

Evaluating the Effectiveness of Out-Grower Projects in Reducing Poverty in Rural Zambia: A Case of the Eastern Province

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Abstract: *The main objective of the out-grower schemes was poverty reduction. This was mainly aimed at improving the well-being of the people living in the rural area of Zambia. However, the trend shows that the poverty level still remains high in the rural area of Zambia and predominantly a rural phenomenon. The general objective of the study was to evaluate the effectiveness of the out-grower schemes in reducing poverty in rural Zambia and the study sought to answer the general research question on: How effective were the out-grower schemes in reducing poverty in rural Zambia?. Pragmatism was the philosophical view that underpinned the study and it applied to the mixed research method approach for this study. The convergent parallel strategy of the mixed research methods approach was used. The findings from the study revealed that the out-grower schemes implementation contributed positively to poverty reduction among smallholder farmers participating in the out-grower scheme. It also established that the out-grower farmers had improved their knowledge in understanding the operation of the out-grower scheme. In this regard, the study concluded that the out-grower schemes had been effective in reducing poverty in the rural areas of Zambia. The study however recommended that there was need to address the issue of power imbalance between the out-grower farmers and the out-grower firms and also to address the high illiteracy levels among the rural farmers that required document transactions, by translating contracts in the local language for ease of understanding.*

Keywords: Out-grower scheme, Out-grower farmer, Independent farmer, Poverty

1. Introduction

The Government of the Republic of Zambia has in the past tried many development models in order to improve the standard of living of the rural populace. One of the rural development approaches adopted by the Government of Zambia has been the out-grower scheme. There were about thirty (30) out-grower schemes operators, operating Fifty-three (53) out-grower schemes in Zambia (Ministry of Agriculture and Cooperatives, 2017). The main objective of the out-grower schemes was poverty reduction. This was mainly aimed at improving the well-being of the people living in the rural area of Zambia. However, the trend shows that the poverty level still remains high in the rural area of Zambia and predominantly a rural phenomenon.

The results of a survey conducted by the Central Statistics Office (CSO) and Living Conditions Monitoring Survey (LCMS) in 2015, show that the poverty level increased in the rural areas from 73.6 in 2010 to 76.7 percent in 2015. In urban areas, by contrast, the poverty level reduced marginally from 25.7 percent in 2010 to 23.4 percent in 2015. Although studies have been conducted on out-grower schemes, gaps still exist. In Zambia, past studies were mainly on factors that influenced performance of the out-grower schemes, out-growers and livelihoods, and economic well-being (Manda *et al.*, 2018; Chapoto *et al.*, 2018; Matenga, 2017, Samboko & Dlamini, 2017; Kabungo & Jenkins, 2015; Schupbach, 2015). Available literature reveals that not much study has been done on evaluating the effectiveness of out-grower schemes in reducing poverty (Bellemare, 2018; Christina & Panagiota, 2018; Food and Agriculture Organization, 2018; Isager *et al.*, 2018; Navarra *et al.*, 2018; Njogu *et al.*, 2018; Ton *et al.*, 2018; Bellemare *et al.*, 2017; Dube and Mugwagwa, 2017; Actionaid, 2015). This study, therefore, fills the missing gap and provides empirical evidence on the title of the study.

2. Methodology

The general objective was to evaluate the effectiveness of the out-grower schemes in reducing poverty in rural Zambia and the study sought to answer the general research question on: How effective were the out-grower schemes in reducing poverty in rural Zambia? Pragmatism was the philosophical view that underpinned the study and it applied to the mixed research method approach for the study. The convergent parallel strategy of the mixed research method approach was used. The target population was 50,000 smallholder farmers and a formula was used to calculate the sample size of 396 smallholder farmers. A questionnaire was administered on smallholder farmers that were selected using simple random sampling method. An interview guide was used on the key informants that were chosen using purposive sampling method.

Qualitative data was analyzed by using the inductive process of building from the data to broad themes and then to interpretation. Quantitative data was analysed by using the Chi-square tests to ascertain significance of association between critical variables measured by categories of out-grower farmers and independent farmers. The T-tests compared the treatment (smallholder out-grower farmers) and control (independent farmers) groups on variables of interest. The coefficient of variation (CV) was used to gauge the level of respondents' dissention in responses while coefficient of consensus (CC) was used to gauge the level of respondents' consensus in responses, applied to the Likert scale and other ordinal responses.

