

## Zambia Business in Development Facility (ZBiDF) Case Study

### The Consortium of Fresh Fruit & Vegetable Producers' Partnership (FPP)

#### The Partnering Opportunity

The horticultural sector is poised to be one of the most successful sectors within the agricultural industry in Zambia but smallholder farmers are hindered by limited access to markets, finance, farm inputs and a lack of knowledge. A reliance on traditional and inefficient farming methods such as non-conventional seed, unsuitable fertilizers and minimal farm machinery mean that yields are limited and livelihoods insecure. These difficulties are compounded by a lack of infrastructure to facilitate large agricultural activities across the country.

Freshmark (Z) Ltd is a subsidiary of the Shoprite chain of stores under the Africa Supermarkets brand. It specializes in aggregating, sorting, packaging and distribution of fresh produce to Shoprite retail outlets. Most of the chain's fresh produce is imported from South Africa, presenting logistical challenges, and it was keen to seek innovative ways to meet the growing demand for its fresh produce by engaging local stakeholders and smallholder farmer groups. There was a clear opportunity to facilitate infrastructure development in partnership with other stakeholders, drawing smallholder farmers into the company's value chain by linking them to a new and guaranteed market for their produce.

#### The Partners

**Government:** Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Commerce Trade & Industry, Local Authorities & Traditional Leaders

**Private Sector: Freshmark** – The Offtaker; **Aggregators** – Premier Green View Farms Ltd and Nabona Farms Ltd - Entrepreneurs in Chingola and Mufulira; **Input Suppliers** - **Starke Ayres** for Seed, **ATS** for Agrochemicals, **Zambian Fertilisers** for Fertilisers and **Saro Agro** for Farm Machinery; **Vision Fund Zambia** providing Finance and **MFinance** for Insurance

**Non-Governmental Organisations (NGOs) for Capacity Development:** International Development Enterprises (**IDE**), Irrigation Development & Support Programme (**IDSP**), Agriculture Business Incubation Trust (**AgBIT**), Musika Development Initiatives (**MUSIKA**) and Private Enterprise Programme Zambia (**PEPZ**)

**Smallholder Farmers:** Chingola and Mufulira Farmers organised in two Out-Grower Schemes - **Premier Green View Farms Ltd and Nabona Farms Ltd as Lead Farmers**

**Broker:** ZBiDF

## The Partnership

**The Consortium of Fresh Fruit & Vegetable Producers' Partnership (FPP)** aims to train **SHFs** in both agricultural best practices and entrepreneurial skills in order to transform them from small scale subsistence producers into profitable farmers with secure livelihoods.



**ZBiDF** is acting as a broker to maximize the effectiveness of this innovative partnership, and the partners have signed a partnering agreement. There are many actors involved, all of whom playing a critical role in the partnership's success:

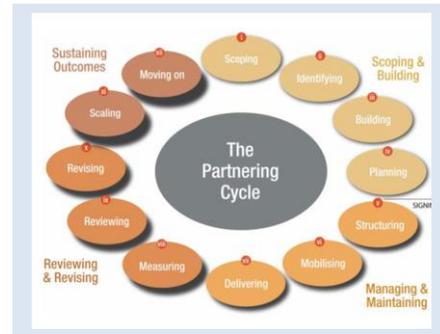
- **Government actors** will help build capacity in the farmers by providing agricultural extension services, provision of land, directing policy issues and other supporting infrastructure
- **NGOs**; Musika, IDE, IDSP, AgBIT and PEPZ will provide technical support and capacity building to input suppliers, farmers and aggregators. They may also provide risk capital, loan guarantees and project development funding
- **Vision Fund Zambia** will provide financial solutions to previously marginalized farmers
- **Mfinance** will insure the transaction to cover the risks
- **Input suppliers**; Starke Ayres will provide seed, SARO will provide farm machinery and equipment, ATS will provide agrochemicals and Zambian Fertilisers to provide fertilisers
- With increased production volumes, it is hoped that **entrepreneurs** may seize the **opportunity to establish aggregation/distribution centres** in Mufulira and Chingola for the aggregation, sorting and packaging of the produce from **SHFs** for onward distribution to retail outlets

The Partnership will work with 109 SHFs from Mufulira and Chingola who will be supported to become commercial scale horticultural producers. It is envisioned that each farmer will cultivate a minimum of one hectare per year, with production cycles of at least two different crops per year. Through effective management, each farmer is likely to earn more than ZMW 70,000 per year, which is about USD 7,000 per farmer per year.

Currently, these farmers earn a total turnover of USD 30,000 p.a from their farming activities and could easily turnover USD 763,000 p.a with this intervention.

## The Partnering Process

An existing agreement between Freshmark and the NGO, PEPZ led to both partners seeking to develop a wider partnership with local stakeholders. It became clear that other actors would need to be involved in order to successfully bolster smallholder production and make a real difference to horticultural development, market access and livelihoods in the region.



