investment and job creation (see attached Annex 9: questionnaire). The study excluded 450 cotton producers trained on cotton grading and business principles during the same period because the group had not yet sold their first cotton crop (well graded) after the training due to a price deadlock in the buying of cotton between producers and buyers. Producers interviewed for the study were mainly involved in market gardening and poultry production while non farm businesses were into input supply, selling of horticultural produce and agro-processing. For the non-cotton business enterprises, it was felt that sufficient time had elapsed for impact of the good practices to show in terms of business performance. The findings of the study were that the business enterprises that received business-type training in August/September 2011 created new private sector investment to the tune of \$305,904 and a total of 325 jobs (202 male, 123 female) during quarter three, year two. Investment items mentioned include:

- farm machinery (tractor, disc plough, boom sprayer)
- ox drawn farm implements (scotch cart, mouldboard ploughs, cultivators, harrows, planters, ridger)
- poultry equipment (drinks, feeders)
- livestock (cattle, goats)
- hand tools (chainsaw, wheel barrows, picks, knapsack sprayer, hoes, shovels, rakes, garden forks, sickles, slashers)
- irrigation equipment (water pump, irrigation pipes, watering cans)
- vehicle (small truck, motor cycle) and
- building material.

CHAPTER IV: ENVIRONMENTAL ISSUES

ACP developed a Environmental Monitoring and Mitigation Plan (EMMP) during the reporting period which was submitted to and approved by USAID. The EMMP outlines how ACP plans to monitor and mitigate environmental issues during strengthening of farmer unions, commodity and agribusiness associations for effective for service provision and evidence based advocacy; regulatory review and reforms; strengthening of market infrastructure institutions and training.

Environmental considerations discussed during the reporting period include the importance of implementing good practices to preserve the environment and assure food security for communities.

Environment issues came up during business trainings. These included:

- siltation of rivers and dams
- rampant cutting down of trees for firewood used in curing bricks, sold in urban centres and for domestic purposes
- veld fires destroying flora and fauna.

In Gwanda and Matopo irrigation schemes, trainers raised awareness on the need to protect water bodies, such as rivers and dams from siltation. Siltation of water bodies reduces water-holding capacity and threatens livelihoods of communities who depend on the reservoirs for irrigation, household use and watering livestock. Trainees were encouraged to actively participate in ongoing initiatives involving construction of sand barriers and other conservation works to control siltation. Farmers were encouraged to adopt sound natural resource management practices in their fields including conservation farming, agro-forestry and crop rotation.

In Umzingwane area trainers observed a lot of siltation and degradation of the Umzingwane river due to gold panning along the river banks. Excessive cutting of grass for thatching as well as for sale to outsiders was observed as exposing the soil to wind and water erosion. This exacerbated siltation of rivers and dams and also depleted the land of top soil, threatening the food security of communities that depend on agriculture for their livelihood. During the training workshops men and women were encouraged to actively participate in initiatives to protect the environment spearheaded by the Environmental Management Agency (EMA) in collaboration with the local authority.



Figure 4: Umzingwane, Matabeleland South: One of the remaining dams after siltation through gold panning

In Hurungwe, environmental issues raised revolved around *veld* fires and deforestation. *Veld* fires were said to be a menace particularly during the dry season. Causes of *veld* fires bordered around negligence. At the time of the training, one farmer was reported to have lost a whole field of maize to *veld* fires just before harvest. Trainees were encouraged to be vigilant and tighten security on amateur hunters who use fire to clear the land for easy spotting of animals. Trainees were encouraged to adopt good practices such as putting-up fire guards around their farms and avoiding human activities such as reckless disposal of cigarettes, hunting, arson and improper household ash disposal.

In Chivi, the issue of deforestation was a cause for concern for many because communities now struggle to get firewood for household use. Trainees indicated that they have resorted to buying firewood. They bemoaned selling of firewood as this perpetuated the deforestation problem. Trainees were encouraged to plant woodlots as a long term solution. In Hurungwe, some farmers that are into tobacco production indicated that they have planted woodlots to use as a source of firewood for curing the tobacco. Trainers commended the trainees for the efforts and encouraged everyone to take-up environmental management as a good practice and way of life.