The study was validated by using content, construct and criterion validity. Content validity was used to ensure that the instruments measured the content they were intended to measure while construct validity ensured that the instruments measured the constructs they were intended to measure and criterion validity ensured that the scores

predicted a criterion measure and results correlated with other results. Subsequently, reliability was realized by using representative and equivalence reliability. Representative reliability was used to measure reliability to generalize the results to the target population. It was also used to measure reliability to compare constructs between the out-grower farmers (treatment group) and independent farmers (control group). Further, equivalence reliability was used to compare the standard of living and consumption expenditure between the out-grower farmers and independent farmers by using multiple indicators, a measure that yielded consistent results using different specific indicators.

3. Discussion of Results

The study did not only evaluate the effect of the out-grower scheme on out-grower farmers, but also paid attention to the effect of the out-grower scheme on independent farmers, and community development at large. The items used as indicators to compare consumption expenditure and the standard of living between the out-grower farmers and

independent farmers are meals taken per day, type of house, source of income, income per year, source of lighting at home, cash at the bank, change in income in the last five (5) years, and ownership of livestock such as cattle and goats, vehicle, ox-cart, bicycle, television, radio, and phone sets. The items used as indicators are those that both the out-grower farmers and independent farmer could afford and claim ownership to. However, the items used in this article were the type of house, income, and change in income in the last five years. These items were chosen because the central statistics office uses them in the living conditions monitoring survey (CSO, 2015). The discussion of the results was based on the following specific research objectives of the study.

Change in Poverty Reduction to Smallholder Farmers Participating in Out-grower schemes

As shown in Table 1, majority of the out-grower farmers, 56 % indicated that they had better houses made of burnt bricks with an iron sheet roof as compared to 47%, independent farmers

Table 1: Cross tabulation on Type of the House for the respondent

		Type of Respondent				Total	Percent
		Out-grower farmer	Percent	Independent Farmer	Percent		
What type of a house do you live in?	Mud Grass Thatched	45	22.9	58	29	103	26
	Mud thatched with Iron Sheets	17	8.6	20	10	37	9.3
	Burnt bricks grass thatched	22	11	27	13.5	49	12.4
	Burnt Bricks with Iron Sheets	109	56	94	47	203	51.3
	Non Response	3	1.5	1	0.5	4	1
Total		196	100	200	100	396	100

Source: Field Data

Table 2 shows that the majority of the out-grower farmers, 36.7% had an annual income above K5000 as compared to 21% independent farmers.

Table 2: Cross tabulation on Income by Type of Respondent

		Type of Respondent				Total	Percent
		Out-grower farmer	Percent	Independent Farmer	Percent		
How much is your income per year?	Less than 2000	56	28.6	67	33.5	123	31.1
	2001 to 3000	19	9.7	27	13.5	46	11.6
	3001 to 4000	22	11.2	30	15	52	13.1
	4001 to 5000	27	13.8	34	17	61	15.4
	Above 5000	72	36.7	42	21	114	28.8
Total		196	100	200	100	396	100

Source: Field Data

As indicated in Table 3, The Chi-square tests revealed that there was an association was between type of respondent and amount of income earned per year by respondents

Table 3: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.370 ^a	5	.020
Likelihood Ratio	14.231	5	.014
Linear-by-Linear Association	3.830	1	.050
N of Valid Cases	396		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is .99.

Source: Field Data

Notes:

- The value of test statistics is 13.370
- The corresponding p- value of the test statistic is p = 0.020

Decision and Conclusion

Since the p- value is less than the chosen significant level (α= 0.05), the null hypothesis can be rejected and the conclusion is that there is evidence suggesting an association between type of the respondent and the amount of income earned per year by the respondents. Based on the results, the following is stated: An association was found between type of respondent and amount of income earned per year by respondents (X²(4) = 13.370, p = 0.020). As indicated in Table 4, the majority of the out-grower farmers, 54% had an increase in their income in the last five years as compared to 42% independent farmers.

