

LIVING THE DREAM: THE CHAMBESHI RICE FARMERS ASSOCIATION STORY

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CHALLENGE

Five boys are admiring a gadget by the roadside near the village headman's homestead on the edge of the marshlands near Chambeshi River in Mungwi. They seem to argue about how it should be made to work. In the end they all celebrate and declare that they have won. It is a cell phone. One of them, the son of a local rice farmer, phones and excitedly starts to speak to the recipient. He tells the person that he is in the Chambeshi floodplains and the cell phone belongs to his father who bought it using proceeds from rice farming. Before he hangs up he tells the person that they can phone the family anytime on that number. His uncle bought a solar panel from rice proceeds and there is no problem with charging the phone, he declares.

This case is a continuation of the 2008 story entitled, *Getting back to our feet- The story of rice farming in the Chambeshi Flood Plains*. The earlier case was about how farmers in 3 districts in of Mungwi, Chinsali and Isoka in the Chambeshi flood plains of Northern Province, Zambia had worked with SNV and other stakeholders to improve rice productivity, organise access to markets and used the value chain approach to improve their incomes and offer employment to other community members. One of the biggest challenges was that the marketing system had long been dysfunctional and re-organising at provincial scale was a huge challenge. Although this has now started with the formation of district fora in 3 districts as well as a provincial rice forum, this story focuses on the progress made by one client, Chambeshi Rice Farmers Association in Mungwi District. The strategy adopted with this client is being replicated in 2 other districts, Chinsali and Isoka which are in the early stages of implementation. Mpika District will be added in 2010.

CLIENTS

Work with the client started in 2007, through contracting with Cinci wa Babili, a local NGO operating in the area. SNV contracted Cinci as a client and Local Capacity Builder to provide services to rice farmers and assist them to form an association. The association of more than 400 members is in an area with a capacity to recruit and provide services to 2000 members 30% of whom are women. Chambeshi Rice Farmers Association is now an SNV client and a registered farmer association in the District.

It is still expanding its membership base and is now in the process of registering Savings and Credit Cooperatives (SACCOs) to support its farming and marketing activities. The SACCOs have so far raised USD2000 to begin their lending operations. The progress made has attracted a funding partner ZATAC (USADF funds) who has partnered with SNV to strengthen the association's capacity to render services to its members.

METHOD / SNV INTERVENTION

The Dream

The association's dream is captured in their vision which is to *"To empower rice farmers in the district to operate as profitable businesses by providing them with business development services"*. In the pursuit of this dream the association has managed to provide its members the following services; input provision, access to market through contract farming arrangements, bulking and storage services and access to finance via savings and credit cooperatives. SNV has been providing capacity development support aimed at empowering the association to deliver these business services.

Seed Contract Farming

Having had difficulties keeping the seed contracting farming going with Indigenous Seed Company because of the company's non-compliance to Government regulations, the farmers informally continued to purify and multiply the seed which the company did not buy from them in the end. The seed is now the property of the farmers but, although purer than other recycled seed, it has no government certification. A total of 33kgs of pure Supa rice seed at grade 2 was produced last year.

Selling contract with processor Frontier Grinding and Packaging

In 2008 SNV contracted a processor Frontier Grinding and Packaging Limited of Kasama in order to create a formal trade relationship with farmers. Frontier Grinding and Packaging was keen to enter into a formal buyer agreement with the Chambeshi Rice Farmers Association offering them a forward contract at a fixed



price. Frontier's capacity needs included access to high value formal retail market(s) for its milled and packaged Kasama rice, trade finance, investment finance to increase its rice milling capacity and to improve its Brand quality. SNV linked Frontier Grinding and Packaging to Zambia Agricultural Technical Assistance Company Limited (ZATAC) who in turn arranged the required financing for

Frontier from Woord en Daad of the Netherlands. Before Harvest in 2009 Frontier signed a memorandum of understanding (MoU) with Chambeshi Rice Farmers Association to purchase 250 MT of paddy at ZMK 50,000 (USD 10.00) per 50 kg bag. This was a 100% price improvement since early in the season farmers normally sell paddy rice between USD 4.00 and USD 5.00 per 50 kg bag to traders. In preparation for the purchase, Frontier distributed 5,000 grain bags and arranged collection of the grain. This formal contract is currently under implementation. Traders are the main competitors to the Frontier-Chambeshi purchase arrangement as they are offering better prices to the farmers in the wake of the global food crisis and attendant huge price increases for rice. Thus, this arrangement has resulted in not only improving the bargaining and negotiation capacity of framers but also increasing the prices offered to rice farmers by attracting more buyers in the market.

Warehouse Receipting System

SNV arranged various training sessions and assessments of viable warehouses to equip the client to implement the Warehouse Receipt Scheme. This new knowledge was disseminated and shared with the support of the SNV-IFAD partnership on Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa (SCAPEMA). In the absence of viable warehouses in the location, the client embarked on introducing a bulking system that does not preclude the exchange of receipt(s) as legal tender. The logic of the bulking system is to simply stock the paddy rice until it fetches better prices in the market. This scheme is running parallel to the Frontier purchasing agreement that affords farmers better prices. The financing has been secured though ZATAC. Besides getting better prices for farmers, the profit made by the association will be used to sustain the association in the absence of funding partners. The present funding is a grant that will be available for two years. The funds generated through rice trading, together with the funds raised through the savings cooperatives, will continue to provide resources for running the association.

