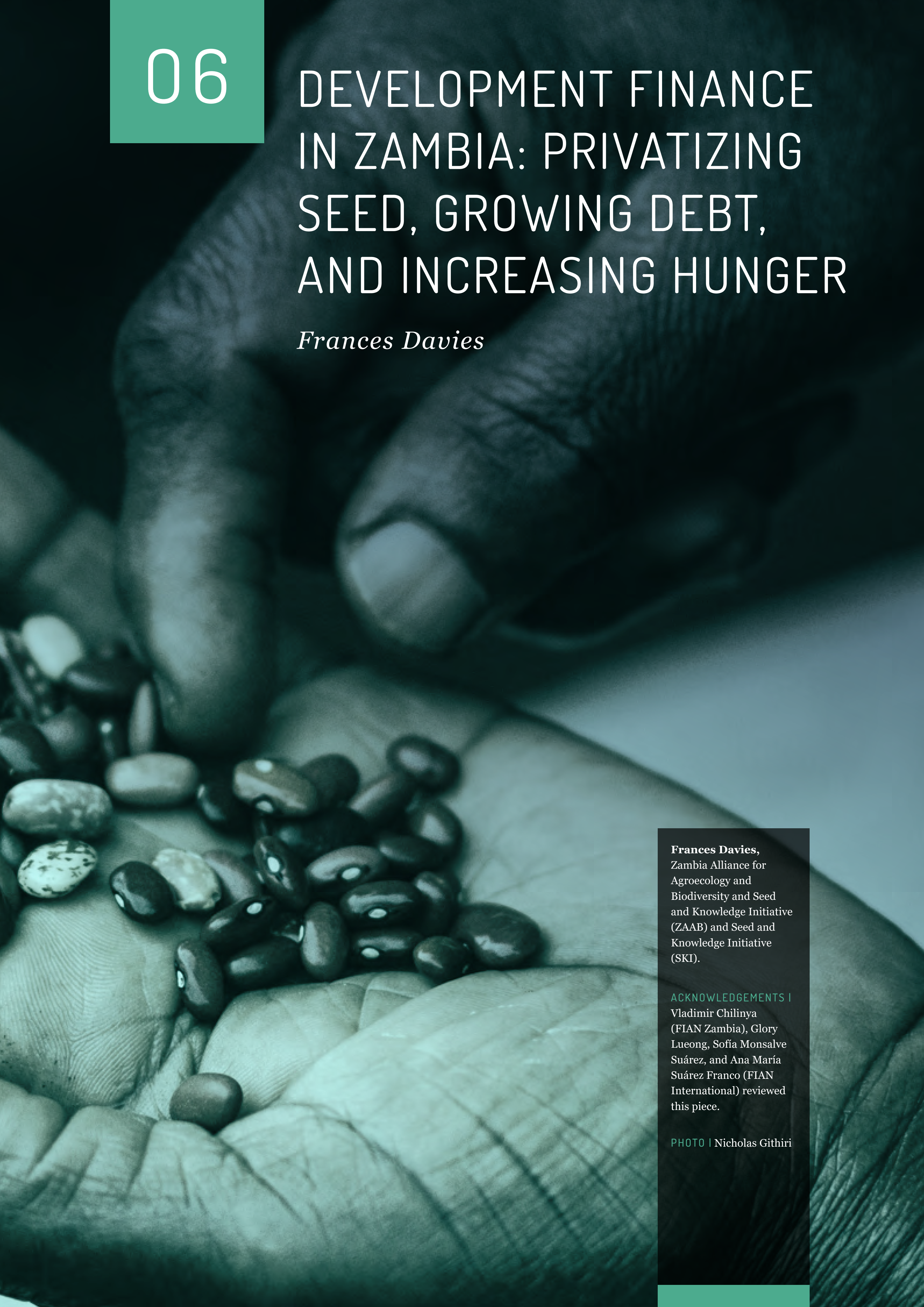

06

DEVELOPMENT FINANCE IN ZAMBIA: PRIVATIZING SEED, GROWING DEBT, AND INCREASING HUNGER

Frances Davies

Frances Davies, Zambia Alliance for Agroecology and Biodiversity and Seed and Knowledge Initiative (ZAAB) and Seed and Knowledge Initiative (SKI).

