

## **PART THREE – RETAINING THE MULTIPLIER EFFECTS IN RURAL AREAS**

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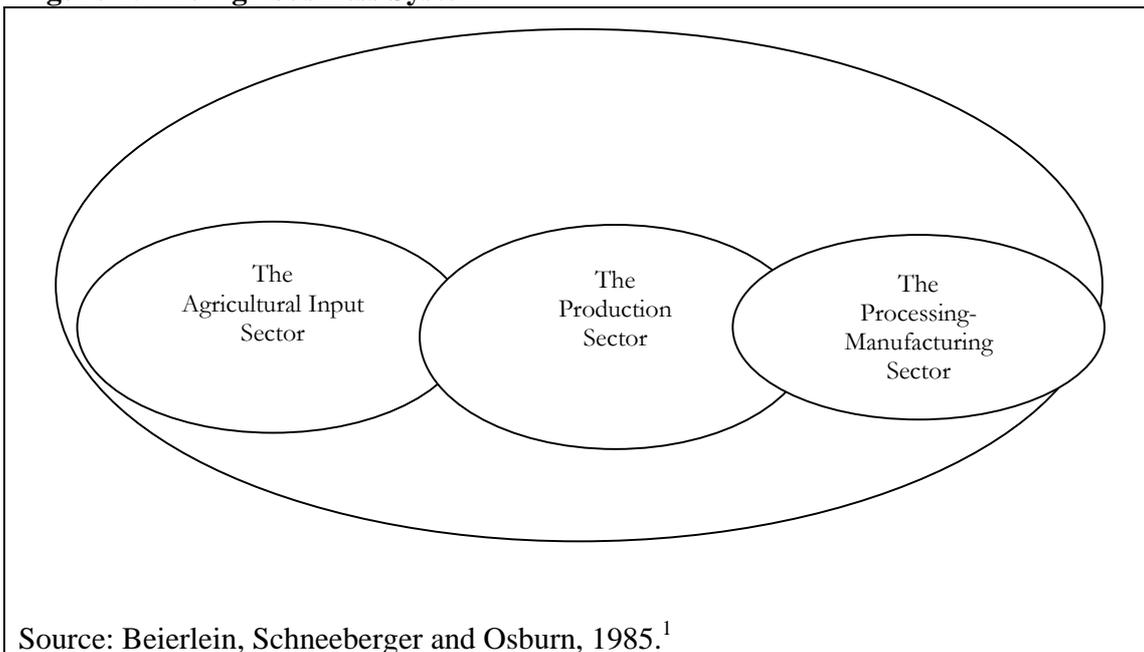
### **CHAPTER 8**

#### **Rural Entrepreneurs and Rural Industrialisation: Emerging Agribusinesses in Zimbabwe**

##### **Introduction**

The agribusiness system is composed of three sub-sectors that are interdependent with close forward and backward linkages (figure 1-1). The success of each of these sectors is heavily dependent on the performance of the other.

**Figure 1: The Agribusiness System**



Agribusiness is essential in linking producers and consumers and in adding value to raw production. Agribusiness plays an important role in economic development if it is structured so that it allows some of the multiplier effects of economic activity to be captivated in the rural areas.

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<sup>1</sup> James G. Beierlein, Kenneth C. Schneeberger and Donald D. Osburn (1995), *Principles of Agribusiness Management*, Second Edition, Waveland Press, Illinois 6007.

### **Historical Background 1980 –1991**

Prior to the implementation of the economic reforms in 1991, the agribusiness sector in Zimbabwe was dominated by large state parastatal marketing boards, and large private local and multinational companies. These were involved in the whole agribusiness chain from production to marketing of processed agricultural commodities. The implementation of the Economic Structural Adjustment Programme (ESAP) in 1991 opened up access and allowed the entry of new players. It resulted in greater competition and most importantly encouraged the participation of small informal actors. Milling, oil crushing and other small rural business could be established when the large processors and marketing organisations were no longer receiving the subsidies and protection they had received since the Depression in the early 1930s.

