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# ZIMBABWE AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (Zim-AIED) QUARTERLY REPORT #2 – FY2013



**April 2013**

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



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# ZIMBABWE AGRICULTURAL INCOME AND EMPLOYMENT DEVELOPMENT (Zim-AIED)

## QUARTERLY REPORT #2 – FY2013

### ISSUE #10

**Cover Photo:** *At the Mutema & Chibuwe irrigation schemes in Manicaland, a total of 100 hectares of land owned by 500 smallholder banana farmers is expected to earn more than \$1.8 million in revenue.*

*Photo by Fintrac Inc*

#### **April 2013**

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

# ACRONYMS

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

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

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# FOREWORD

The Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program began in October 2010 and will run through February 2015. Zim-AIED is providing technical assistance to improve food security and increase incomes of rural households. Activities cover all agro-ecological regions and became more focused this fiscal year on specific low-income areas where farmers have the potential to move from subsistence to small-scale commercial agriculture (Figure 2). The program is generating new income streams from employment created in the wider agricultural sector and contributing to improved food security for all beneficiary households. Beneficiaries are earning new income from both surplus production of food crops grown for home consumption and from production and marketing of higher-value cash crops and livestock.

Commercialization of small-scale farmers is being achieved by:

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

The program is building demand for a range of Zimbabwean crops and products by training growers on productivity, quality, continuity, and cost-competitiveness. It also provides specialized technical support for the production of food crops to increase food availability on a sustainable basis in areas and communities most vulnerable to food insecurity.

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

In summary, Zim-AIED is a market-driven program that works closely with small-, medium-, and large-scale buyers (See Annex 3) to raise demand and increase competition for smallholder-grown crops and products. The program directly contributes to food availability and access by concurrently increasing production of food crops and raising incomes of rural households in selected areas.

# I. EXECUTIVE SUMMARY

This is the second quarterly report for the Fiscal Year 2013 of the Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program. Zim-AIED is providing technical assistance to improve food security and increase household incomes of 180,000 small-scale farmers throughout Zimbabwe. Significant achievements this quarter include:

- All Zim-AIED activities focused on increasing the number of companies purchasing products from smallholders through **market linkages**; increasing the availability and disbursement of working capital to rural-based agro dealers and smallholders through the **AgriTrade** facility; increasing **production and sales** of maize and other food crops; raising **smallholder earnings** from cash crops; and actively supporting **new agribusiness investors**.
- A total of **8,621 rural households (10,345 farmers) received technical assistance for the first time** this quarter to raise productivity, access new markets, obtain credit, and increase incomes and employment opportunities. This slightly exceeds the quarterly target of 8,500 households. The cumulative number of beneficiary households, including those who joined Zim-AIED during the first and second year, is 90,434 (108,521 farmers).
- Beneficiary smallholders recorded **sales of \$2.6 million** to commercial partners through formal marketing and credit agreements. Based on previous samples of all beneficiaries, this equals total sales of at least \$15 million for the quarter. This estimate is currently being validated through a sample survey.
- **High levels of technology adoption** noted by field staff during planting and crop emergence will result in higher yields this year. At current prices, average gross margins and net household incomes from all agricultural products are set to exceed the \$835 per household recorded in FY2012. Gross margins and net earnings by maize, banana, and paprika growers will further increase.
- **A total of 6,363 farmers on 27 irrigation schemes, 87 percent of them in regions IV and V, received technical assistance to rehabilitate infrastructure and equipment**, as well as training on the establishment of scheme maintenance funds, water management, market planning, and new crop production.
- **Partner banks disbursed 213 loans valued at \$1.87 million.** There were 132 new borrowers this quarter, of which 37 percent were female. Disbursement for the quarter was 18 percent above the value of loans disbursed in the first quarter of FY2013 (\$1.58 million). This brings the cumulative total of revolving fund loans disbursed to \$11.3 million.
- **Farmers paid back \$26,449 of recoverable grants, reducing the net disbursement to \$3.47 million.** The grants are supporting a wide range of productivity-enhancing, postharvest, and marketing interventions directed at smallholders. 59 percent of the approved grants budget is for “recoverable grants” that the beneficiary farmers and companies have agreed to repay in order for the program to recycle those funds into new activities.
- **52 percent of program beneficiaries this quarter were women** as a result of the program implementing a gender mainstreaming policy that considers the needs and constraints of women, men, young people, and disadvantaged groups in the planning of all program interventions.
- After 30 months of implementation, **Zim-AIED is on course to meet its main objectives**, including the 13 Feed the Future indicators.

## 2. PROGRAM OBJECTIVES

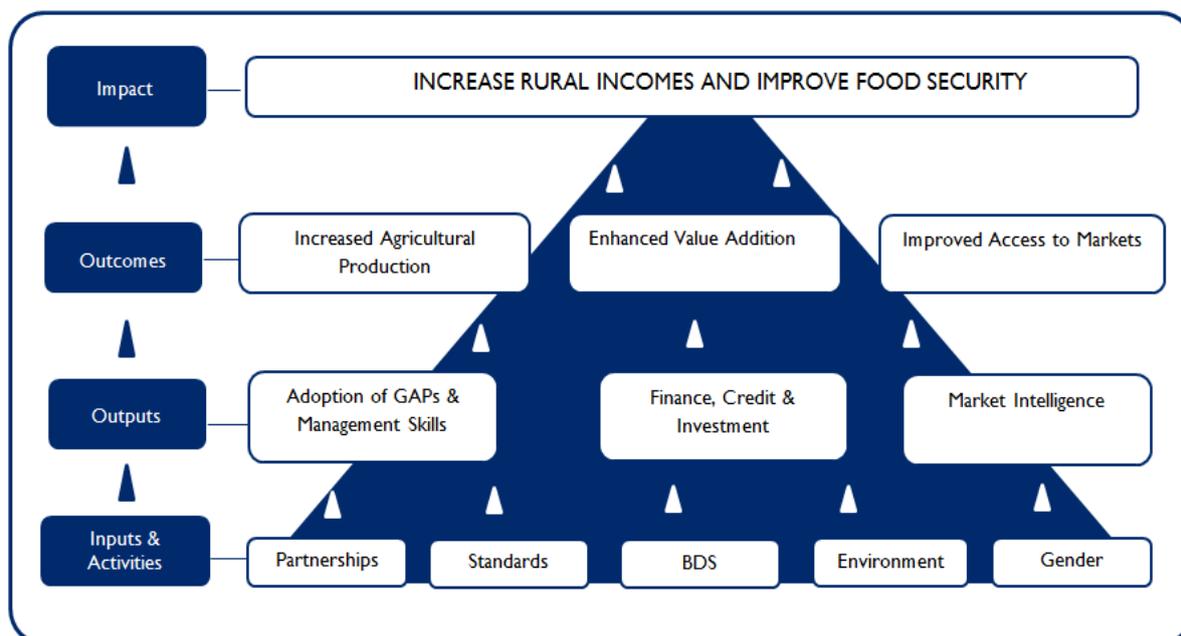
The primary objective of the Zim-AIED program is to improve food security for 180,000 Zimbabwean small-scale farmers (150,000 households) located in communal and old resettlement areas by increasing household incomes from agriculture and increasing food production among vulnerable but commercially viable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

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

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

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

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



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

- **Market linkages** – increasing the number of companies and formal buyers purchasing products from smallholders both through contracts and by opportunistic buying.
- **Finance and credit to traders** – increasing the availability and disbursement of working capital to rural-based agribusiness investors and to agritraders buying products from and supplying inputs to smallholders at the village level.
- **Increasing direct credit to farmers** through commercial loans, advances from buyers, and recoverable grants.
- **Staple food crops** – increasing local and national production of maize, beans, groundnuts, and root crops at competitive prices.
- **Cash crops** – raising smallholder earnings through surplus production of food crops and commercial production of high-value cash crops, particularly banana, vegetables, and paprika.
- **Rural entrepreneurs** – actively supporting a new generation of small- and medium-sized agribusinesses that will invest in rural areas across Zimbabwe.
- **Commercializing targeted irrigation schemes** – through rehabilitation, crop selection and scheduling (calendarization) for higher returns and year-round production, increased access to credit, business planning, and introduction of new buyers.

## 3. ACTIVITIES

Program activities across all focal areas included a range of interventions, from credit for livestock traders to crop-specific irrigation and marketing assistance. The sections below describe Zim-AIED activities in six categories of results measured against 13 Feed the Future, five USAID Gender Indicators, and 10 custom indicators.

- **Beneficiaries:** number, gender balance, geographical spread, and types of support received.
- **Sales:** amount of new money in the pockets of Zim-AIED beneficiaries, measured by incremental sales of all agricultural products – focusing on maize, paprika, and banana.
- **Gross margin and net income:** profitability and net earnings from agricultural activities.
- **Finance and Credit:** AgriTrade revolving fund and micro-credit support for rural traders and producers.
- **Business Development:** managing farms as a business, recordkeeping, crop budgets, marketing, and contract production.
- **Productivity:** increased production and net returns from crop and livestock products.

### 3.1 BENEFICIARIES

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

Zim-AIED's life of program objective is to increase incomes and food security for at least 150,000 rural households (approximately 180,000 farmers), including 34,000 households in FY2013. Interventions available to beneficiaries include training in agronomy and business skills; direct technical assistance to introduce new technologies; credit for producers and MSMEs; and creation of new market linkages. This quarter a total of 8,621 new rural households benefitted from at least one of the Zim-AIED program interventions (Table 1).

**Table 1: Geographical location of Zim-AIED beneficiaries**

Number of rural households											
Province	FY2011 + FY2012			FY2013 – Q1			FY2013 – Q2			Combined Total To-Date	
	M*	F	Total	M	F	Total	M	F	Total	Total	% of Total
Manicaland	9,877	10,048	19,925	735	489	1,224	416	323	739	21,888	24
Mashonaland Central	4,820	4,141	8,961	1,240	793	2,033	818	790	1,608	12,602	14
Mashonaland East	5,526	5,532	11,058	1,083	848	1,931	674	948	1,622	14,611	16
Mashonaland West	6,011	7,314	13,325	597	621	1,218	351	312	663	15,206	17
Masvingo	3,500	6,100	9,600	439	662	1,101	288	396	684	11,385	13
Matabeleland**	2,038	2,465	4,503	150	240	390	668	972	1,640	6,533	7
Midlands	3,331	2,128	5,459	605	480	1,085	908	757	1,665	8,209	9
<b>Total</b>	<b>35,103</b>	<b>37,728</b>	<b>72,831</b>	<b>4,849</b>	<b>4,133</b>	<b>8,982</b>	<b>4,123</b>	<b>4,498</b>	<b>8,621</b>	<b>90,434</b>	<b>100</b>

\* M (Male) and F (Female) is the sex of the farmer joining the program from each household. In some cases men and women join from the same family, so total number of beneficiaries is approximately 20% higher than the number of assisted households.

\*\*Includes beneficiaries from both Matabeleland North & South

Source: CIRIS

The proportion of female beneficiaries rose from 46 percent to 52 percent this quarter. The increase in proportion is a result of the ongoing effort by Zim-AIED to enhance gender mainstreaming. The cumulative percentage of women beneficiaries is now at 51 percent.

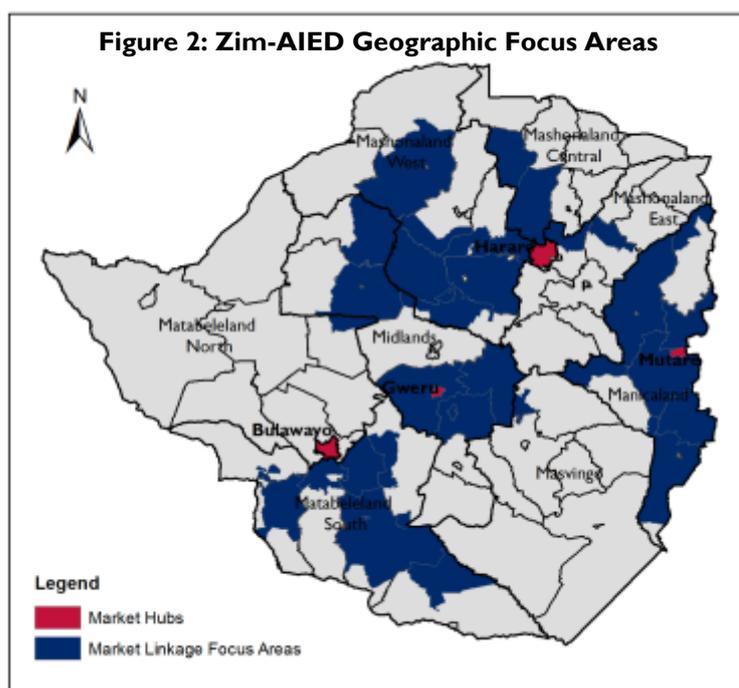
**Table 2: Number of individuals participating in Zim -AIED activities**

Activity	FY2011	FY2012	FY2013 – Q1			FY2013 – Q2		
			M	F	Total	M	F	Total
Training and technical assistance	11,896	58,055	3,986	5,168	9,154	7,971	9,222	17,193
Traders receiving loans	305	408	57	12	69	83	49	132
Farmers linked to markets	-	11,194	506	183	689	348	214	562
Contracted farmers*	-	10,350	2,744	2,338	5,082	-	-	-

\*No new farmers were contracted this quarter Source: CIRIS

Table 2 summarizes the main types of support Zim-AIED offered to its beneficiaries this quarter. Out of the 108,521 individual farmers recorded to date, 16 percent received technical assistance and training from Zim-AIED field staff and its partners during the period January 2013 to March 2013.<sup>1</sup>

This quarter saw a four-fold increase in the number of rural households benefitting from the program in the marginalized provinces of Matabeleland. This increase is largely attributed to the program’s improved geographical targeting (Figure 2). The program is targeting irrigation schemes and developing them into agribusiness hubs that extend technical and marketing support to the surrounding dryland area communities who are typically dependent on subsistence production of livestock and staple crops due to limited precipitation.