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EDITOR IN CHIEF

Rosa Angélica Castañeda Flores, FIAN International

EDITING AND PROOFREADING

Katie Anne Whiddon

LAYOUT

Ewelina Ulita

ART CONCEPT

btta.creativa

COVER ILLUSTRATION

Sophie Holin

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Zambia

"The privatization of Zambia's agriculture and seed system illustrates how misguided development finance can enable the capture of food systems and undermine human rights."

INTRODUCTION

Despite its abundant natural and resource wealth, Zambia remains among the most malnourished[1] and heavily indebted countries in the world, spending more on debt servicing than on essential public services such as health, education, and the fulfilment of basic human rights. Structural economic injustices—rooted in colonial policies, inequitable trade regimes, and market capture—have entrenched the country in untenable debt, chronic food insecurity, and poverty. This article explores how global financing systems preclude Zambia's realization of the right to food and nutrition,[2] and undermine national food sovereignty. It calls for systemic transformation towards agroecology, debt restructuring, and people-centered food systems.

DEBT, AUSTERITY, AND THE DENIAL OF THE RIGHT TO FOOD

As of September 2024, Zambia's external debt exceeded US $ 23.1 billion. Debt servicing now consumes more public resources than investments in health, education, or food security. This debt distress has led to austerity policies that cut essential services, echoing the infamous Structural Adjustment Programs (SAPs) imposed by the International Monetary Fund (IMF) and the World Bank (WB) in the 1980s. These neoliberal policies systematically dismantled public systems for food and agriculture, prioritised export commodities, and redirected funds toward debt repayment, undermining the state's ability to fulfil its obligation to respect, protect, and fulfil the right to food. According to the World Food Programme (WFP), nearly 48% of Zambia's population is food insecure, with an estimated 5.8 million people likely to have experienced heightened hunger in 2024 due to drought—compounded by exogenous climate, financial, and artificial food price shocks. The country's heavy foreign debt burden constrains its fiscal space and food sovereignty. It limits its ability to invest in sustainable local food systems, territorial markets, and people's skills and public infrastructure required to adapt to rapid climate change.

1 Zambia has one of the highest rates of undernutrition among children under five in Africa. Approximately 14.9% of children under five are underweight, and micronutrient deficiencies are widespread, with 54% of children under five suffering from vitamin A deficiency and 53% experiencing anemia.

2 As of 2023, Zambia's national debt was approximately 127.31% of its Gross Domestic Product (GDP). Please see: statista.com. According to WB data, Zambia's total debt service as a percentage of Gross National Income (GNI) in 2021 was 3.6%. After protracted negotiations, in June 2024, Zambia's external debt stood at approximately US $15.17 billion, reflecting a 4.1% increase from US $14.57 billion in December 2023, although combined public and publicly guaranteed debt was estimated at US $25.3 billion by September 2024. Please see: zambiamonitor.com

The compounding crisis is situated at the intersection of a long history of financialisation, debt, and policy interference. This story is told below through the historical lens of the capture and privatization of the very basis of the food system: seed. Seed ownership and control define the very nature of a food system—who profits and who goes hungry, every day.

SEEDS, SOVEREIGNTY, AND STRUCTURAL CAPTURE

The privatization of Zambia's agriculture and seed system illustrates how misguided development finance can enable the capture of food systems and undermine human rights. Under SAPs, Zambia's national public seed system—developed with farmers' knowledge and government investment—were partially sold to MRI, a private seed company later acquired by Syngenta, a Swiss agrochemical firm now owned by CHEMCHINA since 2017. The remaining public seed company, ZAMSEED, was fully privatized in 2007 and later, in 2018[3] came under majority ownership of Silverlands Seed Company Limited. This company is legally owned by the Silverlands II Fund, a Luxembourg-based fund managed by SilverStreet Capital, a UK private equity firm. Today, ZAMSEED—now majority controlled by private equity—benefits from public funds through Zambia's Farmer Input Subsidy Programme (FISP).

