



FARM RISK MANAGEMENT IN AFRICA

**ZAMBIA
STRATEGIC ACTION PLAN
2013**

INTRODUCTION

The farmers particularly the Small Scale farmers (SSF) face a wide range of risks, ranging from input acquisition to post harvest storage and marketing. The overall effects of these risks tend to affect the household food security and the income levels generally. A number of mitigation measures have been employed to try and reduce the effects of these risks.

In Zambia, the small scale farmers are faced with the following challenges;

- Limited or no access to financial services
- Poor market access and volatility in prices especially when supply increases
- Poor rural infra structure
- Erratic supply of farming inputs and
- The ever increasing impact of weather related events due to climate change.

This is often due to poor physical infrastructure, weak market–supporting institutions and poor service delivery. In ensuring sustainable improvement in the livelihoods of the small scale farmers, the Farm Risk Management for Africa Project (FARMAF) was design to try and address some of the above mentioned challenges.

The project has a long history, starting in 2007, in response to the demand from the farmers as articulated by the now defunct International federation of Agricultural Producers (IFAP). IFAD requested AGRINATURA-EEIG, then called the European Consortium for Agricultural Research in the Tropics (ECART), to collaborate with it in developing a programme to promote access to tools which will enable farmers in developing countries to manage farm risks. It was initially anticipated that six developing countries will be involved in a pilot project to promote feasible and accessible farm risk management tools. However, following a positive review of the concept note by EC, it requested that the project pilots should focus exclusively on Africa and the number of targeted participating countries should be limited to three. The selection of participating countries should be to reflect regional diversity in the form of agro-climatic conditions and the state of development of farm risk management tools. The target countries are; Burkina Faso in West Africa, Tanzania in East Africa and Zambia in southern Africa.

Planning Process

Prior to the implementation of this project at national level, 2 meetings were held;

- 1) The Kick off planning meeting that was held in Tanzania whose intentions were to discuss the implementation of the project. This arose due to the complexities associated with this project which pose significant implementation challenges.
- 2) The International workshop for the launch of the project that was held in Burkina Faso. The workshop objectives were; to provide a platform where a shared understanding of the project was to be built among the partners and key actors, and to foster strategic collaboration so that there is networking between partners and the stakeholders.
- 3) The National planning workshops which were held in pilot countries; Burkina Faso, Tanzania and Zambia. The objective of these workshops were; a) to Introduce the project at national level, b) identification of the appropriate stakeholders and getting a feedback from them, d) drafting of the 2013 annual work plan, and e) Formation of the technical groups.

The overall goal of the project is to improve food security and livelihoods for the rural poor in Africa, in particular the SSF in target African countries. The specific objective is to enhance access to and use of effective farm risk management tools by small scale farmers.

The FARMAF interventions and strategies

The Farm Risk Management for Africa (FARMAF) project interventions are expected to reduce the exposure of small scale farmers to downward shocks, improve access to credit and capacity to invest in yield-enhancing technology as well as strengthen their capacity to better manage the marketing of agricultural produce. The overall impact on farm output as well as household income and food security will therefore be positive, thereby reducing poverty in rural households.

Broadly, the project will target 3 major areas of interventions and these are;

- The enhancement and further development of risk mitigation measures (Insurance)
- Increasing access to reliable markets and commodity exchanges;
- Improve access to relevant agro related Information and use of Information Communication Technologies (ICTs) in the provision of market information and extension services

The detailed 2013 ZNFU-FARMAF annual work plan will be presented in three sections based on the above mentioned core activities;

1.0 The Enhancement and further development of risk mitigation measures (*Work package # 2, Budget line [10,000 Euro] 5.7.2 Product Promotion*)

Gerdien: 150.000 euro in total – 7%

1.1 Increasing access to financial services

The ZNFU has already embarked on the expansion of the Lima Credit Scheme which is providing seasonal credit to the small scale farmers. In the 2013 plan, the LCS seeks to; 1) increase the number of participating DFA from 40 to 60, 2) increase the number of beneficiaries from 13,000 to 20,000, and 3) diversification of the commodities on the scheme to at least 4 commodities. The FARMAF plan which among others will seek to:

- Enhance the SSF's productivity through farm mechanization and value addition with the introduction of other forms of financial services such as asset finance.
- Provide more skills trainings to the emergent farmers especially in Production and Financial management
- Conduct a socio-economical risk assessment so as to further reduce the cost of finance by extending insurance services to cover for the new financial services to be introduced.

1.2 Development of Risk mitigation measures

The farmers need to be well vested with the weather related risks as these will affect the performance of their crop enterprises, hence the need for them to take measures that will mitigate their effects. The project in the 2013 will aim at;

- Providing information on the available agricultural insurance policies and the various types of insurance covers available for small scale and emergent farmers
- Encourage the LCS beneficiaries to take up other forms of insurance cover (life policy) to make the more credit wealthy
- Collaborate with the relevant institutions that will provide credible information and support regarding the piloting of weather index insurance.