CHAPTER V: GENDER ISSUES

Gender mainstreaming in partner organizations

Zim-ACP provided support to ZFU during the reporting period to unpack the ZFU gender policy to management and the association leadership. During interactions with Zim-ACP in Quarter two, ZFU had indicated that they have a gender policy that they did not understand and had never implemented. The gender policy was part of development support extended to ZFU by the European Union in 2009. A two day training workshop was conducted for ZFU from 15th to 16th May 2012. The workshop allowed ZFU leadership to understand the letter and content of the policy. With some understanding of gender mainstreaming that was given during the two-day workshop, ZFU undertook to review the policy before adopting it for use in the organization.

Gender issues during stakeholder consultations

Table 3.1 on page 12 shows that for most stakeholder consultation meetings under Component 1, women representation were very low perhaps reflecting the poor representation of women in leadership positions in the livestock, grains and tree crops value chains. However, the few women that attended the consultative meetings participated actively and raised pertinent issues that affect them as breeders, producers, processors or retailers in the value chains.

Gender issues during cascaded training

Females made up 65 percent of participants in business trainings organized during the reporting period. Table 3.3 on page 23 shows that women were in the majority, overall, in the courses run during the reporting period. Trainers reported that in most trainings, men and women actively participated and contributed during discussions. In predominantly women's groups, women also assumed leadership positions. In Gwanda the vibrancy of the women was attributed to past capacity building programs carried out by SHDF on women's rights, lobbying and advocacy. In Seke, not only did women dominate in terms of numbers and contributions to discussions, the trainer was impressed by the empowerment levels as three of the women reported having well established businesses -two of them being market gardening, while one was poultry. The three women shared their experiences with other trainees on how they secured contracts with high value markets like Interfresh, FAVCO and Fruit and Vegetable Centre.

In Buhera, where trainees comprised apostolic sect members, trainers noted from physical visits to the gardens that women provide most of the labor and do not participate in marketing, market research or information research. In this religious grouping, women have restricted or monitored movements, leaving the marketing to be done by men. The group was trained on farming as a family business concept with the hope of that change in attitude and mindset will take place over time, for the benefit of the family.

In Dombashawa, gender issues raised by women were that of harassment by middlemen in Mbare market. It was reported that middlemen purport to buy produce in bulk and on cash basis and go on to short-change women by imposing low prices. Men were not harassed as much by middle men. Women indicated that their negotiating power is limited as they are afraid they could be physically attacked if they argue or voice out their concerns. In the ensuing discussion, women resolved to approach the market in groups so that they would support each other in the event of harassment.

SHDF conducted trainings for members of Hurungwe Cooperative Union, a predominantly male group. The few women that were invited to the training comprised single women (widows, divorcees, never married). When a second training was organized for members of the same group, the trainer had to insist that women be invited to attend. The trainer noted, however that the groups (though male dominated) were sensitive to issues of gender in that the men would support and demonstrate firm belief that women were equally as capable as they were. In one of the trainings, men willingly participated in fetching water (using buckets carried on their heads) for lunch preparation, defying gender division of labor stereotyping. The men were however encouraged to ensure that their wives attended future business trainings in order to gain business skills. The men in turn requested that future trainings are conducted in their wards to make it easy for their wives to also attend.



Figure 5: Gender division of labor – Hurungwe men assisting to fetch water for cooking

REPRODUCTIVE ROLES OF WOMEN

In almost every group, a number of women brought suckling babies and toddlers to the training with one training recording as many as six. These were accommodated by both the trainer and other trainees although there were complaints of disturbance to the training as mothers went in and out of the training venues to attend to their babies.



Figure 6: Some of the training workshop participants

Farming as a Family Business Manual

The Farming as a Family Business draft manual pre-tested during the reporting period, allowed for training sessions to discuss gender issues. Various issues were discussed including the benefits of involving the family, not only in providing labor, but also in decision making, planning, administration, marketing and record keeping. Women and youths complained about sidelined when it comes to sharing proceeds from the business. Unfair sharing of proceeds was identified as a root cause for other sprouting problems like distrust, stealing from the granaries, laziness and animosity among family members, especially in polygamous families. The gender debate raised some emotions when some men opined that household chores cannot be considered as work in the farm business. Their argument was that household chores does not bring profit and therefore is not work. Trainers took time to explain the triple role of women and trainees appreciated that there was need to give value to those reproductive and community roles, and consider giving women time to rest. The learning point was that for farm business operations to do well family members should use their unique differences towards achievement of set goals.