The number of unique agritraders who have received loans from the Zim-AIED AgriTrade facility during the quarter (132) almost doubled compared to the last quarter. Agrodealers in rural areas provide an important linkage for beneficiary farmers to both input and output markets. Farmers continue to sell to traders that have formal arrangements with Zim-AIED. This quarter alone, 562 smallholder farmers sold to these traders. Providing liquidity to agrodealers and linking them to farmers results in improved returns. In summary, Zim-AIED assisted 8,621 rural families this quarter, and combined with the previous quarter, the program is on track to surpass its annual target by almost 4 percent with two quarters to go (Table 3).

<sup>1</sup> The number of rural households benefitting from USG interventions is derived by dividing the number of individual beneficiaries (benefiting directly from USG interventions) by a factor of 1.2. Past experience demonstrated that, on average, 20 percent of households have at least two individual beneficiaries. This is the total number in Table 1.

**Table 3: Rural households assisted by Zim-AIED to date**

Number of rural households							
FY2011 + FY2012				FY2013, Q1+Q2			
Target	Achieved	Variance	% Variance	Target	Achieved	Variance	% Variance
55,038	72,831	17,793	32	17,000	17,603	603	4

Source: CIRIS

### 3.2 INCREMENTAL SALES

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

Beneficiary farmers marketing through formal contracts and other types of marketing arrangements recorded sales of \$2.6 million (Table 4). Although impressive, this figure understates the actual total sales since most take place at the local level and go unrecorded. For example, recorded sales for bananas, one of Zim-AIED's primary target crops, were 4,600 tons valued at \$975,000. Banana sales volumes are projected to surpass earlier estimates to reach 18,000 tons, mainly due to Zim-AIED supported projects in Honde Valley, Chipinge, and Rusitu Valley. Sales of other targeted products are highlighted in Table 4.

**Table 4: Recorded sales by Zim-AIED beneficiaries FY2013 – Q2**

Product	Q2 Sales Qty (kg)	Q2 Price/kg	Q2 Sales	Cumulative Sales This Year Qty (kg)	Cumulative Sales This Year	Estimated Annual Sales Qty (kg)	Estimated Annual Sales Value	Buyers
Maize	1,212,660	\$0.25	\$303,165	1,824,697	\$566,341	18,128,000	\$4,532,000	Windmill, ProduTrade, Various AgriTrade buyers
Paprika	820	\$1.00	\$820	197,820	\$254,950	861,000	\$1,119,300	Highveld, Fuyong
Banana	4,643,116	\$0.21	\$975,054	5,267,416	\$1,137,372	18,100,000	\$3,801,000	FAVCO, Matanuska, Ollinoax, Jamfeb
Sugar beans	12,163	\$1.11	\$13,501	176,199	\$226,748	1,993,000	\$2,212,230	Progene, Spar Greendale, various mission schools
Horticulture	450,057	\$0.90	\$405,051	835,801	\$671,214	1,500,000	\$1,350,000	FAVCO, Selby, Better Agriculture, Various AgriTrade buyers
Livestock	387,869	\$1.37	\$531,381	1,839,239	\$2,316,566	4,750,000	\$6,507,500	Inala, O'Enem, Various AgriTrade buyers
Other* Products			\$392,983		\$498,695		\$796,000	ARDA, Progene, Colcom, Various AgriTrade buyers
<b>Total</b>	<b>6,706,685</b>		<b>\$2,621,955</b>	<b>10,141,172</b>	<b>\$5,671,886</b>	<b>45,386,000</b>	<b>\$20,318,030</b>	

\*Includes products such as small grains, groundnuts and cotton

Source: Zim-AIED

This quarter, beneficiaries recorded around 1,200 tons of maize sales. This time of year is a lean period for maize production. Current field estimates for maize beneficiaries this year point to 18,000 tons valued at \$4.5 million. Sales projections were revised downwards due to excessive rains in the month of January 2013 (which resulted in nutrient leaching) followed by a prolonged dry spell in February 2013 (which coincided with flowering and grain filling), thus negatively affecting the yield

potential. This quarter saw few paprika sales, but projected sales for the 2,700 paprika growers assisted by Zim-AIED remain at approximately 860 tons valued at \$1.1 million.

### 3.3 GROSS MARGIN AND NET INCOME

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

The gross margin takes into account the value of production retained for home consumption and barter as well as sales, all of which contribute to net household income. Actual gross margins vary widely depending on conditions and prices but Table 5 provides estimates for Zim-AIED assisted farmers this quarter, using current data from a sample of maize, banana, and paprika growers who received various form of technical assistance. Actual margins for the three crops will not be available until the crops have been harvested and sold over the next two quarters.

**Table 5: 2013 estimated gross margins for maize, banana, and paprika**

Product	Area (Ha)	Yield (kg/Ha)	Price/kg	Value of production	Cost of production	GM %	Net Income	GM/ha	Target
Maize	5,730*	3,164	\$0.25	4,532,430	\$1,146,000	75	3,386,430	591	250
Banana	1,147	12,150	\$0.21	2,926,571	\$1,762,787	40	1,163,784	1,015	1,000
Paprika	689	1,250	\$1.30	1,119,625	\$276,000	75	843,625	1,224	1,500

\*12,000 farmers from SAT (8,700), O'Enem (750), Matabeleland (674), Chibwe (1,876) Source: Zim-AIED

Gross margin for maize is based on 12,000 maize farmers under partnerships with SAT, O'Enem Meats, Matanuska, and lead farmers on identified irrigation schemes in Matabeleland (Table 5). These farmers are categorized into three groups:

- Lead farmers that received a full complement of inputs on a cost recovery basis to establish 0.5 to 1 hectare of maize. These farmers are supported via the SAT hubs, O'Enem Meats, the Chibwe/Musikavanhu Irrigation Schemes, or the Matabeleland Irrigation schemes. They received training and technical assistance on maize on a weekly basis. They were selected because they are the best producers and demonstrate leadership qualities.
- Farmers who have received inputs on a full cost recovery basis. They repaid last season's loans and managed to raise deposits to co-finance this year's crop supported mainly in Chiweshe under the O'Enem Meats partnership.
- Farmers who attend maize technical and agronomic trainings at the hubs on scheduled days. Three-quarters of these are farmers from the Chibwe/Musikavanhu and Matabeleland Irrigation Schemes that grow maize under irrigation and a quarter are from the SAT hubs. They have purchased their own inputs and are improving production thanks to the trainings and technical assistance received from Zim-AIED.

These farmers are estimated to achieve gross margins of more than \$500 per hectare from this year's crop. Considering that previous survey data indicated that 80 percent of Zim-AIED beneficiaries grew maize, the figure for all Zim-AIED beneficiaries will be lower due to variability in weather conditions and levels of investment by farmers.

Estimates based on field observations, crop measurements, and input cost data suggest that there will be significant increases in yield, gross margin, and income compared to the previous season, except for paprika. Projected margins are marginally higher than the target for banana and 18 percent below the target for paprika. Outlooks for paprika and maize have been revised downwards due to unfavorable weather conditions during the quarter. Additional data and analyses of gross margins for target crops are given in sections 3.6.1-2.

### 3.4 FINANCE AND CREDIT

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

*FTF 4.5.2-29 Value of agricultural and rural loans*

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

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

**Zim-AIED's revolving credit facility (AgriTrade) has reached \$11.3 million** in cumulative disbursements from 1,269 loans since program inception; this quarter 213 loans worth \$1.872 million were distributed (Tables 6 and 7).

**Table 6: AgriTrade portfolio**

	CABS	TRUST	MK	Cumulatively Disbursed
Amount of loans disbursed	\$2,185,122	\$3,854,142	\$5,310,615	\$11,349,879
Number of loans disbursed	13	85	1,171	1,269
Average loan size	\$168,086	\$45,343	\$4,535	\$8,944
USAID/Zim-AIED loan capital	\$500,000	\$1,250,000	\$579,500	\$2,329,500
Number of times USAID funds leveraged	4.37	3.08	9.16	4.87

**Table 7: AgriTrade disbursements, FY2013 – Q2**

	CABS	Trust	MicroKing	Total Disbursed
Amount of loans disbursed	\$712,500	\$30,000	\$1,129,947	\$1,872,447
Number of loans disbursed	2	1	210	213
Average loan size	\$356,250	\$30,000	\$5,381	\$8,791

This represents a 24 percent increase in number of loans and a 19 percent increase in value of loans. Most notably, MicroKing disbursed a total of 210 loans valued at \$1.129 million compared to 166 loans valued at \$0.853 million in the previous quarter.

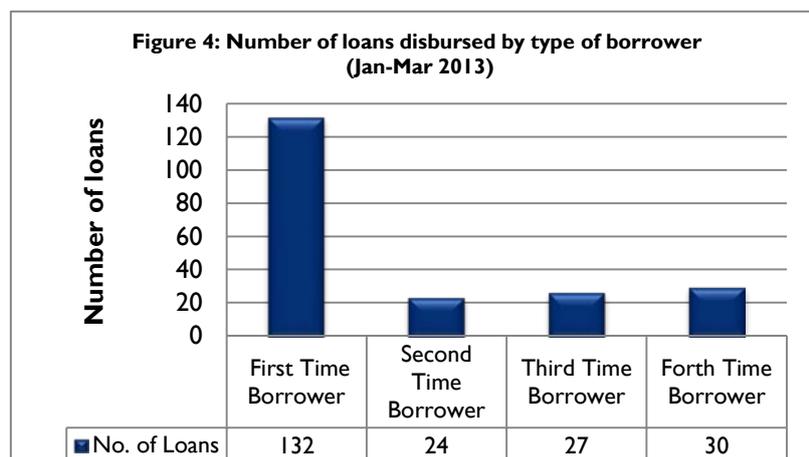
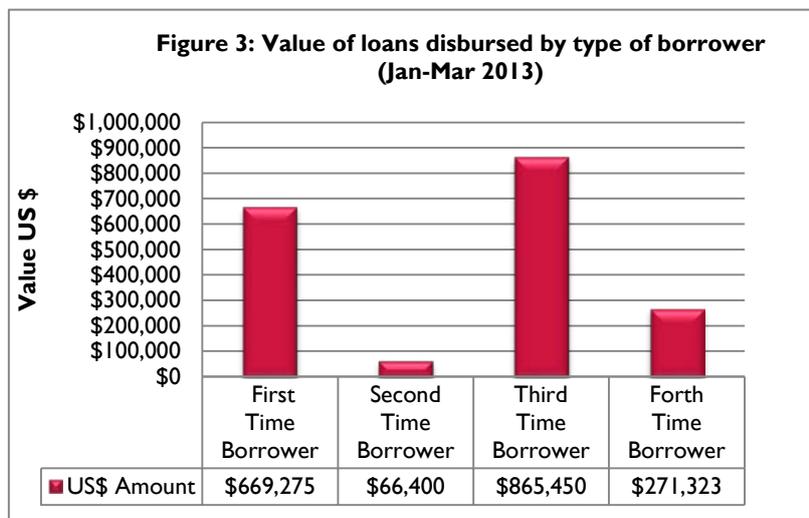
The active AgriTrade portfolio as of March 31, 2013 was \$4.397 million (Table 8), showing a net increase of \$0.802 million over the previous quarter of \$3.595 million, a 22.3 percent increase. MicroKing posted a net increase in active loans of \$583,000 with new loans disbursed surmounting loan repayments, as did CABS with a net increase of \$651,000. Trust Bank's quarterly results showed a net decrease in their active portfolio of \$433,000 as a result of loan repayments exceeding new loan disbursements.

**Table 8: AgriTrade active loan portfolio as of March 31, 2013**

	CABS	TRUST	MK	Total
Loan portfolio	\$1,077,403	\$1,390,502	\$1,929,226	\$4,397,131
Number of loans	6	44	420	470

The number of unique (first time) loans disbursed during the quarter constituted 62 percent of the total disbursements. The majority of loan value was disbursed to third-time borrowers, coming to 46 percent while loans to unique borrowers amounted to 36 percent of the disbursements. The second- and fourth-time borrowers constituted the remaining 18 percent. The growth in increased loan amounts to repeat borrowers underlines AgriTrade's approach of supporting relationship banking and developing good clients through repeated business.

MicroKing is the only partner bank with borrowers that have accessed more than three loans. Beginning April 2013, borrowers wishing to access loans more than three times under the AgriTrade facility will be directed to the banks' regular portfolio.



