

# RICE FARMING IN THE CHAMBESHI FLOOD PLAINS

## CHALLENGE

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<b>Sector: Agriculture</b>

Day one: The farmers were angry. They said they could not get a decent price for the rice they grow. They accused the government of abandoning them. They said they could not get the credit they needed to invest in their farm operations. And they said that development agencies had been imposing programmes on them without consultation. The government officials made the usual excuses: no money for extension, inadequate specialist skills in rice growing and so on. The bank representative said the farmers are not creditworthy: they don't save money with the banks, so how could the banks lend them money? The rice buyers complained about poor quality and mixed varieties.

An unpromising start, you might think. But the SNV staff that were organising the rice stakeholders' meeting were not deterred. The real issues facing rice farmers in the Chambeshi floodplains were at last being discussed. Everybody was there at the meeting in Mungwi District, 900 kilometres north of Lusaka, the Zambian capital. Thirty farmer representatives, staff from the Ministry of Agriculture, people from banks, buying companies, NGOs, local government, and other interested people attended.

Things had calmed down by day two of the meeting. SNV facilitators organised the participants into groups that discussed and presented possible solutions. It was amazing how people who had been at each other's throats the previous day began to work closely together to find solutions.



By day three, the groups were reaching agreement. At the end of the day action plans were agreed in which all organisations had to play a role. This meeting was one of the three that defined the turning point in helping rice farmers in the Chambeshi Flood Plains.

*"Our efforts in the past have failed because we were never involved in decision making though we were given everything"* remarked Mr. Bwalya Mutale, the Chairperson of Chambeshi

Rice Growers Association at the end of the meeting.

The scenario had been the same in two other districts in the floodplains; Isoka and Chinsali. The meetings took place in March and April 2007.

### Earlier Developments in Chambeshi Flood Plains

The Government of Zambia together with the then European Economic Community (EEC) supported small holder farmers to start producing rice in the Chambeshi area in the 1970s. In line with the dominant economic model of the time, they provided both inputs and market under the cooperative marketing system. Today the area produces half the rice crop in Zambia but the farmers are not producing enough because they cannot compete in the open market system introduced in 1991.

In the cooperative system the EEC and government provided farmers with seed, fertilisers, chemicals, draught power and other inputs. The Government also bought the rice whereas the free market system requires the farmers to carry out all these activities on their own.

The collapse of the earlier rice marketing systems

Mr. Mutale said that during the time the Government was helping them, they did not include their own ideas in the programme. The farmers also did not have to learn marketing since the cooperatives were doing everything. They were not involved in transportation, storage and getting finance. When the free market was introduced, the farmers were expected to perform or pay for these services. The farmers were not able to pay. They reverted to using recycled seed, stopped using fertilisers, and practiced poor farming methods. This resulted in poor yields, less planted area, poor quality rice, worsening the problem of marketing. The low quality and lack of trade finance forced farmers to sell at very low prices.

Towards Revival

In 2007 SNV Zambia started to work with the farmers in the Chambeshi floodplains to promote production and marketing of rice. SNV organised the stakeholders. We worked with Ministry of Agriculture and Cooperatives (MACO), Agricultural Support Programme (ASP), Misamfu Research Station, Micro Bankers Trust, Cinci wa Babili Rural Development Project, Justice, Solidarity and Poverty Reduction Fund (JSPRF)-for Isoka and Mungwi, and the Zambia Chamber of Small Business Associations (ZCSMBA) to help the farmers produce and sell quality rice as in the past. Misamfu Research Station helped to improve the farming methods and Ministry of Agriculture provided extension services. A local private company, Indigenous Seed Company, provided quality seed for farmers to multiply.

The farmers work in 3 associations located in the districts of Chinsali, Mungwi and Isoka. SNV helped the associations to form savings and credit cooperatives (SACCOs) to create their own source of trade finance. Micro-Bankers Trust is training them on how to run the credit scheme as a village bank. The same village bank will then provide trade finance to allow the farmers to store their rice and delay selling while waiting for the prices to rise. This is called the Warehousing Receipting System and SNV has trained key people in the farmers associations to lead their groups in implementation. Isoka District Farmer's Association and Chambeshi Rice Growers Association already have the warehouses to use. Chinsali District Business Association will construct their warehouse when they mobilise funding from institutions they have approached. In 2010 the warehouse receipting system will start to be implemented in Isoka and Mungwi.

