

Zambia Agri Market Update

2022 / 2023

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Wheatlands Farm, Mkushi (courtesy of David Karnezos photography)

MARKET ROUNDUP

The Key Insights

- The COVID-19 pandemic began after the 2019/2020 agricultural season and therefore did not negatively affect production. Despite restrictions on movement and social distancing, many farms remained fully operational with precautions taken.
- The agricultural sectors contribution to Zambia's GDP has continued to decrease over the decade, with a contribution of 3% in 2021.
- Whilst traditional crops continue to be the main stay in the sector, Zambia has seen an increase in diversification with crops such as stevia, macadamias, blueberries and citrus being produced.
- The agriculture sector employs more than half the total labour force in Zambia, bearing in mind that only 15% of arable land is under cultivation. It is because of this potential that the government encourages investment in commercial farming and has identified and established farm blocks to facilitate investments in commercial farming and has identified and established farm blocks to facilitate investments in agriculture.

SOURCE: Knight Frank

The budgetary allocation to the agricultural sector increased by 49.7% to

ZWM

7.992

Billions

Currently Knight Frank is marketing 18 commercial farms, totalling

58,500

Hectares

offering coffee, peacan nuts, macadamia nuts, bananas and commercial crops potential and located in the Southern and Northern Provinces of Zambia.

THE ZAMBIA AGRICULTURE MARKET UPDATE

POINTS FROM THE BUDGET OCTOBER 2022

The sector mainly comprises three broad categories: crops, livestock, and fisheries and is dominated by small scale farmers who account for approximately 90% of agricultural producers, most of whom are involved in the production of staple foods, particularly maize.

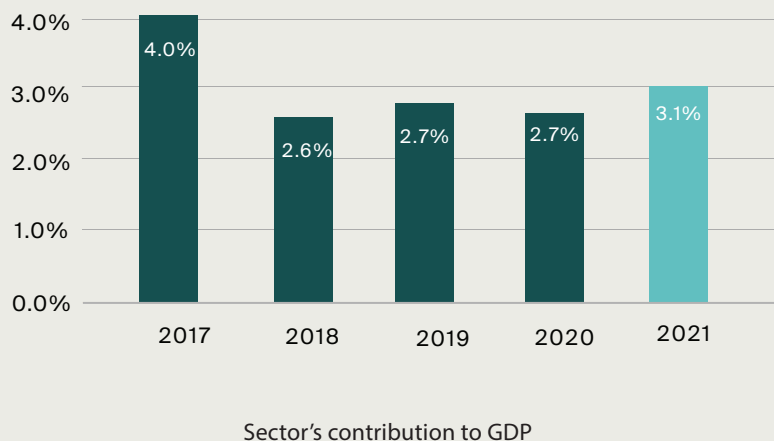
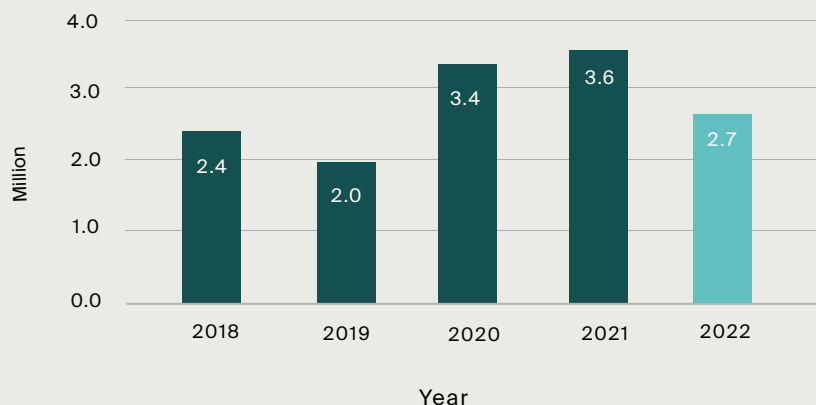
On account of being the largest employer, the agricultural sector remains critical to achieving the Government's ambitions of enhancing economic growth and job creation. It is for this reason that the Government seeks to promote agriculture as a way of diversifying the economy away from an overreliance on copper through industrialisation with a focus on value addition.