Table 4: Change in Income in the Last Five Years by Type of Respondent

		Type of Respondent				Total	Percent
		Out-grower farmer	Percent	Independent Farmer	Percent		
Indicate Change in income in the last five years	Increased	106	54	84	42	190	48
	Decreased	50	25.5	52	26	102	25.7
	No Change	39	20	57	28.5	96	24.3
	Non Response	1	0.5	7	3.5	8	2
Total		196	100	200	100	396	100

Source: Field Data

Table 5 of the Chi-squares test indicates that there was significant association between type of respondent and change in income in the last 5 years as indicated by the responds.

Table 5: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.089 ^a	4	.026
Likelihood Ratio	12.059	4	.017
Linear-by-Linear Association	5.091	1	.024
N of Valid Cases	396		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .49.

Source: Field Data

Notes:

- The value of test statistics is 11.089
- The corresponding p- value of the test statistic is p =0.026

Discision and Conclusion

Since the p- value is less than the chosen significant level (a= 0.05), the null hypothesis can be rejected and conclude that there is an association between type of respondent and change in income in the last 5 years for the respondents. Based on the results, the following is stated.

There was significant association between type of respondent and change in income in the last 5 years as indicated by the responds (X2(4)> =11.089, p =0.026).

Similar studies revealed that out-grower schemes contributed to reducing poverty of the smallholder out-grower farmers as compared to smallholder independents farmers (Mishrai, *et al.*, 2018; Singh *et al.*, 2018; Poku, 2018; Huang *et al.*, 2018; Yang *et al.*, 2018 Euler *et al.*, 2016)

Smallholder Out-grower Farmers Understanding of the Operations of the Out-grower Schemes

As shown in Table 6, the majority of the out-growers farmers, 66.8% (131), indicated that they understood how the out-grower schemes operated. The minority of out-grower farmers, 6.1% (12) indicated that they did not understand how the out grower schemes operate.

Table 6: Out-grower Farmers’ Knowledge on the operation of out-grower schemes

Do you understand how out-grower schemes operate?	Frequency	Percent
Yes	131	66.8
No	12	6.1
Somehow	47	24
Not sure	5	2.6
Non Response	1	0.5
Total	196	100.0

Source: Field Data

The information in Table 6 was further analyzed in detail as indicated in Table 7 to interpret the coefficient of variation (CV) and coefficient of consensus (CC). Much as CV and CC measure dispersion and consensus of the scores from the mean score, the same theory is used to measure variation in responses, resulting in the determination of degree of disagreement and consensus. In this study, the CV is used to measure the degree of the respondents’ disagreement (dissent) while the CC is used to measure the degree of the respondents’ agreement (consensus) on the knowledge of the out-grower farmers to understand the operations of the out-grower scheme. The CV is twenty-seven percent (27%) as compared to the CC at seventy-three percent (73%). In this regard, a small percentage of out-grower farmers disagreed on their responses that they understood the operations of the out-grower schemes while the most of the out-grower farmers were in agreement on their responses.

Table 7: Interpretation of CV and CC on Understanding Out-grower Operations.

Do you understand how out-grower schemes operate?					
Likert Scale	W	F	f(w)	W ²	fw ²
SD	1	12	12	1	12
D	2	0	0	4	0
N	3	6	18	9	54
A	4	47	188	16	752
SA	5	131	655	25	3275
TOTAL		196	873	55	4093
MEAN					
SD					
CV					
CC					

Source: Field Data

Similar studies revealed that the majority of the smallholder out-grower farmers understood the performance of the out-grower schemes (Bruntrup *et al.*, 2018; Bidzaka *et al.*, 2018; Bannor *et al.*, 2018; Scoones *et al.*, 2018; Ahungwa *et al.*, 2017)

Benefits to the Communities where the Out-grower Schemes are implemented

Table 8 indicates that The Majority of the respondents, 55.8%, indicated that there has been development in the communities where out-grower schemes are implemented.

