



Zambia National Farmers Union

**INVESTMENT OPPORTUNITY IN ZAMBIA'S  
AGRICULTURE SECTOR**

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## **1.0: Brief Sector Profile**

Zambia's agricultural sector has maintained its positive growth averaging 12% in the past four years at constant 1994 prices. The contribution of Agriculture, Forestry and Fishing to the national GDP in 2013 was estimated at 20% percent, employing over 80% of the total workforce in the country. Out of 75 Million hectares land size of Zambia, 43 Million hectares (58%) classified as medium to high potential for agricultural production. So far only 6.02 million (14%) Agricultural land is currently utilized.

Of the estimated 14.1 Million total populations, the country has over 1.1million agricultural households. 75 percent of the farming households are classified as small holder farmers cultivating between 0ha to 5ha, 17percent are classified as emergent farmers cultivating between 5ha to 20 ha while 8percent of farmers are classified as commercial farmers cultivating above 20ha. The country has three ecological regions which supports different crops and receives different levels of rainfall per year. Region 1 receives less than 800mm per annum, region II: 800 to 1,000mm per annum while region III: more than 1,000mm per annum. On the basis of rainfall, over three quarters of the country falls under favorable rainfall of 800mm and above.

## **2.0: Investment Opportunities**

The growing Zambian economy presents a huge landscape for investment in agriculture sector, across the value chain. The Zambian population is growing and market expanding, however, the current production cannot much the growing demand. Hence, further investment both in primary production, subsequent value chains and other auxiliary services becomes paramount at this stage. Government through different national policies such as the national agriculture policy, the revised sixth national development plan, the vision 2030 among others has recognized the agriculture sector as the anchor of economic growth. Hence efforts are being made to attract investment in the sector.

### **2.1: Potential Investment in Irrigation**

Zambia's agriculture sector although growing at a fast rate is still very vulnerable to whether pattern changes as it is still very much dependant on rain fall. A scenario that leaves the production sustainability in limbo. Hence investment is required mostly in irrigation to tap the potential that exists in the country and help cushion the sector from the vugaries of whether changes. Zambia has currently over 40% of southern african fresh water with an irrigation potential estimated to be 2.75Million ha based on water availability and soil irrigability.

From this potential it is believed that 523,000ha can be economically developed. However only 340,000 ha of land is irrigated in Zambia, which is about 65 percent of the economical irrigation potential leaving a total of 183,000ha yet to be developed. Of the 340,000 ha, commercial irrigation takes up slightly above 70,000 ha while emergent and small-scale takes up about 270,000 ha.

Further, it is important to note that the government of the Republic of Zambia together with the World Bank is implementing a US\$115 million irrigation development and support project (IDSP) targeting small-scale and emergent farmers. The IDSP project will involve the provision of bulk water infrastructure through construction of dams, establishment of canals and irrigation schemes. There is different irrigation equipment which will be required depending on the market clientale. These range from the low cost water lifting devices such as tredle pumps mostly used by all the categories of farmers, motorised water lifting pumps propelled by diesel and petrol tend to be used by the medium scale farmers, electric water pumping system which are suitable for commercial farmers with access to electricity and boreholes. Valley centre pivots are becoming popular amongst the commercial and emergent farmers. Others includes overhead irrigation(sprinklers), drip irrigation system and micro jet irrigation system.

## **2.2: Potential in Crop Sub-Sector**

### **2.2.1: Wheat**

The country has attained self sufficiency in wheat production and the only country in southern Africa which is self sufficient. The production growth over the past few years is as follows; 2010/11 production was 172,000Mt, 2011/12 production was 237,000mt and 2012/13 production was 266,000mt. The above production figures are against the national wheat consumption of 233,000mt. It is paramount to indicate here that although the country has reached self sufficiency in production, the country cannot meet the regional demand. Further investment are needed in both production and value addition to take advantage of the regional market provided under common market for eastern and southern Africa (COMESA) as well as the southern African development community (SADC).

### **2.2.2: Soyabeans**

The country has attained self sufficiency in soyabeans production and the crushing capacity has almost doubled and is able to satisfy the local demand for soya cake. The production figures in recent past are as follows; 2010/11 production was 119,000Mt, 2011/2012 production was 116,000Mt while 2012/13 production was about 203,000Mt. This is against soyabeans national consumption of 136,000Mt. Whilst the country is self sufficient in soya cake production, there is a still gap that needs to be filled with regard to edible oil production estimated at 120,000Metric tonnes as national requirement of which 70% is imported. This can be filled in by further investment in both primary soyabeans and sunflower production and crushing and refining capacities.