**Partner Banks**

**CABS**

CABS made two loans during the quarter totaling \$712,000 to large corporate borrowers, one of which is woman-owned. However, the trend on disbursements has been an average of a single loan per month. The AgriTrade team is working on adapting CABS' process for proposal generation to assist potential borrowers in preparing proposals that meet CABS' standards. This will reduce the loan processing time and increase the number of disbursements per month. CABS currently has three loans worth \$750,000 in the pipeline: Profeeds, Sabie Meats, and Manica Produce.

The shift toward direct lending to smallholder farmers by CABS is starting to yield positive results after Zim-AIED facilitated a direct linkage between CABS and Women Development Savings and Credit Union (WDSCU), a women village banking system that provides working capital loans to rural women-owned agribusinesses. The initiative will see CABS extending their own funds to the WDSCU that will facilitate direct lending and monitoring of an initial 60 communal farmers under the Moza irrigation scheme in Matabeleland. Zim-AIED is providing market linkages and on-farm technical assistance, while the WDSCU will provide inputs financing directly to farmers. In addition, CABS is finalizing a contract with FAVCO that will extend working capital input loans averaging \$900 per farmer to an initial 15 smallholder banana farmers in Honde Valley (Manicaland).

### **Trust Bank**

Trust Bank has failed to perform under the AgriTrade loan agreement by not extending new loans and not providing funding to existing borrowers. In October 2012, Trust Bank was officially notified that they were holding \$560,863 in underutilized funds and in default of Zim-AIED loan agreement. The bank agreed to begin repaying Zim-AIED to reduce the amount of underutilized funds and repaid \$50,000 in December 2012, and \$50,000 in January 2013. As per letter of agreement dated January 31, 2013, the bank agreed to repay \$50,000 per month starting in February 2013. To date the bank has failed to honor this agreement.

Trust's internal problems stem from the bank's failure to meet the Central Bank's new reserve requirements of \$25 million. Trust Bank has signed an agreement with a new investor for a \$9 million capital injection (\$5 million cash) subject to certain conditions, including approval of the investor by the central bank, stock exchange, and shareholders. In the meantime, the bank is suffering a run of depositors and has lost more than 20 percent of its deposit base, crippling the banks' ability to pay depositors, fund loans, and repay Zim-AIED.

Trust Bank holds \$1.25 million of USAID funds and has a performing portfolio of \$1.1 million. Zim-AIED is undertaking several actions to secure and recover funds advanced to Trust Bank.

- The Central Bank will be notified of Trust Bank's default under the loan agreement.
- AgriTrade will assist borrowers to refinance their loans with other partner banks with the new loan proceeds being paid to Zim-AIED, not Trust Bank.
- Engaging CABS and MicroKing to buy out the Trust Bank AgriTrade loans.
- Continue engaging the bank and the prospective investor to repay USAID/Zim-AIED funds.

### **MicroKing**

MicroKing's new loan performance has continued to improve. For the past two quarters they have averaged more than 50 loans per month, up from the previous average of 30. Also, they have branded AgriTrade as a product of the bank and are on track to reach a targeted AgriTrade portfolio of \$4.2 million by June 30, 2013.

MicroKing provided additional direct lending to 18 farmers under the Chitora irrigation scheme to grow cherry peppers and are preparing to further support lending for crop production on other Zim-AIED supported irrigation schemes. In addition, MicroKing is strategically seeking a few larger clients for AgriTrade loans over \$100,000, including Crown City Hardware and Vantoss Enterprises.

MicroKing is demonstrating its leadership in microfinance for Zimbabwe. They recently reduced their standard loan rates from 66 to 48 percent per year. This decrease is a result of the bank acquiring a low cost of funding and a response to their overall AgriTrade portfolio performance. As borrowers come off Zim-AIED's AgriTrade loan program, MicroKing is aimed to retaining these borrowers by offering a lower interest rate product.

### **Portfolio at Risk (PAR)**

The AgriTrade active Portfolio at Risk (PAR) closed the quarter at 14.1 percent on loans between 31 and 180 days past due (Table 9). This is an increase from the previous quarter's reported 4.7 percent mainly due to two Trust Bank borrowers and MicroKing's previous quarter underreporting.

Non-performing loans closed the quarter at 5.6 percent, down from 20.8 percent in the previous quarter. Sixty-one loans totaling \$464,000 were restructured or repaid during the quarter representing a reduction of 46.7 percent in numbers and 67.8 percent in value of non-performing loans.

Both CABS and MicroKing's active portfolios are of good quality, with a combined PAR of 3.6 percent and non-performing loans of 3 percent. Trust Bank's active portfolio however is poor with 36 percent of the portfolio (\$464,000) is between 31 and 180 days past due. Two borrowers account for \$332,000 in past due loans. Both borrowers have been non-responsive to workout

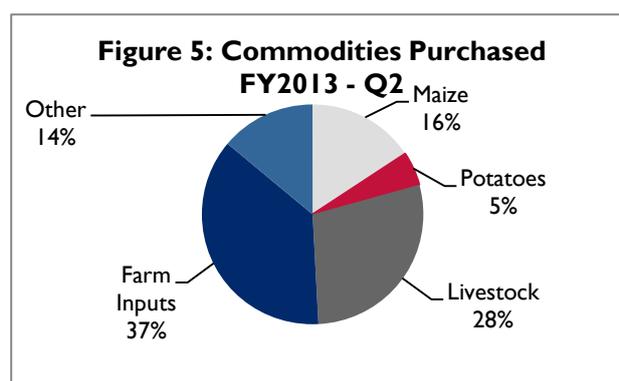
strategies and Trust Bank has filed legal action. Trust Bank has made significant progress in restructuring and bringing down their non-performing loans, reducing them by 72 percent.

**Table 9: Portfolio at risk**

	CABS	TRUST	MK	March 31, 2013
Loans past due	\$0	\$463,753	\$97,378	\$561,131
Number of past due loans	0	12	35	47
PAR (%)	0	36.0	5.0	14.1
Value of non-performing loans >180 days	\$6,889	\$140,725	\$73,329	\$220,943
Number of non-performing loans	1	9	57	67
% of non-performing loans	0.9	10.9	3.8	5.6

**Commodities Purchased**

A total of \$1.230 million worth of commodities purchased were recorded during the quarter. Purchases were mainly dominated by inputs trading (37 percent) for top dressing fertilizer as its demand increases during this time of year. Cattle purchases, which are a year-round traded commodity, amounted to 28 percent of total purchases (Figure 5). Total cumulative purchases of \$16.99 million are highlighted in Table 10 below.

**Table 10: Commodities purchased**

	Q2 FY2013	Cumulative	Cumulative %
<b>Maize</b>	\$193,172	\$2,370,372	13.9
<b>Potatoes</b>	\$60,816	\$828,207	4.9
<b>Livestock</b>	\$350,889	\$10,525,168	61.9
<b>Farm Inputs</b>	\$454,235	\$2,159,644	12.7
<b>Other</b>	\$171,155	\$1,115,236	6.6
<b>Total</b>	<b>\$1,230,269</b>	<b>\$16,998,629</b>	<b>100.0</b>

**Gender Loans**

The number of loans to women borrowers increased from 44 in the previous quarter to 69 this quarter. The percentage value of loans to women has started increasing since December 2012, but the percentage of number of loans to women is steady around 30 percent (Tables 11 and 12).

**Table 11: Loans disbursed by gender FY2013 - Q2**

	Men	Women	Total
Number of loans	144	69	213
% of loans	67.6	32.4	100
Value of loans	\$1,469,084	\$403,363	\$1,872,447
% of loan value	78.5	21.5	100

**Table 12: Cumulative disbursements by gender**

	Men	Women	Total
Number of loans	879	390	1,269
% of loans	69.3	30.7	100
Value of loans	\$9,763,812	\$1,586,067	\$11,349,879
% of loan value	86	14	100

Female borrowers under AgriTrade have been repaying their loans better than men. A comparison of the active portfolio's repayment rates for women shows that loans to women are 2.1 percent past due between 31 and 180 days as compared to the total portfolio PAR of 14.1 percent. Similarly, only 35 percent of the number of non-performing loans is to women.

Efforts to increase women borrowers

- Group lending on farm production through irrigation schemes.
- Outreach to women through newspaper and radio advertisements.

### 3.5 BUSINESS DEVELOPMENT

Business development services is a cross-cutting activity that contributes directly to all Zim-AIED results. The core task is to assist program beneficiaries identify permanent opportunities for making more money. Activities focus on providing technical support in governance, administration and collective access to both input and output markets for existing or new farmer groups. Training is provided on group management and leadership skills, enterprise budgeting, contract management, credit control, record keeping, risk management and principles of marketing to equip the farmer groups with the basic business skills and develop their entrepreneurship.

To ensure all farmers adopt a business approach regardless of the size of their operation, all activities took place in cooperation with private sector partners or nongovernmental organizations linked to for-profit companies (Annexes 3-6). Some of these partners are sub-grantees or sub-contractors while others are buyers and lenders who work in cooperation with Zim-AIED using their own funding. To ensure sustainability after conclusion of the Zim-AIED program, AGRITEX field staff was engaged in all the training activities as co-facilitators. In addition to the crucial role of training, commercialization requires a range of other specific business-related interventions that are monitored through six Feed the Future indicators summarized below. Direct technical assistance to companies buying from smallholders became more important this quarter as quantities increased and the need for signed contracts and production credit became more pressing.

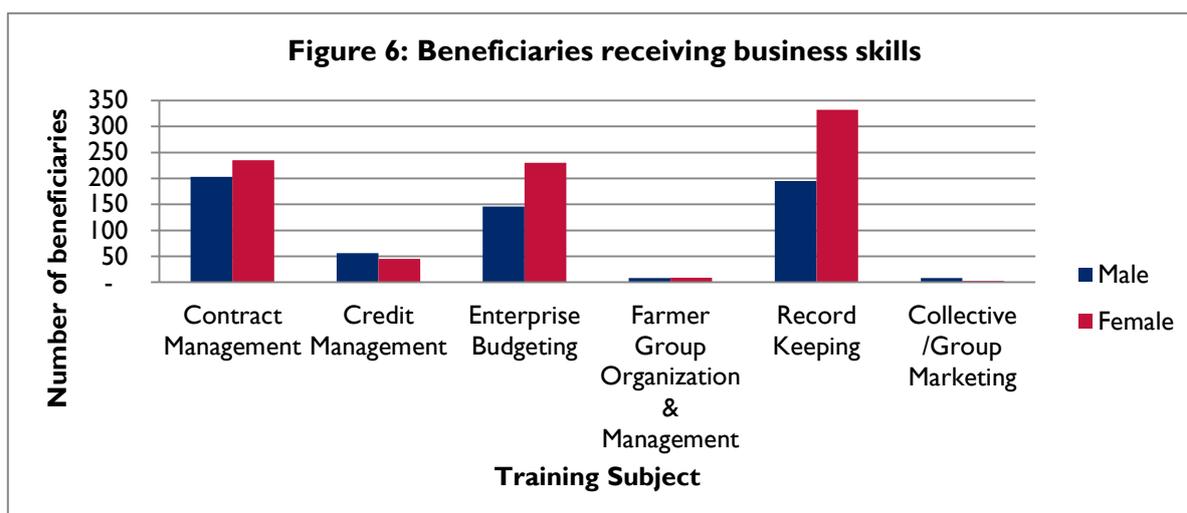
#### 3.5.1 Technical Assistance and Training

##### *FTF 4.5.2-11 Number of food security ...organizations... receiving USG assistance*

The program provided technical assistance to 752 organizations, mainly AgriTrade borrowers, producer associations and irrigation management committees (IMC) on the 23 irrigation schemes reported in section 3.6.5. Farmer leaders from Makwe Irrigation Scheme and Honde Valley received training in contract management, good business ethics (loan repayments), group marketing (for both inputs and output), leadership, and performance review. Twenty-two lead farmers, managing the agribusiness hubs in Guruve Mashonaland Central Province were imparted with facilitation skills to improve the quality of their extension delivery. In Mutoko and Murewa, farmer groups producing for the export market received training to raise awareness of the benefit of using spray service providers to meet the minimum chemical residue requirements of the export markets. Three farmer groups in Chiweshe, interested in self-financing their maize and sugar bean crops next season, were linked to seed and fertilizer suppliers and have set up an installment payment plan using their current sales proceeds to pay for the inputs in advance. This arrangement assures the farmers a discounted price and timely receipt of their inputs and early planting.

##### *FTF 4.5.2-37 Number of MSMEs receiving business development services*

Farmers and other MSMEs continued to receive business service training from Zim-AIED and its implementation partners in contract management, budgeting, and recordkeeping to help farmers prepare for the upcoming selling season. Farmers growing paprika received training on postharvest handling and its direct correlation to drops in prices.



### 3.5.2 Investment

#### *FTF 4.5.2-38 Value of new private sector investment... leveraged by FTF implementation*

Reported new investments from farmers and implementing partners totaled \$58,500. Many smallholders have invested in small-scale equipment such as irrigation pipes and water tanks. Zim-AIED's livestock partner Inala Enterprises invested in a cold room worth \$5,500 in order to expand its meat wholesaling and retailing capacity in Nkayi District.

