STAKEHOLDERS
CONSULTATIVE WORKSHOP
ON AGRICULTURE CREDIT ACT
8TH JULY 2011
PRESENTATION BY MAINZA S. CHIBOMBA
• EXPERIENCES FROM FARMERS
ORDER OF THE PRESENTATION

- Introduction
- Agricultural marketing
- Post harvest losses
- Agriculture market finance
- Agriculture credit act
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.
- ZNFU is an organization for the farmers led by the farmers
- It promotes the interests of all farmer categories
  - Small-scale
  - Emergent
  - Large Scale

More than 100 years of uniting farmers for national prosperity
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.
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 warehouse receipts due to unpredictable future prices.
- Need to develop forward and futures contract and insurance policies that mitigate volatility of prices.
• THANK YOU