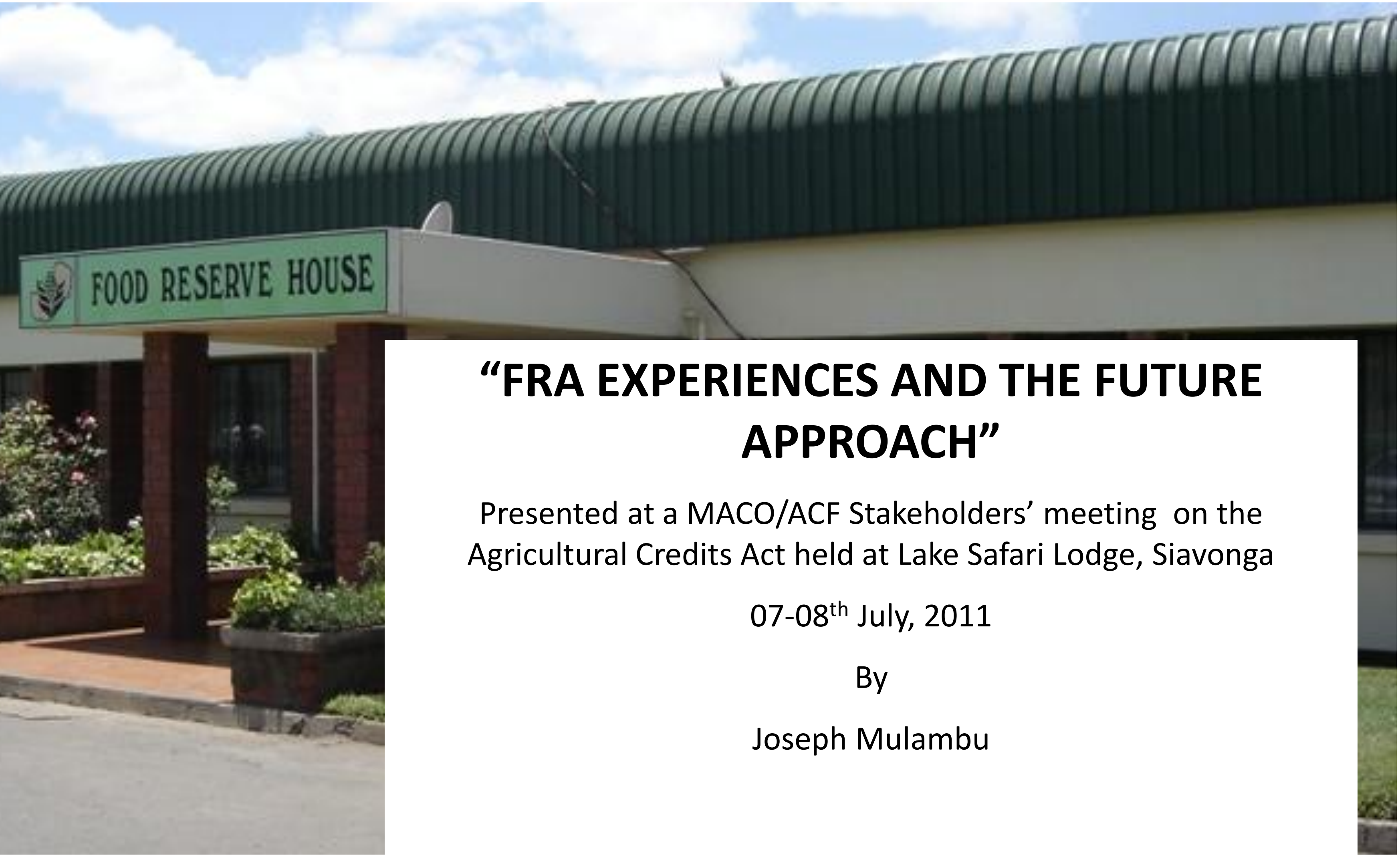


"FRA EXPERIENCES AND THE FUTURE APPROACH"

