



THE AGRICULTURAL CONSULTATIVE FORUM
Advisory Note to the Ministry of Agriculture and Cooperatives

Title:	IMPLEMENTATION MODALITIES FOR THE AGRICULTURAL CREDIT ACT, NO.35 OF 2010.
Initiating Institution:	Agricultural Consultative Forum
Minister's Action:	Adoption of ACF Recommendations on issues raised in this note
Rational and Background	<p>The Agricultural Credit Act No. 35 of 2010 was enacted by Parliament in November, 2010, and the Minister of Agriculture and Co-operatives issued a Statutory Instrument, to operationalise it in March, 2011. Thereafter, it was upon the experts to agree on implementation modalities of the Act given the prevailing environment in the country. It is in this vein, that the Agricultural Consultative Forum (ACF), the Ministry of Agriculture and Cooperatives (MACO) and the Food Security Research Project (FSRP) organized a stakeholders meeting in Siavonga from 7-8th July, 2011 to discuss the start up activities on the Warehouse Receipt System functions which were incorporated in the newly enacted Agricultural Credit Act No.35 of 2010. The meeting was attended by 48 participants invited from the private sector, public sector and Non-governmental organizations. Appendix 2 provides details of stakeholders who participated in the consultative meeting.</p>

<p>Key Issues Raised and discussed</p>	<ol style="list-style-type: none"> 1. Establishing a Warehouse Licensing Authority by the government will take some time given the procedural requirements and the resources needed. 2. In the meantime the stakeholders resolved that the Minister may use clause 6 to appoint an Authorized Agency to perform such functions of the Authority as the Minister may specify. This will circumvent the huge cost of setting up the Licensing Authority and the appointment of its Director in the interim for a specified period of time. 3. Three organizations were shortlisted to be considered as Authorizing Agencies for implementing the Agricultural Credit Act, No. 35 of 2010 given their experiences in agricultural marketing. These were: Zambia Agricultural Marketing Commodity Exchange (ZAMACE), Food Reserve Agency, (FRA) and Zambia Cooperative Federations (ZCF). 4. A Strength, Weakness, Opportunities and Threat (SWOT) analysis was done for each organization to determine their suitability as Authorized Agency. The Analysis conducted through group work identified ZAMACE as the first priority, seconded by Food Reserve Agency and Zambia Cooperative Federation came out third. Appendix 1 shows the detailed tabulation the SWOT analysis by each group.
<p>Resource Requirements:</p>	<p>None</p>

Recommendation**Short Term Measures:**

It was agreed that in the short-term as the process of starting up the Licensing Authority, the following needs to be undertaken:

1. The Ministry of Agriculture and Co-operatives should seek advice from the Ministry of Justice on the possible use of the Authorized Agency.
2. Ministry of Agriculture and Co-operatives should conduct a Technical Review of the Act to address some flaws identified in the current Act. This includes among others: The reporting system of the Authorised Agency in the absence of the Authority and the role of the Ministry, exist strategy in the event that warehouses are closed; Negotiable and non negotiable aspects of the warehouse receipt should reviewed.
3. The recommended organization to be appointed as an Authorized Agency to address the identified weaknesses in order to comply with the functions of the Licensing Authority.
4. Ministry of Agriculture and Co-operatives, in collaboration with other stakeholders, to spearhead the sensitization of all stakeholders, at provincial and district level, about the new Agriculture Credit Act, No 35 of 2010 and the Warehouse Receipt System

Long Term Measures:

In the long-term , stakeholders agreed that the following needs to be undertaken:

1. The Ministry of Agriculture and Co-operatives should facilitate the enactment of the long awaited Agricultural Marketing Act, which it is hoped, will play a major role in creating a predictable rules-based agricultural marketing policy environment;
2. The Ministry of Agriculture and Co-operatives should facilitate harmonization of all agricultural marketing legislation such as

	<p>the Agricultural Credit Act, No 35 of 2010, Marketing Act, FRA Act, and the Commodities Exchange Act;</p> <p>3. Deliberate strategy should be put into place to improve agricultural infrastructure, through the Private-Public arrangement.</p> <p>4. Capacity Building of all stakeholders in the sector to achieve an efficient and effective Warehouse Receipt System in the country</p>
Impact	<p>Regulated warehouse receipt systems (WRSs) through the agricultural Credit Act 2010 will help to combat persistent problems in agricultural marketing and credit systems in the country. Such problems include highly variable seasonal prices (especially for staple grains), cheating on weights and quality, and limited access to credit. They stem from a lack of efficient storage facilities, poor rural transport, poorly developed systems of standard grades and measures, unreliable market information systems and lack of collateral for bank loans. The WRS in the agricultural Credit Act 2010 will address many of these issues, to the benefit of both producers and consumers. The systems are open to all players and include specific mechanisms to ensure access by smallholders.</p>
Other Options Considered:	<p>Continuation of the status quo is unlikely to solve the persistent problems in agricultural marketing which include highly variable seasonal prices (especially for staple grains), cheating on weights and quality, and limited access to credit.</p>