Stimulating growth in this sector remains critical given that its contribution to GDP has stagnated at about 3%.

Maize production in the 2021/2022 crop season dropped by 25% from 3.6 million tonnes recorded during the 2020/2021 crop season. The Ministry of Agriculture attributed this drop to a reduction in the area planted and lower yields as a result of late onset of rains and drought. Despite this drop, maize continues to be the largest contributor to crop production. According to published data by the Ministry of Finance and National Planning for the 2021/2022 crop season, maize accounted for 72% of total crop production. Other crops with notable contribution were, soya beans (8%), wheat (4%), sweet potatoes (4%) and groundnuts (3%).

Graphs are from the Zambia Budget October 2022

Maize Production



Avocado Pears

One of the diversification export crops in Zambia is Haas avocados and on Buttermere Farm in Kabwe 35,000 trees have been planted on 100 hectares with expansion ongoing such as exporting this year for the first time to South Africa and Europe.

The farm has its own nursery and plants out trees every year from their nursery. There are several other plantations in the Southern and Northern provinces which are larger in size.

Kabwe Farm



Agriculture contributes about 35% to the country's non-traditional exports and about 10% of the total export earnings for the country. The agriculture sector employs more than half the total labour force in Zambia, bearing in mind that only 15% of arable land is under cultivation. It is because of this potential that the government encourages investment in commercial farming and has identified and established farm blocks to facilitate investments in commercial farming.

Zambia occupies a strategic trading position in Sub-Saharan Africa, bordered as it is by the Democratic Republic of the Congo, Tanzania, Zimbabwe, Angola, Mozambique, Namibia, Botswana and Malawi. It is one of the few countries in the region to have an annual surplus of cereal crops. Corporation Tax for agriculture is only 10% compared with 35% for other sectors.



Credit: Speciality Coffee Association

COFFEE / OLAM / ZAMBIA



OLAM has invested in a total of 7,200 hectares of farmland in the North of Zambia which comprises of 5 estates growing Arabica Coffee for export. At present they are exporting roughly 4000 MT of coffee annually. The company employs roughly 3400 labours (casual as well as contractual) and for 6 months of the year they employ 12,000 cash paid pickers. This employment and job creation for the local area has been a huge help to the community, and OLAM in Zambia are now exporting Arabica Coffee Beans to Starbucks in Seattle, USA, from their Ngoli Estate.

Meet Luke Mbewe ZEGA Limited Managing Director



Tanya Ware met with Luke Mbewe Managing Director of Zambia Export Growers Association at his offices at KK International airport for a catch up on how Zambia is doing on exports.

