

MINISTERIAL STATEMENT
ON THE
SUSTAINABLE AGRICULTURE FINANCE FACILITY
BY
THE MINISTER OF AGRICULTURE (MR MTOLO), MP

Madam Speaker, I thank you for giving me this opportunity to present as ministerial statement on the sustainable agriculture financing facility which is commonly referred to as a credit window.

Madam Speaker, the Sustainable Agriculture Financing Facilities (SAFF) is a market-based initiative for tailor made financing to the agriculture sector especially for small and medium scale farmers who more often than not have limited access to affordable financing.

Madam Speaker, as the House may recall, during the Official Opening of Parliament, His Excellency, the President of the Republic of Zambia, Mr Hakainde Hichilema did indicate that the Government would open a credit window to enable citizen's access affordable agricultural loans.

Madam Speaker, in order to actualise this aspiration, the Government intends to initially empower small and medium scale farmers who play a crucial role in Zambia's agriculture sector, in contributing to national food security and rural employment amongst other positive strides. The Government through the comprehensive agriculture transformation support programme and its Zambia agriculture and food delivery compact, the DAKAR two commitments has targeted to produce 10, 000, 000 metric tons of maize, 1, 000,000 metric tons of soya beans and 1,000,000 metric tons of wheat by 2027, in order to meet both domestic and regional demand and make Zambia a regional hub of maize soya beans and wheat production.

Madam Speaker, the credit window will commence this year, in the 2023/2024 farming seasons in all the ten provinces by providing seasonal loans and financial services for maize production, soya beans and wheat financing will commence in subsequent years. Going forward, the credit window will also cover farmers who will be cultivating more than five hectares.

Madam Speaker, in the 2023/2024 farming season, the loans will be issued in the form of farming inputs through local agro-deal network, to small and medium small-scale farmers who are not beneficiaries of the Farmer Input Support Programme (FISP) and the Farmer Support Programme (FSP). Salaried employees including civil servants are also eligible to apply for the loans. There will be no cash given out to beneficiaries. However, there is room to accommodate costs associated with land preparation activities.

Further, it is important to note that the credit window will be administered by private sector through financial institutions, namely Absa Bank Zambia Plc, Zambia National Commercial Bank (ZANACO) Plc. Atlas Mara Bank, Indo-Zambia Bank and National Savings and Credit Bank (NATSAVE Bank). The loan value will be between K13,000 and K70,000 for farmers with a hectarage of one and five hectares.

Madam Speaker, the loans shall attract a 12 per cent interest with the repayment in cash expected after harvest that is at the end of the farming season. In addition, all the beneficiaries will sign a bonding agreement to sale their produce to the Food Reserve Agency (FRA) as market facilitation and also to guarantee national food security.

Madam Speaker, may I also mention that the loan facility comes into effect today, Thursday 2nd of November 2023, with farmer registration at the district agriculture coordinators office. The scoop of services and coverage will include, crop insurances, financial literacy training, agriculture mechanisation and other value chain investment by small and medium enterprises.

Madam Speaker, I thank you.