The construction of the Mutema banana pack shed by Matanuska progressed well and by end of the quarter it was at more than 95 percent complete, on target for use as harvesting gets underway in the third quarter. The pack shed is set to maintain a high level of product quality as it is well-equipped with proper postharvest handling facilities, thus enabling implementation of proper quality preservation procedures.

In addition to the existing chili processing plant at Nyakomba, the Better Agriculture Company set up another processing plant at Hauna Growth point in Honde Valley that will work with 155 farmers on 39 hectares. Total investment was \$3,600 for the refurbishment of the building and monthly rentals come to \$600. The processing plant is expected to process more than 155 tons from these smallholder farmers. Better Agriculture further also invested \$50,000 in 31 solar dryers to process African Bird Eye chili.

### 3.5.3 Profitability

#### *FTF 4.5.2-43 Number of firms ...now operating more profitably because of USG assistance*

Business development interventions focus on ways of making more money available to participants along the Zim-AIED intervention value chains. By continuing to advise banana farmers on the Mutema irrigation scheme on collective marketing and contract negotiations, as a result transaction costs of buying bananas have remained low for Matanuska. AgriTrade borrowers, in particular those in livestock trading, have continued to increase profitability as indicated by high rates of loan turnover.

### 3.5.4 Employment

#### *FTF 4.5-2 Number of jobs attributed to FTF implementation*

Program intervention led to the created of 68 new jobs at the farm level, including 46 farmers harvesting and grading bananas for Matanuska at the pack shed on the Mutema irrigation scheme.

### 3.5.5 *Technology Adoption*

#### *FTF 4.5.2-42 Number of ...organizations... that applied new technologies or management practices*

At least 132 organizations adopted new management practices during the quarter. This includes the majority of AgriTrade borrowers with loans under \$10,000 who are now keeping better management and accounting records to conform to the terms of their loans.

## **3.6 PRODUCTIVITY**

Productivity interventions in crop agronomy, irrigation, livestock management, and postharvest processing were carried out intensively throughout the quarter by the Zim-AIED technical team and extension workers employed by partner organizations. Focus was on the main target crops for 2013 (maize, sugar bean, banana, and paprika) and secondary crops (groundnut, export vegetables, and sweet potato). The livestock team targeted cattle, pigs, and poultry and integrated its activities more closely this quarter with traders borrowing from the AgriTrade facility. Productivity increases are monitored by three FTF indicators, summarized below.

#### *FTF 4.5.2-7 Agricultural sector training*

During the quarter 10,038 beneficiaries received short-term, specialized training and technical assistance in livestock and crop production, integrated pest management, business skills training, irrigation management, and postharvest technology.

Training continued in and around the SAT established agribusiness hubs with mobile training units set up to reach out to those farmers who are far from the hubs. The trainings focused on GAPs customized for specific crops and crop conditions. This quarter, increased importance was given to the inclusion of credit and finance which was well received by farmers. The SAT agribusiness hubs are targeting to provide commercial services to at least 20,000 farmers.

A total of 518 farmers (184 women and 334 men) in Chiweshe communal area and 436 (145 men and 291 women) in Nkayi District were trained in good agricultural practices in livestock. The trainings included fodder production, conservation and storage, veterinary kits, cattle dipping methods, and parasite and disease management. Trainees included 40 paravets whose duty is to cascade the trainings to farmers on an ongoing basis.

Smallholder farmers commercially producing cherry peppers, gooseberries, fine beans, and passion fruit in Mutoko and Murewa continued to receive training in agronomy, safe use of chemicals, and postharvest handling.

Established 35 demonstration plots ranging in size from 0.01 to 0.1 hectares showcasing good agricultural practices on potato, tomato, butternut, cabbage, rape, broccoli, and cauliflower on five selected irrigation schemes in Matabeleland targeting approximately 2,400 growers.

#### *FTF 4.5.2-2 Area under improved technologies*

Based on field observations on Zim-AIED's main and secondary target crops, more than 7,000 hectares are under new technologies or management practices for the current cropping season. This is on track with the program's targets; estimates will be validated through ongoing gross margin surveys.

During the quarter 3,305 farmers established 322 hectares of sweet potatoes using virus free vines in the districts of Gweru, Kwekwe, and Shurugwi from the nurseries funded by Zim-AIED in the 2012 season. Sweet potato is an important food security crop where yields and derived income can be improved with minimum inputs and adopting good agriculture practices.

Thirty lead farmers from Gweru district received training on use of Apron Star from Syngenta. Apron Star is used as a seed dresser on sugar beans to control seed and soil borne diseases and pests such as bean stem maggot. Because the majority of smallholder sugar bean farmers must use

their retained seed due to the unavailability in the market of certified seed, application of a seed dresser will improve crop establishment.

The World Food Program (WFP) partnered with GrainPro, a private company, to introduce Hematic Storage Facilities around the Zim-AIED agribusiness hubs in Hurungwe and Guruve. The facilities will help farmers improve postharvest handling and storage of their grain.

Two hundred and thirty banana farmers in Honde Valley implemented new practices they learned from the program, including improved bunch care, banana propping (using environmentally friendly baling twine rather than scarce timber), leaf disease control, and safe use of herbicides.

#### *FTF 4.5.2-5 Farmers who have applied new technologies*

Many farmers adopted improved soil management systems, better pest and weed management techniques, and improved seed varieties to optimize planting rates. Although the current estimate is set at 10,000 farmers adopting new technologies, program staff are confident that sample survey will prove this to be overly conservative.

Farmers learned to use foliar fertilizers in maize to curb the effect of oversaturating the roots, which makes it more difficult for the roots to absorb the nutrients from topdressing fertilizers. More than 120 farmers have adopted the foliar feed technology.

Staff acquired 40 tablet computers at the SAT-managed agribusiness hubs to enhance communications between field-level technicians. The use of tablets has improved the transfer of data and information, making it quicker to assess challenges faced by farmers and recommend timely solutions.

In the Chiweshe region of Mazowe district, animal health is critical to the livelihoods of smallholder farmers but formal veterinary services are often inaccessible. Community-based Animal Health Workers (CBAHWs) are becoming recognized for their important role in bridging this gap, thanks to Zim-AIED's efforts to encourage the Mazowe District Veterinary Office to train more CBAHWs and provide monitoring and a referral service for complex cases.

Zim-AIED was instrumental in establishing links between the CBAHWs and private sector drug and vaccine suppliers, thus ensuring a reliable supply chain for critical medicines. Many farmers purchased veterinary kits after participating in Zim-AIED's livestock daily management training. CBAHWs also provided primary disease monitoring on behalf of the District Veterinary Office.

#### *3.6.1 Staple Food Crops*

Targeted staple crops this planting season were maize, sugar beans, groundnuts, and sweet potatoes. Cowpea was also planted in Gutu (Masvingo) and Mutoko (Mashonaland East) to assess its profitability as a rain-fed crop in regions III and IV.

Rains started late this season resulting in most farmers planting maize in late November through January. However, the rains received in December and January surpassed the average annual rainfall in most areas resulting in water logging, nutrient leaching, and failure to control weeds. The wet spell was followed by a four week dry period. Yield expectations for most crops were therefore significantly reduced and, consequently, forecasts for gross margins from maize have been lowered (Table 13).

Nonetheless, maize crops planted early around the agribusiness hubs that followed good agricultural practices such as herbicide application, plant density, and good seed selection were less susceptible to water stress or water logging.

Sugar bean plantings increased as the intensity of the rains tailed off towards the end of the quarter. As part of its collaboration with other development partners, Zim-AIED is providing agronomic and agribusiness training and market linkages to 400 farmers in Mutoko who received sugar bean seed from PLAN International.

Table 13 shows estimates of production of the staple food crops by Zim-AIED beneficiaries. The value of production is projected at more than \$7 million.

**Table 13: Estimated income and gross margin for staple crops beneficiaries**

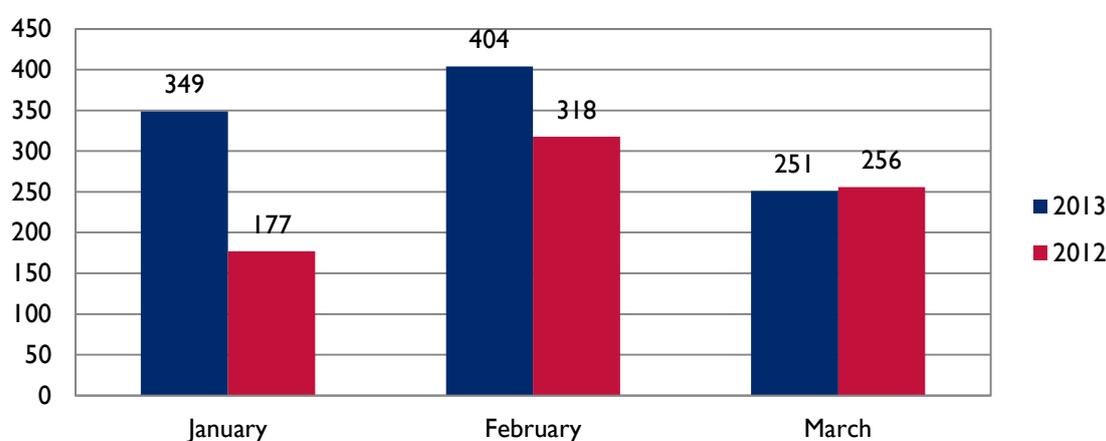
Crop	# of Farmers	Total Area Planted (Ha)	Projected Production (Tons)	Yield (kg/ha)	Price (US\$/kg)	Value of Production (US\$)	Cost of Production (US\$/ha)	GM/ha (US\$)
Maize	27,036	17,035	17,587	1,032	\$0.25	\$4,396,750	\$200	\$58
Sugar beans	5,949	1,049	916	873	\$1.00	\$916,000	\$646	\$227
Groundnuts	7,977	1,876	963	513	\$0.50	\$481,000	\$175	\$81
Cowpeas	776	294	147	500	\$0.60	\$88,200	\$120	\$180
Sweet potatoes	4,956	562	4,204	7,480	\$0.30	\$1,261,200	\$1,300	\$944
<b>Total</b>	<b>46,694</b>	<b>20,816</b>				<b>\$7,316,020</b>		

*Source: Zim-AIED*

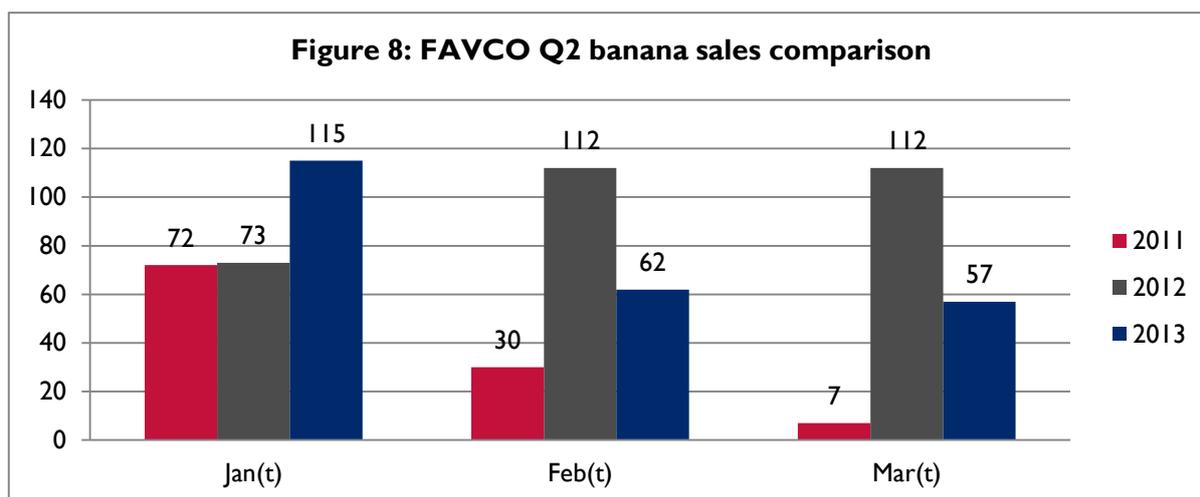
### 3.6.2 Horticulture

In Honde Valley, Mutasa district (Manicaland) weather conditions were highly favorable for banana production during the quarter. The rainfall amounts by month are summarized in Figure 7 below:

**Figure 7: Honde Valley rainfall (mm)**



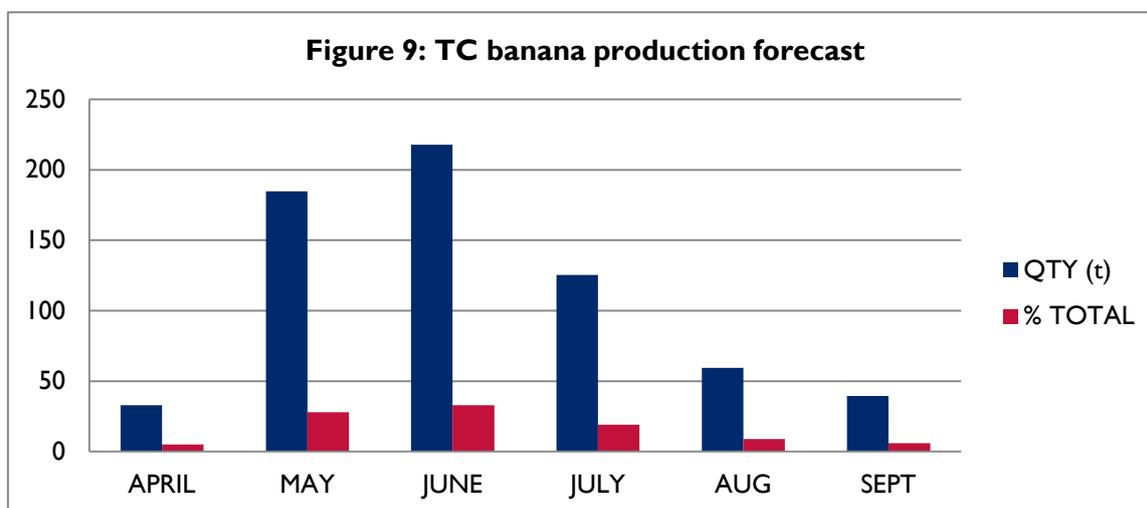
The rains positively impacted crop performance as reflected by FAVCO's January purchases (Figure 8). However, aggregate purchases for February and March declined to half the amount from 2012 due to logistical transport constraints and FAVCO's enforcement of higher quality standards in anticipation of the first tissue culture harvest next quarter. These factors were compounded by increased competition from other buyers who drove the prices up. The quantity of bananas purchased by FAVCO for the quarter compared to the same quarters for the two previous years shows a 25 percent decrease from 2012 and a 100 percent increase from 2011. FAVCO's ever increasing competitors bought produce valued at \$235,600 during the quarter at prices ranging between \$0.36 and \$0.40 per kilogram, well above FAVCO's base price of \$0.32 per kilogram.



