



THE ENABLING BUSINESS OF AGRICULTURE: TOWARDS A SUCCESSFUL AGRICULTURAL SECTOR FOR ZAMBIA

PRESS STATEMENT

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Agriculture and agribusiness play an important role in the Zambian economy, contributing around 20 percent of Gross Domestic Product (GDP) in recent years and about 12 percent of national export earnings. Agriculture employs nearly 70 percent of the labor force and remains the main source of income and employment for most of the people living in rural areas. It is for this reason that the **Government has over years endeavored to invest in the agricultural sector through various initiatives such as the Farmer Input Support Program (FISP), reducing customs duty on agricultural equipment and the encouragement of private sector involvement.**

The Enabling Business of Agriculture (EBA) report measures how regulation affects the livelihood of domestic farmers. It helps policy makers assess the regulatory environment in agriculture by examining whether Government-designed regulations and processes either facilitate or hinder agricultural activities of domestic farmers. **The 2019 EBA report indicators show that Zambia is ranked number 3 out of 28 countries in Sub Saharan Africa in design and implementation regulations as well as processes that promote an enabling environment for farmers to thrive.**

The EBA report has eight quantitative indicators which include; **supplying seed, registering fertilizer, securing water, registering machinery, sustaining livestock, protecting plant health, trading food, and accessing finance.** The report shows that Zambia scored well in five of these indicators, which included; **the availability of seed, access to fertilizer, availability of water resources, plant protection and access to finance.**

There has been an improvement in the use of improved seed by farmers for the period 2002 to 2019. Particularly for maize, there has been substantial improvement by households using the improved maize seed from 54% to 70%. This improvement is attributed partly to the liberalization of the seed subsector. The private sector plays a major role in seed production and exports. Zambia is one of the largest seed exporters in Africa; aside from the domestic market, it exported a **recorded total of 17,891 tons of certified seed to other African countries in 2011.** Other reasons for the improvement in the use of improved seed use include; research, breeding, production, marketing and extension services, which have positively influenced the adoption of improved seed among smallholder farmers. In addition, the traditional FISP has contributed to this increase, especially that hybrid maize seed is part of the FISP package. Further, the Governments' Food Security Pack (FSP), which distributes free hybrid maize seed to vulnerable households, may have partly accounted for this increase in the use of

improved seed.

In the recent years, the agricultural sector has witnessed increased trends in the use of fertilizer by farmers. This increase in the use of fertilizer is as a result of increased Government funding towards FISP, which stands at 61% of the fertilizer financing in the country. Secondly, there has been an increase in the commercial farm sector over the years, which in turn entails more use of fertilizer in crops such as wheat, soybean, sugar, barley, and maize production as drivers of increased demand for their product.

Zambia and Kenya are two of the three countries that received a maximum score on securing water as they have put in place sufficient regulation for water management. The creation of the Ministry of Water, Sanitation and Environmental Protection is an effort in the right direction in ensuring the protection and use of water resources as well as investment in water infrastructure.

Despite the tight fiscal space from the ongoing debt repayments, the Government has continued to fund the agricultural sector. In the 2021 national budget there was a 6.7% increase in the budget allocation towards the agricultural sector. The private sector has played a minimal role in financing the agricultural sector in form of loans for greenfield investments, as majority of the lending goes toward financing big commercial farms. Access to finance for small scale farmers recently improved with recent initiatives by Zambia National Commercial Bank's Lima Credit in collaboration with the Zambia National Farmers' Union (ZNFU). The scheme enables groups of small-scale farmers to receive a seasonal credit for maize. Loan funds are disbursed in kind through input suppliers, who deliver the inputs to the District Farmers Association for onward distribution to each farmer group, in which the group members are jointly liable for repayment.

The report also indicates **some areas of improvement such as use of farm machinery, plant protection and food trading. These areas are very critical for a successful agricultural sector as such there is need for Government to expedite the establishment of the tractor assembly in order to improve the use of farm machinery especially by small scale farmers.** The improvement in plant protection is essential, as the country grapples with the effects of climate change which has brought about new pests and insects that are destroying crops. This therefore calls for increased funding towards research and development in the sector which will capacitate the research institutions to carry out research and experiments in a timely manner. Lastly, the aspect of food trading is important as the country strives to grow the contribution of the sector to the national GDP. Improvements in food trading include among others, ready markets for agricultural products, food storage, packaging and branding and proper handling of crops after harvest. **These aspects of the agricultural sector require improved investment in infrastructure such as roads, agro-processing machines in convenient locations and proper storage facilities.**

Therefore, Government is urged to continue providing a conducive environment for increased private sector investment within the sector. There is also need for increased funding towards research and development as well as extension services, to enable the country to score in all the indicators of the EBA report.

MRS. BERNADETTE DEKA-ZULU
Executive Director

For more details, interviews or queries about this PMRC Media Statement:

POLICY MONITORING AND RESEARCH CENTRE
Ministry of National Development Planning Complex,
Corner of Nationalist and John Mbita Roads, Ridgeway, Lusaka.
Tel: +260 211 269 717 | +260 979 015 660
<http://pmrczambia.com>