CHAPTER VI: LESSONS LEARNED

LESSONS LEARNED UNDER COMPONENT 1

The process for regulatory review needs involvement and participation of the regulatory agencies from the onset to allow for a faster and more legitimate regulatory review exercise.

LESSONS LEARNED UNDER COMPONENT 2

The objectives of C2 are intended to support the revamping of market institutions to improve competitiveness, and they require huge government buy-in. This buy-in has to be secured by the stakeholder organizations as it seems Zim-ACP facilitation is not readily accepted. In future, Zim-ACP will have to involve the senior managers of each institute in the various activities so that they would appreciate how or what is being done assist the institutes.

LESSONS LEARNED UNDER COMPONENT 3

Zim-ACP certified trainers are taking their own initiative to form training consortia. This is helping to bring together trainers with different strengths and skills, hence strengthening the training delivery process. Strong consortia can be provided with TA to establish business linkages with training institutions, hence strengthening training service offering in this sector. Some consortia can be affiliated to accredited institutions to enable their trainings to be recognized at national level.

The strategy of taking trainings to the local level is yielding fruit as more women are attending trainings than men. As more women than men work at farm enterprise level, it is important that training support be designed to reach to the women.

Trainers have been training heterogeneous groups of people from different agribusiness enterprises. Due to the heterogeneous nature of the groups, some enterprises struggle to pay for training services. Going forward, it is important to segment the market so that Zim-ACP support is focused on those enterprises that are operating commercially and demonstrate potential to grow. This category of enterprises should also demonstrate reasonable capacity to pay for training services. The other segments of the market can be taken care of by NGOs focusing on livelihoods & humanitarian support, and government service providers. Segmenting the market will also ensure that the better off entrepreneurs, who are not comfortable interacting with their poorer counterparts in the same training will also register for and attend training organizations and run by the trainers developed by Zim-ACP.

CHAPTER VII: CHALLENGES

CHALLENGES UNDER COMPONENT 1

Our work on strengthening the representative bodies for advocacy is under threat due to the financial challenges faced by HPC, ZCFU and to some extent, ZFU. They are unable to implement programs incorporating some of activities such as gender mainstreaming, advocacy and lobbying. They are finding it difficult to meet basic operational costs for running the organizations. Zim-ACP is engaging them to undertake organizational restructuring and re-engineering so as to improve on the services to attract fee-paying members.

Getting government buy-in on the animal and meat regulatory review has been a long process. This is because the regulatory institutions, namely Department of Veterinary Services for animal health regulations and Department of Research and Specialist Services for stock feed regulations were not accepting that the regulatory review should be initiated by the private sector. Additionally, they were skeptical of the intentions of LMAC carrying out the regulatory review process with the assistance of USAID/Zim-ACP. However this has been overcome through highlighting the benefit of the process to the regulators and how competitive regulations will benefit the entire agricultural sector.

CHALLENGES UNDER COMPONENT 2

The process of getting buy-in from the public sector for our work on improving market infrastructure institution has proven to be long. This is because of the number of individuals and institutes within the public sector, namely Department of Veterinary Services for animal health and milk standard, Department of Research and Specialist Services for SPS and quality assessment laboratory services. The solution is to continue to engage the individuals and heads of Department to support our work as part of improving the environment for agriculture sector to thrive.

CHALLENGES UNDER COMPONENT 3

SHDF, one of our accredited training institutions, could not train some of the clients they had mobilized in Chivi and Mutoko districts because of political challenges. The partner ended up switching trainings from these districts to other districts where there were no challenges of the same nature.

CHAPTER VIII: NETWORKING & COLLABORATION

NETWORKING AND COLLABORATION UNDER COMPONENT 1 AND 2

Zim-ACP collaborated with Zim-AIED through its Agritrade Facility which facilitated meetings between DOHOPA and MAPA and Micro-king and Trust Bank that provided information on what would be their credit referencing requirements if such a service was to be set up. In addition, Agri-trade facilitated several meetings to provide information to DOHOPA and MAPA on the Agri-trade credit facility. Through these meetings, DOHOPA and MAPA developed an appreciation of improving their membership data base. They subsequently approached Zim-ACP for assistance on this.