Presented at a MACO/ACF Stakeholders' meeting on the Agricultural Credits Act held at Lake Safari Lodge, Siavonga

07-08th July, 2011

By

Joseph Mulambu

INTRODUCTION

- Enactment of the Food Reserve Act (1995)
- Establishment of the Food Reserve Agency (FRA) (1996)
- Amended FRA Act (2005)
- FRA is a grant aided Institution

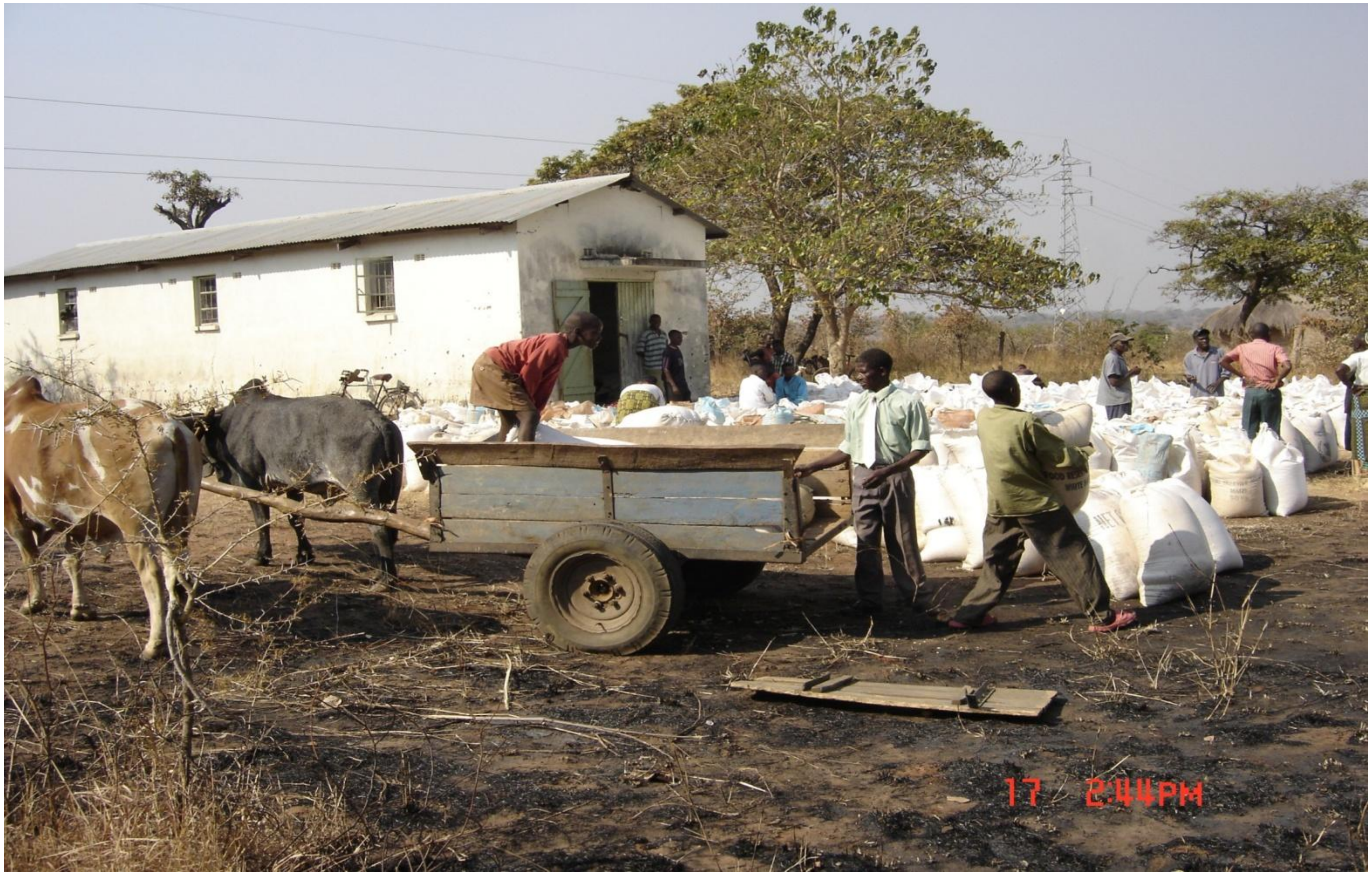
Role of FRA

ADMINISTERING A NATIONAL STRATEGIC FOOD RESERVE

FOOD RESERVE AGENCY

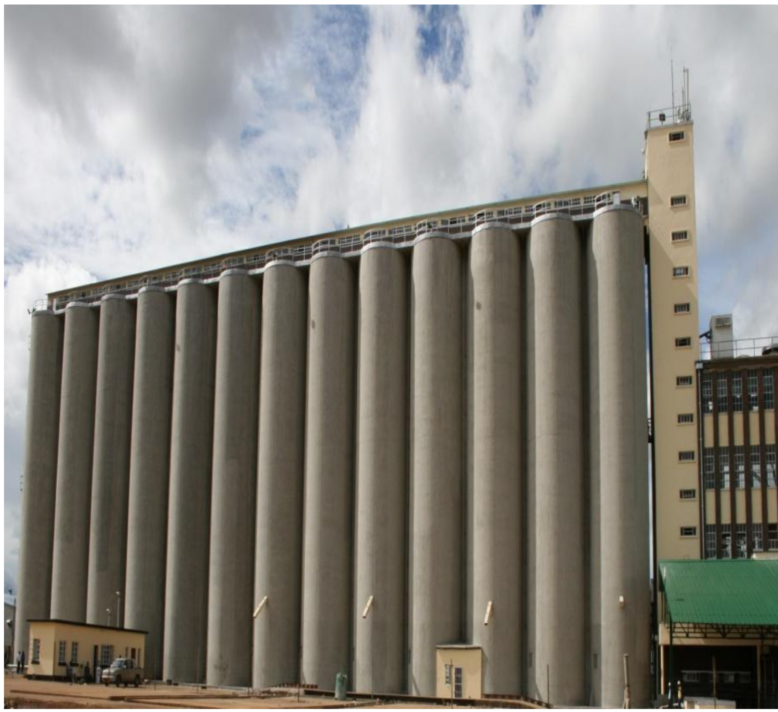
Role of FRA Continued

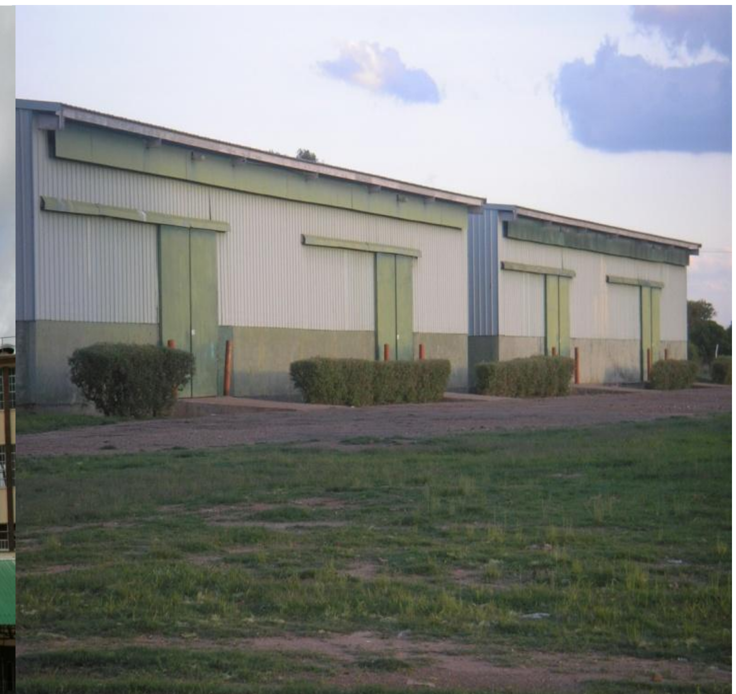
CROP MARKETING AND MARKET FACILITATION



Role of FRA Cont'd

MANAGEMENT OF STORAGE FACILITIES





Operational Structure

Hon. Minister
Agriculture & Co-operatives

FRA Board

FRA Management

Co-operatives/Farmer Associations/FRA Marketing Assistants

Block & Camp Extension Officer/Primary Co-operatives/Farmer Associations

Small Scale Farmers

Operational Structure cont'd

- FRA has 10 Regional Offices (1 in each provinces except Northern Province which has 2 offices because of its size.
- FRA operates in all the 74 districts of Zambia and has holding depots in 70 locations which are managed by co-ops/Farmer Associations.
- FRA operates on average 15 satellite depots/district, thus 1,110 buying points.

Crop Purchases