Table 8: Community Development by the Out-grower Schemes

How would you describe development in your community relating to the out grower schemes?		
	Frequency	Percent
Developed	221	55.8
No change	103	15.4
Underdeveloped	61	26.0
Not sure	8	2.0
Non Response	3	.8
Total	396	100.0

Source: Field Data

The information in Table 8 is further analyzed in detail as shown in Table 9. Much as CV and CC measure dispersion and consensus of the scores from the mean score, the same theory is used to measure variation in responses, resulting in the determination of degree of disagreement and consensus. In this study, the CV is used to measure the degree of the respondents' disagreement (dissentation) while the CC is used to measure the degree of the respondents' agreement (consensus) on community development by the out-grower schemes. The CV is thirty-nine percent (39%) as compared to the CC at sixty-one percent (61%). The majority of the respondents agreed on their responses that there has been development in the communities where out-grower schemes operated. The minority of the respondents were in disagreement on their responses.

Table 9: Interpretation of CV and CC on Community Development by Out-grower Schemes.

How would you describe development in your community as a result of the operations of the out-grower schemes?					
Likert Scale	W	F	f(w)	W ²	fw ²
SD	1	61	61	1	61
D	2	0	0	4	0
N	3	114	342	9	1026
A	4	0	0	16	0
SA	5	221	1105	25	5525
TOTAL		396	1508	55	6612
MEAN					3.8
SD					1.5
CV					39%
CC					61%

Source: Field Data

As shown in Table 10, the majority of the respondents, 61.9%, indicated that they linked development in their communities to the operations of out-grower firms.

Table 10: Attributing Change in Community Development to Out-grower Schemes

Would you attribute the change in development to activities of out grower schemes?		
	Frequency	Percent
Yes	245	61.9
No	13	3.3
Somehow	97	24.5
Not Sure	30	7.6
No Response	11	2.8
Total	396	100.0

Source: Filed Data

The information in Table 10 is further analyzed in detail as indicated in Table 11. Much as CV and CC measure dispersion and consensus of the scores from the mean score, the same theory is used to measure variation in responses, resulting in the determination of degree of disagreement and consensus. In this study, the CV is used to measure the degree of the respondents' disagreement (dissentation) while the CC is used to measure the degree of the respondents' agreement (consensus) on attributing community development to the out-grower schemes. The CV is at twenty-three percent (23%) as compared to the CC at seventy-seven percent (77%). Many of the respondents agreed on their responses that the development in their communities was attributed to the operations of the out-grower schemes. However, few respondents were in disagreement on their respondents.

Table 11: Interpretation of CV and CC on Attributing Community Development to Out-grower Schemes.

Would you attribute the change or no change in development to activities of out grower schemes?					
Likert Scale	W	F	f(w)	W ²	fw ²
SD	1	13	13	1	13
D	2	0	0	4	0
N	3	41	123	9	369
A	4	97	388	16	1552
SA	5	245	1225	25	6125
TOTAL		396	1749	55	8059
MEAN					4.4
SD					0.9
CV					23%
CC					77%

Source: Field Data

Table 12 indicated that the majority of the respondents, 51.3% rated the performance of the out-grower schemes as fair and 36.6% rated the performance of the out-grower scheme as good. The minority of the respondents, 8.8% (35) rated the performance of the out-grower scheme as poor. Generally, respondents indicated that out-grower schemes have contributed to the development of their communities. Further, respondents indicated that poverty has been reduced because of the activities of the out-grower schemes.

Table 12: Rating Performance of the Out-grower Schemes

How do you rate the performance of the out-grower schemes in your area?			
	Frequency	Percent	
Good	145	36.6	
Fair	203	51.3	
Poor	35	8.8	
Not sure	5	1.3	
No Response	8	2.0	
Total	396	100.0	

Source: Field Data

The information in Table 12 is further analyzed in detail as indicated in Table 13. Much as CV and CC measure dispersion and consensus of the scores from the mean score, the same theory is used to measure variation in responses, resulting in the determination of degree of disagreement and consensus. In this study, the CV is used to measure the degree of the respondents' disagreement (dissentation) while the CC is used to measure the degree of the respondents'

agreement (consensus) on rating performance of the out-grower schemes. The CV is at thirty-two percent (32%) as compared to the CC at sixty-eight percent (68%). The majority of the respondents agreed on their responses on rating the performance of the operations of the out-grower schemes as good. However, few respondents were in disagreement on their responses.