FISPs are a common and contested agricultural policy across African countries and a core strategy of the Green Revolution in Africa for the expansion of industrial agribusiness. In Zambia, FISPs have historically accounted for 60-80% of the country's agricultural budget spending.[4] These funds are primarily allocated to subsidizing commercial inputs for smallholder farmers, including proprietary seeds, synthetic fertilizers, and pesticides, locking farmers into a cycle of increasing input dependency and eroding natural resource base.[5]

In the 2023/24 farming season, ZAMSEED received over ZMW 71 million (approximately US$26 million) from the Zambian Government through Direct Input Supply (DIS) contracts under the Farmer Input Support Programme. This funding was used to supply 1,339 metric tons of seed, mostly hybrid maize and soybean.[6] As a result, a portion of public funds was directed to a company that was once a state-owned asset—developed using taxpayer money and built on privatized farmer knowledge and genetic resources—highlighting how public investments now support a privatized and commercialized seed system.

Not only does this channel public funding to private equity profits, but the high-input commodity production model based on hybrid seeds and synthetic chemicals undermines agro-biodiversity and increases the costs and risks for smallholder farmers facing climate shocks or market volatility. Women are particularly vulnerable.

3 Please see **ZAMSEED website** https://zamseed.co.zm/about-us/ (retrieved on 19.05. 2025); and SilverStreet Capital. (2023). Annual ESG Report 2023 (retrieved on 19.05.2025).

4 *Ibid*

5 In the 2023/2024 farming season, the Zambian government allocated approximately K7.2 billion to FISP (reported to have risen to K8.6 billion in actual spending according to the zambiamonitor.com), targeting 1,024,434 small-scale farmers nationwide. This allocation was divided between two modalities: Direct Input Supply: K5,603,207,794.80, covering 551,187 farmers in Eastern, Northern, Luapula, Copperbelt, Muchinga, and Western Provinces; Electronic Voucher (e-Voucher) System:K1,549,273,497.68, supporting 473,247 farmers in Lusaka, Central, Southern, and North-Western Provinces (an equivalent of approximately US $313 million).

6 ZAAB (Forthcoming). *Agro-Industrial Input Model in Zambia, Stakeholder and Financial Flow Analysis.*

PRIVATE EQUITY AND PROFITING FROM HUNGER

Private equity firms are increasingly present in African agriculture, often supported by international development finance. The key question remains: who ultimately benefits from these investments? SilverStreet Capital claims to double smallholder farmers' incomes by boosting productivity. According to its 2023 ESG report, adopting hybrid seeds raises yields by 60%. However, this shift carries significant opportunity costs. Hybrid seeds often displace indigenous and local crop varieties that are more affordable, accessible, and naturally climate-resilient. These traditional crops can be maintained by farmers themselves and preserved through national genebanks supporting long-term food sovereignty. Despite these concerns, the Silverlands II Fund—which owns ZAMSEED—has attracted substantial investment from major development finance institutions (DFIs) such as BII (UK)[7] and FinnFund (Finland).[8] The fund's operations are also protected by political risk insurance from the World Bank's Multilateral Investment Guarantee Agency (MIGA).[9]

7 (retrieved on 19.05. 2025)

8 (retrieved on 19.05. 2025)

9 (retrieved on 19.05. 2025)

Such a model of foreign direct investment (FDI)-driven agribusiness investment model, specifically through private equity impact funds like SilverStreet Capital's Silverlands II Fund exemplifies how global financing instruments contribute towards reproducing dependency and consolidating external control, contrary to the principles of democracy and food sovereignty. Public financing is being channelled away from public goods into global capital circuits, precluding Zambia's autonomy over its food systems and the right to food.

CIVIL SOCIETY RESISTANCE AND THE CALL FOR AGROECOLOGY

The Zambia Alliance for Agroecology and Biodiversity (ZAAB), representing farmers, faith groups, and civil society, has consistently challenged undue influence in Zambia's agro-food-related agricultural policies, advocating for farmers' rights and broader human rights protections. For ZAAB's members, the long battle over seed and farmers' rights, encapsulates how neocolonial power, exerted through overt economic manipulation, austerity, and conditional loans under the guise of development finance, has entrenched poverty, debt, and resource extraction. Since 2010, ZAAB has actively defended farmers' seed systems and food sovereignty against corporate-driven harmonization efforts and policy capture, particularly led by USAID and Alliance for a Green Revolution in Africa (AGRA) interventions. Rooted in the neoliberal policies of the SAPs era and the financialization of human life and ecologies, these initiatives claim to promote development and food security while serving to expand multinational corporate control and extraction. ZAAB has resisted privatization-driven seed policy harmonization, land acquisition, and undue corporate influence. ZAAB has challenged the foreign-policy-backed reforms that prioritize low-value-add, export-oriented industrial agriculture and corporate control. Current reforms, echoing past SAPs, undermine the UN's legally binding right to food framework, the United Nations (UN) Declaration on the Rights of Peasants and Other People Working in Rural Areas (UNDROP), the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA), and Zambia's food sovereignty.

