

IMPACT BRIEF 02

Agrivision Zambia Ltd., Zambia

Background

In line with its mandate of positively impacting agricultural production and smallholders in Africa, AATIF assesses its progress and impact on five key outcome areas including (i) agricultural production and productivity; (ii) employment; (iii) income; (iv) outreach to smallholder farmers and; (iv) living and working conditions.

As part of its research efforts, AATIF launched an ex-post rapid appraisal of one of its investments, Agrivision Zambia Ltd. (formerly known as Chobe Ltd.). AATIF extended a loan to Agrivision Zambia in northern Zambia for a 5-year tenor in 2011 to be used for (a) land acquisition; (b) installing and extending irrigation; (c) repayment of a bridging loan on existing equipment, as well as; (d) working capital.



Photo taken by Royal Tropical Institute (KIT) during data collection

Agrivision Zambia is a commercial farming business producing maize, wheat and soy beans. The company manages farms in two major farming hubs in Mpongwe district and Mkushi farm block, as well as a mill in Mpongwe. The ex-post rapid appraisal aimed at shedding light on the impact of the AATIF investment at the company level and for employees, their families and communities, with possibly indirect effects on the knowledge base of the farmers around the farms as well as the employees in their capacity as farmers on their own farms but away from the company fields. The data was collected in July 2016 and the final appraisal report was made available in October 2017. The key findings are summarized below.

Key Findings

The study indicates an overall positive impact comparing key indicators before and five years after the investment.

1. Increases in agricultural production and productivity levels

With growing farm area, irrigation and modern crop management practices, the total production volume has increased considerably from 4,000 MT in 2010/2011 to 14,000 MT in 2015/2016, with a peak of 14,400 MT in the 2014/2015 season. The 2015/16 drop was caused by the El Niño drought. It can be concluded that the production increase had a strong contribution to the food security of Zambia and the region considering that Agrivision Zambia is serving markets in Zambia as well as Botswana, Malawi, Mozambique, DRC, South Africa and Tanzania. In addition, the successful cultivation of soybeans presents a great potential for improving food security in the country indirectly due to its high protein content compared to other local staples and as soy beans also contribute to the growing livestock sector in the country through their use in feeds.

2. Generation of additional employment opportunities

Compared to pre-investment levels, employment generally has increased by about 100 percent on average in terms of numbers of employees engaged by the company. Before AATIF's investment, employment stood at 105 people. Employment had increased to 165 workers in Dec 2013 and 208 in Dec 2015 (both fixed-term and casual). The initial low number of fixed-term staff also increased over time from 46 in Dec 2010 to 138 in Dec

2015 which followed an intentional transformation of casual to fixed-term appointments. However, Agrivision Zambia could not live up to the initial expectations of total employment creation. The current numbers are only a relatively modest increase in relation to the capital intensity of the investment. One of the consequences of this investment is a move towards more highly skilled and productive labour. This reflects similar development elsewhere. Relatively more temporary workers seem to be hired during farm expansion while fixed-term contract duration has decreased from two years to one year. Gratuity payments at contract end have decreased with negative effects on household's financial security and the capacity to access loans.

3. Improvement in living and working conditions

Living and working conditions have clearly improved. This is reflected in the increased number of meals offered to employees per working day, upgraded housing facilities and a well-maintained farm clinic that staff and family members have access to. The farm clinic is run by a professional nurse who provides basic health treatment for staff and families. Family members' medication, treatment and transport is covered under a cost-sharing agreement since 2013. The company arranges free transport to the district hospital in case of labour related problems.

All employees are above the minimum working age. No child labour is employed on the farm. However, occasionally mothers employed as casual workers will take their children with them when manually uprooting certain persistent weeds. All waste, farm machinery and fuel is adequately stored and closed off from accidental access. Waste treatment (empty packaging of inputs in particular) was still inadequate at the time of data collection, but the company had already partnered with a waste disposal company to improve handling and disposal. Water logging due to irrigation is being addressed by contracting a third-party expert. Availability and quality of drinking water remains a concern for management who regularly conduct water tests.

Other improvements identified relate to a dedicated farm area that has been established for the transfer of knowledge to employees who are also smallholder farmers and reduced prices for improved seeds and other inputs charged by the company to motivate employees' own farming activities and improve household food security with subsistence farming. From the wider community standpoint, the rehabilitation of the neighbouring Katuba community school and the procurement of a school bus with support from the AATIF Technical Assistance (TA) Facility led to an increased enrolment level and student attendance, as well as to a clear improvement on the pass rate. The general problem of alcohol abuse that Agrivision Zambia also encounters is being mitigated with measures implemented by Agrivision Zambia Management together with a TA Facility financed expert. Since the kick-off activities in 2016, the level of alcohol abuse and absenteeism due to alcoholism have decreased considerably.



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