Table 13: Interpretation of CV and CC on Rating the Performance of the Out-grower Scheme.

What is your general opinion about the operations of out grower schemes in your area?					
Likert Scale	W	F	f(w)	W ²	fw ²
SD	1	35	35	1	35
D	2	0	0	4	0
N	3	13	39	9	117
A	4	203	812	16	3248
SA	5	145	725	25	3625
TOTAL		396	1611	55	7025
MEAN					4
SD					1.3
CV					32%
CC					68%

Source: Field Data

Similar studies revealed that the rural communities saw the out-grower scheme as their opportunity for development. It was the way to progress to see their villages being connected through roads and bridges, schools, and medical facilities being built and renovated. For community members, the out-grower scheme was not isolated from the community and out-grower scheme agreements (Musa, 2018; Maltitz *et al.*, 2018; Ragasa *et al.*, 2018; Panotra *et al.*, 2018)

4. Findings

The study revealed that smallholder out-grower farmers had a better standard of living than independent farmers who did not participate in the out-grower scheme arrangement. The out-grower farmers were better off in terms of assets owned, increased income, and increased consumption expenditure as compared to the independent farmers. Further, the study revealed that the out-grower schemes have improved the knowledge of the smallholder out-grower farmers on the operations of the out-grower schemes. Out-grower schemes operate on the concept of contract farming. In this regard, out-grower farmers signed a contract with the out-grower firm. The out-grower firm endeavored to explain the contents of the contract to the out-grower farmers. To this effect, both the out-grower farmers and out-grower firm were duty bound to adhere to their contractual obligations. Subsequently, the study revealed that that the communities have benefited from the operations of the out-grower schemes. Some of the benefits are employment creation, providing clean water through the sinking of boreholes,

community health improvement through building of clinics, enhancing rural education by building schools, and providing training in improved farming practices to increase yields of the agricultural commodities. Other benefits are education scholarships, supporting traditional ceremonies, and sponsoring sports clubs.

In the Eastern province of Zambia where the study was done, the type of the out-grower model that is adopted and implemented is the centralized model, shown in Figure 1. In the centralized model, a firm contracts with farmers, to produce agricultural commodities and sell to the contractor (Torvikey *et al.*, 2017; Eaton, 1998).

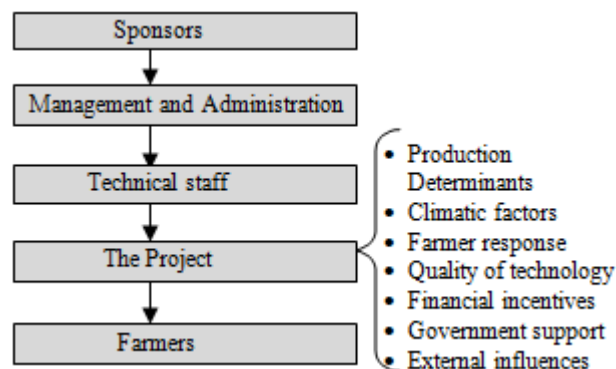


Figure 1: The Centralized Model

Source: based on Eaton (1998)

The study sought to evaluate the management of the out-grower model in order to answer the main research question on: How effective were the out-grower schemes in reducing poverty in rural Zambia. However the study revealed flaws in the centralized model such as: Bias in the selection and recruitment of out-grower farmers (marginal groups such as the women and youth were excluded); Unequal power sharing (the out-grower firms had more power and control than the smallholder out-grower farmers); Lack of transparency in the pricing mechanism (pricing of the agricultural commodities favored the out-grower firms); Exclusion of the third parties (exclusion of external partners that can be a reliable resource to providing expertise on out-grower arrangements); Unfair contracts (contracts for the out-grower farmers were not transparent and comprehensive); and Lack of insurance on out-grower farmers' loans.