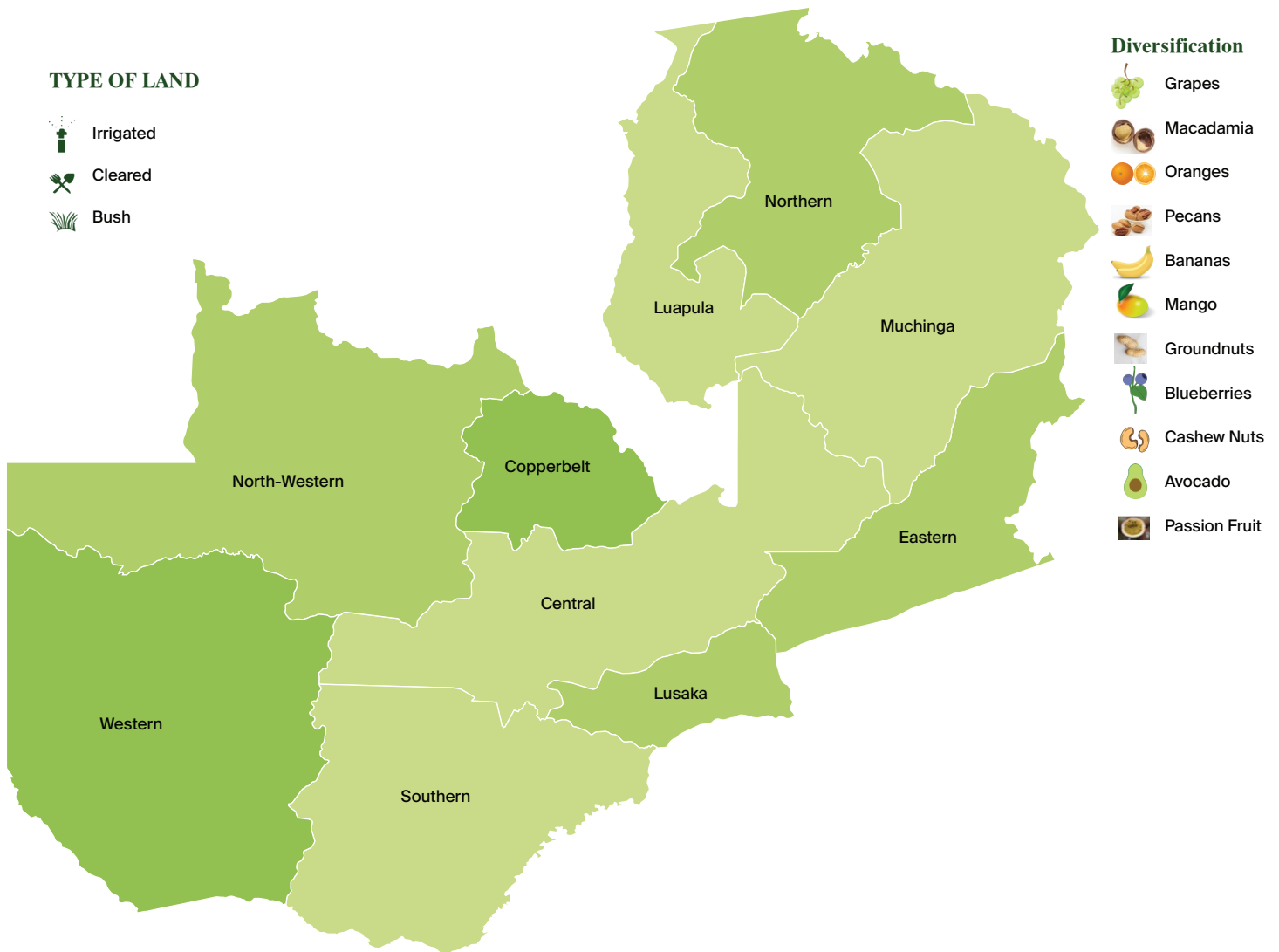
In the period 2000-2007 Zambian exports were roughly 13,000 tons per year, This was mainly fresh vegetables, fruit and cut flowers. Today Zambia exports about 4,000 tons yearly, + - 70 tons weekly and of this 95% is exported by one company only doing cut flowers.

Luke explains the reasons for the decline in exports. High airfreight costs resulting from high aviation fuel costs which were about 20% to 30% more than the regional average cost.

The introduction of taxes and duties on importation of greenhouses, greenhouse plastics, packaging, chemicals, and equipment. In Kenya and Ethiopia most of these duties and taxes were dropped to help exports of agriculture production.

It is also important to mention that export incentives and tax waivers are being reintroduced and investment conditions being improved. Once again, the export sector is becoming attractive to investors.