Farmers in Honde Valley planted an additional 200 hectares of bananas during the quarter mainly in response to the improved market performance and the perceived long-term market stability brought about by Zim-AIED’s interventions with FAVCO. Banana harvesting will begin in April 2013; projected yields are outlined in Table 14.

**Table 14: Projected production from 22 hectares of FAVCO-contracted tissue culture bananas (2013)**

	April	May	June	July	Aug	Sept	Total
Quantity (tons)	33	184	218	125	59	40	<b>660</b>
Total expected crop (%)	5	28	33	19	9	6	<b>100</b>



One of FAVCO’s competitors in Honde Valley, Jamfeb, took steps toward consolidating its supply base and building long-term relationships with farmers by investing at the farm production level. It identified 20 non-FAVCO-contracted farmers and supplied each with an average of 250 kilograms of fertilizer to increase banana production and productivity.

Two tissue culture nurseries with a combined total of 50,000 banana seedlings were established at Ngarura (Mutasa – Ward 19) and Mandeya (Mutasa – Ward 30), and will be ready for transplanting in early April 2013.

In an effort to encourage crop diversification among banana farmers, five sugar bean demonstration plots were established. Farmers in Honde Valley are traditional sugar bean growers, however their cultural practices result in lower yields. The demos will showcase best practices in sugar bean

production with the aim of increasing crop yield from the current average of 500 kilograms per hectare to 1,500 kilograms.

In Chipinge, 130 farmers at the Mutema irrigation scheme planted an additional 20 hectares of tissue culture bananas to bring the cumulative total to 60 hectares. The partnership between Zim-AIED and Matanuska has established 100 hectares of bananas at Mutema, Chibuwe, and Musikavanhu irrigation schemes benefitting a total of 442 farmers.

Farmers at Mutema sold nearly \$30,000 worth of bananas (103,422 kilograms) this quarter. Weekly harvests reached 40 tons and are expected to peak at around 60 tons during the coming quarter. A total of 2,300 tons of bananas valued at \$575,000 are expected from Mutema by the end of June 2013. Each of the 144 farmers from the initial 36 hectares is set to sell an average of \$4,000 of bananas this year from their 0.25 hectare plots. The initial 20 hectares of the banana plantation at Chibuwe and Musikavanhu schemes will be harvested beginning in mid-May.

Zim-AIED increased its activities this quarter on selected irrigation schemes in Matabeleland for the production of targeted high-value horticultural crops such as cabbage, broccoli, cauliflower, butternuts, onions, rape, and potatoes. Farmers on these schemes have been growing low return crops such as maize, wheat, and sugar bean and, as a consequence, have consistently failed to cover costs of electricity, water, and irrigation scheme maintenance. By contrast, a farmer who grows 0.05 hectares of potatoes successfully can achieve a gross margin of at least \$400. The same area of maize yields a gross margin of \$40.

The Matabeleland region is naturally very dry and most of its vegetables come from as far as Harare, Mutare, Chegutu, and Chipinge or are imported from South Africa. An opportunity thus exists for smallholder farmers on local irrigation schemes to supply the market.

The targeted irrigation schemes are Moza, Silalabuhwa, Tulilushongwe and Makwe in Matabeleland South and Lukosi and Tchongokwe in Matabeleland North. Targeted markets for fresh produce grown in these areas are Hwange and Victoria Falls for Matabeleland North irrigation schemes and Gwanda, Filabusi, Bulawayo, Plumtree and Botswana for Matabeleland South. Zim-AIED has engaged FAVCO, Willsgrove, DG Patel, MS Patel, Happy Eater, various Spar outlets, Greens' Supermarkets, OK stores, and TM supermarkets to source produce directly from smallholder farmers; all have expressed interest.

This quarter, the program established 40 small demonstration plots ranging in size from 0.01 to 0.1 hectares to good agricultural practices on the six vegetables. Farmers received training on environmentally friendly production methods such as mulching, use of manure to supplement inorganic fertilizers, drainage management, and pest and weed control. In preparation for marketing activities, farmers received training in contract management, group formation, recordkeeping, and budgets.

### *3.6.3 Paprika and Chilies*

Zim-AIED estimates that Zimbabwe's paprika production for the 2012-2013 season will be around 900 tons of which 90 percent will be from smallholder farmers (Table 15). Zim-AIED technicians provided technical assistance to all paprika growers, particularly on good fertilizer application, safe use of pesticides, ideal picking stages, and proper postharvest handling.

Harvesting of the main crop is expected to start in mid-April. Based on germination rates and growth through the quarter, yields are expected to exceed 1,300 kilograms per hectare for farmers adopting good agricultural practices and receiving adequate rainfall. One such farmer in Hurungwe, Revy Matashu featured in Annex 1, is expecting to harvest 2,500 kilograms of paprika from her one hectare plot. This will earn her a gross margin of \$2,850.

**Table 15: Projected paprika production for 2012-2013 season**

Province	District	Input Supported Farmers				Unsupported Farmers				Total Farmers			
		# of Farmers	Area (ha)	Yield/ha (t)	Total (t)	# of Farmers	Area (ha)	Yield/ha (t)	Total (t)	# of Farmers	Area (ha)	Ave yield/ha (t)	Total (t)
Mashonaland West	Hurungwe	221	115	1.1	127	459	59	0.7	41	680	174	1.0	168
	Zvimba	-	-	-	-	1	1.0	1.5	1.5	1	1.0	1.5	1.5
	Charara Farm	-	-	-	-	1	25	3.0	75	1	25	3.0	75
Manicaland	Makoni/Headlands	71	36	1.1	40	269	49	0.6	30	340	85	0.8	70
	Nyanga	470	194	2.0	388	1,077	199	1.0	201.5	1,547	393	1.5	589.5
	Chipinge	62	12	1.5	18	-	-	-	-	62	12	1.5	18
	Mutasa	-	-	-	-	55	10	0.6	6	55	10	0.6	6
Mashonaland East	Marondera	-	-	-	-	60	15	0.6	9	60	15	0.6	9
<b>Total/ Average</b>		<b>824</b>	<b>357</b>	<b>1.6</b>	<b>573</b>	<b>1,922</b>	<b>358</b>	<b>1.0</b>	<b>364</b>	<b>2,746</b>	<b>715</b>	<b>1.3</b>	<b>937</b>

Source: CIRIS

Zim-AIED supported 824 farmers with fertilizer on loan for both dryland and irrigated production. Supported farmers are expected to achieve 2 tons per hectare under irrigation and 1 ton per hectare under dryland conditions (Table 15).

Zim-AIED successfully hosted a one-day Paprika International Marketing workshop this quarter. The purpose was to identify buyers willing to develop paprika production among smallholder farmers on a long-term basis. Smallholder farmers and local and international processors and buyers attended the workshop. A South African processor and an international commodity trading company expressed interest in buying 1,500 to 2,000 tons of paprika annually, beginning this season. South Africa and Spain are traditionally the main markets for Zimbabwe's paprika.

More than 340 smallholder farmers in Nyanga and Honde Valley began harvesting and processing their Tabasco chili crop. The farmers are under contract with Zim-AIED partner Better Agriculture to grow chilies on 75 hectares. On average, each dryland farmer planted 0.25 hectares, while irrigated farmers planted 0.2 hectares each. Yields are expected to exceed 5 tons per hectare for the irrigated crop and 4 tons per hectare for the dryland crop. Zim-AIED technicians provided trainings and technical assistance focused on timing of fertilizer application, safe use of pesticides, ideal picking stages, and proper postharvest handling.

Better Agriculture supplies chili to the Chilli Pepper Company in South Africa, agents for McIlhenny and Company (USA), the producers and owners of the Tabasco sauce brand. All the Tabasco chili produced in Zimbabwe is destined for export to the United States.

The processing plant at Nyakomba is expected to process at least 200 tons of Tabasco chili. So far 140 tons have been processed and 66 tons already exported. Better Agriculture set up an additional processing plant in February 2013 at Hauna Growth point (a business center) in Honde Valley (Mutasa district) to process the crop from the 39 hectares in Honde Valley. Several buying points have been set up in all the villages in Honde Valley and the harvested product is transported to this central processing plant. The processing plant is expected to process more than 190 tons of chili from these smallholder farmers. Farmers are earning \$0.50 per kilogram for the wet chilies with an expected minimum gross margin of \$2,000 per hectare (Table 16).

A total of 45 farmers planted 16 hectares of African Bird’s Eye (ABE) chilies for export to an international restaurant chain and processors. The crop was introduced to Manicaland and Masvingo this season through Zim-AIED’s partnership with Better Agriculture where farmers were provided seedlings and fertilizers. Zim-AIED technicians trained the farmers on good agricultural practices, contract management, and postharvest handling.

Harvesting began this quarter and by March 2013, farmers had already delivered 2,616 kilograms for processing. Better Agriculture installed 31 new solar dryers to process the ABE chilies at Chipendeke, Zaka, and Chiredzi to meet market quality specifications. Farmers are being paid \$0.83 per wet kg. Yields at harvest are expected to be at least 3.0 tons per hectare with a minimum gross margin of \$1,690 per hectare (Table 16).

**Table 16: Projected Tabasco chili and ABE chili production for 2013**

Crop	Province	District	# of farmers	Area under production (ha)	Yield (kg/ha)	Total production (tons)	Revenue	Cost of production	Gross margin/ha
Tabasco Chili	Manicaland	Nyanga	180	36.4	6,000	218	\$109,000	\$22,604	\$2,373
		Honde Valley	155	38.8	5,000	194	\$97,000	\$31,040	\$1,700
<b>Total</b>			<b>335</b>	<b>75.2</b>	<b>5,480</b>	<b>412</b>	<b>\$206,000</b>	<b>\$53,644</b>	<b>\$2,026</b>
ABE Chili	Manicaland	Mutare South	29	8.0	3,000	24	\$19,920	\$6,400	\$1,690
	Masvingo	Chiredzi	16	8.0	3,000	24	\$19,920	\$6,400	\$1,690
<b>Total/Average</b>			<b>45</b>	<b>16.0</b>	<b>3,000</b>	<b>48</b>	<b>\$39,840</b>	<b>\$12,800</b>	<b>\$1,690</b>

Source: CIRIS

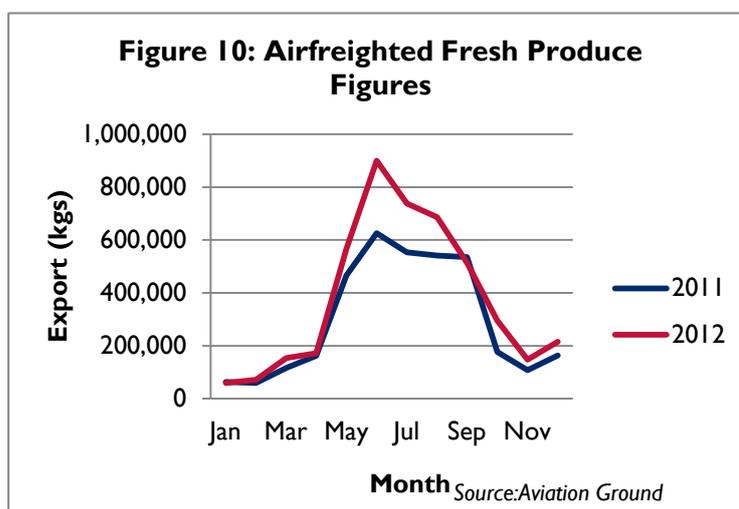
### 3.6.4 Export Horticulture

Over the past two years Zim-AIED has engaged stakeholders in the export horticulture industry to develop export opportunities for mange tout and sugar snap peas, green beans, passion fruit, and gooseberry. There was a significant increase in exports of these products in 2012 but volumes are still relatively low (Figure 10).

