

November 2017

**BETTER**  
AGRICULTURE



# Sustainable Intensification of Market Based Agriculture (SIMBA) #SIMBA\_Impact

Improving livelihoods through market access |  
Wellington Sibanda and chilli production



For a world without hunger



Disclaimer: This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of APT and WHH and can in no way be taken to reflect the views of the European Union.

## Background

Wellington Sibanda was born in 1955 in Fort Rixon in the Makandeni area of Matabeleland South Province. In 1986 his family moved and resettled in the Chematendera area of Nemangwe in Gokwe South District, at a time when inward migration was commonplace due to opportunities in the cotton subsector. Cotton had become the main cash crop and source of livelihood for most Gokwe South farmers and was a major driving force behind the development of the district. Wellington soon mastered cotton, becoming a successful farmer, also producing maize and groundnuts for subsistence.

Cotton was a viable crop for farmers until around 2006 when prices on the international market started falling. The ensuing years were characterized by pricing disputes between farmers and contracting companies. Government interventions from time to time did not help to change the situation.

*"Things got worse year after year until we decided to stop growing cotton in 2011. This however meant giving up our sole cash crop, reducing us to mere peasant maize farmers. Our situation was worsened by recurring droughts. We could therefore not rely on maize for our income security, making it difficult meet our family financial needs such as school fees, clothing and groceries. For us it was double misfortune after losing our bank deposits in 2009 when we changed to United States Dollars,"* said Wellington as he recalled events of the past.

In 2012 the Sibanda family joined EU-funded 'PISAP' (Promote Intensification and Sustainability in Agricultural Production) programme which was promoting Conservation Agriculture (CA) as a way of mitigating the effects of drought. Farmers were taught about zero-tillage, digging planting holes in the field instead of ploughing using cattle or donkeys. Initially Wellington and other community members had doubts about CA because it was so labour-intensive. They called it 'dhigaufe,' which, literally translated means 'dig and die'. CA was also associated with the poorest members of the community who had no draught animals.

*"Despite our initial doubts, the results of CA were amazing. Our maize crop survived the drought of 2012/13 and our average yields increased. We changed the Shona name for CA to 'dhigaudye' ('dig and get plenty'),"* said Mr Sibanda with a smile."

The success of CA addressed the production side of farming, leaving them with excess commodity which they could not sell because of lack of reliable markets.

## Opportunity

In early 2014 Wellington heard about the market linkage work being done by the newly started SIMBA programme. He heard that the programme was introducing several crops through contracted markets that were also providing technical extension support. CA farmers were eligible to join the programme. One of these crops was the African Bird's Eye Chilli (ABE) contracted by Better Agriculture (BA). The company grows the ABE for Nando's, an international fast food and chilli sauce manufacturer.

In the first months of chilli growing Wellington had serious doubts about the crop. It was a new crop and he had never seen it grown commercially.

*"I was used to seeing one or two plants growing in my neighbour's backyard. I would occasionally pick pods for my own consumption. I had never seen chilli growing in a field,"* recounted Wellington. *"I was unsure that there would be a market for chilli – my negative experience with cotton and*

*and maize were still fresh in my mind,"* he added.

Nevertheless, Wellington persevered, encouraged by visits from the company extension officer and an exchange visit to an ABE production area in Zaka, Masvingo. However, it was not until Wellington received his first payment from Better Agriculture that he fully believed in the potential of the crop. Since then he has not looked back. From a handful of farmers in 2014, the number of farmers growing chilli in Chematendera area has grown considerably to 52 in 2017 with many more farmers expressing interest in the crop.

## Profitability analysis

### Gross income

At the beginning of the 2017 buying season, BA was buying chilli at a price of \$2.85/kg for dried A-grade chilli. The price was subsequently increased to \$3.00/kg. The situation in Gokwe South is unique because the company is allowing farmers to value-add by drying their freshly harvested chilli. Elsewhere BA buys wet chilli for \$0.80/kg which it dries at its own expense. Gokwe farmers are earning an additional \$0.60/kg through value addition.

In the 2016/17 season Wellington was allocated 1 000 plants (504 m<sup>2</sup>), an increase from 57 plants in the previous season. Wellington earned \$1 500 through the sale of 500 kg of dried chilli to BA at a price of \$3.00/kg.



### Costs

The table lists many of the materials and services usually associated with smallholder cropping enterprises. In some cases where there is no cost, the service is still listed to explain how it was funded.