This section details the structure of the large-scale agribusiness sector. The advantage of the era prior to reform was technical efficiency with access to inputs and access to markets assured for the large-scale sector and for those smallholders able to commute to urban areas but the specific needs of the smallholder sector were ignored. However with the declining economy, seed and fertiliser became unobtainable, or obtainable too late for use, because of price controls and macro-economic instability affecting access to foreign currency. Despite these problems, the sector remains highly concentrated.

### **Agricultural Input Sector**

#### **Seed Industry**

The seed sub-sector comprised of local and multinational companies, dominated by, Seed Co, Pannar, Pioneer, National Tested Seeds (NTS), Agriseeds and FSI Seeds.

Seed Co was formed by a group of mainly white large-scale commercial farmers. More recently the ownership structure changed to include Cotton Company (34%) and Old Mutual Life Insurance (13%). The company controlled 70% of the seed industry. Seed Co contracted large-scale commercial farmers to produce foundation and certified hybrid maize seed. In addition to its breeding programmes at Rattray Arnold Research station, Seed Co was the sole beneficiary of the government maize breeding programme through the Crop Breeding Institute to multiply, distribute and sell maize seed until the tripartite agreement was terminated in 2000. Now varieties bred by the Crop Breeding Institute are being released to all registered seed companies. Seed Co is also involved in the production of maize seed Open Pollinated Varieties (OPV). Historically these have not been sold locally, but to donors for the export market mostly in Angola and Mozambique. In addition to maize seed, the company is also involved in other commodities that include red and white sorghum, wheat, soyabean and groundnut seed varieties through their contract growers.

New entrants in the seed sector include FSI Seeds (a subsidiary of FSI Agricom, a wholly owned indigenous company) who were registered in 1999 and are involved in the provision of certified seeds for field and vegetable crops. Their product range includes soyabean, sugar bean, cowpea, bambara nut, groundnuts, potatoes, peas, butternuts,

pumpkin, okra, sorghum, millets and hybrid maize. Small-scale and newly resettled farmers are contracted to produce seed crops for the company. In addition seed production and output for export mainly in the Far East is also undertaken through FSI's nine farms (a total of 11,600 ha). The company also runs input schemes with new farmers where they provide the whole basket of inputs (from tillage up to harvesting) and in return farmers have to sell their produce to the company at the prevailing market price. The crops involved under this initiative are maize, soyabean and sorghum. In the 2002/03 season the company contracted 8166 ha under soyabean, 6688 ha under maize and 4208ha under red sorghum. This programme involves 67 large-scale commercial farmers, 249 small-scale farmers, 616 model A2 farmers and 1352 model A1 farmers nationally.

#### **Fertiliser Industry**

The mining, processing, and importing of raw materials and manufacturing of straight and compound fertilizers is dominated by five subsidiaries of Chemplex Corporation (owned by TA holdings and the Government with 15% by Norskidro). In addition, ZimPhos and Sable Chemicals are the major producers of raw material in the industry supplying phosphates and nitrogen respectively. ZFC and Windmill are the major manufacturers and distributors, with an annual production capacity of 535,000 tonnes of basal fertilisers through granulation and blending. The total industry has a capacity to produce 785,000 tonnes of fertiliser per year. Windmill is owned by multinationals with 15 percent local holding, while ZFC is 50% owned by Chemplex, 24% owned by T.A holdings and the remaining 26% is held by Norskidro. Since 2000, there has been an increase in unregistered distribution of fertilizer from imports as the licensed companies are not meeting demand at the controlled prices.

#### **Agro-chemical Industry**

Currently, the industry is organized into agents and distributors because of division of labour and specialization among firms to permit the capturing of economies of scale and scope. There are 13 companies that trade as agents and local representatives of multinational chemical companies and compete directly in the marketplace. There are five subsidiaries of multinationals that do not directly compete in the marketplace but supply other companies with products.

As a result of structural adjustment begun in 1991, the pesticide and pharmaceutical industry became more competitive in the 1990s. Unfortunately the macro instability since 2000 has reduced participation in the industry. However, in the communal areas even during the 1990s only one or two companies were represented in different geographical areas and this resulted in local monopolies. Competition clearly made a difference to the level and cost of services to farmers in those areas with more distributors.

