

IMPACT BRIEF 13

260 Brands Foods, Zambia

Background

With a mandate to positively impact agricultural production and smallholders in Africa, AATIF assesses its progress and impact on seven key areas which are: (i) employment; (ii) primary agricultural production; (iii) local processing; (iv) trade; (v) outreach to agricultural producers; (vi) environment and; (vii) social and environmental management system. As part of its research efforts and in line with its overall M&E framework, AATIF commissioned a Rapid Appraisal baseline of its investment in the subsidiary of Two Six Zero Brands, 260 Brands Foods Zambia Ltd. (260 Brands). The baseline information will be used to monitor progress and assess impact.

In May 2021, AATIF entered into a USD 4 million collateral management facility agreement with 260 Brands to support its purchase of soybeans and maize for processing. The funds are renewable on an annual basis up till 2027 and would support 260 Brands in increasing the utilization of its newly expanded soybean processing and maize milling plant and increase trade volumes. The Rapid Appraisal was conducted between November to December 2021 in Kasama and Mungwi Districts (Northern Province) and in Lusaka where 260 Brands' factory is based. The data collection included i) household (HH) interviews of 125 farmers (64 260 Brands farmers, and 61 non-260 Brands farmers) ii) Focus Group Discussions (FGD) of 4 groups of farmers and 2 groups of 260 Brands employees, and iii) key informant interviews of 260 Brands management.



Key Findings

1. Employment

260 Brands provides employment to 481 people in its factory, warehouses and depots. Of these, 315 (or 65%) are temporary or casual workers, and 166 (or 35%) are permanent workers. Women make up 17% of the labour force in 260 Brands. The labour conditions and benefit packages offered by 260 Brands to permanent workers are mostly aligned to local laws. Wages are mostly above or aligned with national minimum wage. Permanent employees are entitled to social security benefits including health insurance, although all employees were not clear about the range of benefits they got. 260 Brands regularly conducts performance appraisals and provides feedback to permanent workers, mostly leading to efforts to help workers improve their skills.

Most workers have been trained on occupational health and safety issues. Also, they are provided with PPE equipment, with some room for improvements on the overall distribution and use of these protective equipment.

2. Local processing

260 Brands has 4 silos for storing grain with a total capacity of 16,000MT, used to maintain stock for sales. More than half of the soy and maize purchased was soon after harvest between July to October, the rest was purchased in the lean/planting season (November to June).

3. Trade

260 Brands distributes its processed food products through 3,000+ customers including NGOs, wholesalers, supermarket chain stores, hotels, restaurants, catering and kiosks/ ntembas. Of the 13-15 products and by-products that 260 Brands sells, 80% of its revenues comes from sales of Golden Goodness (textured soya pieces), Instant Thobwa (a powdered beverage made of soybeans and maize), Nutrameal (a maize-based breakfast meal), Crude oil (extracted from soybeans) and HEPS (a corn and soya-based protein supplement). Majority of 260 Brands' sales (about 85%) takes place in Lusaka, Copperbelt and Eastern provinces of Zambia. 260 Brands also sells maize grits, soya cake and soya oil as semi-processed products to other factories for further processing.

4. Outreach to agricultural producers

Maize and soybeans are key ingredients for all of 260 Brands' products, therefore an assured supply is important. The company buys 81% of its maize and soybeans from small traders and aggregators, 8% from large traders, 4% from large commercial farmers and 5% from smallholder farmers. As the supply of these commodities fluctuates depending on government policies, 260 Brands sees smallholder farmers as crucial to ensure access to a minimum steady supply of these products. The company expects to increase the number of smallholder farmer suppliers to 5,000, and eventually help 12,000 soybean farmer in becoming organic certified, to tap into the export market for organic products while providing farmers with premium prices.