In 2024, ZAAB again raised concerns about undue foreign influence in Zambia's new agricultural investment plan, particularly the disproportionate involvement of FAO- sponsored AGRA consultant in drafting the new comprehensive, private sector-led framework. This new plan once again prioritizes export commodity value chains and the privatization of land and seed, benefiting and expanding corporate agribusiness market capture. The policy relies on development finance to de-risk private bank loans to sustain subsidies for agricultural inputs in a system that has just placed immoral risk on vulnerable communities at the forefront of the climate crisis (evidenced by the 2023/24 drought, which left an estimated 30 million people facing crisis levels of acute hunger and irrecoverable debt). Once again, this system is now being operationalized and entrenched through development finance from the World Bank, mimicking historical trends and failures. The latest US $300 million loan to Zambia de-risks mega-farm infrastructure expansion for corporate agri-business and imposes alignment of seed laws with the *International Union for the Protection of New Plant Varieties (UPOV) 1991* standard. In a repetition of its historical infringements, it prescribes private seed ownership, market monopolization, and criminalization of peasants rights.

AGROECOLOGY: TOWARD RESILIENCE AND DEBT JUSTICE

Despite overwhelming corporate influence, grassroots movements and national civil society coalitions, such as ZAAB, are building viable alternatives. Agroecology offers a pathway to reclaiming food and financial sovereignty. Grounded in farmer knowledge, women's leadership, and community control over resources, agroecology restores biodiversity, improves climate resilience, and strengthens rural economies. Evidence from local agroecology farmers and organizations like the Seed and Knowledge Initiative, Community Technology Development Trust–Zambia, and Kasisi Agricultural Training Centre, among others, shows that during the 2023–24 El Niño-induced drought, indigenous seeds and diversified cropping systems outperformed hybrid monocultures—demonstrating the effectiveness of agroecology. Farmers' use of their own seed and farm-produced biofertilizers also meant they were not buried in debt—unlike millions of conventional commodity farmers, who required government intervention to cover failed crops and overwhelmed insurance mechanisms.

Agroecology and smallholder farmers have the potential to restore healthy, inclusive and accountable food systems and local economies, whilst building resilience to and mitigating climate change. But they cannot do this alone. Supportive policy is urgently needed to enable this transition. Meanwhile financial actors involved in the food and agricultural sectors may in some cases contribute to easing access to finance to scale production, their involvement must not replace producers or override locally adapted knowledge and technologies. Finance is critical—but it must be directed toward reviving local economies, not serving as a conduit for capital extraction. For this aim, public finance is more suited than private finance. A shared commitment to designing and implementing such a holistic transition among diverse stakeholders is essential. This is where the UN Financing for Development (FfD) agenda becomes vital.

Agroecological transformation requires fiscal space. Zambia's recent policy steps recognizing agroecology are promising—but remain underfunded. Proposals for redirecting development finance and subsidies to agroecology and local territorial markets are gaining traction, linking debt cancellation to investments in sustainable, rights-based food systems. A systematic shift in subsidies—from corporate agribusiness and harmful commodity extraction toward community-led agroecological initiatives—is urgently needed. This aligns with the UN FfD agenda, offering a practical mechanism to transform unjust financial architectures that continue to undermine the right to food.

CONCLUSION: RECLAIMING SOVEREIGNTY AND THE RIGHT TO FOOD

Zambia's entrapment in a cycle of debt, dependency, and food insecurity is not accidental; it is structurally engineered through global financial institutions and unjust development finance. Looking back over the decades of so-called development finance and linked foreign policy interference, shows how investments in privatization and industrial agriculture contribute to strengthening systems of neo-colonialism and corporate control. To break free from the cycle of debt and food insecurity, Zambia must commit to systemic, unwavering support for agroecology. Agroecology offers a transformative alternative rooted in food sovereignty, gender justice, and ecological balance. Zambia must seize the opportunity at the upcoming 2025 UN FfD Conference to demand financial justice, uphold human rights, and scale up agroecological systems that empower communities. The path forward is not just about food; it is about reclaiming power, dignity, and sovereignty.

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