Crop chemicals are not manufactured locally and the industry relies on imports to meet local demand. Suppliers have been able to meet demand despite the foreign currency shortage in the country, because of the drop in areas planted to commercial crops since the onset of the fast track land reform programme. For tobacco availability of crop chemicals has been enhanced by the allocation of foreign currency to the Tobacco

Growers Trust through the Reserve Bank of Zimbabwe. If the area under commercial crops increases to the levels before the land redistribution exercise, the industry would require more than double its current foreign exchange requirement.

## **Agricultural Manufacturing Sector**

### **Irrigation Industry**

The state played a major role in irrigation development in Zimbabwe with subsidies for the large-scale sector, particularly in the 1970s. The industry has enough manufacturing capacity to meet local demand but raw materials are sourced from outside the country and the import content of developing irrigation is around 50%. The irrigation provision sector has been failing to meet demand from new farmers because of the shortage of foreign currency. The irrigation industry has a capacity to develop 10,000 ha per annum but this would require some US\$10 million a year in support to farmers.

### **Agro-Processing Industry**

#### **Milling and Stockfeed Industry**

Three large private companies National Foods, Blue Ribbon and Agri-foods dominated the milling industry before structural adjustment. Currently the small-scale millers control about 70% of the maize milling industry. The emergence of informal milling and oil pressing has contributed significantly to both increasing incomes in rural areas, retaining multiplier effects in those areas and in providing urban consumers with cheaper alternatives after the removal of subsidies to the large-scale milling sector. The reintroduction of raw maize sale controls has severely affected these positive developments. However many continue to operate clandestinely and others have been able to source official supplies of maize. With the shortage of maize and wheat in the country even the large companies have been facing difficulty in accessing these commodities from the Grain Marketing Board (GMB). Two of the large millers (National Foods and Agrifoods) are now concentrating on the production of stockfeeds.

Before the land redistribution exercise, manufactured stockfeeds amounted to about 500,000 tonnes per year valued at ZW\$183 billion, disaggregated between the various livestock industries as follows; dairy (207,000 tonnes), poultry (168,000 tonnes), beef cattle (90,000 tonnes), pigs (22,500 tonnes) and other livestock (15,000 tonnes). The majority of stockfeeds produced were utilised by the large-scale commercial farmers (90% of the market demand). Commercial livestock output has declined since the fast-track land redistribution resulting in the contraction of demand for stockfeeds by 45%.

#### **Cotton Processing**

One of the relatively new entrants in the large-scale agricultural processing-manufacturing sub-sector is Cargill, which was established in Zimbabwe in 1996 as an equal partnership between CFX Limited (local private company) and Cargill International. Cargill is involved in buying, grading, and ginning cotton for the domestic

and export markets. Its major competitor is the Cotton Company with a seventy percent industry share and FSI Agricom with six percent. Cargill operates a credit input scheme with about 10,000 farmers on a 50-50 cost sharing basis and in addition provides technical advice. Farmers are required to sell their cotton through Cargill. Cottco was required to increase its services to smallholders as a result of the competition and now has similar schemes.

### **Case Studies of Emerging Rural Enterprises since ESAP**

The economic reforms were accompanied by an increase in small to medium sized enterprises in rural areas. The government through the indigenisation policy supported these rural enterprises, the majority of which were initiated and supported by donors and non-governmental organisations (NGOs). The major drive for the promotion of rural enterprises in Zimbabwe's rural enterprises by the civic society and government, was geared towards the reduction of poverty by raising of rural incomes through non-farm employment such as small-scale processing and agro-dealership programmes. The following section outlines examples of rural enterprises that have emerged and factors affecting their growth and sustainability in Zimbabwe's rural areas.