Currently, there are only a handful of commercial exporters. Companies such as Lonrho Agriculture, Better Agriculture, Fresh-to-Go, Selby Fresh and Veggie

flora have reestablished strong market links in South Africa, the UK, and Europe. However, most of them perceive smallholder farmers as high risk due to stringent pesticide regulations that penalize non-compliance through punitive fines and black listing offenders. For Zimbabwe to compete as a major exporter, smallholder farmers must continue to increase production volumes.

Zim-AIED technicians continued to provide training and technical assistance to farmers around the demonstration plots producing cherry peppers, gooseberries, fine beans, and passion fruit in Mutoko



Source: Aviation Ground

and Murewa. In addition five demonstration plots were established to teach farmers the basics of soil fertility, plant nutrition, and chemical weeding.

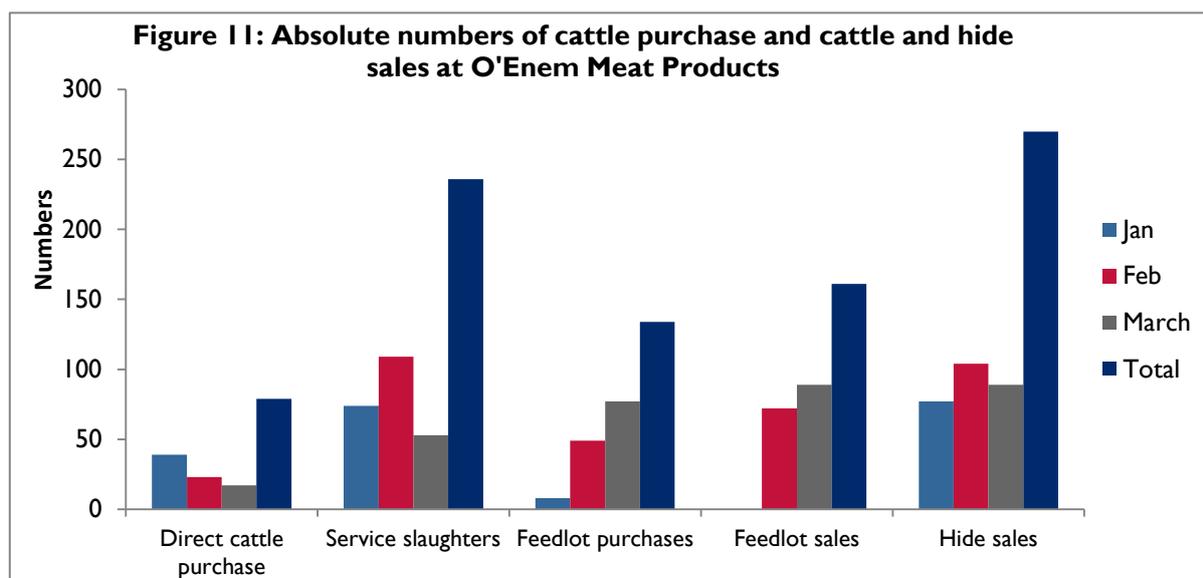
Fifty-five farmers contracted by Selby Enterprises to grow an estimated 77 tons of cherry peppers began harvesting this quarter. The farmers, who received seedlings from the company to grow the crop, are expecting a gross margin of \$4,180 per hectare on 5.5 hectares. One such farmer McDonald Soko (see Annex 1) is expecting a gross margin of \$500 from his 0.12 hectare plot.

Efforts in the third quarter will focus on establishing a smallholder winter pea program and providing continued support for the cherry pepper outgrowers in harvest and postharvest best practices.

### 3.6.5 Livestock

Livestock technicians provided training and technical assistance on cattle breeding, good animal husbandry, fodder production, and helped facilitate viable and sustainable market linkages and access to credit. Efforts also focused on increasing the throughput of the O'Enem Meat Products' abattoir through direct purchases from smallholders, service slaughters for butcheries in the district, off-take from the feedlot, and meat wholesaling and retailing to improve the business's cash flow.

Zim-AIED injected a \$30,000 loan to enable O'Enem to purchase cattle for direct slaughter through the abattoir. Despite this injection direct purchase of cattle declined each month of the quarter (Figure 11). This is a clear indication that the business's working capital is insufficient to match its cash cycle.



The feedlot operated at 42 percent capacity with 126 cattle, 77 of which were purchased this quarter; 82 cattle were slaughtered generating \$51,660 in sales. All the cattle were sold directly to Montana Meats, the largest meat processor in the country. The feedlot is operated by Comtex, a private livestock company in partnership with O'Enem Meats. Comtex faced liquidity challenges to stock and manage the 300 head capacity feedlot.

O'Enem Meats opened a third butchery outlet in the provincial capital of Bindura to increase its margins. Despite this move, sales declined from \$84,738 to \$76,694 this quarter. This is due to problems of underfunding and seasonal fluctuations in the beef prices (Figure 12).

- Smallholder banana farmers adopted mulching practices using locally-available organic material to create this inexpensive, organic mulch. Mulching reduces soil erosion and weed infestation; prevents runoff of fertilizers; reduces moisture loss; and provides an ideal microclimate for the growth of banana feeder roots. Mulching provides organic material for the natural carbon cycle and creates a good environment for earthworms, which are a vital component of maintaining soil health. Improved soil health enhances plantation sustainability.
- Leaf management is critical to preventing damaging diseases such as Sigatoka. Zim-AIED is introducing control measures such as pruning, which are proving effective and largely negating the necessity of chemical sprays. Due to the heavy rains, a few farmers in Honde Valley needed to apply small quantities of chemicals to their crops.
- Following the heavy storms in Mutema, farmers rehabilitated breached storm drains, opened new drainage ditches, and removed deposits from existing drains to control runoff into the plantations. Zim-AIED, Matanuska, and the farmers worked together to ensure the control measures held, avoiding potential destruction of the banana plantation from massive soil erosion.

### **Water and related sensitive ecosystems**

- Paprika growers in irrigation schemes and dryland areas transplanted their crop on flat ground after the first rains to enable the crop to use as much ground water as possible during its early growth stages. Farmers then used ridging techniques and opened field drains to remove excess water from the fields.
- The presence of algae is an ongoing problem on irrigation schemes. Zim-AIED is helping farmers on irrigation schemes manage their canals, ensuring they are regularly drained and cleaned.

### **Chemicals**

- Zim-AIED provided ongoing training on the principles of safe, correct, and effective application procedures for pesticides and personal protective equipment (PPE), and calibration of backpack sprayers for cherry pepper and banana farmers. Farmers learnt how to read product labels, check the safety precautions, select the dose rate, and note the instructions for mixing. The trainings are intended to prevent the many unfortunate consequences of mishandled chemicals, including human and livestock exposure to pesticide poisoning, crop injuries, soil degradation, and environmental pollution.
- Around the 40 SAT-managed agricultural hubs farmers received training in pest and disease identification, scouting, IPM methods, safe and effective use of PERSUAP complaint chemicals, proper use of PPE, observation of postharvest intervals, interpretation of pesticide labels, and safe disposal of empty containers.
- Nematode analyses of banana plantations were conducted in Honde Valley to identify the predominant nematode species in current plantations and their economic impact. This helped in assessing whether the use of nematicides was necessary in Honde plantations. Based on the low levels of nematodes found in all samples, use of nematicides is currently being discouraged.
- A total of 161 paprika smallholder farmers (60 percent women) were trained on paprika pest and disease identification, safe use of pesticides, and proper use of PPE.

### **Livestock**

- Zim-AIED technicians are encouraging the planting of fodder crops such as bana grass, as well as leguminous trees such as *leucaena* and *acacia spp* for pasture reinforcement. Seventeen fodder demonstration plots were established in Mazowe and Nkayi districts and

590 farmers (354 males and 236 females) were trained on good agricultural practices for fodder production and conservation.

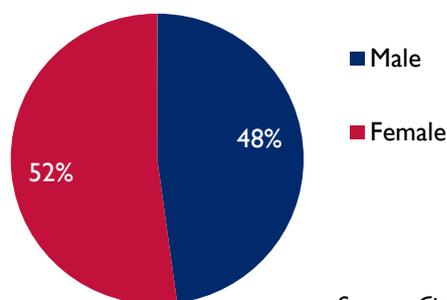
- The O’Enem abattoir planted bana grass as a fodder crop and to control soil erosion. Bana grass has a strong and deep root system than binds the soil and prevents erosion, protecting the soil life and improving soil drainage and water penetration.

## 5. GENDER

- GNDR 1: Number of lead farmers in assisted programs*
- GNDR 2: Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources.*
- GNDR 3: Number of project participants in relevant leadership positions*
- GNDR 4: Number of farmers engaged in contract farming*

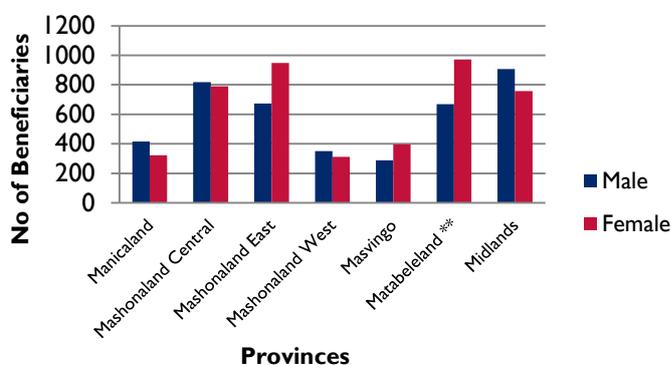
Zim-AIED’s commitment to gender integration assisted thousands of women throughout Zimbabwe in improving the quality of their lives and families through increased production and productivity, improved microenterprise development, and expanded access to markets. This quarter Zim-AIED assisted 10,345 farmers (8,621 households) across the country, of which 52 percent (5,398) were women (Figure 14). This figure is 6 percent higher than the number achieved during the last quarter. The overall percentage of female beneficiaries since the start of the Zim-AIED program is 51 percent (55,631 beneficiaries). With respect to the four gender indicators, there are no changes in the numbers reported for GDR 1 and GDR4 from the last quarter and figures for GDR2 and GDR3 will be presented at the end of FY 2013.

**Figure 14: Beneficiary disaggregation by sex for Q2**



Source: Ciris

**Figure 15: Geographic distribution of beneficiaries by sex**



Source CIRIS

Ongoing staff training and gender awareness sensitization has resulted in a significant improvement in the registration of women for Zim-AIED’s trainings. Of particular note was the 10 and 14 percent increase in the number of women beneficiaries attending training sessions in Mashonaland Central and Mashonaland East during this quarter. The areas with the highest female participation were in the Matabeleland provinces at 59 percent (Figure 15).

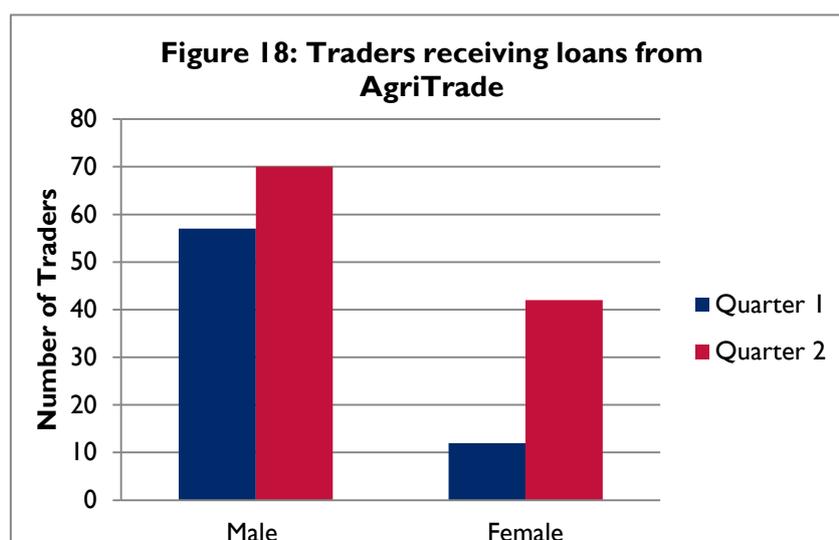
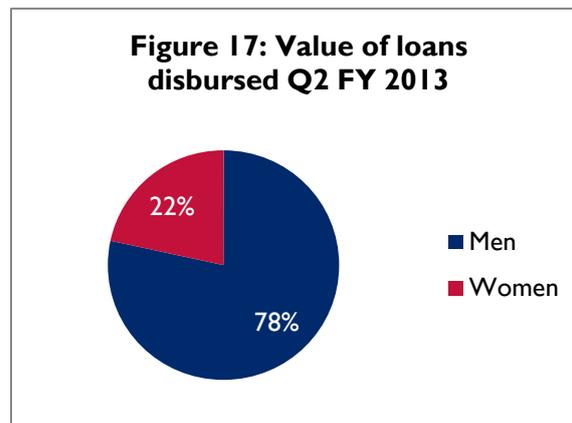
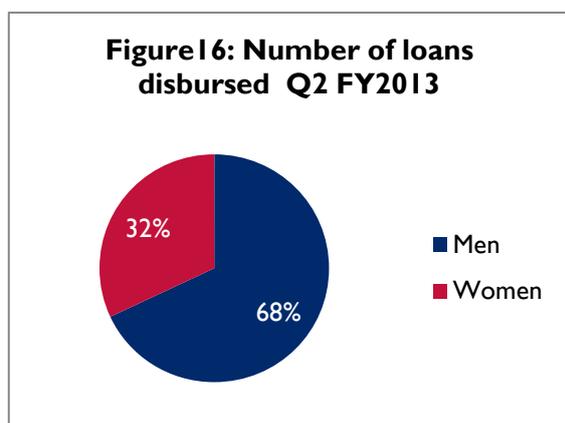
Zim-AIED field staff noted that most farmers working in the irrigation schemes in Matabeleland North and South are women. At Lukosi Irrigation Scheme in Hwange, 71 or the 79 plot holders are women, and 6 out of 7 lead positions in the IMC are held by women. In the new 20 hectare extension at Moza, 70 percent of the newly registered farmers are women.