The flaws identified in the management of the centralized model type of the out-grower scheme, prompted a proposal for an alternative out-grower scheme management model that could provide a solution to closing on the flaws by including all the relevant stakeholders to take part in the management of the out-grower scheme. Figure 2 shows the framework of the out-grower scheme management model and its structural relationships

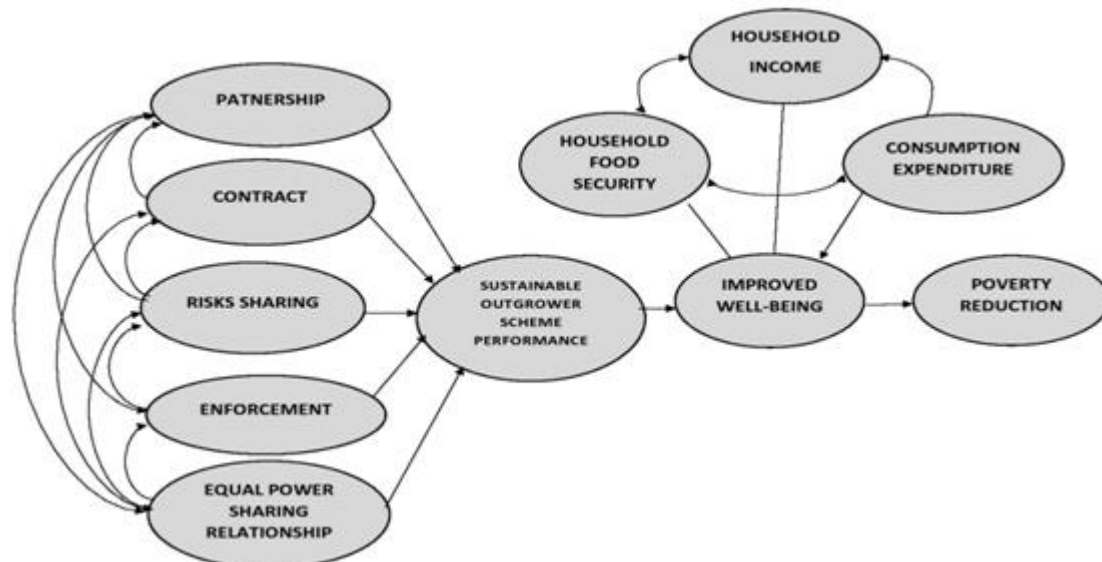


Figure 2: Author's Out-grower Scheme Management Model
Source: Author, 2020

Operationalization of the Out-grower Scheme Management Model

The out-grower scheme management model presents the interaction of the variables in the framework. It addresses the partners, the contract, risks sharing, enforcement, and equal power sharing relationship. Further, it discusses sustained out-grower scheme performance, improved wellbeing (household food security, improved income, and consumption expenditure) and eventually, poverty reduction of the out-grower farmers and community at large.

Partnerships

During the planning stage of any out-grower scheme, it is important to ensure that the out-grower firm, out-grower farmers and community benefit. Out-grower schemes are business enterprises that can last for many years. It is in this regard that establishing the partnership is critical. Partnership reinforces synergy in terms of technical expertise and financial obligations. It facilitates trust and transparency in adherence to contractual obligations for both the out-grower farmers and the out-grower firm. It is important to involve external partners from the beginning for the sake of a lasting partnership.

The Contract

The contract must be designed to provide justice and fairness to both the out-grower farmers and the out-grower firm. It must be a legal binding document that can be used to settle disputes when requirement arises. In this regard, both the out-grower firm and the out-grower smallholder farmers should adhere to their contractual obligations.

Risks Sharing

Just like any other business enterprise, out-grower schemes operate in an environment that is prone to a range of business risks. Justice is that both the out-grower farmers and out-grower firms share the cost of the risks, equally. However, in a centralized model of the out-grower scheme, the out-grower firms pass the production, marketing and price risks on to the out-grower farmers. It is against this background that the out-grower management model provides

a platform of fairness and transparency where risks should be shared and handled in unison by all the stakeholders that are involved in the out-grower scheme arrangements. This may be achieved by sharing accurate information on risk management among all the stakeholders.

Enforcement

Out-grower schemes operate on the concept of contract farming. Out-grower farmers sign a contract with the out-grower firm to engage in out-grower scheme arrangements. However, contract enforcement can be problematic when parties breach the contract. Therefore, it is important that both the out-grower farmers and out-grower firms respect the contract and adhere to the contractual obligations. In the centralized model type of the out-grower scheme, the out-grower firm has an upper hand over control of the out-grower scheme arrangements as compared to the out-grower farmers. The out-grower scheme management model provides a forum for equal power sharing by way of interaction and dialogue among all the stakeholders.