In 2021, 260 Brands worked directly with 1,300 farmers, of whom about 1,000 are based in the Northern province of Zambia. The Northern province is one of the poorest provinces in Zambia and 85% of the farmers working with 260 Brands and 88% of the non-260 Brands farmers fall under the World Bank \$3.2PPP poverty line. Only half the farmers have any savings at all, this applies equally for 260 Brands and non-260 Brands farmers. Very few consume foods with high protein content, i.e. milk, meats etc. Both 260 Brands and non-260 Brands farmers are unlikely to eat three full meals a day, particularly in the period between November to April, which is the peak cultivation period and when food stores from the last harvest have started to dwindle down. The diagram below shows the agricultural season for both crops.

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	Rainy season/Cultivation time					Harvesting Season					

Figure 1: Soy and maize cropping calendar

260 Brands maintains contractual agreement with its farmer groups to purchase up to a certain amount of their maize and soybean produce. Prices offered by 260 Brands are higher than prices set by the government of Zambia but are close to market prices prevailing at the time of purchase. 260 Brands agronomists carry out field visits with farmers to train them on good agriculture practices. 260 Brands also introduced to some farmers an orange maize variety that is more nutritious. 260 Brands farmers grow maize in about 1.8Ha of land in the rainy season compared to 1.15Ha used by non-260 Brands farmers. Average yields for both 260 Brands and non-260 Brands farmers are about 2.78MT/Ha (*SE: 0.14 MT/Ha*), close to national yields of about 2.07MT/Ha. Maize is grown both for consumption and for selling. Each farmer household provides an average of 165 FTE days of work for maize cultivation. Farmers growing maize generally use certified seeds and fertilizers subsidized by the Government. The average price of maize in 2021 was ZMW 2.39/kg and average revenue was ZMW 10,494 (*SE: ZMW 2188.26*) for 260 Brands farmer. Non-260 Brands farmers sold maize at about ZMW 2.26/kg and earned revenues of about ZMW 7,492/farmer (*SE: ZMW 1724.68*). Average gross margin per farmer from maize in the 2021 season was about ZMW 5,000.

260 Brands farmers grow soybeans in 0.5Ha of land and have yields of 0.67MT/Ha (Standard Error (*SE*): 0.06 MT/Ha), while non-260 Brands farmers grow soybeans in 0.3Ha of land and have yields of about 0.3Mt/Ha (*SE: 0.06 MT/Ha*). Soybeans is mainly grown for selling, not for consumption. Farmer households provide an average of 91 FTE days of work for soybean cultivation. Half of the farmers use certified seeds for growing soybeans and the other half use their own seeds. Use of fertilizer, or crop protection products is generally non-existent for soy. Average soy prices offered by 260 Brands was about ZMW 7.3/kg while prices offered by other buyers averaged at ZMW 7.8/kg. As 260 Brands farmers were more likely to grow soy (this would have been a selection criterion for 260 Brands), they earned revenues of about ZMW 1,412/farmer (*SE: ZMW 681.94/ farmer*) while non-260 Brands farmers with smaller plots and lower yields earned revenues of about ZMW 325/farmer (*SE: ZMW 188.153*). Average gross margin per farmer from soybeans in the 2021 season was about ZMW 412.

5. Environment

In compliance with national environmental regulations, 260 Brands carries out weekly and monthly monitoring for noise, dust and stack emissions and monthly borehole monitoring for reporting to Zambia Environmental Management Agency (ZEMA). 260 Brands is also working on an initiative for water reduction through steam condensation in the boiler, reducing waste on shop floor by fixing a catch tray underneath conveyer, and an adoption of solar powered inverters at factory site for electricity use reduction.

6. Social and Environmental Management System

260 Brands will be hiring a full time Environmental Health and Safety (EHS) Officer who will develop a Social and Environment Management plan. The EHS Officer will monitor and ensure implementation of social, environmental and workplace safety procedures. 260 Brands' factory has sufficient and clear signage in places designated for storing hazardous materials, and for segregating waste. Signage also exists in the warehouses, although this could be improved. 260 Brands has introduced a grievance mechanism system for its surrounding communities. 260 Brands has also trained its smallholder farmers about the definitions and use of child labour, the importance of maintaining biodiversity and reducing the opening up of virgin land for cultivation.

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