### **2.2.3: Maize**

Zambia's crop production is biased towards maize, the country's staple food, which prior to the early 1990s accounted for more than 60% of total agricultural production. The country has continued to record bumper harvests in maize production for the past three years now. Up until now value addition to maize has been limited to milling for human consumption, stock feed and brewing. Therefore, there are still many multiple uses that could be explored and American technologies in this area would be welcomed. Also important to note is that the maize subsector is faced with market and storage challenges which present an opportunity for private sector investments in offering storage solutions. The current statistics indicate that Zambia has an estimated storage capacity of slightly above 1,450,000 Mt of which 990,000Mt is under government whilst the private sector has a total of 550,000Mt. Total crop production has been increasing in the recent past as indicated above which requires an estimated added capacity of 1 million storage capacity. Common storage facilities available in the country include the galvanised silos and concrete made storage silos among others.

**2.2.4: Sugar:** Zambia is a leading producer of sugar in the region, with huge export markets in the European Union (EU). Zambia Sugar Plc is the dominant firm in sugar production and commands more than 60% of the Zambian market. The sugar subsector has of late seen new entrants in the market due to the increased demand for sugar and sugar products such as molasses for livestock. There are still opportunities for growth in the sector especially with vast availability of water in the country. The regional demand for sugar and European Union sugar quota for Zambian sugar remains open

## **2.3: Potential in Livestock Sub-Sector**

### **2.3.1: Poultry Industry**

The sector has registered tremendous growth in the past ten years and created over 80,000 jobs along the value chain. This is a major factor behind the growth of the soyabeans and stock feed industries in the country. The increase in income of a majority of the Zambian has contributed to the increase in poultry meat demand.

Consequently, there is investment potential in hatcheries and subsequent poultry product value addition given the existing huge regional export potential.

### **2.3.2: Dairy Industry**

Dairy is one of the key sub-sectors which has posted steady and tremendous growth in the recent past. Government and international donor support in the dairy subsector has tremendously been improving in the recent past. Potential for investment are open in the provision of good quality milk breeding stocks, cheap and affordable stock feed, market linkages through the milk collecting centres, provision of veterinary services and drugs among others. It is estimated that over 40% of the milk produced in the country does not pass through the formal market and yet consumption of milk is rising in the country.

### **2.3.3: Beef Industry**

The sector's potential to diversify the economy cannot be over emphasized, however headcount of animal still remains low compared to most neighboring countries. Like the dairy industry, the beef sector requires further investment in breeding stock that will enhance the productivity. Further investments are also open in subsequent value addition to target both the domestic and regional markets. There are interventions underway which can facilitate private sector investment such as the US\$50million World Bank loan aimed at improving cattle health and production in Zambia and the IFAD-funded Smallholder Agribusiness Promotion Programme (SAP) among others.

## **3.1: Investment In Value Addition Processing Equipment And Machinery**

The future of agriculture primary production is dependant largely on the subsequent development of upstream sectors in value addition. For quite some time now, Zambia agriculture exports have concentrated more on primary products with a few processed foods. There has been a tremendous increase in crop production over the years and this requires an opportunity for further investments in upstream value addition. There is a huge untapped export markets in the region and beyond and this creates a great potential for expanding production as the current levels of production are deficient to meet national requirements except for the production of maize, soyabeans and wheat where the country has registered surplus production.

## **3.2: The 2014 ZNFU Agritech Expo**

Zambia is significantly undercapitalised with extremely low levels of mechanisation. Opportunities are available in the production and supply of farm machinery and processing equipment e.g. ploughs planters, combine harvesters, tractors, hatcheries for poultry production, generators and irrigation equipment. There are also opportunities for partnerships/joint ventures with local agro-companies who require capital while offering comfort to foreign investors entering new markets. Further opportunities are also available in logistics and storage facilities more especially for grains, cold chain storage facilities for fruit and vegetable storage and meat processing.

It is paramount to indicate that farmers like any other business entities want to be associated with new technology to enhance their competitiveness in globalised markets. Technology exhibition allows the wider range of key players in the agriculture sector to keep abreast with latest technology developments which can add value to their operations. Further it also allows the manufactures to show case their products. In an effort to create a better platform for agriculture technology exhibitions, ZNFU is launching its first ever Agric-Tech Expo this year in April of 2014. The main object of the Agritech expo is to expose farmers to different farming technologies from different manufacturers worldwide on one site. Further potential equipment suppliers will be able to take advantage and partner with seed supplier to exhibit their equipment at field days which are organized across different parts of the country. This technology expo will bring together agriculture technology from different part of the world and this is an opportunity for the Americans to come and make Zambia the springboard in showcasing the agriculture technology available.