Savings and Credit Cooperatives (SACCOs)

The cooperative movement has suffered major credibility problems since the introduction of market reforms in Zambia in the early 1990's. Besides being largely construed as dysfunctional, they have also acquired notoriety for being used as stepping stones by politicians. SNV worked with the Ministry of Agriculture and Cooperatives (MACO) to assist the farmers to establish savings cooperatives. Although 5 were formed at the beginning of 2008, they have not

been registered due to arduous assessment from MACO that is necessary to ensure some degree of success. However, they have been encouraged to start savings pending registration and, to date, USD 2,000 has been accumulated amongst the 5 cooperatives under the Chambeshi Rice Farmers Association.

OUTCOME

It has been challenging for the farmers to adhere to standard agronomic practices that will increase rice productivity and improve product quality. Farmers cite lack of manpower, draught power and implements as some of the challenges. Although SNV has observed a slow rate of adaptation to change by the farmers productivity has increased from 0.9 tons/hectare to 2 tons per hectare. The clearest gain for the farmers is the higher prices the farmers are getting for their recent crop. The selling contract with Frontier and the operation of the bulking centre has resulted in a more than 100% improvement in prices between 2009 selling season and the previous year. The partnership with ZATAC has enabled the farmers to run their Association by employing management and accounting professionals. Furthermore, they have built their own facilities and are now raising resources through profits gained from rice trading and savings mobilized through the SACCOS.

IMPACT

Towards self-sustenance

What is unique about Chambeshi Rice Farmers Association is their sheer will to succeed. The message they always convey is that they live in an underdeveloped area with enough resources to allow them to transform their lives if they are able to exploit the opportunities that exist. Through their association they have chosen to spearhead development with support from SNV's capacity development services and brokering. Their dream spans beyond just making money from rice farming but also taking part in the socio-economic transformation of their community.

The dream goes on with inclusion of social services

As a demonstration for their desire to promote social development in their area, some farmers from the association volunteered to donate part of their proceeds toward school furniture for a local school, Mumba Basic School that has no desks. They also have clauses related to embracing those living with HIV/AIDs, Women leadership and orphan care in their constitution. The realization of such big dreams needs stakeholder support and SNV has specific targets agreed with the association in this respect. By the close of the current MoU at the end of 2010, outreach is targeted at 2000 farmers' membership, 500 MT tones formally traded and producer prices always above cost and market competitive. Productivity is targeted at a minimum of 3 MT per hectare per farmer. The association chairman constantly motivates the membership with the statement "Everything is possible".

LESSONS LEARNED

Challenges

There are serious attitudinal and governance challenges when working with rural groups. First, they have long held expectations of receiving donations. They seem to prefer organisations that come and donate something to them rather than work with those that aim to empower them to achieve their own objectives. In the case of Chambeshi Rice Farmers Association, SNV worked hard in the early stages to communicate the message of 'self-empowerment', emphasizing the importance of "good governance" and dispelling the notion of personal interests from the programme. The leadership of the Association has gradually become self driven and highly committed. The ownership of the whole programme has been driven by the desire to be self-sufficient as a means of reducing dependency on other stakeholders.

The second challenge is the low levels of education amongst the members of the Chambeshi Rice Farmers Association who find it difficult to understand the intricacies of running warehouse receipting schemes, contract farming arrangements and general interaction with the business community on their own. SNV carefully tailored the delivery of the Value Chain development products and

services using simple tools to allow capacity to be absorbed. Local capacity builders (LCBs) also played a pivotal role in building capacity of the association. The chairman Mr. Bwalya Mutale always quips, "We cannot understand everything in a day but we will definitely get there".

The third challenge relates to both attitudes and poor funding of certain service providers, particularly government agencies. Farmers normally do not access the level of services required for them to develop because the agencies such as research and extension services plead "lack of funds" which prevents them from fulfilling their mandate. SNV has now assisted the association to explore new extension models; for example training lead farmers to render extension support to their colleagues. These have been identified as local accountability issues and the farmers are lobbying the relevant authorities for improved access to better quality services.

Although SNV's capacity building is pivotal in the success of this programme, the farmers dream and high levels of ownership have propelled the realization of outcomes. It is imperative for any value chain development interventions to ensure private sector leadership. The desire by the farmers to grow and do things on their own and their desire to change their own lives has been a major driver. Planning on the part of SNV is crucial. The inclusion of national stakeholders through the facilitation of Multi-Stakeholder Platforms has ensured buy-in and maximized cooperation from government agencies and cooperating partners such as ZATAC. Proper application of SNV products is also important in ensuring success.

Mr. Musika Chitambi the National Rice Coordinator at Zambia Agricultural Research Institute has observed the changes in Chambeshi rice farming area and summarized his views by saying, "Although it is not easy to get the farmers to consistently weed their fields they have begun to apply fertilizer and harvest the rice at the right time reducing post harvest loss, the experience in Chambeshi is a motivation and in future we will use it as a model for other farmers in the country".