### **Agro-dealership Programme**

#### **Case Study: CARE Agribusiness Enterprise Network**

With an aim of improving the livelihood of the poor in the rural areas in 1995, CARE established the Agribusiness Entrepreneur Network and Training Project (AGENT), which was initiated on a pilot basis in the Masvingo and Midlands provinces. This programme promoted the development of local "rural traders" or Agents who sold agro-inputs to communal farmers facing problems of access due mainly to distance from market and poor communications. Even with access, transport costs were too high to make input use viable. The Agribusiness Entrepreneur Network and Training (AGENT) programme's main aim was to empower the smallholder farmers by increasing their productivity levels through readily accessible agro-inputs by establishing independent, self-sustainable agrodealers called Agents. The purpose of the Agent programme was increasing agricultural productivity and incomes by

- Establishing networks of market driven rural based agrodealers/ Agents to sell agro-inputs
- Helping the private sector to identify and develop strategies to assume full responsibility for managing the Agent programme by giving the Agents inputs on a credit basis
- Promoting output marketing using the Agent network so as to increase the returns to the farmers

The characteristics of the Agent Programme's model called the "shared risk model" are as follows:

- For the first season, CARE is the guarantor so the Agents get stock from suppliers on a consignment basis or credit facility up to the credit limit agreed upon by CARE and the supplier.
- Suppliers are not obliged to provide transport and Agents repay the debts directly to the supplier

- Agents have 30-day time limits with seed houses and some wholesalers. All debts have to be settled within 60 days.
- Failure to repay debts on time will result in interest being charged by the supplier. Agents who still continue to fail to service their accounts will have legal action taken against them or will be handed over to debt collectors.
- The suppliers that operate on a consignment basis only expect to be paid for the goods sold; unsold goods still remain their property and the Agents are not made to pay for them.
- At the end of one operating season, the Agents graduate from the CARE programme and establish their own linkages with the suppliers. CARE stops being the guarantor and the supplier assumes 100% of the risk.

Studies that have been carried out by internal and external evaluators have shown that the programme has had clear benefits to the micro entrepreneurs and there has been an increase in the input accessibility by farmers in the rural areas. The program is a market driven process from supplier to farmer so it can be sustainable. The pillar for sustainability in the Agent programme is PROFIT and there is need for the private sector players to continue establishing new Agents after departure of CARE as the guarantor so as to ensure that the small-scale farmers can continue having easy access to agro-inputs.

### **Impacts of the CARE Agent Programme**

The differential impacts of CARE Agent programme are summarized below:

#### Access to credit

The credit received by agro-dealers increased significantly due to training programmes. This was as result of value placed by input suppliers on the training and good repayment records. Close to 80% of agro-dealers have continued to get access to input credit after the removal of the credit guarantee provided by CARE International.

#### Input supply to farmers

The access to credit by agro-dealers has greatly improved the farmers' access to inputs locally and on time, thereby reducing transport costs associated with travelling long distances to purchase inputs. In addition the access to credit by agro-dealers has benefited farmers in that they are also being extended credit by the agro-dealers.

#### Competitiveness of Agro-dealers

Training provided by the CARE agent programme increased the competitiveness of agro-dealers as a result of the credit they received from suppliers, the promotional strategies they employed to advertise their products to farmers and the competitive pricing of inputs.

#### Business viability

Ninety percent of the agro-dealers who underwent the CARE Agent programme reported that training had a very big impact on their business operations due to leverage provided for improved access to credit from input suppliers. Credit facilities have enabled them to stock a broad range of agricultural inputs required by farmers and this has increased sales.

### **Small to Medium Scale Processing**

#### **Case Study: Experience from the VitaCow Project in Mt Darwin**

The VitaCow Project involves the processing of soyabean into a milk substitute, soymilk. The project was conceived in 2003 as result of the milk shortages the country has been facing due to various reasons that include the structural changes in the dairy sector and unfavourable weather conditions. Zimbabwe has a significant output of soyabean which has been traditionally processed only into stockfeeds and soy oil.