**Table Budget for ABE chilli production enterprise. All values in USD.**

<b>GROSS INCOME</b>	
<b>Details</b>	<b>Income</b>
Chilli sales	1 500
<b>Costs</b>	
<b>Details</b>	<b>Cost</b>
Fertilizer	28.00
Chemicals	7.00
Training and extension	0.00
Land preparation	0.00
Labour services	20.00
Bulk water supply	0.00
Financial services	15.00
Fuel for irrigation	15.00
Transport	0.00
<b>Total</b>	<b>85.00</b>
<b>BENEFIT</b>	
<b>Net income</b>	<b>1 415.00</b>

The costs included:

- Inputs: Wellington received 1000 seedlings from BA at a cost of \$0.01/seedling which he planted on 6 November 2016. He used 20 kg of Compound C, 20 kg of Ammonium Nitrate (AN) and 20 ml of the agro-chemical 'Lambda'. Although Better Agriculture offers inputs on credit, Wellington decided to self-finance.
- Training and extension: Training and extension is especially important for a new commodity such as chilli. BA employed an extension officer to advise farmers and to manage its contract farming programme. These costs were absorbed by the company.
- Land preparation services: Wellington used CA methodology in preparing the field with his family. Farmers in Nemangwe who do not have their own cattle can expect to pay \$50/ha for ploughing services.
- Labour: Wellington hired 2 people to assist him harvesting chilli and paid them \$20.
- Financial services: BA paid contracted farmers through an electronic payment system called 'TextaCash'. Wellington had to travel to the nearest CABS (Central Africa Building Society) bank branch at Gokwe Centre to retrieve his cash and was charged a 1% cash withdrawal fee. The system is the cheapest available in Zimbabwe. For many of the chilli farmers the TextaCash system represented their first bank experience. Wellington found the TextaCash Account useful for saving.

### Net income

Wellington's gross income was \$1 500, against total costs of \$85, leaving a net margin of \$1 415. This was achieved on an area of 504 m<sup>2</sup>, equivalent to \$28 075/ha!

### Impact

Wellington has benefitted from the market development work of APT through:

- Access to a high value cash crop: Chilli came at a time when Wellington's family had no cash crop – the years following abandonment of cotton were characterized by income insecurity. Many farmers had lost faith in farming as a source of livelihood.
- Access to other cash crops: The introduction of SIMBA in Chematendera from 2014 marked the beginning of improved incomes for Wellington and the wider community through the newly introduced 'open' and 'closed' markets. In addition to chilli, APT also facilitated the entry of cowpea and sorghum seed, sesame and mung bean contract farming companies.
- Training and extension: BA provides technical training and extension services to contracted farmers. The skills learnt have been adopted to other crops, with improved results.
- Increased assets. Wellington has derived significant income from his new farming activities and has purchased a 125cc motor bike, a Nissan Liberty motor vehicle, a cow, a kitchen unit for his wife and a water pump. He has also paid school fees for his three children and catered for household needs.



Martin Bepete - Better Agric Director - with seedlings



Wellington and his motorbike purchased from the proceeds of the ABE programme

In addition to the market development work, Wellington has also benefitted greatly from the other activities implemented by SIMBA:

- Improved land use: The Chematendera area is typically hilly and difficult to till because of steep slopes. The use of CA enabled Wellington and the wider community to grow crops on steep slopes which they could not ordinarily till using cattle. CA also taught farmers how to better manage their field using compost and nitrogen-fixing legumes. All this resulted in more efficient land use and better yields. CA has now become their way of life in all their farming activities.
- Improved lifestyles: Other SIMBA activities focussed on hygiene, health, internal savings clubs and nutrition gardens. Wellington has benefited immensely from these programmes. For example, they now plan and budget as a family.

Wellington and his family are planning to expand their farming activities in 2018. Chilli production is set to increase threefold to 3 500 plants in 2017/18. By early November 2017 Wellington had completed planting chilli and was waiting for the rains to plant other crops.

### Sustainability

BA commenced their operations in Gokwe South district in 2014 with a pilot programme targeting 10.5 ha. The programme expanded in the 2015/16 season to 30 ha, before contracting to 22 ha in 2016/17 due to subdued market demand. Continued surplus stocks mean that this area will be maintained in the 2017/18 season. Wellington is looking forward to many more years of producing chilli for the company.

It is unlikely that the end of SIMBA in November 2017 will adversely affect the contract farming scheme – there is confidence that both company and farmers have developed a profitable partnership based on mutual respect and trust. Wellington is looking forward to many more years of producing chilli for the company.

## About SIMBA

SIMBA was a four-year (2013-2017) EU-funded programme, co-implemented in Gokwe South District by WHH and APT. The overall objective of SIMBA was to enable smallholder farmers to diversify and upgrade their diets to recommended levels, and to run part of their farming as a family business in cooperation with other value chain stakeholders, generating income. To achieve the objective, five results areas were defined:

1. Production and storage sustainably intensified to increase the variety, quality and quantity of nutritious and marketable commodities building on previous EU and Protracted Relief Programme (PRP) initiatives.
2. An inclusive pro-poor business model established based on six principles for a robust cash crop value chain that links small scale farmer household groups with commodity specific open and closed markets.
3. Community Health Clubs (CHC) reached the highest level of the group maturity index and demonstrate sound hygiene, health and nutrition behaviour.
4. A demand-driven, sustainable government and private sector coordinated advisory and research service established using a broad range of communication tools.
5. Lessons and experiences from the project widely shared and disseminated.

