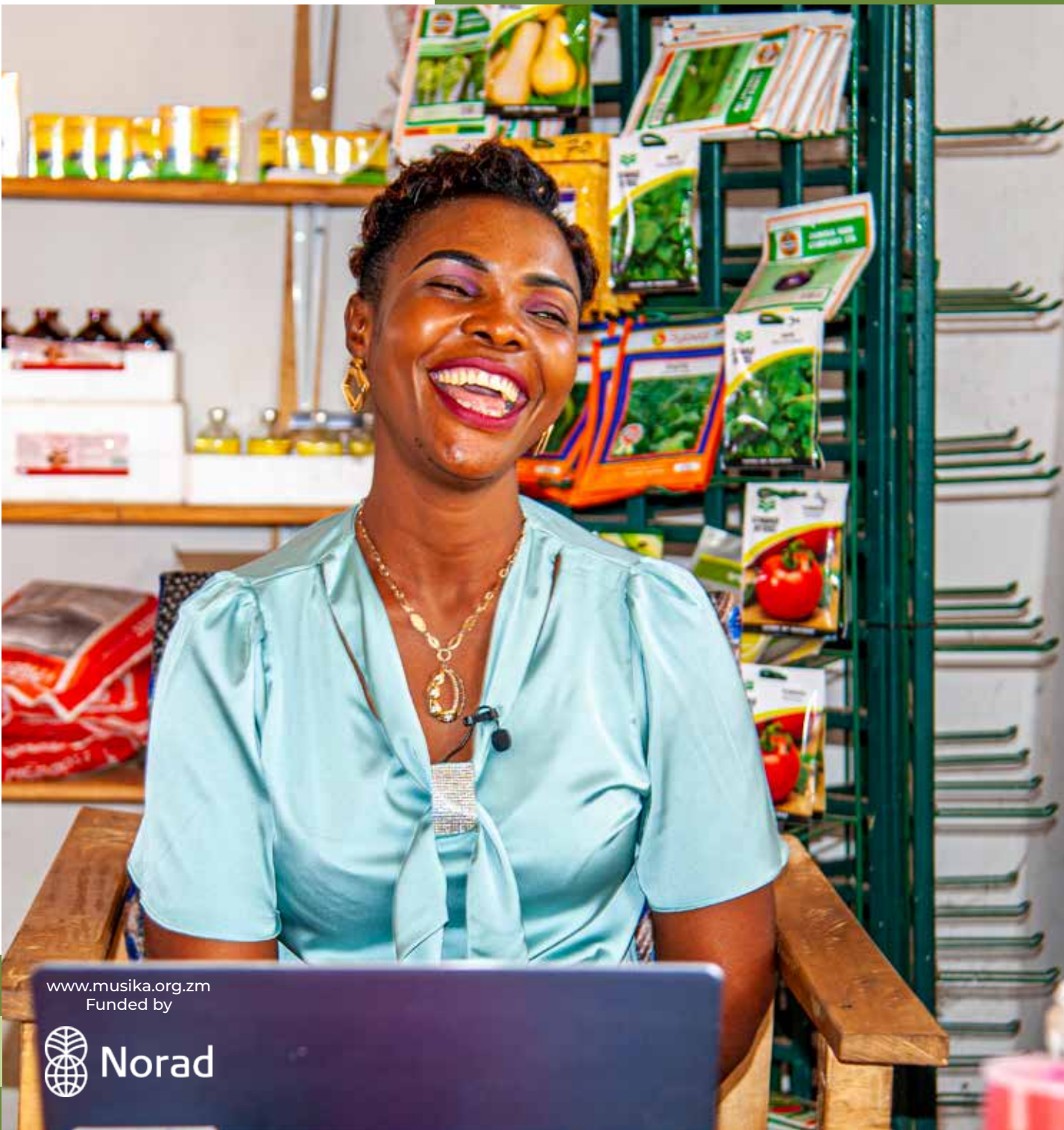


AGRIBUSINESS ACCELERATE INITIATIVE

MUSIKA

www.musika.org.zm

Growing the agro-value chain through sustainable
capacity building in Zambia and Malawi



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Norad

A man in a blue long-sleeved shirt and dark trousers is crouching in a field, working with the soil. The field is filled with tall green grass and several large-leafed cabbages in the foreground. The background shows more trees and foliage under a bright sky.

***“Growing the
agro-value chain through
sustainable capacity
building in Zambia and
Malawi”***



MUSIKA

Musika is a Zambian non-profit company that stimulates and supports private sector investment in the smallholder market.

VISION

Our vision is a dynamic Zambian agricultural market that works for all stakeholders and in particular the rural poor

MISSION

To provide world class business development services to Zambia's agricultural markets to deepen and broaden the impact of economic growth to all levels of rural society.

STRATEGIC GOAL

Musika aims to reduce rural poverty through integrating farming households in well-functioning agricultural markets.

Musika is owned and managed by Zambians, developing home-grown solutions for the Zambian market.