#### **VitaCow**

In spite of the potential for production and marketing of soymilk products in the country, feasibility of producing and marketing soymilk products remains unexplored in Zimbabwe. The first pilot small scale soymilk plant known as the Vitacow was installed in Zimbabwe in 2003 in Mt Darwin at Matope Business Centre. Preliminary market surveys revealed that retailers were willing to stock the soymilk products for resale as long as the Association was willing to assist in marketing the products through promotional activities such as in-store demonstrations. Fermented or cultured milk has been the project's cash cow. Consumers have also shown a positive preference for soy yoghurt. However appropriate packaging is still to be developed for this. The prospect for increasing revenue by introducing yoghurt in the product portfolio is very high. Sales of fresh soymilk are largely subdued because emphasis has been placed on fermented milk which has a longer shelf life. Fresh milk has potential in the high end of the market. In the affluent suburbs of Harare, fresh soymilk is selling at more than 5 times the price of dairy products because it is imported and used for people with milk intolerance. However appropriate packaging has to be developed to penetrate this market because of the short shelf life of the product. Imported soymilk products are packaged in tetra packs. This type of packaging does not require refrigeration and the product can stay on the shelves for more than six months. More work has to be done to determine the feasibility of introducing this type of packaging given the scope of the project.

### **Rural finance:**

#### **Case Study: The Village Bank**

Both the Takura Nyakasikana Village Bank and the Mount Darwin/Rushinga/Bindura Farmers Association have been in operation for seven years. The main function of the Village Bank is to provide a safe, local facility for rural families to save their monies while providing small loans for households and small-scale farming needs. The Association works with the Bank and mobilises farmers to produce and process oil seed crops, including sunflower, groundnuts and soybeans. Training needs assessments of both organisations were carried out by Africare which indicated that training in the following areas was required to strengthen their capacity:

- Leadership style and role of committees
- Constitution and Members' Obligations
- Modalities of forming district associations and committees

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- Conflict Management
- Associations and Coordinated marketing of inputs and outputs
- Law of contract, contract sales, tenders and bids
- Facilitation of agro-based micro credit finance
- Lending requirements
- Developing a business plan
- Formation and functions of savings and credit associations

Africare organised two workshops, one for the Village Bank and another for the Co-operative Society. The National Association of Savings and Credit Unions of Zimbabwe facilitated the workshop for the Village Bank while Africare conducted the one for the Society.

In addition to the training needs of the bank, Africare recognised that the bank's service to the community could be greatly enhanced by offering mobile banking facilities since there are few local banks in the surrounding farming communities. The project therefore purchased and equipped a secure vehicle for use by the bank in reaching outlying communities within the bank's catchment area resulting in a mobile banking facility being established in May 2003. Farmers in Bindura and Rushinga now have access to banking facilities. As a result of the introduction of the mobile unit and other improved and expanded services offered by the bank, local membership has increased by more than 400%, with an additional 2,617 farmers benefiting from loans and saving services.

At the beginning of the project, Africare recognised that the lending capital of the bank was insufficient to cater for the farmers involved in soybean production. The project therefore provided a grant of US\$20,000 for on-lending as capital for the soybean growers. This would normally be insufficient to support the project's 20,000 intended beneficiaries. However, during the 2002-2003 agricultural seasons, only 72 farmers accessed input loans, due to shortages of seed and fertiliser. For the 2003-2004 farming season the revolving fund was used for 800 farmers purchasing seeds and inoculates while 19,000 other farmers could have made use of loans had funds been available.

Through Africare's facilitation, the Cooperative Society was offered 400 kg of retained soybean by the Ruwanga Farm, to be repaid as grain at harvest. Although this is a small amount, it is a good local initiative and may prove to be a viable option for next season. Africare also assisted the Village Bank in preparing a loan application to the Zimbabwe Banking Corporation Limited, a national commercial bank, to increase on-lending capital. This application was rejected, primarily due to lack of collateral on the part of the Village Bank. For next season, negotiations with FSI-Agricom for loans are underway with the intent of complementing the existing Village Bank loan fund.

