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Expanding Impact on USAID/Zambia Supported Value Chains

USAID/Zambia Cooperative Agreement
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Quarterly Report:
October 1 to December 31, 2010

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I. Introduction

This report presents the results of AFE's program entitled "Expanding Impact on USAID/Zambia Supported Value Chains" from October 1st to December 31st, 2010.

II. Summary of Main Activities, Accomplishments and Results

Activities during the quarter focused on:

- Finalizing agreements with Lead Firms (LFs) in the agribusiness, crafts, and tourism value chains that are implementing initiatives to improve their competitiveness and the products and services they provide to MSMEs they buy from or sell to
- Monitoring activities and providing technical support to LFs during the implementation of their initiatives
- Facilitating working group meetings with the Private Sector Development Network
- Conducting three-day training workshop on value chain program design for local development organizations
- Conducting initial research and preparations for a guest speaker event focusing on value chain finance

Value Chain Work

AFE continued its work to support expanded impact in agribusiness, crafts and tourism value chains. These activities included:

- Signing of four new memorandums of understanding (MOUs) with LFs. This builds on the five MOUs signed previously. Leading up to these signings AFE staff worked with the LFs to refine and improve their proposed initiatives.
- Site visits to the areas where the new LFs were proposing to conduct their initiatives. These visits take place before the formal signing of MOUs to ensure that proposed activities are in conformity with realities on the ground.
- Ongoing monitoring and technical support to LFs with previously signed agreements. This included: 1) technical support in the development of training materials, curriculums, and evaluation forms in conjunction with LF initiatives to improve and expand the training they provide to producers they buy from or sell to; 2) the facilitation of strategic planning exercises to assist LFs to develop policies and operations for proposed outgrowing operations with producers, and; 3) the facilitation of business plan exercises to support LFs in planning new investments that will build their competitiveness and provide benefits to producers they transact with.
- Participation (as observers) in LF training events for producers. AFE's presence was appreciated by both the LFs and the producers who also expressed their appreciation for USAID's support of their activities.

Specific Facilitation Activities with Lead Firms

1. AVIAN

AVIAN is a poultry input distribution company, supplying day old chicks, medicines and stock feed to poultry farmers in collaboration with Ross breeders and Nutrifeds. They are the primary supplier of poultry inputs in the Copperbelt with eight outlets and ten agents in the area. 80% of their customers are small scale farmers. They therefore have incentives to invest in and upgrade the producers they sell to. The objective of their initiative (being supported by AFE) is to improve the livestock management capacity of the “back yard” farmers they sell to (or might sell to) in order to increase their productivity and their capacity to buy poultry inputs.

Results of AVIAN initiatives (implemented with technical and cost share support by AFE) during the quarter included:

- Development and printing of a “good practice” poultry farming manual for distribution to farmers
- Training of trainers (to build capacity of company staff to provide training and extension to farmers)
- 6 seminars conducted with over 420 farmers (300 completed evaluation forms)
- 3 poultry “demonstration houses” (managed by lead farmers) have been initiated
- One “field day” conducted with 43 farmers (two more are planned)
- Completed training evaluations and interim technical and financial reports

2. FARMERSLINK

Farmerslink is an agribusiness company that produces and sells agricultural inputs (mainly seed) and trades in pulses. It procures the seed it sells (pulses, open pollinated maize, groundnut, millet, cowpeas, sorghum) from small scale farmers. Last year they procured from 70 Farmers in Chibombo & Mumbwa. To date they have mainly sold seed to NGOs and development programs. The objective of their initiative (being supported by AFE) is to expand their direct sales of seed to farmers, so that it becomes the major part of their business. In order to do this, they plan to expand the number of farmers they procure seed from as well as to build the capacity of all their seed outgrowers to produce and deliver high quality seed. Through this, they hope to increase sales and competitiveness (for selling seed directly to farmers) which in turn will result in improved access to quality and affordable open pollinated seed for hundreds of farmers.

Results of Farmerslink initiatives (implemented with technical and cost share support by AFE) during the quarter included:

- Development of draft seed producers handbook
- 4 two-day trainings to 205 seed outgrowers in Chibombo and Mumbwa district
- Development of policies and procedures for company Outgrowing Operations. AFE developed question guides and facilitated strategic planning sessions with company to assist them to do this.

- Development of a business plan and buying contract for direct sale of seed to farmers (in progress). AFE developed question guides and facilitated sessions with company to assist them to do this.
- Began preparing marketing activities (to be conducted next quarter)
- Began review of training evaluations and interim technical and financial reports

3. LUMUNO

Lumuno is a producer of organic herbs, spices, chili sauces and honey for the local market. They have been enjoying growing sales of their products, especially chili sauces. Last year they had agreements with 15 farmers to purchase Birds Eye and Habanera chili. They want to increase long term business linkages with MSME producers in order to ensure a reliable supply of good quality chilies. The objective of their initiative (being supported by AFE) is to expand their network of outgrowers and improve the capacity of these outgrowers to grow high quality organic chilies. They are also interested in diversifying their product range and increasing sales, which will lead in turn to increased purchases from farmers.