DIVERSIFICATION OF CROPS GROWN AND GUIDE LAND PRICES PER ACRE



Diversification

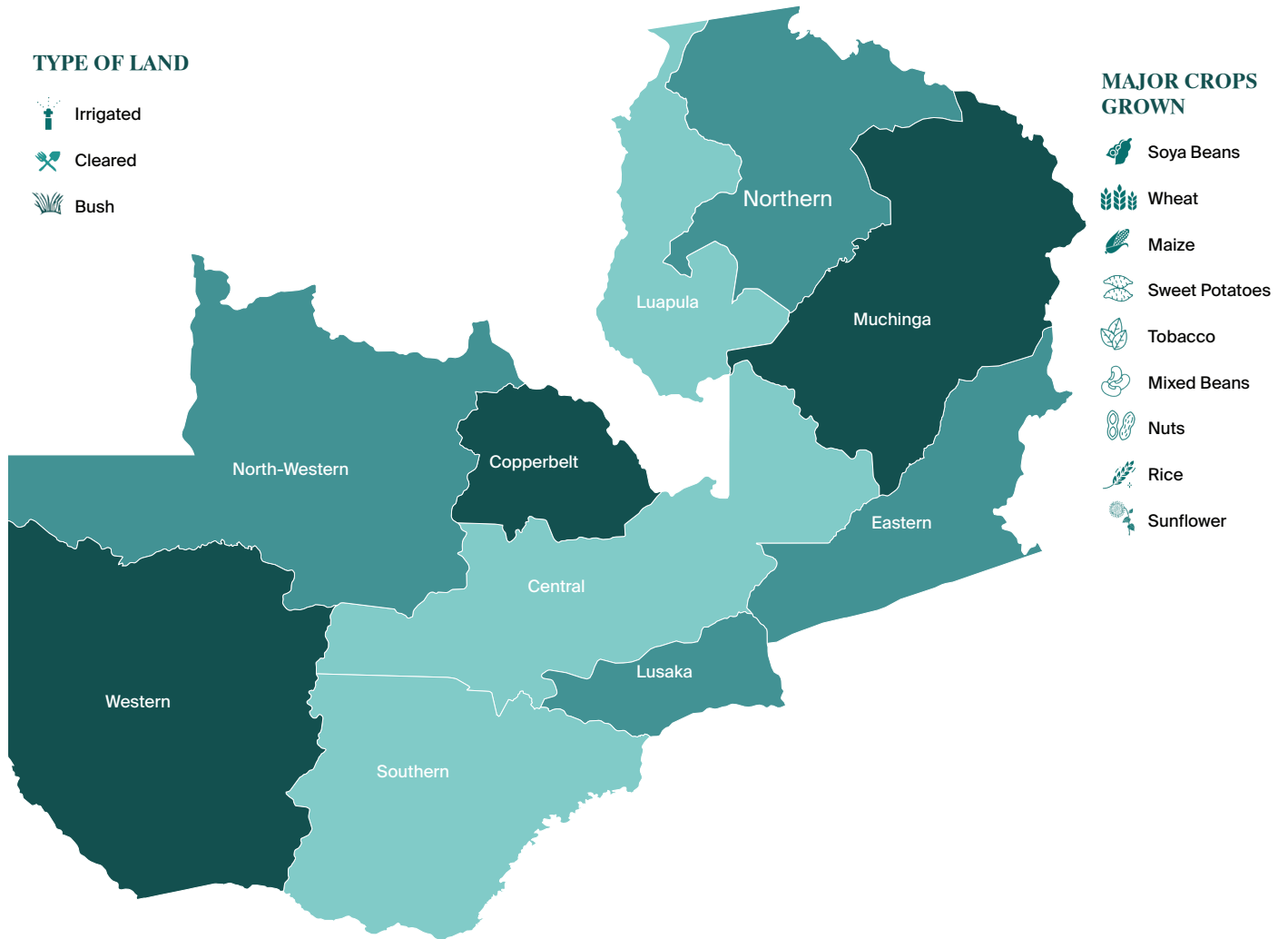
- Grapes
- Macadamia
- Oranges
- Pecans
- Bananas
- Mango
- Groundnuts
- Blueberries
- Cashew Nuts
- Avocado
- Passion Fruit