Consultations were held with the COP of Zim-AEID on collaboration on supporting the strengthening of HPC. It was agreed to share information on proposed technical support by Zim-ACP for the updating of horticulture manuals.

NETWORKING AND COLLABORATION UNDER COMPONENT 3

Zim-ACP collaborated with LOL to identify international consultants to conduct a Capacity Assessment of Livestock and Animal Health BSPs of Zimbabwe. Two consultants with expertise in Livestock and Business who have had extensive international and African experience were identified. The consultants complimented each other well in the process of the assignment, and were able to identify critical issues affecting service delivery in the livestock industry of Zimbabwe. The consultants were also able to craft group and individual BSP firm Action Plans on the basis of information gathered locally and international experience. Zim-ACP will provide TA and training on the basis of the recommended actions, and this should contribute to improved service delivery in the livestock sector of Zimbabwe.

CHAPTER IX: CONCLUSION

CONCLUSIONS UNDER COMPONENT 1

There is much acceptance and understanding by the senior management of Departments of and Ministry of Agriculture, Mechanization and Irrigation Development of the value of Zim-ACP in supporting efforts to improve agricultural competitiveness of the agriculture. This has come about from the constant engagements we have had with the officials in the department and evidence of our efforts in advising and strengthening the representative bodies, especially the work with LMAC and HPC. The Agricultural Policy Framework recently announced by the Ministry has elements that relate to Zim-ACP objectives, namely having a competitive agriculture sector. The Framework recognizes the role of calls for strengthening farmers organization to be effective in playing their role. The cotton price debacle gives credence to the need to have credible representative bodies that are effective in advocating for a stable policy environment within which farmers and agribusinesses can work and invest. The farmers' organizations now realizing that they need to be credible organizations. The credibility will be built around having membership that is evident. The organizations should be in a position to offer services that attract members and be effective in representing the interest of these members. Our forthcoming activities should therefore build onto this momentum.

CONCLUSIONS UNDER COMPONENT 2

The work undertaken to date in studying and understanding the issues through consultative processes with stakeholders have given Zim-ACP clear directions as to the activities to undertake in supporting market institution infrastructure strengthening in the country. There is much interest in strengthening both non-financial and financial market institution infrastructure by both the public and private sectors to facilitate market functions in driving agriculture especially the need to have accepted industry uniform standard in order to improve on competitiveness. This provides a firm basis for future activities for Zim-ACP.

CONCLUSIONS UNDER COMPONENT 3

Endorsement of the gender focused Farming as a Family Business manual by key stakeholders, including USAID partners, NGOs, training institutions, government service providers, trainers and farmers shows that the manual is relevant and applicable. The manual will assist families to realize the importance of harnessing the business talents of all family members, hence making a significant contribution towards harmonizing families, and developing small farm businesses Zimbabwe. Therefore, Zim-ACP will make efforts to avail the manual to all stakeholders involved with developing the planning and business skills of farmers in Zimbabwe, upon approval by USAID.

Formation of training consortia by Zim-ACP accredited trainers in quarter 3 of FY2012 strengthened the position of trainers and their ability to offer trainings to their clients. Trainers with different business expertise came together, thereby improving their ability to deliver different business modules, as were demanded by their clients. Going forward, these consortia will be linked to accredited training institutions to facilitate recognition of the services they offer by relevant stakeholders' e.g. financial institutions.

The Capacity assessment of Livestock and Animal Health BSPs, and the Actions Plans that were developed will help Zim-ACP target appropriate support to improve services in the Livestock Industry in Zimbabwe. Priority will be given to improving business skills and communication lines between the large BSPs, their distribution networks and farmers.

CHAPTER XI: ANNEXES

Annex 1: FTFMIS ACP Quarter 3 Year 2 Results Table

Annex 2: List of meetings attended by farmer representative organizations

Annex 3: VAT on soya bean position paper

Annex 4: Issues Papers

Annex 5: Credit referencing workshop report

Annex 6: Event Evaluation Reports

Annex 7: Adoption Study Questionnaire

Annex 8: Profitability Study Questionnaire

Annex 9: Job Creation Study Questionnaire

Annex 10: Success Story

ANNEX 1: FTFMIS ACP QUARTER 2 YEAR 2 RESULTS TABLE

The FTFMIS ACP Quarter 2 Year 2 Results Table is provided as a separate attachment to this report.