Results of LUMUNO initiatives (implemented with technical and cost share support by AFE) during the quarter included:

- Development of policies and procedures for company outgrowing operations. AFE developed question guides and facilitated strategic planning sessions with company to assist them to do this.
- Conducted 4, two-day trainings for more than 80 chili outgrowers in Chongwe and Kafue districts
- Began development of organic chili producers manual (in progress)
- Began preparation of trial fields for new herbs
- Activities planned for next quarter:
 - Field days for existing and potential outgrowers
 - 4 one-day post harvest trainings for outgrowers
 - Exposure visit to sauce processing company in the region
- Completed training evaluations and interim technical and financial reports

4. PARMALAT

Parmalat is the largest dairy processing company in Zambia, selling both locally and regionally. The objective of their initiative (being supported by AFE) is to increase the productivity of the farmers they source from, which in turn will give the company greater access to quality milk. They plan to do this through training producers in livestock health, production, and entrepreneurship. They also plan to build the capacity of existing milk collection centers (MCCs) in strategic planning, recordkeeping, and leadership skills.

Results of PARMALAT initiatives (implemented with technical and cost share support by AFE) during the quarter included:

- Development of training modules for dairy producers and MCCs
- Printing of 1200 production manuals for dairy farmers
- Conducted 4, two-days trainings for 238 dairy producers
- Conducted 4, one-day trainings for group leaders of MCCs

- Conducted two study tours for dairy farmers to other production areas in and around Lusaka (one remains to be done)
- Completed training evaluations and interim technical and financial reports

5. SYLVA FOODS

Sylva Foods is the largest processing company of indigenous vegetables in Zambia, selling both locally and regionally. They are experiencing growth in the demand for their products, including interest from US and EU buyers. The owners have been advising farmers and purchasing products from them for five years. Their main products are dried indigenous vegetables. The objective of their initiative (being supported by AFE) is to increase the capacity of company staff to carry out cost effective training programs to larger numbers of producers in production and post harvest techniques. This in turn will give the company greater access to high quality raw materials for their finished products.

Results of Sylva Foods initiatives (implemented with technical and cost share support by AFE) during the quarter included:

- Development of policies and procedures for their procurement operations with producers. AFE developed question guides and facilitated strategic planning sessions with company to assist them to do this.
- Development of draft training modules and producer manual (to be completed next quarter)
- Began preparations of two-day training of trainers (TOT) workshop for ten company staff (TOT scheduled for next quarter)
- Began preparations for producer training activities (scheduled to begin next quarter for 240 farmers in six areas)

6. YAMBEEJI

Yambeeji is a company based in Zambezi that buys rice and honey from producers. They process the raw materials and market the finished products in the Zambian and DRC markets. They procured rice from two farmer groups last year but were not satisfied with the yield and quality received. They also experienced political difficulties with the farmer groups. The objective of their initiative (being supported by AFE) is to reduce problems with their outgrowing operations and improve the support they provide and relationships with farmers.

Results of Yambeeji initiatives (implemented with technical support by AFE) during the quarter included:

- Development of policies and procedures for company Outgrowing Operations. AFE developed question guides and facilitated strategic planning sessions with the company to assist them to do this.
- Improvement of an existing business plan for the company (in progress). AFE facilitated participatory sessions with the company to assist them with this.

7. FLOATING SKIES

Floating Skies is a travel agency/ tour operator based in Livingstone. Their products and services include tourism destination management, historical and cultural tours, museum tours, village tours, and safari trips in and around Livingstone, Kafue National Park, Western Province and the Sioma Falls region. The objective of their initiative (being supported by AFE) is to increase the number and capacity of “tourism entrepreneurs” in Musokotwane village (close to Livingstone) that can provide services and entertainment to tourists that visit the village. This will build the competitiveness of Floating Skies by creating innovative rural tourism products that they can offer to clients. It will also result in increased income and employment in the village and serve as a model for others to emulate.