Despite the high number of women working in the field, men are still more often the registered plot holder. It is common practice for men to leave their farms in search of work in South Africa or

other regional mines. This male migration has resulted in an agricultural community that is female dominated in which women play a greater role in the allocation of financial resources and household decision making.

Although livestock is normally a male-dominated sector, in Nkayi Zim-AIED trained 291 female farmers (out of 436 farmers) in business development and good agricultural practices in livestock and pasture production. The training included value chain players, crop budgets, fodder production, conservation and storage, veterinary kits, cattle dipping methods, and parasite and disease management. In addition, 64 percent of the lead farmers are women and 17 out of the 40 paravets are women. This increased success of incorporating women in livestock activities in Matabeleland is a direct result of Zim-AIED’s ongoing efforts to bring a greater level of gender awareness in all their activities.

In the AgriTrade portfolio, the number of loans to female borrowers reached 69 this quarter, or 32 percent of disbursed loans. In terms of value, women accounted for 22 percent of total loan value. However, cumulative loan disbursements by gender are still skewed toward male borrowers both in number and value of loans (Figures 16 & 17). The number of female traders borrowing from AgriTrade is also on the rise from the first quarter of the fiscal year (Figure 18). The partner banks, in particular CABS and MicroKing, are now more comfortable lending to female borrowers in groups and on projects as they can be easily monitored at a lower cost.



Women account for a much lower percentage of delinquent borrowers; 2.1 percent as compared to the overall portfolio PAR of 14.1 percent. Three women hold past due loans and 21 are non-performing loans (Table 19).

inclusion of the most suitable food crops for each climatic zone, in combination with cash crops, to achieve low risk commercialization.

- Growth of commercial farming on communal land will not succeed using traditional labor-intensive systems. Labor is in short supply and often cost-prohibitive. Training in use of herbicides, mechanization, and improved irrigation systems is essential to improve productivity.
- Most farmers did not have experience with crop budgets nor pricing strategies. Business training on budgeting enabled farmers to appreciate the profitability of cash crop production.
- High yields of maize are achievable by smallholders. Early planting and optimum use of inputs, yields obtained by contracted farmers in Chiweshe were four times higher than their neighbors in 2012. If high potential areas are targeted, smallholders employing good agricultural practices can easily achieve yields of 4 tons per hectare.
- Side marketing is still a major problem for food crops where there are many opportunistic buyers in production areas during the harvest period. As a result, contract growing of these crops is high risk.
- Contract farming is not always the best option for smallholder growers. It is necessary for non-food crops such as Tabasco chili for which there are few “open market” buyers but difficult for growers and buyers to comply with for major food crops where there are many cash buyers.
- Emphasis should be on making inputs available to all farmers and training farmers in the cost-benefit of buying good seed, fertilizer, herbicide and agrochemicals. Production credit lent directly to farmers to fund purchase of inputs also needs to be increased with or without contracting.
- Recoverable grants for viable but un-bankable projects can have a good developmental impact but recovery rates are low. The low rate of recovery needs to be priced and budgeted from the outset if this mechanism is used in future.

## 7. CHALLENGES

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

- Despite Zim-AIED interventions, low productivity remains a problem at national level. Although rainfall has been much higher this year inputs were not accessible to the majority of smallholders so yields will still be relatively low. Many smallholders are also farming on soils with sub-optimal pH (high acidity) and low fertility, which take several years to rehabilitate. Much of the potentially productive land, where high yields can be achieved, is held by A1 and A2 farmers not accessible to the program.
- Sustainable agricultural development needs rural investment in a range of agribusiness activities covering production, processing, logistics, and marketing. Although Zim-AIED is contributing actively to short-term credit availability, long-term investment funds are almost non-existent and traditional private sector investors are still reluctant to invest outside of Harare. This applies particularly to processing of fruits and vegetables that was previously an important part of the agriculture sector but now is almost non-existent. New rural entrepreneurs are emerging and receiving support from Zim-AIED but their progress is slow in the absence of investment funds.

- Irrigation schemes are a good example of the previous point. They represent a potential opportunity for smallholders to become successful commercial farmers but require a massive amount of new capital investment for rehabilitation and upgrading. Donors and government are making piecemeal interventions which inevitably fail when the support ends, instead of developing and financing a national strategy for commercialization of the irrigation sub-sector. Zim-AIED has been working with a World Bank team considering investment in water, including irrigation, but this could take several years to be approved.
- Donor and government subsidies for seed and fertilizer have not increased productivity or production over the past five to 10 years and may even have had a negative impact. The expectation of free inputs is preventing many smallholders from raising their productivity and profitability.
- Poor and unregulated seed quality continues to be a challenge with specific examples this season being low germination groundnut seed and weevil damaged maize seed.

## 8. CONCLUSIONS

Given the results from the first two quarters of FY2013, Zim-AIED is on course to meet its annual targets. A summary of performance against PMP indicators (including four new indicators) is shown in Annex 2. Out of the 17 Feed the Future indicators, results on 10 indicators with reported data this quarter are described below. Data on the other seven indicators will be collected in the gross margin survey and reported in the two coming quarters.

- **FTF MIS 4.5.2-13** The FY2013 target is to reach 34,000 rural households through training, technical assistance, receiving credit, linked to markets, or a combination of these various types of assistance. The result for this quarter was 8,621 households, slightly above the quarterly target of 8,500.
- **FTF MIS 4.5.2-23** The FY2013 target for incremental sales is \$24.5 million for the three monitored crops. The result was \$2.6 million of sales with 37 percent coming from banana sales. This is reflective of the few sales from retained stock especially on maize and paprika from 2011/12 agricultural season. Field observations suggest the annual target will actually be exceeded.
- **FTF MIS 4.5.2-11** The FY2013 target for the number of enterprises and organizations receiving assistance is 770. The result this quarter was 752 enterprises already. This was due mainly to the increase in number of unique borrowers receiving loans from the Zim-AIED AgriTrade facility.
- **FTF MIS 4.5.2-38** The FY2013 target for the value of new private-sector investment in agriculture is \$7 million. The total investment made by partners alone was \$58,500 this quarter. More investment is anticipated to occur at farm level in low-cost mechanization, irrigation and livestock and AgriTrade borrowers. Put together, Zim-AIED anticipates meeting its annual target.
- **FTF MIS 4.5.2-7** The FY2013 target for the number of farmers receiving short-term agricultural productivity training is 60,000. The result was 17,193 farmers, surpassing quarter one results by more than 85 percent. The majority of these trainings were done by Zim-AIED field staff and its partners.
- **FTF MIS 4.5.2-28** The FY2013 target for number of enterprises and organizations adopting new technologies or practices is 770. The result was 752 companies (132 new; 620 continuing). This was due mainly to the large number AgriTrade borrowers improving their management practices. All the new enterprises for this quarter came from AgriTrade borrowers.

- **FTF MIS 4.5.2-29** The FY2013 target for value of agricultural and rural loans disbursed is \$6 million. The result for the quarter was \$1.87 million, cumulatively to date for the year \$3.45 million has been disbursed. The program is thus on course to achieve its annual target.
- **FTF MIS 4.5.2-37** The FY2013 target for the number of MSMEs, including farmers, receiving business development services from US government-assisted sources is 34,150. The result for the quarter was 8,753 MSMEs, cumulatively to date for the year 17,804 MSMEs have been assisted.
- **GNDR I** The FY2013 target for the number of lead farmers in US government assisted programs is yet to be advised. The result was 586, continuing from first quarter of which 36 percent were females. New lead farmers are likely to be recorded at the onset of the agricultural season.
- **GNDR 5** The FY2013 target for the number of farmers engaged in contract farming is 12,000. The result was 5,082 for the first quarter, 46 percent of which were females. No new contracts were signed during this quarter.

commercial loans. These will be concluded in the next quarter, with the Matanuska banana farmers mostly to be the first to come on stream.

**Table 22: Zim-AIED sub-grant disbursement summary, 2013**

Partner	ZIM-AIED Budget Grant+ Recoverable (a)	Spent to date (b)	Recovered to date (c)	Net Spent to date (b-c)	Balance remaining	
					US\$	%
PF01 Mercy Corps	\$99,996	\$99,233	-	\$99,233	\$763	1%
F02 IRD	\$99,990	\$99,737	-	\$99,737	\$253	0%
PF03 O'Enem Meat	\$656,760	\$517,827	\$183,433	\$334,395	\$322,365	49%
PF04 Matanuska	\$1,589,942	\$946,713	\$3,000	\$943,713	\$646,229	41%
PF05 SAT	\$969,595	\$946,254	-	\$946,254	\$23,341	2%
PF06 FAVCO	\$389,500	\$194,735	\$22,152	\$172,583	\$216,905	56%
PF07 Better Agriculture	\$142,968	\$41,857	-	\$41,857	\$101,111	71%
PF08 Capsicum	\$606,024	\$533,631	\$27,600	\$506,216	\$99,808	16%
PF09 Prime Seed	\$368,250	\$329,338	\$28,273	\$301,065	\$67,185	18%
PF10 Agriseeds	\$569,800	\$36,010	\$36,010	-	\$569,800	100%
PF11 Inala Enterprises	\$146,053	\$38,286	\$20,200	\$18,086	\$127,967	88%
PF12 Technology Fund	\$150,000	\$9,785	-	\$9,785	\$140,215	93%
<b>Total</b>	<b>\$5,788,878</b>	<b>\$3,793,601</b>	<b>\$320,667</b>	<b>\$3,472,934</b>	<b>\$2,315,944</b>	<b>40%</b>

# ANNEX I: SNAPSHOTS

## Revitalizing Zimbabwe's Paprika Industry

### Empowering smallholder growers through technical assistance and market linkages.



Photo by Fintrac Inc

Revy Matashu displaying her grade A paprika crop ready for the market, an agribusiness earning her income through which she can now pay school fees for her five children with no struggles.

### “My income has increased through access to inputs, technical services, and markets,”

Revy Matashu  
Smallholder farmer

“It started as a joke!” Revy Matashu, a smallholder paprika farmer in Hurungwe exclaims when she recalls how she first ventured into contract paprika growing.

This was after attending workshops organized by Agritex, the government's agricultural extension arm. She could not believe that smallholders could also grow high value crops.

Up until 2011, the beginning of every school term was a nightmare to her as she could not raise school fees for her five children. “Thanks to my paprika agribusiness, I can pay the school fees on time compared to previously when I would pay through installments,” said Matashu.

USAID's Zimbabwe Agricultural Income and Employment Development program (Zim-AIED) is helping smallholders like Matashu diversify from subsistence level maize farming to high-value paprika production. Through the program, the farmers are contracted by Zero One Africa, a commercial buyer, who provides inputs and agrees to buy the harvested crop at a set price.

Matashu joined the Zim-AIED program in 2011 with 400 other smallholders involved in dryland farming in the district. The farmers required a fair amount of technical assistance to ensure this new crop met international standards. Matashu committed one hectare of her farm to paprika, and applied good agricultural practices such as transplanting, fertilizer application, and safe use of agrochemicals.

During the 2011/2012 farming season, Matashu harvested 2,400 kilograms of paprika with a sales value of \$3,000. She used part of the money to buy two cows, inputs for her farm, and building materials to renovate her house. This season is also proving lucrative for Matashu. As of March 31 2013, she had harvested 1,200 kilograms of grade A paprika from her one hectare plot. She expects her total yields to exceed 2,500 kilograms for total sales of \$3,250.

“My income has increased through access to inputs, technical services, and markets,” said Matashu.

Zim-AIED is working to revive Zimbabwe's paprika industry, which has a good reputation for quality worldwide. The country's production declined in the early 2000s, but has been on the rise over the past two years, thanks in large part to Zim-AIED's interventions. National production nearly doubled in one year, going from 685 tons in 2010 to 1,200 tons in 2011. Zim-AIED provided credit and technical assistance to 2,400 paprika growers that year.