ANNEX 2: LIST OF PUBLIC MEETINGS ATTENDED BY FARMER REPRESENTATIVE ORGANISATIONS

List of Public Meetings Attended by Representative Bodies of Farmers, Commodity & Agribusiness Associations

Date of meeting	Title	Location	Issues discussed	Stakeholders met/present
16-17 May 2012	Food Justice campaign development workshop	Pandhari Lodge, Glenlorne, Harare	<ul style="list-style-type: none"> Share the analysis of the broad food justices issues in Zimbabwe Provides the partners with the GROW framework for campaigning strategy development in Zimbabwe Map the way forward in terms of consolidating the strategy and plans to develop a campaign operational plan 	FACHIG, Consultant, Oxfam partners
28 May 2012	Seed cotton producer price negotiation meeting	AMA Offices, Harare	<ul style="list-style-type: none"> Review of seed cotton producer prices gazetted by AMA (36c to 55c per kg) Negotiation of new prices 	FACHIG, ZCFU, ZFU, ZNFU independent farmers CGA Ministry of Industry and Commerce
28 May 2012	Livestock Information Management Systems Committee Meeting	Bevan Building Department of Livestock and Veterinary Services	<ul style="list-style-type: none"> Update on the LIMS development 	Department of Livestock and Veterinary Services, Livestock and Meat Advisory Council
29 May 2012	Agricultural Coordination Working Group (ACWG)	Celebration Centre, Harare	<ul style="list-style-type: none"> News and updates Food plant of the world (Food Plant International) Livestock situation and updates (Department of Vet Services) 2011/12 Input support program review- Documentation of lessons learned (Steering Committee's consultants) Contract farming (pre-harvest assessment (FAO) Update on Agricultural and Food security (national early warning unit) 	Fachig (1), NGOs, government departments, consultants, FAO, private sector
5 June 2012	Chicken Import Quota Meeting	Bevan Building, Department of Livestock and Veterinary Services	<ul style="list-style-type: none"> Chicken & Poultry import permits and quota allocation, new importers on the scene 	Department of Livestock and Veterinary Services, Economics and Markets, ZPA

08 June 2012	Sustainable Food Security proposal writing guidelines	EU offices, Harare	<ul style="list-style-type: none"> Guidelines on writing proposals 	EU, NGO, private sector, researchers and consultancy, FACHIG
11 June 2012	Stakeholders conference on marketing issues in Zimbabwe's cotton industry	Cresta Jameson Hotel, Harare	<ul style="list-style-type: none"> The challenges facing local cotton industry and proffer alternatives to sustain the industry The role of cotton production and marketing in Zimbabwe's economic recovery The role of AMA in agriculture and price negotiations The process of price determination in Zimbabwe cotton industry Community voices on cotton from rural cotton growing districts Civil society perspectives on strategies to enhance livelihoods, protecting rights of small scale farmers and sustaining the cotton sector 	FACHIG, LGDA, Ruzivo Trust, AAIZ, CGA, AMA, Cotton farmers, MPs for Chipinge, Binga, Mbire, Chiefs from Mbire and Gokwe, Ministry of Agriculture mechanization and irrigation development, SEATINI, CMTC
13th June 2012	Grains Marketing Technical Committee	AMA Offices	<ul style="list-style-type: none"> Challenges being faced by the grains industry 	Grain Millers Association, Stockfeeds Manufacturers Association
19 June 2012	Cotton marketing challenges	Parliament of Zimbabwe, Harare	<ul style="list-style-type: none"> Challenges being faced by the cotton industry Way forward 	CMTC, Chiefs from cotton growing areas, MPs, cotton farmers
28 June 2012	Credit Referencing Meeting	Joina City	<ul style="list-style-type: none"> Create an understanding of the importance of credit risk management Create an understanding of the importance of data sharing, credit reports and scores Come up with a standardised industry data input form Come out with a commitment from all sector stakeholders to participate in the construction of a working database 	DOHOPA, MAPA, ZFU, ZCFU, FACHIG, NGOs, XDS, Financiers

ANNEX 3: VAT ON SOYABEAN POSITION PAPER

VAT ON SOYABEAN POSITION PAPER

Background to VAT on soya beans

In terms of the Value Added Tax (VAT) Act [Chapter 23:12], VAT is levied on the supply of goods and services as well as on the importation and exportation of goods and/or services. Taxable supplies attract VAT at specified rates of 0%, 5%, 15% or any other rate as may be specified by the Minister responsible for Finance.