Year	Maize	Rice	Cassava	S/beans	G/Nuts
1996	10,538	0	0	0	0
1997	5,562	0	0	0	0
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	0	0	0	0	0
2002	23,535	0	0	0	0
2003	54,778	0	169	0	0
2004	105,279	366	0	0	0
2005	78,566	1,440	553	1,439	2,034
2006	389,510	809	3,671	1,156	0
2007	415,948	1,339	2,389	8	0
2008	73,867	607	10	0	0
2009	198,630	909	0	0	0
2010	883,026	2,647			

Value of Crops Purchased (K'billion)

Year	Maize	Cassava	Rice	Soy Beans	G/nuts
1996					
1997	2.5				
1998	0.9				
1999					
2000					
2001					
2002	21.8	0.1			
2003	32.9				
2004	75.8	0.4	0.5		
2005	56.6	1.8	1.3	1.87	4.2
2006	288.2	1.2	0.7	0.9	
2007	316.1	0.003	1.3	0.004	
2008	70.6		0.6		
2009	258.2		0.9		
2010	1,147.9	5.47			

FOOD RESERVE AGENCY

Maize Imports & Exports

FRA Maize Import and Exports since 1996		
Year	Qty Exported (Mt)	Qty Imported (Mt)
1996		
1997		
1998/99		200,000
2004	22,098	
2005	13,029	43,161
2006	125,783	
2007	285,856	
2008		34,325
2009		
2010	78,177	
Total	**524,943**	**277,486**

FRA Operational Challenges

- Operational areas have poor infrastructure with high marketing costs.
- Small scale farmers crop is not homogeneous in quality therefore handling of the commodity requires additional care (quality control).
- Market of some of the designated crops is limited because of the weak processing industry.
- Most of the storage facilities are located in the southern part of the country yet more are required in the Northern part where production is on the increase.
- The high production costs together with the low yields pose a challenge in offering farmers prices that are competitive.
- There is need to build capacity of the co-operatives as warehouse managers.
- The bulking of crops in district centers and distribution to the deficit areas of the country can be very challenging due to high transport costs.

Future Approach

(i) Enactment of the Agricultural Credits Act and the Agricultural Marketing Act.

The FRA will have to undergo a through corporate re - orientation to come up with a new business model to suite the new environment.

(ii) Zambia's two consecutive maize bumper harvests

The FRA together with the private sector still has a role to play in ensuring the huge stocks in the country are disposed of.

FOOD RESERVE AGENCY

Conclusion

The enactment of the Agricultural Credits Act is a step in the right direction as it provides the regulatory framework within which players in the industry shall be guided on use of instruments such as the Warehouse Receipt System.

The FRA will provide the necessary support to the development of this system in Zambia.