



NATIONAL ASSEMBLY OF ZAMBIA

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**SPEECH BY HON FRANCIS KAPYANGA, MEMBER OF PARLIAMENT FOR  
MPIKA CONSTITUENCY, URGING GOVERNMENT TO FACILITATE THE  
ESTABLISHMENT OF AN AGRICULTURAL BANK, WEDNESDAY, 6<sup>TH</sup> JULY,  
2022**

**RESEARCH DEPARTMENT**

**JULY, 2022**

**Madam Speaker,**

I beg to move that this House urges the Government to facilitate the establishment of an agricultural bank.

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**Madam Speaker,**

I would like to thank you most sincerely for giving me this privilege to move this Private Member's Motion, urging the Government to establish an agricultural bank.

For purposes of this Motion, and to contextualise my debate allow me to define an agricultural bank as a credit bank specifically established to assist agricultural development, particularly by granting loans for longer periods with lower interest rates than is usual with commercial banks. These banks are usually versatile and they support a wide range of products such as crop production, livestock, aquaculture, poultry, agro-machinery, agro-processing, transportation and marketing mechanisms. They also support horticulture and nursery, minor irrigation facilities, building cold storages, building warehouses and many more.

**Madam Speaker,**

Zambia is well poised to be a great agricultural hub if we support the farmers with the necessary fundamental resources of farming. The support to farmers is critical because farming in Zambia has for a long time been affected by many challenges, which include high cost of production, inadequate investment in agricultural activities, the depletion of nutrients in soils, archaic technology and the overdependency on fertilisers to improve yields.

Evidently, most small-scale farmers in rural areas have had to put up with the worst experiences in farming to ensure food security at household level.

Despite the fact that, all-successive Governments have shown willingness to support investment in agriculture, little has been done to address one of the real problems which is lack of financial incentives to grow the agricultural sector.

**Madam Speaker,**

Achieving agricultural transformation that will translate into poverty reduction and food and nutrition security, requires investments across the agricultural value chain. Yet I have noted that the flow of finances from commercial sources to the agricultural sector remain extremely low due to various risks within the sector, and this is more so among small scale farmers.

In this vein, I believe establishing agricultural banks would be the key solution to farmers because they would provide credit facilities and other financial services to customers not considered credit worthy by commercial bank standards. Without finances, smallholder farmers will not be able to buy good seeds, hire workers, or invest in equipment.

**Madam Speaker,**

It is evident that the establishment of an agricultural bank would not only enable farmers access cheaper financing, but it would also give them an opportunity to be empowered with finances that will allow them to produce a wide range of products which would promote diversification in the agricultural sector

Agricultural banks would also foster strong long-term relationships with farmers involved in the local business of agriculture. Through these long-term relationships farmers will not only benefit by accessing finances, but, will also access vital agricultural information. The support towards the growing of the farming sector will help to create jobs that would maintain the viability of rural communities and

enhance production which in the long run will contribute to increasing our Gross Domestic Product.

**Madam Speaker,**

Allow me to indicate that the establishment of an agricultural bank would not be a new thing to Zambia. Under the First and Second Republics, Zambia had Lima Bank, Agriculture Finance Corporation, Credit Union and Savings Association among others, which collapsed when we liberalised the economy. Regrettably, these institutions did not live up to expectations.

With this history in mind, it is important to dissect the source of the problem regarding what really led to the collapse of these lending institutions.

**Madam Speaker,**

My research on these banks, tells me that they collapsed as a result of operational inefficiencies and poor loan recovery rates. They also suffered from erratic funding and political interference.

As the House is fully aware, Zambia's agricultural sector is still largely dependent on small holder farmers who are not well catered for by conventional financial institutions. Studies have shown that providing financial products and services to small holder farmers and poor rural households, particularly those with potential to become more productive can contribute to higher incomes and improved livelihoods. Therefore, we can learn from the country's experiences to set up an agricultural bank that will not close up due to factors that led to the collapse of the previously established institutions.

**Madam Speaker,**

Successive Zambian Governments have held agriculture as key to the country's development agenda hence the proposal to establish an agricultural bank that will have the interest of the farmers even with the risks that agriculture possess. Further, an agricultural bank will enable farmers to not only access finances through soft loans, but it will also help farmers to save for future agricultural endeavours.

Furthermore, availability of affordable finance will attract the youth who have in the past declined to venture into farming because of lack of support. Thus, the agriculture sector will help to absorb the youth who are not economically engaged.

**Madam Speaker,**

As I conclude, allow me to mention that there is consensus that diversification into the agricultural sector will help the country address some of the macro-economic challenges that Zambia is facing.

In this regard, I would like to indicate that this Motion needs to be supported given that diversification of the agriculture sector has been on the agenda of all successive Governments. However, this can only take root when fundamental issues such as the provision of financial incentives are addressed. Unless attention is given to provide the sector with a financing system such as an agricultural bank, the sector will remain stagnant and will not contribute to the development of our country. I urge all the Honourable Members to support this non-controversial, non-partisan and nationalistic Motion.

With the aforesaid, I once again wish to thank you for giving me this opportunity to move this Motion.

**Madam Speaker,** I beg to move.

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