Equal Power Sharing Relationship

In the centralized model of the out-grower scheme, there is unequal power sharing relationship between the out-grower farmers and out-grower firm. The out-grower firm has more power than the out-grower farmers in managing the out-grower scheme arrangements. The imbalance in power disadvantages the out-grower farmers to participate fully with regards to the out-grower scheme arrangements. To this effect, the out-grower management model promotes equal power sharing relationship between the out-grower farmers and out-grower firm by providing a platform for inclusiveness of all stakeholders to participate in decision making. Appropriate management of the out-grower farmers builds trust and transparency, thereby fostering commitment to the relationship with both parties over the long-term.

Sustainable Out-grower Performance

The out-grower scheme management model could promote sustained innovation within the out-grower scheme through products, processes, strategies, and domain in order to assess

and ultimately exploit attractive opportunities to bring about ongoing improvement in the out-grower scheme. Transparency, fairness and timeliness are crucial to building relationships and trust between the out-grower farmers and out-grower firm. Timely delivery of inputs is especially important, as is payment for crops delivered within the specified timeframe and at the agreed price. It is also critical to follow a clear and negotiated process when drawing up the contract so that it is not skewed in favor of the out-grower firm. In this regard, the centralized model of the out-grower scheme does not promote sustained innovation as evident by lack of transparency and unequal power sharing relationship between the out-grower farmers and out-grower firms.

Improved Well-being (Household food security, household income, consumption expenditure)

This refers to the resultant out-grower scheme outcomes in the form of the effectiveness and achieving the set objectives to reduce poverty in rural Zambia. Overly, the effects of the out-grower scheme should be spiral and have an over spill effect to the entire communities where out-grower schemes are implemented and not only benefiting those participating in the out-grower scheme arrangement. Out-grower schemes have the potential to create jobs and provide necessary infrastructure for the benefit of the communities, thereby contributing to poverty reduction and rural development. When appropriately managed, an out-grower scheme can be a viable vehicle for human development in terms of lifting the standard of living of the rural populace in Zambia. In the centralized model type of the out-grower scheme, however, there is no justice in the treatment of the out-grower farmers.

It is in this regard that the out-grower management model can promote fair play by bringing together on board all the stakeholders to fully participate in the management of the out-grower scheme arrangements.

Poverty Reduction

In the out-grower scheme management model, the ultimate goal is poverty reduction. The out-grower scheme management model is an inclusive model that promotes dialogue among all the stakeholders. In this regard, all the impediments that attribute to failure in poverty reductions are discussed and worked on amicably in order to meet the objective of reducing poverty.

Outcome Areas that Result from the Out-grower Scheme Management Model

The foregoing out-grower management model shows that there are significant outcomes towards reducing poverty in rural Zambia. The outcomes are in four areas namely: immediate, intermediate, ultimate, and development impact. The relationship of the concepts in the outcome areas is shown in Figure 3.

