

ZAMBIA COUNTRY PROGRAMME EVALUATION

Promoting private-sector partnerships in Zambia

IFAD's support for Zambia focuses on increasing the productivity of smallholder farmers. The Fund invests in promoting access to markets, strengthening value chains and in improvements to rural infrastructure, in particular as rural roads. Other components include livestock development and animal disease control, forest management and rural financial services. These activities are all open to private-sector participation, but they are currently implemented largely through Government systems, with limited private-sector inputs.

Dominant role of Government in service provision

Most of the population of Zambia live and work in rural areas, predominantly as smallholder farmers and livestock herders. The agriculture sector includes: 1.1 million smallholder farmers with an average 1.5 ha of land and limited access to technology; circa 50,000 emergent farmers with 5 to 20 ha of land who use machinery, purchase inputs and hire labour; 1,500 large-scale commercial farmers; and a few large corporate operations. But although most agricultural actors are private, service provision is dominated by the Government – with poor results, especially in extension services. In view of the constraints affecting government resources and capacities, other options must be explored. Under the Comprehensive Africa Agriculture Development Programme (CAADP), the Government of the Republic of Zambia is committed to reforming agricultural marketing, credit and the distribution of fertilizer, and to expanding the role of the private sector.

Advantages of private-sector partnership

In Zambia, partnerships with private sector companies and trade associations are a recent development, as many private-sector operators are showing genuine interest in working with

small farmers. The number of agribusinesses is growing steadily, offering new opportunities. More smallholder farmers are starting to operate at higher levels in the value chains and joining organizations for out-growing, processing and trading. Moreover, the range of intermediaries servicing the sector – millers and out-growers, for example, and general service providers – has a number of advantages.

Private-sector entities can provide decision-making advice specific to an area or farm, which is more effective than the generalized advice available from public sources. They can also address funding shortfalls, which have been a problem for the public sector in the past. Economic and administrative changes in the 1990s led to government cuts and a crisis in the national agricultural extension and support system. Local NGOs tried to fill the gap but their effectiveness was constrained by limited resources – whereas the private sector, which works through the market system, is able to initiate cost-recovery approaches.

The Government can influence the information and advice provided by private organizations without directly funding it, but the advantages of private-sector involvement in these circumstances include: i) efficiencies achieved through competition and reduced public funding, leading to significant cost reductions; ii) flexibility through a choice of service providers; and iii) accountability through insistence on the use of transparent criteria.



Caiton Chiluli, member of the Chabota Group in Monze District, Southern region of Zambia. The group is supported by the IFAD-funded project Smallholder Agribusiness Promotion Programme in entrepreneurship, rearing of improved goat breeds and small-livestock marketing.

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Key issues related to private-sector participation

Private-sector participation in providing services for smallholder farmers also has some disadvantages.

The multiplicity of service providers could cause confusion and fragmentation because farmers may not know who to turn to for advice and information. Duplication and competition among providers and different levels of service in different areas could also be problems. The regulatory powers of the public sector may need to be augmented to deal with these issues.

Ensuring an adequate enabling environment for public-private partnerships is essential. In Zambia, the lack of clarity on the part of Government with respect to the policy approach to private sector engagement in the agricultural sector remains an issue. Government's policy on private-sector participation must accordingly be transparent and well defined.

Conflicts of interests may also arise, for example where a service provider is delivering advice on a commercial basis and at the same time fulfilling a public-interest role. Again, an improved regulatory framework will minimize such conflicts of interest.

Conclusions

The move to stronger partnership with private sector, including commercialization of public services in agriculture, demand-driven processes and the search for locally adapted solutions requires a considerable shift of mind-set and a wider range of knowledge and skills. The private sector can provide support in these areas, but may need to invest in training and re-orientation. Extension systems do not need to be uniform: they require different providers for different clients, with public providers and funding focused on small-scale farmers. The public sector may need to provide regulatory oversight of private-sector extension activities, particularly when public funding is involved.



Maleya pumps water from a well in the late hours of the afternoon in Simuchimbu village in southern Zambia.

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Further information:

Republic of Zambia, Country Programme Evaluation, Report No. 3551-ZM, October 2014, ISBN 978-92-9072-534-3, Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The full report, Profile and Insights are available online at: www.ifad.org/evaluation; email: evaluation@ifad.org.