For the 2012/2013 farming season, Zim-AIED invested more than \$277,000 in financial and extension support to benefit more than 800 farmers. These Zim-AIED supported farmers expect to harvest 535 tons paprika at a yield of 1.5 tons/hectare. Over the next three years, Zim-AIED aims to increase productivity to 5,000 tons through key partnerships with international buyers and continued technical assistance to smallholder growers.

## Cherry Peppers Bound for International Markets

### New crop provides new income for a group of irrigation scheme farmers.



*Photo by Fintrac Inc.*

Macdonald Soko and his wife are growing cherry peppers for the export market, earning their family hundreds of dollars in new income from just one crop season.

**“I am no longer an ordinary farmer; with a bank account to my name and growing for the international market, I am now commercial.”**

Macdonald Soko  
Smallholder farmer

Macdonald Soko, 39, of Chitora II Irrigation Scheme, Mutoko, Mashonaland East is a happy man after being contracted to grow cherry peppers by Selby Fresh, a Zimbabwean buyer that exports to South Africa and Europe. Soko is one of 55 farmers in Murewa and Mutoko that have been incorporated into a highly profitable export horticulture value chain thanks to Zim-AIED intervention.

The Zimbabwe Agricultural Income and Employment Development program (Zim-AIED) is providing technical assistance and market linkages to farmers throughout Zimbabwe. At Chitora, farmers work on 0.5 hectare plots that employ a combination of gravity-fed and overhead irrigation. Typically, the farmers abandon their irrigated plots during the rainy season to grow maize on their dryland plots.

This season, for the first time, the farmers put their irrigated plots to use during the rainy season, growing cherry peppers for Selby. Soko received 3,000 cherry pepper seedlings from Selby and planted 0.12 hectares in December 2012. The Chitora farmers signed a contract with Selby that stipulated the price (\$0.55/kg) and payment schedule, as well as required standards for the peppers, including size, color, grade, and allowable chemicals.

So far, Soko has harvested 880 kilograms from three pickings and has sent 723 kilograms to Selby, potentially earning him nearly \$400, all of which is new income. He anticipates harvesting a total of 1,500 kilograms of cherry peppers this season with overall production cost of \$256. He has also made arrangements with another buyer, Pure Seasons, to purchase the dried peppers that do not meet export standards.

“I am no longer an ordinary farmer; with a bank account to my name and growing for the international market, I am now commercial,” Soko exclaimed.

Zim-AIED is helping the Chitora farmers transform their farming into commercially-viable, market-driven businesses. The program provides on-site technical assistance and offers trainings in basic business skills. It is also facilitating access to credit through the AgriTrade loan fund, which helped link the farmers with MicroKing Finance, who provided \$500 loans for the purchase of fertilizer, chemicals, and other inputs. All farmers have already paid their initial \$150 installment.

Soko is optimistic about his future relationship with Selby and plans to use his additional income to expand and improve his horticultural production.

“With the assistance from Zim-AIED, I realize contract growing is proving to be more profitable than my traditional independent production. I now have a guaranteed market for my produce thereby removing any uncertainties regarding prices,” he said.

## Farmers' Participation Key to Irrigation Sustainability

**For the smooth running of a small-scale irrigation scheme, proper operation and preventive maintenance is vital.**



*Photo by Fintrac*

Washington Chimoko with a new pump bought using money from their maintenance fund established after receiving training from Zim-AIED

**“From the trainings, we realized that we could no longer depend on outsiders for our needs... now we realize this is our scheme and we should take care of it.”**

*Washington Chimoko  
Irrigation Management Committee  
Chairperson*

At the Musikavanhu A3 Irrigation Scheme in southern Zimbabwe, a group of 65 smallholder farmers are learning how to manage and maintain their irrigation system, which is critical to the success of their sugar bean, maize and other horticulture crops.

USAID's Zimbabwe Agricultural Income and Employment Development (Zim-AIED) program is not only training the farmers on good agricultural practices but also in equipment repair and maintenance skills. The program trained the farmers in scheme operation and setting up of maintenance funds for the ten irrigation blocks that form Musikavanhu Irrigation Scheme. Each farmer contributes \$3 per month for use on repairs, new equipment, or routine maintenance.

“I volunteered for training because I know if the canals stop working, we are the ones who suffer as a result of water shortages to irrigate our crops,” said Christine Mlambo.

Through the communal maintenance fund and a further contribution of \$54 per person, the farmers raised more than \$4,000 to buy a secondhand 75 horsepower pump and an electric motor. They also bought fencing poles and barbed wire to repair their fence and cement to plug leaking canals.

After the Zim-AIED trainings, they are now paying \$1,000 every month toward their energy bill. Before the training, they only made payments after the sugar bean growing season, and even then many farmers could not pay.

For the smooth running of a small-scale irrigation scheme, proper operation and regular equipment maintenance is vital. Small instances of neglect can lead to larger problems for the whole scheme. Even a small repair needs to be addressed immediately to ensure the whole system runs smoothly.

“From the trainings, we realized that we could no longer depend on outsiders for our needs,” said Washington Chimoko, the Irrigation Management Committee chairperson.

The Irrigation Management Committee manages the water distribution and scheme infrastructure, and is also responsible for operation and maintenance.

Previously, smallholder farmers were not actively involved in the management of the irrigation scheme.

“We used to think that maintaining the scheme was the responsibility of the government or donors. Now, we have realized that this is our scheme and we should take care of it,” said Chimoko.

In 2011, Zim-AIED started new projects with marketing companies, farmers, the Ministry of Agriculture, Mechanization and Irrigation Development, and other government agencies to commercialize more than 30 irrigation schemes through the introduction of horticultural crops for both fresh markets and processing.

# ANNEX 2: PERFORMANCE INDICATOR SUMMARY TABLE

#	Indicator	Source	Unit	Baseline	FY2011+FY2012		FY2013	
					Actuals	Target	Q1 Actuals	Q2 Actuals
1	# of rural households benefiting from USG assistance	FTF 4.5.2-13	Hh	0	72,831	34,000	8,982	8,621 <sup>2</sup>
2	Net income per household from target agricultural products	Custom (AIED 1)	US\$	483	835	1,200	835	835 <sup>3</sup>
3	Value of incremental sales attributed to FTF implementation	FTF 4.5.2-23	Total sales(\$\$ millions)	3.90	16.53	24.50	0.68	1.28
			Actual sales – Banana (US\$)	28,249	3,815,000	6,000,000	164,834	975,054 <sup>4</sup>
			Actual sales – Paprika (US\$)	1,130,267	4,488,000	5,000,000	254,130	820
			Actual sales – Maize (US\$)	2,742,980	8,230,000	13,500,000	263,176	303,165
<b>Intermediate Result: Increased Agricultural Production</b>								
4	Volume of production by program beneficiaries	Custom (AIED 2)	Total volume of production (Tons)	21,846	83,778	169,300	182,700	89,351
			Banana (Tons)	174	6,578	144,000	634	13,936
			Paprika (Tons)	72	987	1,300	866	861
			Maize (Tons)	21,600	76,213	24,000	181,200	74,554
5	Value of production by program beneficiaries	Custom (AIED 3)	Total Value of production (US\$ m)	4.00	25.72	33.35	41.00	22.43
			Banana (US\$ m)	0.04	1.58	6.00	0.16	2.93 <sup>5</sup>
			Paprika (US\$ m)	0.08	1.27	1.43	1.13	0.86
			Maize (US\$ m)	3.88	22.87	25.92	39.86	18.64
6	Area grown per target product	Custom (AIED 4)	Banana (Ha)	100	1,080	1,600	105	1,147
			Paprika (Ha)	100	700	800	577	689

<sup>2</sup> In some cases men and women join from the same family, so total number of beneficiaries is approximately 20% higher than the total given in this table i.e. 10,345 individual farmers.

<sup>3</sup> Estimate to be validated after the Gross Margin Survey.

<sup>4</sup> Sales recorded during the quarter. The annual figure will be derived from the Gross Margin Survey.

<sup>5</sup> Values based on prevailing average market prices. Banana (\$210/ton); Paprika (\$1,000/ton); Maize (\$250/ton) See Table 4 FY2013,Q2

#	Indicator	Source	Unit	Baseline	FY2011+FY2012		FY2013	
					Actuals	Target	Q1 Actuals	Q2 Actuals
			Maize (Ha)	16,000	51,760	72,000	45,300	72,383
7	Average yields per target product	Custom (AIED 5)	Banana (tons/ha)	1.74	6.00	15.00	20.00	12.15
			Paprika (tons/ha)	0.72	1.41	1.60	1.50	1.25
			Maize (tons/ha)	1.35	1.47	1.94	4.00	1.03
8	Gross margin per unit of land, kilogram, or animal of selected product	FTF 4.5.4	Maize (US\$/ha)	37	225	250	469	591 <sup>6</sup>
			Paprika(US\$/ha)	220	1,235	1,500	1,550	1,224
			Banana(US\$/ha)	416	476	1,000	3,200	1,015
9	# of food security private enterprises (for profit), producers organizations, water users' associations, women's groups, trade and business associations, CBOs receiving USG assistance	FTF 4.5.2-11	Enterprises Organizations Groups Associations	0	689	770	691	753 <sup>7</sup>
10	# of buyer and market-related firms benefiting directly from interventions	Custom (AIED 9)	Buyers/ Firms	0	679	140	69	182
11	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	FTF 4.5.2-38	US\$ m	0	6.73	7.00	0.07	0.06
12	# of firms (excluding farms) or CSOs engaged in agricultural and food security-related manufacturing and services, now operating more profitably because of USG assistance	FTF 4.5.2-43	Firms/CSOs	0	14	20	TBD	TBD
13	# of jobs attributed to FTF implementation	FTF 4.5-2	FTE	0	1,159	2,159	120	12 <sup>8</sup>
14	# of hectares under improved technologies or management practices as a result of USG assistance	FTF 4.5.2-2	New Ha	0	25,804	11,202	3,200	3,054 <sup>9</sup>
			Continuing Ha	0	500	25,804	25,804	25,804
			Total		26,304	37,006	29,004	28,858
15	# of farmers and others who have applied new technologies or management practices as a result of USG assistance	FTF 4.5.2-5	Total	0	32,376	57,376	35,976	35,824

<sup>6</sup> See Gross Margin Table (Table 5). The estimate would be validated after the Gross Margin Survey.

<sup>7</sup> 620 continuing + 133 New

<sup>8</sup> 46 New employees from Matanuska. Employed in January, thus (3months\*46 people)/12months= 11.5FTEs

<sup>9</sup> Estimate.

#	Indicator	Source	Unit	Baseline	FY2011+FY2012	FY2013		
					Actuals	Target	Q1 Actuals	Q2 Actuals
			New farmers	0	20,480	25,000	3,600	3,448 <sup>10</sup>
			Continuing	0	11,896	32,376	32,376	32,376
16	# of individuals who have received USG supported short term agricultural sector productivity or food security training	FTF 4.5.2-7	Individuals	0	58,055	60,000	9,154	17,193
17	# of private enterprises, producers organizations, water users' associations, women's groups, trade and business association & CBOs that applied new technologies or management practices as a result of USG assistance	FTF 4.5.2-28	Enterprises/ Organizations/ Groups/ Associations	0	649	770	689	132
18	Value of agricultural and rural loans	FTF 4.5.2-29	\$\$ million	0.79	5.38	6.00	1.58	1.87
19	# of beneficiaries receiving credit	Custom (AIED 6)	Individuals	1,002	10,758	12,400	5,151	132
20	Value of cost-sharing with alliance partners	Custom (AIED 7)	\$\$ millions	0	0,71	1.00	0.02	0.04
21	# of individuals receiving training in business skills	Custom (AIED 10)	Farmers/ Borrowers	0	13,756	10,000	4,023	2,942
22	# of MSMEs receiving business development services from USG assisted sources	FTF 4.5.2-37	MSMEs	0	73,520	34,150	9,051	8,753
23	# of individuals receiving training in (NRM)	Custom (AIED 11)	Individuals	0	14,563	20,000	722	6,655
24	Number of lead farmers in assisted programs	GNDR 1	Individuals	TBD	TBD	TBD	586	586 <sup>11</sup>
25	Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources	GNDR 2	Percent	TBD	TBD	TBD	TBD <sup>12</sup>	TBD
26	Number of project participants in relevant leadership positions	GNDR 3	Participants	TBD	TBD	TBD	TBD	TBD
27	Proportion of target populations reporting increased agreement with the concept that males and females should have access to social, economic, and political opportunities	GNDR 4	Female	TBD	TBD	TBD	TBD	TBD
			Male	TBD	TBD	TBD	TBD	TBD

<sup>10</sup> Estimate.

<sup>11</sup> Continuing from FY2013,Q1

<sup>12</sup> Indicator numbers 25 and 26 are new hence we have no data to report on

#	Indicator	Source	Unit	Baseline	FY2011+FY2012	FY2013		
					Actuals	Target	Q1 Actuals	Q2 Actuals
28	Number of farmers engaged in Contract farming	GNDR 5	Farmers	0	10,350	12,000	5,082	0
			Female			6,000	2,338	0
			Male			6,000	2,744	0