VAT is charged in three levels: zero rated, standard and exempt. Zero rated supplies are exempt from paying VAT. This is a way of ensuring that goods are provided free of VAT and hence making them cheaper for the end consumer. Standard rated goods and services pay VAT at the specified rate of 15%. The last category is VAT exempt, these goods and services are totally exempt from paying VAT.

Soya bean is a legume plant that may be processed into soya meal and soya-bean oil. In Zimbabwe the Value Added Tax Act [Chapter 23:12] specifies the types of goods that are subject to pay VAT at the standard rates of 0%, 5% and 15%. Goods that are VAT exempt are set out in Section 11 (j) of the VAT Act [Chapter 23:12] this list does not exempt soya beans or any other leguminous plants. Goods that are zero rated on the other hand are included in The Second Schedule the Value Added Tax (General) Regulations, 2003 (SI 273 of 2003) has a detailed list of VAT zero rated goods which includes in the leguminous vegetables under tariff code 07.08 and 07.13, while soya beans are generally leguminous vegetables, they have a separate tariff code¹ 1201.000 which excludes them from the list of zero rated leguminous vegetables under the tariff codes 07.08 and 07.13. therefore under Zimbabwean law soya beans are neither exempt nor zero rated making them subject to 15% VAT.

Why should soya bean be VAT exempt?

Soya beans are a crucial raw material in the stock feeds and food production sectors and VAT is levied on them at a standard rate of 15%. Soya beans are used in 'the production of goods that are zero rated for VAT purposes. Local manufactures are, thus, required to outlay input VAT on these raw materials which will only be refunded after filing of a VAT return. Resources that could be used to finance working capital requirements are, thus, tied up pending processing of the refund claim.² Further, imported finished products such as processed soya cooking oil and crude soya bean oil are zero rated, therefore, have a competitive advantage over locally manufactured products. In order to level the playing field between imported and locally manufactured products soya beans should be VAT zero rated.

The charging of 15% VAT on soya beans makes them very expensive in comparison to the importation of processed soya products which are VAT zero rated. It is recommended that soya beans be VAT zero rated to make local production and processing of soya bean competitive with imports.

¹ These tariff codes are in terms of the Harmonized Tariff Handbook of the World Customs Organization, an independent intergovernmental organization with over 170 member countries based in, Brussels Belgium.

² Per 2012 National Budget Statement para 798-800

The following tables show the five stage supply chain comparing soya bean value chains which are subject to pay VAT at the standard rates of 0%, 5% and 15% respectively.

ECONOMIC ANALYSIS

The following tables show the five stage supply chain comparing soya bean value chains which are subject to pay VAT at the standard rates of 0%, 5% and 15% respectively. In each value chain the movement³ of one tonne of raw soya bean grain is being analyzed.

Table 1: Soya Bean Value Chain with 0% VAT

Source	Buying Price \$USD	Input VAT \$USD	Selling Price \$USD	Out Put VAT \$USD	Pre-tax Profit \$USD	Cumulative Revenue To Government \$USD	Profit \$USD
Producer	271	-	478.26	0	207.26	0	207.26
Trader	478.26	0	526.09	0	47.83	0	47.83
Processor⁴	526.09	0	746.69	0	220.60	0	220.60
Soya Oil			258.26				
Soya Meal			488.43				
Retailer	746.69	0	851.79	0	105.10	0	105.10
Soya oil	258.26		340.26		82		82
Soya meal	488.43		511.53		23.10		23.10
Final consumer	851.79						
Soya oil	340.26						
Soya meal	511.53						
						0.00	

³ The movement/processing of one tonne of raw soya beans from the farm gate up to the final products

⁴ Soya beans are grown for processing into edible oil and the residue from the extraction (soy meal) is a high protein meal, a critical ingredient for stock feed (USDA, 2011).

Table 1 above shows a soya bean value chain which is zero rated. The total price that the final consumers pay is \$851.79 for every tonne of raw soya beans processed in the value chain. The two main products of the soya bean value chain are soya oil and soya meal and the users of these pay \$340.26 and \$511.53 respectively for each tonne of grain processed. The profit for each agent⁵ is calculated by subtracting the buying price from the selling price of the agent in question.