- Closely work and support the metrological department to enhance the availability of timely weather reports which can easily be assessed by the DFAs; and
- Disseminate crop weather reports through the local community radio stations

2.0 Increasing access to reliable markets and commodity exchanges (*Work packages 3 & 5 and budget lines; 5.2 [8, 500 Euro] & 5.7.2 [10,000 Euro] - Product promotion and Ware house receipt inspections respectively*)

5.2: total 102 000; 8%

5.7.2: total 150.000; 7%

Having access to dependable markets for the major commodities grown by the small scale and emergent farmers, is still a big challenge. In order to enhance market accessibility, the project will seek to:

- Promote forward contracts for commodities grown by the SSF such as soya bean
- Lobby government for the creation of enabling environment to enhance Private sector participation in the rehabilitation and construction of rural infra structure such as feeder roads, weighbridges and storage facilities. (Use the Agricultural service centre [ASC] concept)
- Lobby government to ensure that policies regarding exportation of agricultural commodities are done in consultation with all stakeholders to avoid distortions on the markets. This can easily be achieved by enacting the agricultural marketing act.
- Work with the private sector such as AFGRI and ZAMACE to build the capacity of the DFAs so that their members are able to produce commodities of high standards in terms of quantity and quality.
- Lobby government to expedite the issuance of the Statutory Instrument for the appointment of Ware House Receipt managers
- Promote the use of Ware house receipt systems (WRS) by providing support to ZAMACE
- Collaborate in the collection and dissemination of crop forecast data

3.0 Improve access to relevant agro related Information using ICTs (*Work package #5 and budget lines – 5.7.2 [10,000 Euro] Product promotion& 1.3.3 [1,136 Euro] per Diems for workshop/seminar participants*)

5.7.2: total 150.000; 7%

1.3.3: total 2.556 (year 1 1.136): 44%

The farmers need to make informed decisions; hence the availability of timely and accurate information is cardinal. The 2013 work plan therefore will among other activities concentrate on the provision of information with regards to;

- Regularly updating the ZNFU 4455 to provide real time commodity and input prices
- Promote the e-transport and e-extension services

- Collaborate with SAGIS to establish a Zambian Grain Information services so as to provide accurate production and stock position figures to avoid market price distortions
- Use the Zambian Farmer Television and other radio programmes for agro related information dissemination.
- Collaborate and subscribe to Data sources such as **FERTCON LTD** and **COTLOOK Daily**

4.0 Monitoring and Evaluation (Work package # 4; Budget lines 2.2 [6,300 Euro] and 5.7.2 [10,000 Euro] which are Local transportation and Product promotion events respectively)

2.2 TOTAL 25200; 25%

5.7.2: total 150.000; 7%

In order to enhance the monitoring and assess the impact of the tools to be used in the implementation of the FARMAF project, the following activities will be carried out:

- Develop terms of reference for both the baseline and impact assessment surveys
- Conduct a baseline survey for the targeted beneficiaries.
- Conduct an impact assessment to determine effectiveness the risk management tools
- Carry out case studies for both the Lima and Emergent scheme beneficiaries that will be used for developing profiles.

PLANNED ACTIVITIES FOR 2013

ACTIVITIES	Q1	Q2	Q3	Q4	EXPECTED RESULTS
1.0 Increasing access to finance and the development of risk mitigation measures					
1.1 Increasing access to financial services					
1.1.1 Design and promote asset finance packages					Packages developed for Livestock and Farm mechanization asset loans.
1.1.2 Piloting of asset financing					At least 2 DFAs start accessing asset loans for Livestock and Farm machinery
1.1.3 Review the existing cost of finance					At least 2 more Financial Institutions offering financial services to SSFs.
1.1.4 Conduct a socio economic impact of the existing ZNFU Lima credit scheme					200 Lima farmers are interviewed
1.1.5 Conduct production and financial management trainings for					At least 200 EFs are trained in production and financial

EFs					management
1.2 Development of Risk mitigation measures					
1.2.1 Disseminate information on the available Crop Insurance policies					Guidelines on the available crop insurance policies disseminated to all the 10 Regions
1.2.2 Organize meetings with Insurance companies					Meet at least 3 Insurance companies for possible service provision to SSFs.
1.2.3 Conduct awareness meeting on the available crop insurance covers					100% of LCS beneficiaries take up insurance covers for their crops
1.2.4 Procure weather monitoring equipment					At least 3 sets of equipment are purchased and distributed.
1.2.5 Support Met dept in crop weather bulletin dissemination					Weather information disseminated through national and local media houses
1.2.6 DFAs access weather reports from met dept					At least 20 DFA air weather reports on the local radio stations
2.0 Increasing access to reliable markets and commodity exchanges					
2.1 Promote forward contracts for soya beans					All Lima farmers grow at least 1 ha soya bean under forward contracts
2.2 Lobby for PPP in rural infra structure development					At least 4 meetings held with MAL and local government officials
2.3 Lobby for the enactment of the Agricultural marketing act					2 meetings held with MAL and ZAMACE officials
2.4 Train DFAs in quality control					At least 6 DFAs are trained in commodity quality control by Afgri and ZAMACE
2.5 Lobby for the issuance of the SI for the appointment of WR managers					Govt issues SI for the appointment of WR managers
2.6 Support ZAMACE in the promotion of WRS					Hold at least 4 meetings with ZAMACE
2.7 Participate in the collection and dissemination of crop forecast data					Crop forecast data collected and disseminated
3.0 Improve access to relevant agro related Information using ICTs					
3.1 Update the ZNFU 4455					ZNFU 4455 weekly updated
3.2 Promote e transport & e extension					Print promotional materials for both e-transport and e-extension
3.3 Create a Grain stock information service(GSIS)					Initiate linkage with SAGIS for possible establishment of GSIS
3.4 Disseminate information through the ZFM Television programme					Commodity prices and weather report broadcasted weekly
3.5 Establish links with Data service providers					Linkage established with Data sources such as FERTCON LTD and COTLOOK Daily
4.0 Monitoring and Evaluation					
4.1 Develop TOR for baseline and					TOR developed and questionnaires

Impact Assessment surveys					tested
4.2 Conduct baseline survey					Baseline conducted on the effectiveness of risk management tools
4.3 Conduct Impact assessment					Impact Assessment conducted in Lima participating DFAs
4.4 Develop profiles based on the Lima and Emergent case studies					Profiles developed for at least 10 Lima and 3 Emergent farmers