This brochure is one of a series describing the market interventions being implemented under Result Area 2.

## About WHH



Welthungerhilfe is one of the largest non-governmental organisations (NGO) in Germany, founded in 1962. WHH's focus is to fight hunger and poverty and we want to achieve #zerohunger wherever we work by 2030. The organisation provides integrated aid, from rapid disaster aid to long-term development cooperation projects. Help to self-help is the basic principle; it allows to strengthen structures from the bottom up together with national partner organizations and ensures the long-term success of project work.

The organisation is operating in Zimbabwe since 1980, implementing Food and Nutrition Security projects in various parts of the country. The WHH Vision in Zimbabwe, like elsewhere in the world, is that all people can exercise their right to lead a self-determined life with dignity and justice, free from hunger and poverty. [www.welthungerhilfe.de](http://www.welthungerhilfe.de) and [www.facebook.com/welthungerhilfezimbabwe/](http://www.facebook.com/welthungerhilfezimbabwe/)

**Welthungerhilfe | Block 8 Arundel Office Park, 5 Norfolk Road, Mt. Pleasant, Harare, Zimbabwe | Tel: +263(4)369789**

## About APT



The Agricultural Partnerships Trust is a Zimbabwean registered trust that was formed in July 2010 out of concern for the development of rural communities in Zimbabwe, with focus on smallholder agriculture.

The Trust raises and disburses funds to assist in improving livelihoods in the rural areas of Zimbabwe by enhancing economic development through sustainable agricultural and business methods and facilitating partnerships between smallholder farmers and organisations in the private and public sectors.

Since 2010 APT has been involved in a number of programmes, either singly or in consortia but always focusing on smallholder output and service market linkages – in other words, Market Systems Development. More information can be viewed at our website [www.apt.co.zw](http://www.apt.co.zw) or follow us on Twitter ([www.twitter.com/apt\\_zimbabwe](http://www.twitter.com/apt_zimbabwe)) or Facebook ([www.facebook.com/apt.zimbabwe/](http://www.facebook.com/apt.zimbabwe/)). Alternatively, contact APT directly:

## Michael Dawes | Agricultural Partnerships Trust

11 Hodson Avenue, Alexandra Park, Harare, Zimbabwe  
[michael@apt.co.zw](mailto:michael@apt.co.zw) | Tel: +263(4)744559 or +263(77)2212201

## APT's partnership approach

APT is essentially a facilitator, brokering partnerships between the private sector and farmers. Although the type and level of support vary from programme to programme, APT has a history of delivering value to partnerships in many ways:

- **Intervention design:** Context analyses help APT understand the needs of farmers and companies for the design of relevant, innovative, profitable and sustainable market based interventions.
- **Partnership support:** Supporting partners in navigating their partnering journey by helping them to create a map, plan their route, choose their mode of transport and change direction when necessary.
- **Stakeholder mapping and introductions:** APT has working knowledge of market and non-market based organisations – contacts that are part of the building blocks of market systems development. For example, linkages with local government authorities in the districts are important at the start of the programme.
- **Extension service support:** Programmes such as SIMBA rely on a network of field officers and lead farmers who develop close working relationships with company Field Extension Officers, and who help extend the reach, or reinforce the knowledge transfer of company agents.
- **Administration services:** Company field officers have access to office and communication resources at the project centre, making it easier to work in the operational area.
- **Farmer training and organisation:** Programmes are often well resourced, able to assist companies in mobilizing farmers, organising meetings, hosting meetings and providing training resources, thereby reducing budgetary pressure on companies.
- **Platforms for dialogue:** As a neutral facilitator, APT has assisted companies in various ways. For example:
  - Intercompany dialogue to increase value chain efficiencies by linking non-competing companies for shared services. APT organised a series of 'Networking Platform Meetings' under SIMBA which resulted in inter company linkages and increased transaction efficiencies.
  - Mediation between companies and farmers: APT organised post-harvest meetings in most value chains to provide a platform for dialogue between farmers and companies, reviewing past performances & planning for the next season.
  - Conflict resolution: Conflict between farmers & companies typically occur on several occasions during implementation of a programme. APT assists in conflict resolution through bilateral company and farmer meetings, & subsequent monitoring.
- **Budget support:** Depending on the nature of the programme, APT may be able to assist partners with cost sharing arrangements. This type of support might be necessary to
  - (1) reduce perceived and real risks associated with inclusive business models;
  - (2) reduce start-up costs that might otherwise prevent a company from engaging in this type of business model; &
  - (3) reducing the time taken to impact, an important consideration since donor-funded programmes are often short term.
- **Results measurement:** APT has considerable experience in the monitoring, evaluation and reporting of private sector development programmes. Reports are designed for quick turn-around, to ensure that companies and farmers have access to real time information concerning the market based intervention.