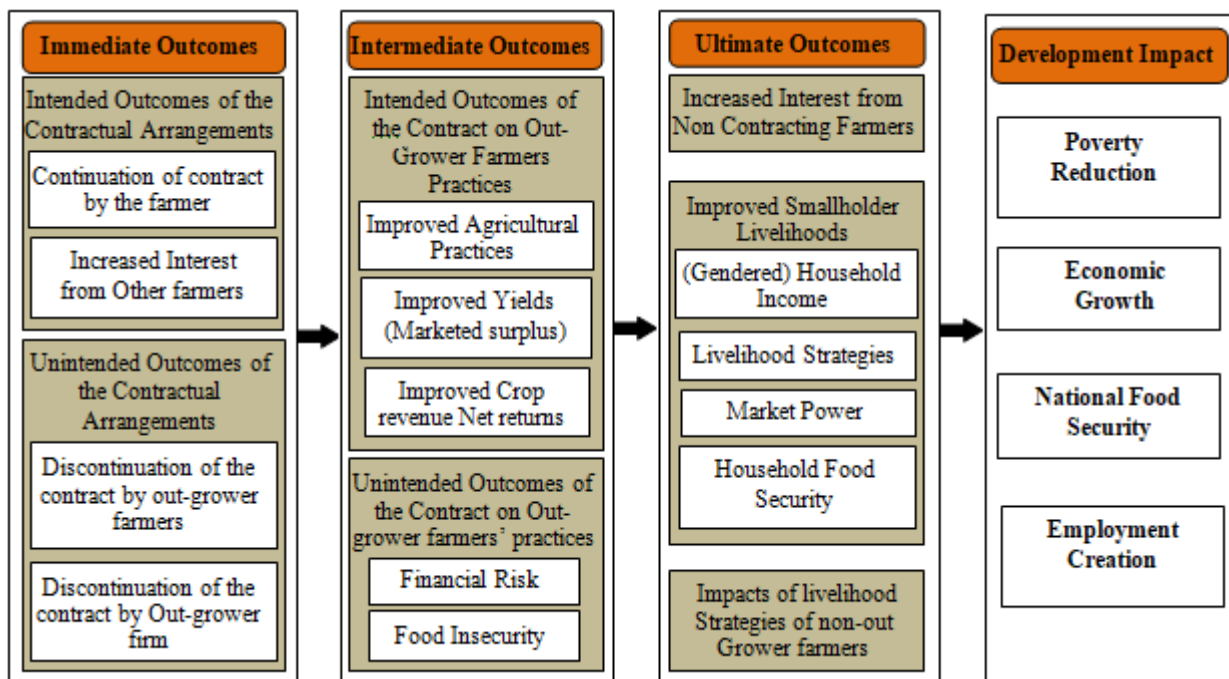


Figure 3: Relationship of the concepts in the Outcome Areas
Source: Author, 2020

Operationalization of the Concepts in the Outcome Areas

This section discusses the operationalization of the concepts in the outcome areas in the context of the out-grower scheme

management model and how the study aims at understanding and/or explaining the problem

Immediate Outcomes

The immediate outcomes of the contractual arrangements are a continuation of the contract by the out-grower farmers and increased interest from other farmers. The unintended outcomes of the contractual arrangements are discontinuation of the contract by the out-grower farmers and discontinuation of the contract by the out-grower firm, respectively. It implies that the out-grower farmers that have been longer with the out-grower scheme will benefit more due to the fact that investing in assets and knowledge take time to show the benefits

Intermediate Outcomes

Further, the intermediate outcomes of the contract on out-grower farmers' practices are: improved agricultural practices; improved yields; and improved revenue. The unintended outcomes of the contract on the out-grower farmers' practices are: financial risk exposure; failing health; and food insecurity. Independent farmers may benefit from spill-over effects, for example by attending field days to show case improved farming techniques. The spill-over effects may be larger if the out-grower has operated in the same area for a longer period.

Ultimate Outcomes and Development Impact

Subsequently, the ultimate outcomes of the out-grower scheme management model considered are: increased interest from non out-grower farmers; and improved out-grower farmers' livelihoods such as household income, adaptation to livelihood strategies, market power, and household food security. Other ultimate outcomes are positive and/or negative impacts on the livelihood strategies of non out-grower farmers and input providers. The immediate, intermediate, and ultimate outcomes culminate into development impact such as poverty reduction, economic growth, national food security and employment creation. The causal link between could not always be a clear-cut, especially when the out-grower scheme has small coverage on the out-grower farmers' agricultural activities

5. Conclusion

In comparison to the independent farmers, there has been positive change in poverty reduction to smallholder farmers participating in the out-grower scheme arrangement. The study revealed that out-grower farmers had a better standard of living than the independent farmers who did not participate in the out-grower scheme arrangements. Further, it also found that out-grower farmers were knowledgeable about the out-grower schemes and understood the operations thereof. Subsequently, the study found that communities benefited from the operations of the out-grower schemes. In view of the above, the out-grower schemes have been effective in contributing to reducing poverty in rural Zambia. However, the implementing and/or delivery model should be revised and the proposed model would be an appropriate driver.

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