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AGRIBUSINESS ACCELERATE INITIATIVE

GROWING THE AGRO-VALUE CHAIN THROUGH SUSTAINABLE CAPACITY BUILDING IN ZAMBIA AND MALAWI

Musika is a Zambian non-profit company with a mandate to stimulate and support private sector investment in the Zambian agricultural and rural markets with a specific focus on the lower end of these markets. The organisation works primarily with those corporate entities in the agricultural industry that are committed

to engaging the rural poor as their clients, suppliers and consumers.

Zambia's land mass is about 752,000 Km² of which 58 percent (42 million hectares) is listed as having medium to high potential for agricultural production.

However, only 15 percent of this land is currently being farmed - a situation exacerbated by

the fact that most of this land lies in rural areas where small-scale subsistence farming is preferred over commercial agriculture.

However, the absence of a commercial mindset among rural farmers has had a debilitating impact on the growth of the wider agricultural sector while also keeping small-holder farmers



in a perpetual cycle of low productivity, poor nutrition and poverty.

As part of its 'last mile' initiative, Musika seeks to help build the capacity of small holder farmers in far-flung areas to deliver commercial-grade outputs thus transforming their primarily subsistence ventures into viable enterprises. This is achieved by engaging emerging agri-business service providers to train and avail quality inputs to the said farmers – hence the introduction of Musika's revolutionary Agri-business Accelerate Initiative (AAI) project.



Ederby Mweendo





Reuben Banda



THE ROOT OF THE PROBLEM

Some of the key obstacles facing small-holder farmers include, lack of access to markets, lack of business management skills, unfamiliarity with modern farming methods as well as limited access to finance.

Small-scale agri-business dealers operating on the local value-chain have an important role to play in the growth of Zambia's agricultural sector by acting as 'agents' who provide business linkages between primary firms and small-scale farmers living in remote areas.

Large agri-businesses have cost structures which prevent them from taking their products and services beyond a certain point and therefore engage SMEs (Agrodealers) to reach the farmers' doorstep. This is done through a 'last mile' distribution model where the main distributors - the primary firms - offload their products and use the SME's as their interface (agents) into the community.

However, for this model to work, the SMEs need to possess the technical know-how needed to mobilise

farmers and provide extension services aimed at promoting the usage of products and services provided by the input suppliers.

Unfortunately, this forms part of the biggest challenge affecting the performance of small-scale agri-service providers in that there exists a prevalence of limited know-how on basic business fundamentals like record keeping, customer engagement, and general business acumen among proprietors of the said SMEs.



Thomas Lendzian

“

Most agribusiness firms operating on Zambia's agro-value chain lack viable strategies to run their businesses effectively. Further studies have also revealed that they also lack the capacity to aggregate and cultivate the much-needed information about their industry that would play a role in helping them form mutually beneficial relationships with their customers - the smallholder farmers,” said Musika Managing Director, Reuben Banda.

The poor relationship between agro-dealers and small-holder farmers makes it hard for budding dealers to conduct business which retards their turnover and thereby making them unfavourable prospects for financial institutions, commercial farmers as well as large-scale agro-input suppliers that would help manage their economies of scale.

“

There is a strong misconception that finances are only handled by accountants and entrepreneurs do not realise the importance of learning how to manage this key component of their business. As a result, business growth is hindered because there is dependency on external funding rather than internal growth potential,” Tukumuka Consulting Managing Director Thomas Lendzian.

Tukumuka provides Business Development Services (BDS) to SMEs including training and coaching services. Typical engagements include financial control, customer and market specific strategies, operational efficiency, and team-building.

ACCELERATED INTERVENTION

In 2018, Musika launched the Agribusiness Accelerate Initiative (AAI). The project was developed to not only help SMEs overcome prevailing challenges in the local agro-sector but also equip value chain players with the business acumen they needed to facilitate

sustainable growth in their undertakings with the benefits eventually spilling over into the wider industry.

The programme - funded by the Norwegian Agency for Development Cooperation



(Norad) - enabled Musika to develop a strong capacity-building platform to transform small-scale agribusinesses, including those in rural areas, into self-sufficient players on the local agricultural value chain.



The AAI programme also seeks to strengthen the partnership between local agribusinesses and SMEs to help the latter gain knowledge on the adoption of viable business strategies.



However, the main purpose of the revolutionary project was to enable small-scale farmers graduate out of poverty by identifying and exploiting viable market linkages for their products.

To measure the effectiveness of the training, the SMEs were classified under three categories: bronze, silver and gold. A participant that achieved a milestone would graduate to a higher category, moving from bronze then silver and finally gold.



FRUITFUL PARTNERSHIPS

737 SMEs across 48 districts in the country were selected to participate in the training from a needs assessment study carried out by Musika. 18 training centres were then established across Zambia's 10 provinces with lessons carried out twice a month. The programme provided a platform for government

agencies, private sector companies and industry experts to equip participating SMEs with knowledge on how they could improve their operations and promote compliance with business laws and regulations. Some notable government agencies that partnered with Musika on the programme

were the Patents and Companies Registration Agency (PACRA), Zambia Medicines Regulatory Authority (ZAMRA), Drug Enforcement Commission (DEC), the Zambia Development Agency (ZDA) and the Zambia Revenue Authority (ZRA), among others.



