

### Talking Business with Chibamba Kanyama 245

Someone says and I quote, 'Agriculture is not for poor people, not for uneducated people, it is for the new generation educated people, with interests in villages, rural areas and in exploiting the full potential of the land resources, deploys new business techniques, to identify markets and produce things for which there is an assured market. Making money in agriculture is not a sin; making profits in agriculture should become our new mantra.'

It is generally believed that as long as human beings will continue to eat, food must be supplied. From growing the crop to delivering it, there is a business opportunity for discerning minds. The opportunities for agribusiness in Zambia are enormous.

Much more interesting, the opportunities for food go beyond Zambia's borders. Zambians are known to be suppliers of food into Europe. I once consumed baby-corn produced by York farm and supplied in ASDA, a supermarket in England.

It is also true that agriculture is associated with the poorest people in this country. Hundreds of thousands of men and women whose business is to grow crop and other livestock related products have failed to make money. While the opportunities remain open, especially now that land has been made available through commercialization, many Zambians still need to know how best to make the money in this industry.

The first opportunity in agriculture is that this sector is highly cherished by the government. Among the government's economic priority areas, agriculture tops the list. It is also a sector that carries with it natural politics and this perhaps determines why there are many winners and losers.

The involvement of government in agriculture is largely an opportunity for enterprise though it remains a curse and moral hazard for many. I have interviewed hundreds of entrepreneurs in the past decade and have found that the unhappiest businesspeople are farmers. They are always complaining.

Just as late as last week, the farmers openly welcomed the new Minister of Agriculture with some insinuating remarks that the previous one did little to revamp the sector. However, with all these challenges, agriculture remains a huge business opportunity for many.

**OPPORTUNITIES:** Whatever happens to Zambia, agriculture will be an attractive sector to invest money in. Most of the products we consume in shops are not produced locally. Some exotic products are produced by very few farmers.

In the past three weeks, I could not find broccoli or cauliflower in Spar Supermarkets. Not many people have noticed Zambians are moving towards healthy foods and vegetables. Realistically speaking, there are very few well informed farmers in Zambia. Most of us just go into the obvious and easy-to-grow products and ignore the juicy and profitable ones.

In developed economies, agriculture contributes about 20 percent of the Gross Domestic Product. We are just at about 13 percent, meaning that we still have to grow this sector. The opportunities for those with knowledge and passion are limitless. In 2010, the government is expected to commit a huge amount of money developing infrastructure associated with agriculture and agro markets.

I also have information that a number of industries in Zambia will this year seek to source raw materials required for industrial products locally. Zambian Breweries for example is now sourcing barley from Zambia; something that has never happened before. There are other related opportunities such as the production and supply of fertilizers, pesticides, agricultural implements and even technical consultancy.

The horticulture industry is in my opinion the greatest opportunity for those seeking to find value in agriculture. The local and international markets are presently demanding for constant supplies of fruits and vegetables, flowers, plantation crops, spices, aromatic and medicinal plants.

It has also emerged foreign investors are looking for huge chunks of land to grow most of these crops primarily for the export market. In any case, some important crops are presently under-invested. Medicinal plants are not grown commercially in Zambia and yet we now have so many outlets offering herbal medicines in the country. Most of these crops are imported from India and yet Zambia has the best climatic conditions to grow these plants.

I want you to venture into this area. Read several books (visit the Seventh Day Adventist bookshop). If you do not have substantial knowledge about these crops, we have local agricultural experts who can give you substantial orientation.

In the Northern Provinces, around the Serenje area, investors are growing plantation and palm trees to supply the oil processing industries. Surely, you can be that investor! If Zambians have successfully done it in commercial banana plantations, there is an opportunity to open land for other products that were initially not known in Zambia. Always remember that those who pioneer in a given product usually win.

There are further opportunities in the fisheries sector, animal husbandry and livestock and this may include the sericulture (rearing silk-worms for production of silk). All these products require little capital but a lot of expertise and attention. The trick with agriculture business is to have knowledge. Value is obtained by keeping costs low and yields very high.

When we engaged barley farmers last month about full scale farming, I realized from the discussion that the difference between winners and losers in agriculture is expertise. You can be a commercial farmer at your level so long you understand the crop and the conditions under which it gives maximum yields. Farming the village way (of just throwing the seed and expecting a harvest) will never reward you.

The real opportunity in agribusiness (according to my assessment) lies in food-processing. We need Zambians who can convert mango, watermelon, masuku and pineapple into canned products. The success of the agriculture business depends on the value-addition industry. As at now, Freshpikt limited and ZEOCO (producing oleoresin from paprika) are possibly the only known food-processing industries in Zambia (with the exception of ZAMBEEF). China and India have the best and affordable technology ideal for processing various food crops including fish and beef into canned products.

If you go into food-processing (we call agribusiness) simply as a hobby, you may easily give up because of its many challenges. Consumers are generally sensitive about the quality of products they buy and they may go for brand names such as Coo.

On the other hand, there are many successful small scale entrepreneurs who process food from their own homes. Some friends currently process sausages from their kitchen. Others make cheese, yogurt and marmalade. The best advice you can get about food-processing at small scale level is possibly from restaurant managers and food specialists. These have helped many introduce new food products to food distribution companies.

The secret is in packaging; not only in terms of quality but the cost. However, I should warn that you will not make the money in 2010 should you decide to venture into food-processing. The lead time takes much longer than growing the crop. It takes a lot of time to find the money (as banks may initially be apprehensive; they are apprehensive about the agricultural sector in general).

It also takes a bit longer to get the equipment in Zambia and installation may delay too. Worse still, canned or processed foods go with a brand. It takes substantial patience to market a brand. People do not only go for the name but for the taste. But this should not deter you from trying harder. The opportunity remains to be exploited.

**RISKS:** I need to emphasize that business is about taking risks. Every business is risky. What is important is to understand the nature of risks associated with agribusiness so that you do not lose out. The biggest risk in agriculture is government involvement. The taxes are not predictable. Government also gets involved in setting prices for certain crops. Maize for example has not been very profitable for many Zambians who have gone into it.

There is also the competition challenge. When Zambians hear of an opportunity in one product, they all cluster into it. We have in the past 15 years moved from various products, most of them abandoned. We had paprika to which everyone with a little energy and money went into. We changed to quails, bananas, soya, chicken and now jatropha.

We are not dealing fairly with the markets and this has remained a huge risk. In fact, agriculture everywhere generally swings from one end to the other as people seek for new prospects. As they abandon one product for the other, those that remain behind harvest good prices.

In 2010, we anticipate that agriculture will offer new opportunities for those that seek to make money. I was in Zimbabwe recently and the supplies of raw materials to feed industry are in short supply. Someone should supply Zimbabwean industry with a wide range of agricultural products.

The cash-based Democratic Republic of the Congo remains a huge market for Zambian farmers. There are crops that are out of the radar of government control in terms of export-bans. Additionally, certain crops will attract bank financing. Do your homework well and you should win.

In Zambia, we have incredible agricultural advisory services. Some of them are financed by USAID and government. If you seek to enter the agriculture sector as a farmer, supplier of agriculture inputs, chemicals and equipment or even processing, I suggest you visit the Zambia Development Agency, Ministry of Agriculture (Marketing), Zambia National Farmers Union or even the Zambia Agribusiness Technical Assistance Centre (Tel. 263512/37). Next week, we look at Trading.