Table 2: Soya Bean Value Chain with 5% VAT

Source	Buying Price \$USD	Input VAT \$USD	Selling Price \$USD	Out Put VAT \$USD	Pre-tax Profit \$USD	Cumulative Revenue To Government \$USD	Profit \$USD
Producer	271	-	502.17	25.11	231.17	25.11	206.06
Trader	502.17	25.11	552.39	27.62	50.22	2.51	47.71
Processor	552.39	27.62	784.02	39.20	231.63	11.58	220.05
Soya oil			271.17	13.56			
Soya meal			512.85	25.64			
Retailer	784.02	39.20	894.38	44.72	110.36	5.52	104.84
Soya oil	271.17	13.56	357.27	17.86	86.10	4.30	81.80
Soya oil	512.85	25.64	537.11	26.86	24.26	1.22	23.04
Final Consumer	894.38						
Soya oil	357.27						
Soya meal	537.11						
						50.24	

From the table above the government collects \$50.24⁶ in tax, it does this by collecting at each stage the difference between the output (selling) VAT and the input (buying) VAT. With a VAT of 5% on the supply of soya beans and the final retail price paid by the final consumer has changed from \$851.79/t to \$894.38/t of soya beans processed. The application of VAT causes each agent in the soya bean value chain to operate in a higher cost environment and as these costs are passed down from one stage to the next, subsequently it is the final consumer who is put at a disadvantage as they are unable to pass these

⁵ The players involved in the value addition of Soya beans

⁶ The cumulative tax collected from all stages of production which goes to the government

on. The final users of cooking oil and soya bean meal in a value chain with 5% VAT pay 2.44%⁷ more than those consumers in a zero rated value chain this could ultimately influence consumption patterns in a negative manner, taking into consideration the Law of Demand⁸. The third effect is that the profit for each agent in the value chain decreases with the introduction of a 5% VAT

Table 3: Soya Bean Value Chain with 15% VAT

Source	Buying Price \$USD	Input VAT \$USD	Selling Price \$USD	Out Put VAT \$USD	Pre-tax Profit \$USD	Cumulative Revenue To Government \$USD	Profit \$USD
Producer	271	-	550	82.50	279	82.50	196.50
Trader	550	82.50	605	90.75	55	8.25	46.75
Processor	605	90.75	858.70	128.81	253.70	38.06	215.64
Soy oil			297	44.55			
Soy meal			561.70	84.26			
Retailer	858.70	128.81	979.56	146.94	120.86	18.13	102.73
Soy oil	297	44.55	391.30	58.70	94.30	14.15	
Soy meal	561.70	84.26	588.26	88.24	26.56	3.98	
Final Consumer	979.56						
Soya oil	391.30						
Soya meal	588.26						
						146.94	

The government collects \$ 146.94/t in a soya bean value chain were a rate of 15% applies, this is done by collecting at each stage the difference between the output (selling) VAT and the input (buying) VAT. With a VAT of 15% on the supply of soya beans it can be seen that the final retail price paid by the final

⁷ $\frac{\text{Soya oil(meal) 5\% VAT} - \text{soya oil(meal) 0\% VAT}}{\text{Soya oil(meal) 5\% VAT} + \text{soya oil(meal) 0\% VAT}} * 100$

⁸ Microeconomic law; that states that all factors being equal as the price of a good or service increases consumer demand for the good will decrease and vice versa (Tucker, 2010).

consumer jumps to \$979.56/t of soya beans processed. Therefore the costs for the value chain become more expensive as the costs associated with each process increase with the application of VAT and hence the final consumer is disadvantaged as these costs are ultimately passed on to them. The final users of cooking oil and soya bean meal in a value chain with 15% VAT pay 6.97% more than those consumers in a zero rated value chain. The profits for each agent in the value chain decreases with the introduction of a 15% VAT.

Conclusion

The charging of VAT (both 5% and 15%) on the soya bean value chain translates into higher prices being charged on the soya bean grain (which is the initial raw material) and all its by-products such as the soya oil in comparison to a value chain which is zero rated. The final consumers in a soya bean value chain with a standard VAT of 5% and 15% pay 2.44% and 6.97 % more, respectively than the consumer in a non-zero rated value chain. These higher costs affect the consumer's purchasing power negatively, thus affecting consumers especially those in the livestock sector who mainly use soya meal as a stock feed. VAT compliance also negatively affects the profit margins of the different agents in the value chain; these are margins which could be invested in the sector allowing for its growth.

