



Zambia National Farmers Union

STAKEHOLDERS CONSULTATIVE WORKSHOP ON AGRICULTURE CREDIT ACT 8TH JULY 2011

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- **EXPERIENCES FROM FARMERS**

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ORDER OF THE PRESENTATION

- Introduction
- Agricultural marketing
- Post harvest losses
- Agriculture market finance
- Agriculture credit act



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INTRODUCTION

MISSION STATEMENT

To promote and safeguard interests of farmers, individuals, corporations/companies and other organizations involved in the business of farming in order to achieve sustainable economic and social development.

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- ZNFU is an organization for the farmers led by the farmers
- It promotes the interests of all farmer categories
 - ✓ Small-scale
 - ✓ Emergent
 - ✓ Large Scale



Agricultural marketing

- Not well developed in the country
- Poor infrastructure such as roads
- Looking forward to SNDP implementation of infrastructure development in rural areas.
- High cost of production reducing market competitiveness
- Lack of mature futures market
- Inadequate information on demand leads to misallocation of resources and loss of markets.
- Collision of buyers



POST HARVEST LOSSES

- FAO estimates losses to be about 25% of all foods produced.
- The poor market information system contributes to post harvest losses.
- Need to improve on-farm storage to avoid quality and quantity losses.
- More storage facilities also need to be built.
- Improved storage will also help farmers enjoy benefits of warehouse receipt system.



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Agriculture finance market

- dysfunctional
- For farmer; credit is scarce, expensive and heavily skewed towards the larger corporate sector
- Loan terms too short and loan application process tedious.



PROBLEMS IN AGRICULTURE FINANCE

- Risks associated with agric production; weather, macroeconomic instability, price volatility
- Poor enforcement of contracts
- High risk lending environment due to unpredictable govt. intervention
- Ltd understanding of agric markets & ltd expertise by most banks and financial institutions.
- Lack of collateral by farmers with untitled land



Agriculture credit act

- Will Increase platform for robust financial access ; receipts means of collateral as well as crop in the ground
- arbitration process will boost confidence of lenders
- However credit access may still be a challenge as most financial institutions may not be comfortable with non transference of ownership.
- High interest rates may still inhibit borrowing



Agriculture credit act

- Reluctance of farmers to store grain and lenders to accept ware house receipts due to unpredictable future prices.
- Need to develop forward and futures contract and insurance policies that mitigate volatility of prices.



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- **THANK YOU**

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