TYPE OF LAND

- Irrigated
- Cleared
- Bush

<p>Central</p> <ul style="list-style-type: none"> \$2,700 - \$3,200 \$1,400 = 1,700 \$250 - \$500 	<p>Copperbelt</p> <ul style="list-style-type: none"> \$2,400 - \$2,600 \$1,000 = \$1,200 \$250 - \$400 	<p>Luapula</p> <ul style="list-style-type: none"> \$2,000 - \$2,000 \$750 - \$850 \$150 - \$200 	<p>Northern</p> <ul style="list-style-type: none"> \$2,000 - \$2,000 \$750 - \$850 \$150 - \$200 	<p>Muchinga</p> <ul style="list-style-type: none"> \$2,000 - \$2,000 \$750 - \$850 \$100 - \$150
<p>Lusaka</p> <ul style="list-style-type: none"> \$2,600 - \$2,800 \$1,500 - 1,800 \$300 - \$500 	<p>North-Western</p> <ul style="list-style-type: none"> \$2,300 - \$2,500 \$850 - 1,000 \$250 - \$300 	<p>Southern</p> <ul style="list-style-type: none"> \$1,300 - \$1,700 \$750 - 1,000 \$150 - \$250 	<p>Western</p> <ul style="list-style-type: none"> \$600 - 750 \$100 - \$150 	<p>Eastern</p> <ul style="list-style-type: none"> \$1,800 - \$2,200 \$700 - \$800 \$100 - \$150

