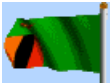



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### Budgetary funding to agriculture reduces

By NICHOLAS MWALE

"MR SPEAKER Sir, agriculture remains a key sector for the nation's economic development." minister of Finance and National Planning Ng'andu Magande said when he presented the 2008 National Budget to parliament.

In his budget presentation on the key sector policies and interventions, Mr Magande indicated that the focus in 2008 would be on improved cash crop production, livestock and fisheries development.

He said programmes that enhanced crop production such as the Fertilizer Support Programme and irrigation would however, continue to be supported.

Government's pronouncement of agriculture as a key economic sector certainly exemplifies how vital the farming segment is to the country's economic growth.

It is also in line with the objective of the agriculture policy, that is, to achieve accelerated growth and competitiveness in the sector to ensure poverty reduction and income growth.

For the past four years, the budgetary allocation to the agricultural sector had been increasing steadily until last year when it attained 8.8 per cent of the SADC targeted 10 per cent by 2008.

Last year, 8.8 per cent of the national budget was allocated to the agriculture sector, which saw many stakeholders commending the government for its consideration and commitment to meet the 10 per cent target.

With the theme, "Unlocking Resources for Economic Empowerment and Wealth Creation," analysts observed that the allocation of resources indisputably makes a pragmatic difference in recovering the growth of the farming sector, which has repeatedly been pronounced as the driver in the country's economic advancement.

The budgetary allocation for this year has reduced from 8.8 per cent in last year's total national budget of K10.2 trillion to 6.6 per cent in the 2008 total national budget of K13.7 trillion, which represents 26.7 per cent of the Gross Domestic Product (GDP) estimated at K51.5 trillion.

In the budget speech, Mr Magande indicated that expenditure on Economic Affairs was projected to be K2,300.8 billion.

Of this amount, Mr Magande said the Transport sub-function would account for 51.4 per cent, Agriculture, Forestry and Hunting 34.8 per cent, General Economic, Commercial and Labour Affairs 6.3 per cent while the balance would be accounted for by Fuel and Energy, Tourism and Mining sub-function.

"Sir, under the Agriculture, Forestry, Fishing and Hunting sub-function K185.0 billion has been provided for the Fertilizer Support Programme to small scale farmers to mitigate the high cost of farming inputs.

An amount of K10 billion has been set aside for the Food Security Pack to assist the vulnerable but viable rural farmers and K80 billion has been provided for purchase of agricultural products by Food Reserve Agency particularly from outlying areas," Mr Magande explained.

"Further, the government has provided K24.4 billion and K38 billion for fisheries development and control of livestock diseases, respectively," he added.

But reactions from various agricultural stakeholders after the budget presentation evidently indicated that reduction in allocation to agriculture was inadequate for the growth of the sector.

The Zambia National Farmers Union (ZNFU) observed that reduction in the allocation was not done in favour of the country's agricultural sector.

ZNFU president Guy Robinson stated that the reduced allocation to the sector would adversely affect the country's agricultural production hence putting the country's food security at risk.

Mr Robinson explained that it would be difficult for Government to fight the livestock diseases with the reduced budgetary allocation to the agricultural sector because addressing the problem of livestock diseases that are

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devastative to the country's animal industry required adequate funds.

He said the union would have preferred that 2008 funding to the agricultural sector was not reduced if the segment was to grow.

Mr Robinson said it would be important for the Ministry of Agriculture and Cooperatives to explain why the funding reduced to 6.6 per cent in the 2008 National Budget when it was expected to increase to 10 per cent as per SADC requirement.

The displeasure over the budgetary allocation to the agricultural sector was also witnessed during the budget analysis meeting organised by the Agricultural Consultative Forum (ACF) in Lusaka recently where it was clearly indicated that reduced funding to the agricultural sector was contrary to the SADC protocols.

"What is in the 2008 National Budget for the Agricultural Sector" was the title for the breakfast meeting where ACF Board chairperson Paul Kapotwe stated that it was important for key stakeholders from both the private and the public sectors to discuss the economic measures in the 2008 National Budget and how they related to the agricultural sector which is regarded as the driving force to the country's economic development.

Although it was meant to be a panel discussion where the Ministry of Agriculture and Cooperatives, Ministry of Finance and National Planning, Ministry of Commerce, Trade and Industry as well as the Zambia National Farmers Union (ZNFU) were expected to give their perspective of the 2008 National Budget in relation to the agriculture sector, only few senior government officials from the (MACO) were present at the budget analysis meeting.

Addressing the meeting fairly attended by representatives from the private firms, non-governmental organisations and donor organisations, acting minister of Agriculture and Cooperatives Bradford Machila said that Government appreciated the many concerns raised by major stakeholders in the industry on the reduced budgetary allocation to agriculture as well as the issue of the SADC protocol.

However, Mr Machila explained that various shortcomings that came up during the cabinet meetings on the implementation of the development programmes were taken into consideration during the budget preparations.

"It is also important to note that there are vast demands by all sectors to have reasonable share of the national cake," Mr Machila said.

"Building of the road infrastructure is also going to be a big challenge for Government," he said.

Nonetheless, it was observed during the meeting that the agriculture budget size was reversing, and that the 2008 one had significantly reversed by half the growth since 2004.

According to a presentation by Professor Mike Weber from the Food Security Research Project (FSRP), poverty reduction programmes continue to be staple centred and dominated by the Fertilizer Support Programme (FSP).

In his presentation, Prof. Weber pointed out that although the budget speech focus for agricultural sector called for growth of cash crops, livestock and fisheries, many drivers for agricultural growth were still under-funded.

"The cotton sector is targeted for increased value addition but the sector recovery challenges are significant especially with the varying rain patterns," Prof. Weber noted

Among the several concerns raised and questions, which remained unanswered was the issue of the MACO not having spent some money allocated to the sector last year.

Mr Alex Mwanakasale from the World Bank said in view of the fact that the ministry is said to have not spent the funds from last year's budget programme, it would be important to know the reason for not using the money.

"It would also be good to know the areas where the money was not spent," Mr Mwanakasale said.

And Seed Co Zambia Limited marketing manager, Max Mbunji said it was unfortunate that poverty reduction programmes have not been given enough money in this year's National Budget.

Following Mr Magande's announcement during the budget presentation that urban poverty dropped from 53 per cent to 34 per cent where as rural poverty increased from 78 per cent to 80 per cent, Mr Mbunji said it was clear that poverty reduction programmes needed adequate funds to help rural people.

Mr Mbunji said there was need to know the basis of increased poverty levels in rural localities whose majority populace were small-scale farmers.

He said it was important to adequately fund the poverty alleviation programmes, especially in the agricultural sector.

Commentators observed that most submissions made to the budget preparations were ignored in the final budget document.

Nonetheless, experts noted that in the Fifth National Development Plan (FNDP), agriculture was considered as the driving force for the country's poverty alleviation hence the need for all stakeholders to work closely with the government to realise its growth.

Authorities further observed that the agricultural segment was well on the way to being a success story but until Zambians could feed themselves, the government should not only focus on success in other areas of the economy but support the growth of agriculture for the country's stable food security.

Until funding increases to the agricultural sector, meaningful economic development, which will include improvements in the lives of the rural farmers, Zambia cannot arguably be said to be improving her economy – NAIS.

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