

SUCCESS STORY

USAID Grants Accelerate Peanut Trade from Zambia

Exporting to South Africa will increase farmer profits and improve standard of living



Peanuts, referred to as “groundnuts” in Southern Africa, are a staple crop in Zambia. However, high levels of aflatoxin contamination mean that lucrative export markets are largely closed to Zambian production.

Proper sorting and grading of groundnuts can reduce aflatoxin from shipments opening new markets in South Africa and Europe.

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USAID’s Southern Africa Trade Hub is facilitating powerful partnerships between South African and Zambian peanut companies with its Strategic Partnership Grants program. Two grants for new cleaning, sorting and grading equipment and improved seed material are helping Zambian company Jungle Beat to tackle the problem of aflatoxin contamination and access the lucrative export market for peanuts.

Due to domestic market issues, peanut production in South Africa has declined significantly in the last ten years: from 140,000 to 65,000 tons per year. This situation has led South African companies to look to their neighbors in the region for supply. With its ideal climate and traditional knowledge of peanuts, Zambia could make up South Africa’s shortfall all on its own. But due to high levels of aflatoxin contamination, many markets have been closed to Zambian peanuts and the approximately 500,000 households that grow them.

It was Zambia’s peanut potential that first attracted Peter Nieuwoudt to Zambia to set up Jungle Beat and make peanut butter for the local market. When Nieuwoudt first started the company, he drove around the country in his truck searching for farmers to be part of Jungle Beat’s grower network, pitching a tent in any village where he found himself when the sun went down. Today Jungle Beat buys groundnuts from and provides extension support to 11,000 small farmers.

With the equipment, seed and market linkages facilitated through the Strategic Partnership grants, Jungle Beat is now capable of cleaning, sorting and grading four tons of groundnuts per hour at the Lusaka factory—enough for Jungle Beat to increase its purchase of groundnuts from small-scale farmers by up to 10,000 tons per season. And with the expectation of receiving clean, aflatoxin-compliant nuts, South Africa Groundnut Marketing sent 40 tons of high quality seed to be given to 800 of Jungle Beat’s small holder suppliers for the 2013-2014 growing season.

As a result of the grants, Jungle Beat sourced a \$1.8 million USD working capital loan from a local bank (with support from the USAID DCA) to increase purchases from 2,700 metric tons in the previous year to an estimated 7,000 metric tons. Jungle Beat’s first shipment to their South African partner Central African Seed Services (CASS) was sent to Burkina Faso for the manufacture of “PlumpyNut,” a ready-to-use therapeutic food used to fight malnourishment, especially in child populations. With efficient processing like this, African smallholder-produced groundnuts can supply the humanitarian feeding industry and Africa can receive a double benefit from the aid.