Therefore it is recommended that soya beans be zero rated to make local production and processing of the soya bean more competitive with imports. As for the final consumer a zero rated soya bean value chain will positively affect the purchasing power allowing for the growth of sectors which are dependent on soya beans as an input e.g. the livestock sector.

REFERENCES

Tucker I.B (2010).Economics for Today 7thEdition. Canada: Sabatino J.

USDA Foreign Agricultural Service (2011). Gain Report: Oil seeds and Products.

ANNEX 4: ISSUES PAPERS

The Issues papers are provided as a separate attachment to this report.

ANNEX 5: CREDIT REFENCING WORKSHOP REPORT

The credit referencing workshop report is provided as a separate attachment to this report

ANNEX 6: EVENT EVALUATION REPORTS

The event evaluation reports are provided as a separate attachment to this report

ANNEX 7: ADOPTION STUDY QUESTIONNAIRE

Date of Interview..... Name of Enumerator.....

Questionnaire on Application of Learned Management Practices by Trained Business Enterprises (Indicator 4.5.2 -42)

Introduction

Good morning/ afternoon/evening, Sir/Madam. My name is , I am following-up on a training conducted by ... (trainer) over the period ... (date. at...(venue) on ..(course title). Please confirm you attended this training..... I am here to collect data from some trainees on application of learned management practices. The information will be used to assess whether the trainings are of benefit to business enterprises. The information you give will be kept strictly confidential. It will take about 10 minutes of your time. Will you allow me to ask the questions?

Name of Respondent
Sex

Name of Business Enterprise..... Sex of owner

1. Course attended this quarter (April – June 2012)

Course Title	Trainer	Venue	Dates

2. What new management practices did you learn in the training you attended?

.....
.....
.....

3. Of the new management practices you learned in the training, what have you applied/adopted in your business? *Enumerator to politely ask for and be shown evidence of application of management practices before recording*

.....
.....

*For the record, **enumerator** to state the source of evidence for Qn 3.....*

.....

4. Did you attend any business training in August/September 2011 facilitated by ... (trainer)?

.....

If yes please state venue.....

Signature of enumerator.....

ANNEX 8: PROFITABILITY STUDY QUESTIONNAIRE

Data Collection Tool for Indicators 4.5.2-43

Name of Interviewer.....

Name of Respondent

1. Business Training Course Attended last year (*This table is completed prior to the interview*)

Course Title	Trainer	Venue	Dates

2a. What (non-farm) business are you involved in?

.....

2b) Is your business operating at a profit?

2c) Based on your records, what has been your business profit (or loss) in the past quarter (Jan-Mar) (*Profit/loss=Gross income less costs incurred during the quarter in the business*). *Enumerator should ask for and be shown financial records of the business and confirm the figure before recording*

.....

2d) Based on your records, what was your business profit (or loss) in quarter 1 (Oct-Dec) (*Profit/loss=Gross income less costs incurred during the quarter in the business*). *Enumerator should ask for and be shown financial records of the business and confirm the figure before recording*

.....

2e) Was your business operating at a profit before you attended the business training courses?

.....

ANNEX 9: JOB CREATION STUDY QUESTIONNAIRE

Data Collection Tool for Indicators 4.5.2-38 on Investment, 4.5.2 on Jobs and ACP 1 on resources leveraged

Date of Interview.....

Name of Interviewer.....

Name of Respondent

Sex.....

Name of Business Enterprise.....

Sex of owner

1. Course Attended last year

Course Title	Trainer	Venue	Dates

2. What investment (use of resources intended to increase future production output or outcome) did you make in the business this past quarter (April to June)?

Investment Item	Value (\$)

3. How many **additional** employees did you hire this past quarter (April to June)?

	Quarter 2			Quarter 3			Total
	Male	Female	Total	Male	Female	Total	
Full Time							
Part Time							

Period of employment for part timers.....

4. What resources have you leveraged through partnerships with other organizations/institutions (e.g. NGOs, Banks etc) this past quarter (April to June)?

Type of resource leveraged	Value (\$)	Source

ANNEX 10: SUCCESS STORY

The success story is provided as a separate attachment to this report.