MAJOR CROPS GROWN AND GUIDE LAND PRICES PER ACRE



Central



Irrigated \$2,700 - \$3,200

Cleared \$1,400 - \$1,700

Bush \$250 - \$500

Copperbelt



Irrigated \$2,400 - \$2,600

Cleared \$1,000 - \$1,200

Bush \$250 - \$400

Luapula



Irrigated \$2,000 - \$2,000

Cleared \$750 - \$850

Bush \$150 - \$200

Northern



Irrigated \$2,000 - \$2,000

Cleared \$750 - \$850

Bush \$150 - \$200

Muchinga



Irrigated \$2,000 - \$2,000

Cleared \$750 - \$850

Bush \$100 - \$150

Western



Irrigated \$600 - 750

Cleared \$100 - \$150

North-Western



Irrigated \$2,300 - \$2,500

Cleared \$850 - 1,000

Bush \$250 - \$300

Southern



Irrigated \$1,300 - \$1,700

Cleared \$750 - 1,000

Bush \$150 - \$250

Lusaka



Irrigated \$2,600 - \$2,800

Cleared \$1,500 - 1,800

Bush \$300 - \$500

Eastern



Irrigated \$1,800 - \$2,200


Cleared \$700 - \$800

Bush \$100 - \$150

FARM BLOCKS LOCATION MAP OF ZAMBIA


Map Legend


 Provincial Boundary

 Farm Block

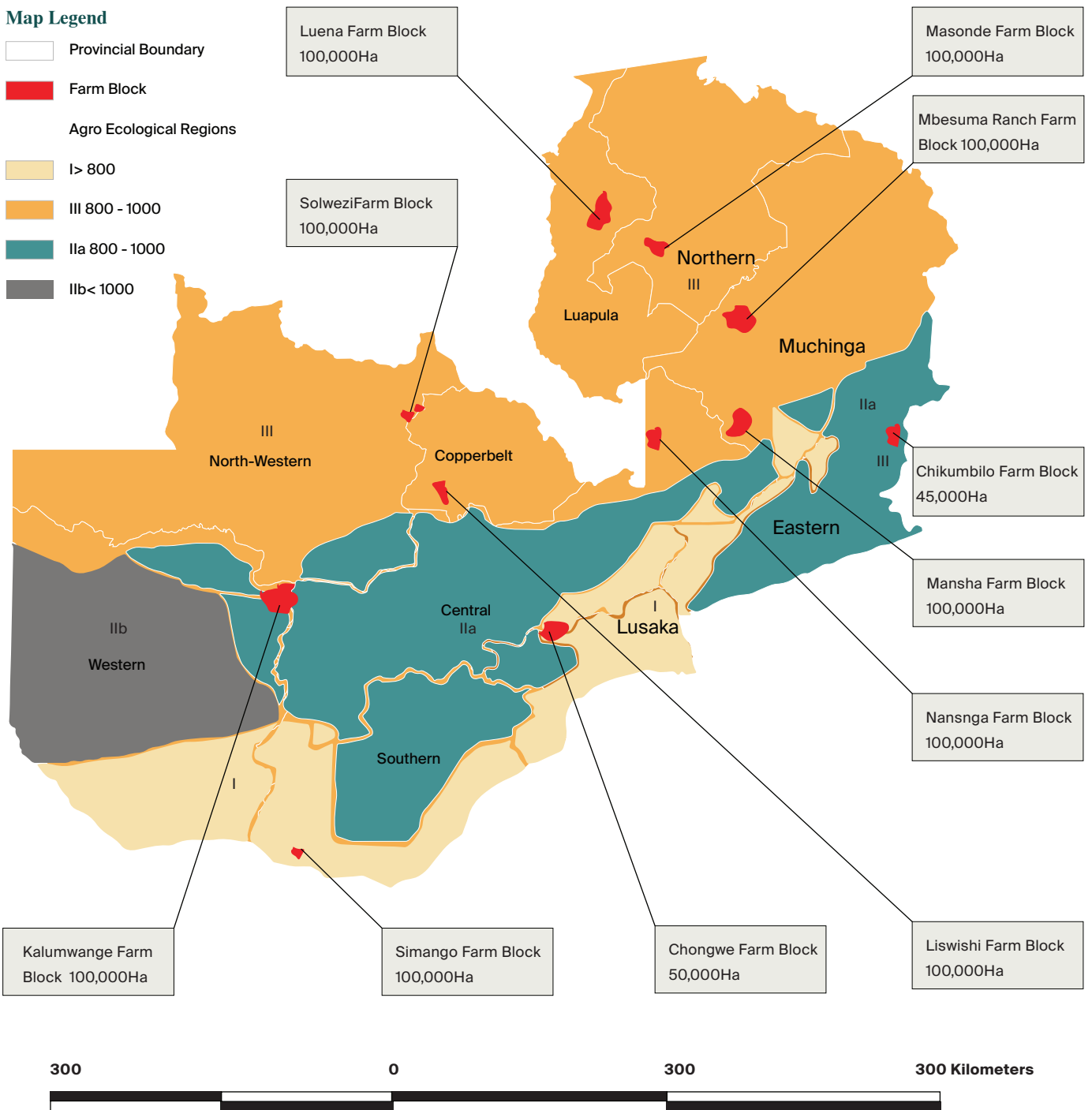
Agro Ecological Regions

 I > 800

 III 800 - 1000

 IIa 800 - 1000

 IIb < 1000



The Government of the Republic of Zambia identified Agriculture as the Engine to Economic development as well as the Mainstay of the Economy. To this effect in 2002 GRZ embarked on development and commercialization of agricultural land as the Farm Block Development Programme (FBDP). This programme entailed availing land for large scale agribusiness investment for the private sector.

Farm Blocks were targeted for development in each Province. The total catchment area for each Farm Block ranges from 45,000 - 100,000 hectares. Each Farm Block was designed to have four categories of farms, namely: Small Scale, Medium, Commercial and a Core venture.

PLEASE GET IN TOUCH WITH US


Tanya Ware


Director - Farms & Estates
tanya.ware@zm.knightfrank.com
M +260 969 568 228

Mumba Kapumpa Jr

Senior Manager Advisory
mumba.kapumpa@zm.knightfrank.com
M +260 979 662150

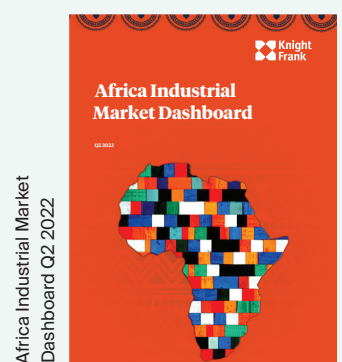
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