Local millers are the main market for the expected higher yields. SNV is helping Chambeshi Rice Mill through a technically competent local capacity builder (LCB) to obtain bar coding required in the big national supermarkets. Chambeshi Rice Mill is also grading and packaging rice in various sizes according to the demands of its different buyers. SNV has linked Chambeshi Rice Mill to Zambia Agribusiness Technical Assistance Centre (ZATAC) who are assessing the prospects for financing buying of the rice from farmers.

Chambeshi Rice Mill will then have more buyers for its rice and will be able access credit to buy the rice from farmers. While, at present, they are buying from Chambeshi Rice Growers Associations only, by 2010 they will be able to buy from the other two associations. There are also millers in other districts who will be similarly assisted.

ZATAC has also started working with farmers with intention to finance the warehouse receipting system in its initial stages.

*SNV Zambia has a national rice programme to promote production, incomes and employment in the sector. We use the value chain approach that involves facilitation at each stage from production to marketing. It is an SNV standard way of working to increase incomes and encourage wealth creation by small scale farmers. The ultimate goal is to contribute to the Millennium Development Goals (MDGs) that aim to increase the incomes of poor families to more than a dollar a day by 2015. SNV always works with groups of stakeholders in the sector.*

## OUTCOME

How far have we gone?

So far there are more than 2000 farmers, of whom 30% are women, who are being helped through their associations. 35 of them are growing seed to sell to other farmers. The farmers in Mungwi already have orders from Chambeshi Rice Mill. In the past, only local traders bought from them at ZMK 20,000 (U\$5.71) per 50 kg of paddy rice. Chambeshi Rice Mill buys at a price of up to ZMK 50,000 (U\$14.29) per 50kg of paddy depending on the quality. The farmers are now practicing better farming methods, cultivating more land and getting more for their rice than in the past. Association members have all pledged to grow not less than one hectare in 2008 in order to be above the break-even point even though some of them (about 10%) were already averaging seven hectares in 2007. At the national level more buyers have expressed interest in buying from the producers. This will help to expand the market. The total volume of rice produced in the flood plains is expected to increase from the present 3000 MT to 5000 MT by 2010.

## LESSONS LEARNED

Through their associations the farmers are able to solve their own problems. All the institutions that are working with SNV are helping the farmers to meet their goals. It is a programme that the farmers lead and which they want to see succeed. In the past, according to Mr. Mutale, Government and donors used to implement programmes without consulting them enough. The donors did not train them how to carry on after they left. There were also some functions like marketing which they could not perform. They could only negotiate at a lower level and failed to link to financiers and other service providers. The farmers now feel they are learning and will be able to continue after the organisations that are assisting them leave.

The future

The facilitation method adopted by SNV enabled the farmers to take an active role in business to business linkages arrangements with a seed supplier and millers. It has resulted in them realising their power in the chain. As Mr. Mutale indicated, they feel some degree of empowerment. The process of facilitating empowerment of farmers will continue with further strengthening of their organisations. The development of internal loan schemes and the Savings and Credit Cooperatives (SACCOs) will be further enhanced. SNV will design programmes, together with the farmer groups, that will strengthen the groups, promote multi-stakeholder platforms, provide market information, and promote entrepreneurship. There will be more participation of women and disadvantaged groups.

With SNV support, rice value chain facilitation has expanded to include producers, input suppliers, processors, extension service providers and financiers. For example, Indigenous Seed Company provides inputs to improve seed quality, Chambeshi Rice Mill is processing the rice and supermarkets in Lusaka are retailing the product. Zambia Agribusiness Technical Assistance Centre (ZATAC) has also started to work with both farmers and millers to ascertain their financial needs. The Ministry of Agriculture has pledged support for further development of appropriate varieties and monitoring the farmers' development with regards to food security and environment. More private companies will be encouraged to be part of the chain. In the end, it is the producers' and other chain players' duty to ensure that there is mutual benefit in working together to make business out of the rice growing, processing and marketing. This is, at once, an objective and a responsibility the stakeholders will continue to share as the links in the rice value chain are increasingly strengthened.