ALBERT HALWAMPA

“

We partnered with Musika to make sure we accelerate these SMEs for them to not only supply local markets but regional and international markets too,”
stated ZDA Acting Director General Albert Halwampa.

During the initial phase of the programme, a generic model of training was adopted with all the SMEs being taught on topics such as book keeping, financial management and capacity building. This is later complemented with one-on-one training and coaching programmes to meet the specific needs of the SMEs. While Musika supported the engagement of BDS providers, the SMEs demonstrated the importance of the training programmes by meeting their own transport costs and lodging, as part of their cost-share.



CAPACITY BUILDING AND VALUE ADDITION

“

My business only started experiencing real growth after I graduated from the AAI training programme by Musika. The things I learnt in business management, book keeping, and capacity building for my clients who are mainly comprised of rural farmers has made all the difference. We were also empowered with a motorbike by Musika for our extension officer to use to reach farmers in distant areas. For example, if there is a disease somewhere,

he can quickly rush to that location to give a diagnosis and prescribe treatment.

Aside from growing my business, the AAI programme helped me develop strategies that help local farmers improve their production capacity thus maximising returns from their produce,”

- Edison Ngwira, proprietor of Garden Variety Ltd, a renowned agro-dealer in Western Province's Kaoma District.



Edison Ngwira

“

I started with 21 chickens and now I have over 130 thanks to the knowledge I received from Garden Variety and I can now send my kids to school. The benefits I have received are innumerable because even the chicken droppings are used to fertilise our vegetable garden which helps us save on the cost of buying chemical fertiliser”

- Kaoma poultry farmer Alick Kang'ombe trained by Garden Variety Ltd.



Alick Kang'ombe



"We faced challenges in communicating with farmers because most were not conversant with devices such as mobile phones. Further, our working capital was low because we did not have enough money to run the business.

We still managed to overcome these barriers thanks to the AAI programme which helped us access enough funds to expand our business." Ederby Mweendo Manager at Monze-based Cassia Agro Dealership Ltd.

Capacity Building and
Value Addition



Justina Opit, CEO Omega Foods Ltd. Tending to the packaging mill

FINANCIAL MANAGEMENT AND RECORD KEEPING

One of the project's key success areas was the introduction of improved financial management and record keeping techniques to participating SMEs which played a role in helping them meet the criteria required to

access finance from commercial banks. Following the training, Omega Foods Limited was able to put their finances in order and acquire funding of about US\$156,000 to expand their production capacity.



Musika communication officer Gift Chanda during consultative meeting with Christine Phiri - AAI alumni



“

We had not planned for the growth of our business and had no capital put aside. We could not get loans from the banks due to our poor record keeping and they said that we were a high risk business so they could not trust us. But after the AAI training, we reorganised and got our books audited and eventually we were able to get a US\$28,000 loan through a World Bank Market Connect project which helped us purchase new equipment for the business. The AAI project has given organisations like banks and microfinance institutions confidence in us because of the business acumen we are being equipped with which enables us to have proper record keeping, ”

- Justina Opit, Founder and CEO Omega Foods Ltd.

MAJOR SUCCESSES



One of the key successes of the AAI programme is improved market access for Small-scale agri-business dealers and small-holder farmers.

“

Small-scale farmers are now accessing services at their doorstep because these SMEs, who act as agents, visit communities to understand the challenges they face and then interface with agribusinesses,

”

- Musika Director, Mr Reuben Banda.



Due to the strengthened relationships between SMEs, the community, and large agri businesses (input suppliers), there is evidence to show that the private sector has now started planning for the smallholder market as opposed to only targeting commercial farmers as was the case previously.

Another major benefit of the AAI training was the full-on training the SMEs received from various regulators engaged during the programme.

“

Musika brought tax payers into one place where ZRA is able to discuss matters relating to tax, giving them advice and guidance. The empowerment they receive enlightens them and also gives them capacity to comply with obligations of taxation,”

ZRA Assistant Director – Design, Monitoring and International Relations Clement Samboko.

“

My introduction to the AAI programme opened my eyes to the importance of registering my business as a commercial entity and paying my annual returns to avoid unnecessary legal troubles with the Patents and Companies Registration Agency (PACRA).”

- Christine Daka, founder and Managing Director of one of Petauke's largest agro-dealers, One Sister Limited.



DC Agro employee processing sunflower seed into cooking oil livestock feed

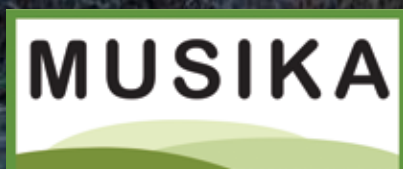


CONTACT US

+260 211 253 989,
+260 211 250 355
(Fax) +260 211 255 502
6, Tukuluho Road, Long Acres
Post Net No. 481, Private Bag
E891
Lusaka, Zambia.

www.musika.org.zm

Facebook.com/musika



www.musika.org.zm