Results of Floating Skies initiatives (implemented with technical support by AFE) during the quarter included:

- Refinement of proposed initiative, signing of MOU and signing of technical/ financial support agreement
- Conducted planning for all proposed activities which include:
 - three-day training of 20 cultural dancers and exposure visit to a show
 - two-day training for 5 village-based cooks, one-day exposure visits to other lodges and restaurants and development of hygiene poster
 - three-day training for 5 village tour guides and development of manual
 - two-day training for 20 vegetable and poultry producers and manual development
 - marketing
- Development of manuals for village based entrepreneurs that provide guidelines and best practices in tour guiding and vegetable/poultry preparation (final stage)
- Development of hygiene awareness poster for village-based cooks (final stage);

8. AFRICAN CERAMICS

African Ceramics is a pottery/ ceramic production company that produces insulators for Zesco and artistic pottery for the local market. They subcontract with producers in the urban and peri-urban areas of Lusaka, Kafue, Kabwe, Lwanshya, Mumbwa, and Palabana. The objective of their initiative (being supported by AFE) is to build the capacity of producers they subcontract with to produce high quality products.

Results of African Ceramics initiatives (implemented with technical support by AFE) during the quarter included:

- Finalizing proposal, preparation of MOU and preparation of technical/ financial support agreement.

9. NAZHILA PLAIN CAMPS

Nazhila Plain Camps is a lodge based in Kafue National Park that is taking the lead in a “cross company” initiative being conducted by the different lodges in Kafue National Park. The objective of their initiative (being supported by AFE) is to increase the number of quality MSME tour guides in and around Kafue national park. This in turn will enable the lodges to offer a greater number and better variety of local tours to their clients.

Results of Nazhila Plain Camps initiative (implemented with technical support by AFE) during the quarter included:

- Finalizing proposal, preparation of MOU and preparation of technical/ financial support agreement.



Picture taken by Yambeeji in Zambezi planting of rice



Avian Farmers Field day at a chicken farm in the Copperbelt



Exchange visits by Parmalat farmers from Magoye to Lusaka



Seed Distribution by Farmerslink to contracted seed growers

Private Sector Development Network

In early 2010, AFE established a network of local development organizations (DOs) that are implementing economic development programs in Zambia and that share an interest in market oriented approaches. These DOs include NGOs, projects, and consulting firms.

During the past three months AFE continued its support of the “Private Sector Development Network” (PSDN) by facilitating monthly working group meetings and organizing a training workshop in “value chain program design” for PSDN members. Activities of the working groups include:

Working Group 1: Agricultural input supply and the effect of market distortion – this group is focusing on how DOs can facilitate sustainable supply of inputs to farmers (rather than conducting direct provision that can lead to market distortion). The group is focusing on three areas of input supply related to livestock, hardware and crop production.

Working Group 2: How government can facilitate private sector development – this working group has conducted two “focus group discussions” with private sector companies to identify the problems that are hampering the development of the private sector in Zambia.

Working Group 3: How DOs can work successfully with Lead Firms (LFs) – this group is researching and sharing experiences and lessons learned about working with LFs (companies that buy from or sell to a large number of MSMEs). They will be publishing their findings which they hope can be used to assist the development community to learn how to engage with LFs in initiatives that build their competitiveness as well as their capacity to provide needed products and services to the MSMEs they transact with.

Training Workshop - In December AFE facilitated a three-day training workshop entitled “Value Chain Program Design: Promoting Market-Based Solutions for MSMEs” for sixteen local development practitioners working for a variety of DOs doing private sector development. This workshop is based on the successful workshop that AFE conducts worldwide.

Participants from the December workshop



Administration and Management

The following highlights some of the administrative and management activities that took place during the quarter.

- Weekly team meetings held to learn, discuss and build capacity
- AFE Zambia’s new finance and administrative staff person was trained in all of the office’s operational procedures including the QuickBooks program.
- Performance monitoring systems were reviewed and prepared
- The project vehicle was finally delivered. Vehicle insurance, a log book and a vehicle maintenance program are in place.
- Tables and chairs were procured for the conference room

- Two new Technical Program Managers started this quarter. They received an intensive training to understand the AFE approach as well as the activities and objectives of the AFE Zambia program. They also participated in a TOT organized by AFE to prepare them to facilitate the December training workshop.
- Attended monthly USAID partner meetings.
- Prepared and delivered presentation on AFE activities to USAID
- Hosted USAID representatives for several field visits to meet LFs collaborating with AFE and the producers they transact with.
- Several new reports were requested and submitted to USAID (SARS 2010 reports, etc).

III. Implementation Issues

Activities progressed well during the quarter and there were no major issues. The Christmas holidays reduced attendance at the PSDN working groups in December but this is expected to rebound in 2011.

IV. Conclusion

During the quarter many of the LFs that AFE has been coordinating with for some time began their activities, resulting in a multitude of initiatives that are building their competitiveness and generating positive benefits for the MSMEs they transact with. Evaluations of LF training activities with MSMEs showed that the MSMEs very much appreciate the improved training, technical support, and relationship they are having with the LFs.

The working group and training activities being conducted through the PSDN are demonstrating new and more sustainable approaches to market development for local development practitioners. Reactions and evaluations from DO participants have also been positive.