### **Potential benefits to the rural community**

There are a myriad of benefits that are likely to accrue to the MT Darwin Bindura Rushinga Farmers Association from the VitaCow and Village Bank projects. Microprocessing of soybean into soymilk is expected in the medium to long term to have a compounding effect on incomes of the members of the association in various ways. The profits from the projects will be used to subsidize inputs and/ or transport costs. This will result in farmers getting higher margins from sale of soybean as variable costs would have been reduced. The association members invariably prefer the VitaCow project to be

the buyer of first choice for their soybean as long as the price offered is competitive. However, the project can only take up to 12 tonnes per annum.

- **Market for soybean**

The project provides a market close to the farmers since the project is situated in Mt Darwin, a district in Mashonaland province, from which the association's membership is drawn. Farmers within the vicinity of the project will incur less transport costs when they deliver their soybean to the soymilk processing centre. The village bank vehicle in some instances will be used to collect soybean from farmers as far as Bindura at "no cost" to the farmers

- **Improved nutrition**

Through trainings on soybean processing and utilization, the farmers appreciate the nutritional benefits of consuming soymilk products. Thus, the farmers represent a market segment for the soymilk products as they are aware of the benefits of the products and in addition would also want to support their project by purchasing the products. Since production commenced, sizeable volumes of soymilk have been sold to the association's members through the village bank's mobile banking escapades in Mashonaland Central. The soymilk has been sold out at all the field days and mobile banking visits. The villagers in the surrounding communities have also benefited as they are now accessing the products in shops in Bindura and Mt Darwin at prices far less than dairy products.

- **Increased capitalization of the bank**

Currently, the VitaCow is the village bank's biggest client. Since the bank is located adjacent to the VitaCow, proceeds are deposited at the village bank on a daily basis. The project thus improves the daily cash flow position of the village as the deposited funds are made available to clients who would want to withdraw money from the bank. The bank's capacity to underwrite bigger loans is increased as deposits increase due to sales of soymilk. A much bigger deposit base will also enable the bank to apply for loans from established institutions

- **Increased demand for soybean**

As the demand for soymilk products increases, the demand for soybean is also expected to increase. Increase in demand for soybean will most likely bid up prices for soybean in the area. Consequently, farmers will get higher returns from producing and marketing soybean, in the process improving their livelihoods. The impact of competition will be amplified if production levels are increased and more soymilk plants are installed. Given the persistent shortages of dairy products in the market, prospects for creating a micro soymilk processing industry are very high.

- **Integrating soymilk production with livestock rearing**

The by product from processing of okara is highly nutritious and can be used to fortify stockfeeds. Thus the Association can generate more revenue by establishing a complementary livestock rearing project such as pig production. Okara produced will be channelled to this "side" animal rearing project. It is envisaged that margins will be

higher for the animal rearing project as input costs will be reduced due to input substitution. The profits that will be generated will in turn increase the association's capacity to subsidize inputs for the members.

- **Employment Generation**

Currently, the project directly employs two people. The project also shares the costs of employing two guards and a driver. An increase in the number of soymilk processing plants will inevitably increase the number of people that would be employed by the project from the surrounding community

**Insert ATA Small-scale Rural Industrialisation Voice here**

### **Factors affecting the growth of rural enterprises**

The fact that the majority of rural enterprises were initiated with heavy financing from donors and NGOs, poses a serious threat to their sustainability when they withdraw their support at the "end" of the project. Thus one of the key success factors of the sustainability of rural enterprises is continued access to finance by rural entrepreneurs after the withdrawal of project promoters.

The credit policy of the majority of Zimbabwe's financial institutions and credit providers is not favourable to small borrowers such as rural entrepreneurs for various reasons outlined below. Firstly, the demand for collateral to secure borrowings is the major hindrance factor for rural entrepreneurs. Most of the rural industrialists do not have the collateral demanded by banks and other financial institutions to secure credit in cases of foreclosure. Secondly, there is limited presence of financial institutions offering service in the rural areas. Although, some financial institutions have expanded their operations to rural areas in recent years, services remain largely inadequate. A study by **Chimedza** noted that one of the largest traditional banks (Barclays Bank) out of 69 branches, sub-branches and agencies had only 14 located in the rural areas.

