

Thursday, 28<sup>th</sup> November, 2019

**MINISTERIAL STATEMENT**

ON

UPDATE ON PAYMENTS OF AGRO DEALERS

BY

THE HON. MINISTER OF AGRICULTURE, MR KATAMBO, MP

Mr Speaker, I thank you for the opportunity to have accorded me to render a ministerial statement to update the House and the country at large on the payments to agro dealers. It is necessary that I issue this ministerial statement to clarify the issue pertaining to the payment of agro dealers for the Farmer Input Support Programme (FISP) that the ministry is implementing.

Mr Speaker, hon. Members of this august House are aware that I have, on several occasions, updated the House on the issue of payments to agro dealers through ministerial statements and Questions for Oral Answer. This shows the importance that Government attaches to the issue of agro dealers, as they are important partners in the successful implementation of FISP. It is for this reason that the ministry has held several meetings with representatives of agro dealers to update and assure them of the Government's commitment to clear the outstanding arrears.

Mr Speaker, at the beginning of 2019, the Ministry of Agriculture owed agro dealers K105,420,924 for the 2017/2018 season and K1,165,850.54 for the 2018/2019 season. This brings the total owed to agro dealers in 2019 to K1,271,327,774. As of 20<sup>th</sup> November, 2019, the ministry paid over K804,187,708, leaving a balance of K374,580,398 from the amount owed.

Mr Speaker, as I mentioned earlier, and as I have stated on several occasions on the Floor of this august House, the Government has been working hard to clear these arrears. In 2019 alone, we have paid over K800 million or over 68 per cent towards what is owed to agro dealers. As the Ministry of Agriculture, we have continued to engage with the Ministry of Finance on the release of funds owed to agro dealers.

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Mr Speaker, going forward, to reduce the accumulation of arrears to agro dealers, the Ministry of Agriculture and the Ministry of Finance have put in place a mechanism to ensure that agro dealers are paid promptly during the 2019/2020 season. This mechanism includes retention of the K400 contribution from the farmers to pay the agro dealers' invoices. From the farmers' contributions, we have so far raised an estimated K365,233,600 and we have already made payments amounting to approximately K123 million for the 2019/ 2020 season.

Mr Speaker, there are media reports indicating that the ministry is paying the current invoices instead of clearing the arrears. It is not true that funds meant for agro dealers to clear last season's arrears are being used to pay agro dealers who supplied inputs in the current 2019/2020 season. For avoidance of doubt, the money that we retained from the farmers' contributions this season will be used to pay agro dealer invoices for this season.

Mr Speaker, there are media reports that some agro dealers are aware of some senior officers or officials in the Ministry of Agriculture who have companies which have distributed inputs this season and want to pay themselves first, while neglecting those who have not been paid for the previous season. The ministry has written to the Agribusiness Association of Zambia (ABAZ) to provide a list of such companies, and we are waiting for that list. Once the list is provided, the Ministry of Agriculture will take appropriate action.

Mr Speaker, allow me to address one key misconception that has been peddled by various segments of society, and the concern raised by the hon. Member for Kapiri Mposhi, Hon. Kakubo during Her Honour the Vice-President's Question on Friday, 22<sup>nd</sup> November, 2019.

The e-Voucher system under which agro-dealers fall is being implemented in districts that have frequent occurrences of droughts or prolonged dry spells, as opposed to the notion being peddled that the e-Voucher system is being operated in opposition strongholds. If this was the case, it would mean that the Patriotic Front (PF) has abandoned some of its strongholds where it is implementing the e-Voucher system.

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Mr Speaker, further, if you examine the implementation of the two modalities, you will realise that even non-PF strongholds are also benefiting under the direct input supply. The entire North-Western Province is implementing the direct input supply modality. Does that mean that the PF has neglected its strongholds? No. The technocrats made the choices of which districts to implement the e-Voucher system in based on the agro-ecological regions and rainfall patterns.

Sir, in conclusion, the Ministry of Finance has made a commitment to dismantling domestic arrears. Therefore, I am sure more money will be released to the ministry to help dismantle arrears. We are cognisant of the challenges facing the agro-dealers. Let me assure the agro-dealers that the Government is doing everything possible to ensure that all arrears are cleared. I appeal to the agro-dealers to remain patient as we dismantle these arrears.

I thank you, Sir.