In late 2014, PEPZ approached ZBiDF as a neutral broker to bring together the wide range of local stakeholders and begin crafting a new partnership. ZBiDF's role is to maximize the partnership's effectiveness while developing a conducive partnering culture by way of:

- Mapping out all the stakeholders to assess what they would bring to the table for the partnership to be successful – Guiding strategy
- Developing clear partnership possibilities, opportunities and objectives with potential partners to align their interests – Guiding vision
- Strengthening the existing partnerships between the stakeholders by building sufficient trust to commit partners in the partnership – Support aligned activities
- Facilitating partnerships between financial institutions and smallholder farmers in order for them to access affordable financing – Unlock/mobilise resources
- Managing the relationships in the partnership to ensure its success – Governance issues

ZBiDF's agriculture partnership broker, Choongo Chibawe, initially conducted one on one meetings with each partner, establishing broad interest and commitment to the partnership objectives, and identifying potential contributions.

In August 2015, ZBiDF brought the partners together for a two and a half day workshop to build partnering skills and lay the groundwork for a partnering agreement. This '*Effective Partnerships for Development Workshop*' allowed partners to familiarize themselves with sectors they were not previously comfortable interacting with, develop professional working relationships, and carry out a series of practical exercises together to move the partnership forward. Crucially, the workshop was available only to partnership members, which encouraged openness, a sense of shared endeavor and allowed material to be entirely tailored to the group.

The workshop produced an agreed list of objectives and resource commitments which subsequently formed the basis of the draft partnering agreement. The workshop represented a critical stage in the partnership's development. It was well attended, with 10 of the 14 invitees present, and highly positive feedback received.

There were three key barriers the partners needed to overcome in order to come to agreement:

- **Trust**- many of the sectors had not previously worked with one another. Some NGOs were suspicious of the private sector's motives, whilst the farmers were

- concerned that their voices wouldn't be heard or even be considered relevant in a partnership with so many larger players
- **An understanding of why the partners needed to come together-** why it made sense to take a partnership approach. The partners had well established individual goals and some did not yet see the value of engaging more broadly
  - **An unrealistic expectation of the partnering process and timeframes-** the farmers had expressed frustration at the amount of time it was taking to see results

A resource-mapping exercise helped both in building trust and demonstrating the case for partnership. Partners pledged what resources they could commit in an open workshop, which demonstrated utmost good faith and the practical advantages to partnering. It also established quite clearly that each partner had a valuable role to play, regardless of size or financial capability. Transparency at this level set the tone for the partnership and enabled more honest and constructive conversations to happen, especially that it would create a win-win situation for the benefit of all.

Therefore, training all partners in the partnering process created a common understanding, allowing expectations to be adjusted and realistic timeframes established.

## Obstacle

The partnership's history, and the fact that it had grown from an existing agreement between two of the partners, threatened to derail progress when communication was insufficiently clear.

After ZBiDF had completed its first round of one on one interviews with potential stakeholders, ZBiDF's broker brought together each stakeholder group in a larger forum. Meetings were set up for farmers, input suppliers and capacity developers respectively. The Freshmark representative was only able to come to one of these meetings, which coincidentally Freshmark's original NGO partner, PEPZ, was not able to attend.

This meant that the Freshmark representative left the meeting unclear as to how the partnership was evolving and how ZBiDF's role related to PEPZ's, taking into consideration that the mandate was only between PEPZ and Freshmark. A meeting was then set up between ZBiDF, Freshmark and PEPZ to clarify roles and responsibilities and work was resumed, but this initial confusion meant that progress stalled for more than two months.

It was quite evident from this point that clear communication was absolutely critical to the partnership's success. As ZBiDF's broker affirms: *"Nothing must be taken for granted. No assumptions must be made, clear and effective communication is essential."*

*"Nothing must be taken for granted. No assumptions must be made."*  
**Choongo Chibawe,**  
**ZBiDF**

## Learning

**It is always worth setting aside time to manage expectations, align objectives and cement relationships.** ‘The *Effective Partnerships for Development Workshop*’ was greatly valued by participants, not only building valuable partnering skills, but also allowing participants to fully buy into the benefits of partnering, establishing key principles of trust, equity, transparency and mutual benefit. Whilst a two and a half day workshop may have seemed like a big commitment, attendance was high and output from the day allowed a draft partnering agreement to be crafted efficiently.



*‘With all the support, we see our business being transformed to higher levels’*

**Daniel Ngosa,  
Premier Green  
View Farms Ltd**

### **Communication is critical- never assume.**

Even if (and perhaps especially) the new partnership has developed from an existing agreement, it is important to spend time clarifying understanding as to the roles and responsibilities of each and every stakeholder in the partnership.