More so, it is important to note that the recent expansion of financial institutions to the rural areas was targeted towards the resource endowed large-scale commercial farmers. These claims can be validated by the recent spate of branch closures by financial institutions with a presence in the rural areas since the implementation of the Fast Track Land Reform Programme. The rural sector finance needs have been serviced by a largely inadequate informal finance system.

Another key factor to the sustainability of rural enterprises is the fact the interventions by externals are conceived with little or no participation of the intended beneficiaries. From the onset of the projects beneficiaries are not aware of the expected outcomes and impacts; and there is no sense of ownership of the "project" amongst the local communities. Various rural entrepreneurship projects aimed at alleviating poverty in Zimbabwe faced imminent collapse soon after withdrawal support because of limitations such as the failure to conform to social structures and access to financial resources to allow for continuity.

The following factors are critical to the success of rural agro-industrial development in Zimbabwe:

- There is need to improve access to efficient and affordable technologies to facilitate entry into the agro industrial sector by new players. Technology represents an important entry barrier.
- Access to good quality and competitively priced inputs is important for viability of agro industrial businesses.
- Technical and business management skills are required. These can be attained through training and technical support programmes. Joint ventures can be useful in this regard.
- Rural infrastructure development is important if the full potential of agro industrial development in rural areas is to be realized. In particular, there is need to develop factory shells and to provide water and electricity at affordable prices.
- Access to finance is important to enable new businesses to meet investment and working capital requirements. Finance must be available at a competitive price. This is vital if export markets are to be exploited.

### **Conclusion and way forward**

There are untapped investment opportunities in the area of small agro-industrial development especially in the value addition of agricultural commodities. These include: cotton processing, oil processing, grain milling, fruit and vegetable processing, livestock processing, canning and furniture manufacturing among others.

Value addition of agricultural products provides an opportunity to increase the economic activities in Zimbabwe's rural areas. Product beneficiation is important to developing countries that have relied on primary commodity exports whose share in international trade and prices have declined over the years. While some of the output of primary agricultural products is retained for domestic subsistence, opportunities for beneficiation exist for products such as maize, soya beans, sunflower, coffee, tea and livestock. Restoration of our cattle herd would not only see us meeting our quota allocation under European Union preferential trade arrangements, but present opportunities for canning beef, production of cheese, soups etc.

More than 85% of the fruits such as bananas, avocados, pineapples grown by communal farmers in the eastern highlands are going to waste and yet vast opportunities exist to produce juices and edible oils that could be consumed locally and exported. There also exist a number of niche opportunities e.g. the jatropha plant to produce fuels, oils and pharmaceutical related products.

Value addition increases prices, hedges against fluctuations of demand and also creates more wealth per unit of employment. There is a strong positive correlation between per capita income and the level of beneficiation. The value of labour also increases with corresponding additions in design, research etc. The labour employed in secondary

production is more likely to have higher disposable incomes and higher savings availing more funds for investment from local sources.

In Zimbabwe, a few large-scale players have traditionally dominated the agro industrial sector. This dominance meant that little space was available for small-scale players to participate in the industry. Significant changes have however taken place since the attainment of independence twenty-four years ago. This is particularly the case in edible oil milling, maize milling and peanut butter processing. Little progress has however been made in the production of high value dairy products and vegetable processing.

The dominance of the agro industrial sector by a few large players imposes some costs on the economy. First, it entails huge transport costs for the movement of raw materials from production centres to processing centres. Large transport costs are also incurred to distribute the processed products to consumers. Second, it entails the export of jobs from rural to urban areas and it urbanises the multiplier effects of production too. This perpetuates disparities between rural and urban areas. Finally, it retards economic development and growth.

If rapid economic growth and development is to be realized, there is need to create space for many new players to enter the agro industrial sector. This will lead to increased competition for raw materials thereby stimulating increased production. Availability of more processed agricultural products on the market leads to wider choice for consumers. This creates benefits for the consumer such as improved quality and more competitive prices.

Evidence from other parts of the world shows that a well planned and implemented small-scale agro-industrial development programme can be an effective strategy for successful economic development and growth. Countries such as Denmark, Taiwan and New Zealand are examples of success stories in this regard.