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Rural Producer Organisations
and Policy Formulation
in Zambia

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Abstract: This report is one of four reports in the series of policy reports from the Business Experience Exchange Programme. It analyses the role of rural producer organisations in national policy development and the influence of national policy on the development of the rural institutions in Zambia.

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Preface

The Business Experience Exchange Programme - BEEP – is a collaborative effort of African rural producers' organisations and research institutions to develop small scale commercial agriculture within the national and international economic framework.

The overall objective of BEEP is to enable the participating rural producers' organisations (RPOs) in Malawi, Tanzania, Uganda and Zambia to exchange business experiences between them, enhance their business performance and thereby contribute to increase income and reduce poverty at farmer level.

A key component of BEEP is to document success stories and failures of the RPOs through applied research and thereby enhance the exchange of information qualitatively and quantitatively. Another objective of BEEP is to strengthen the national research and training capacity in the fields related to commercial agriculture. This can result in improved supply of relevant candidates for the agricultural sector in general and agrobusiness in particular.

The regional research programme for the period 2003-2006 was designed in collaboration with national RPOs during the first workshops held in 2003. The 2003 research programme focus on gender and policy issues facing the RPOs.

The programme is financed by Norges Vel and NORAD. NIBR is the co-ordinating research institution. More information about BEEP, the involved institutions and research reports can be found and downloaded from the programme web site www.beepafrica.com.

Arvid Strand

Research Director
The Norwegian Institute for Urban and Regional Research

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List of acronyms

AAC	Anglo-American Corporation
ABF	Agribusiness Forum
ACP	Agricultural Commercialization Program
ACF	Agricultural Consultative Forum
ACE	Agricultural Commodity Exchange
AGOA	African Growth Opportunity Act
ASIP	Agricultural Sector Investment Programme
AMIS	Agricultural Market Information
APCO	Southern African Coffee Producers Organisation
BOZ	Bank of Zambia
CDT	Cotton Development Trust
CGA	Central Growers Association
CLUSA	Cooperative League of the United States of America
COMESA	Common Market for East and Southern Africa
CSO	Central Statistical Office
CBO	Community Based Organizations
COMESA-FTA	Common Market for East and Southern Africa – Free Trade Area
CMA	Crop Marketing Authority
DANIDA	Danish International Development Agency
EDP	Export Development Programme
EU	European Union
FARG	Focal Area Resource Group
FTA	Free Trade Area
FRA	Food Reserve Agency
FAO	Food and Agricultural Organisation
GART	Golden Valley Research Trust
GTZ	Germany Technical Assistance to Zambia
GDP	Gross Domestic Product
HIP	Highly Indebted Poor Committees
IFAD	International Fund for Agricultural Development
IFAP	International Federation of Agricultural Producers
ICO	International Coffee Organisation
IACO	Inter Africa Coffee Organisation
JICA	Japanese International Cooperation Aid
KEC	Kayuni East Co-operative Society
KFC	Kabwe Farmers Cooperative
MACO	Ministry of Agriculture and Co- operatives
MCS	Makeni Co-operative Society
MMC	Mukonchi Multi-Purpose Co-operative
NORAD	Norwegian Agency for Development
MFN	Most Favored Nation
NTE's	Non -Traditional Exports

NGO	Non-Governmental Organisation
PACO	Provincial Agriculture Coordinator
PRSP	Poverty Reduction Strategy Paper
RGBP	Rural Group Business Programme
RPO's	Rural Producer Organisations
SAP	Structural Adjustment Programme
SADC	South Africa Development Community
SACAU	Southern African Confederation of Agricultural Unions
SADC-TP	Southern Africa Development Community Trade Protocol
SHEMP	Smallholder Enterprise and Marketing Programme
SFAP	Support to Farmers' Association Project
TAZ	Tobacco Association of Zambia
TBZ	Tobacco Board of Zambia
TNDP	Transitional National Development Plan
USAID	The United States Agency for International Development
VAT	Value Added Tax
WTO	World Trade Organisation
WFP	World Food Programme
ZAHVAC	Zambia Association for High Value Added Crops
ZCGA	Zambia Coffee Growers Association
ZCMT	Zambia China Mulungushi Textiles
ZATAC	Zambia Agribusiness Technical Advisory Center
ZCGA	Zambia Coffee Growers Association
ZESCO	Zambia Electricity Supply Corporation
ZNFU	Zambia national farmers union
ZRA	Zambia Revenue Authority

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The report was written by Dr. Hyde Haantuba (Deputy Director, Marketing and Cooperatives, Ministry of Agriculture and Co-operatives) who was the principal researcher and was assisted by Mr. Mukata Wamulume (Project Manager and Assistant Director at the Institute of Economic and Social Research) who worked as a Co-researcher. Miss. Cindy Monga and Miss Patricia Sundaram assisted the review as Research Assistants. Thanks also go to Mr. Peter Mashinkila who drove the review team during fieldwork.

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Executive summary

The Research project was commissioned in order to explore how Rural Producer Organizations (RPOs) are influenced by economic and agricultural policy environment and how they work to influence these. The report firstly outlines some key policies likely to affect the agricultural sector as well as the agricultural sector policies, the policy environment and existing policy framework where the RPOs are operating.

Secondly, an elaborate analysis of apex RPO's and the farmer organizations, which constitute the grassroots organizations was done in Lusaka, Kabwe, Mazabuka and Monze. A total of twenty-two (22) RPO's were visited and interviewed. Interviewees included Chief Executives, employees of the RPO's, beneficiaries of RPO interventions, executive committee members as well as farmer group members. To understand the current network of the stakeholders, the study grouped them into three main categories. The state related institutions including government and statutory boards, the public/private sector partnership institutions, and the non-state actors mainly the Rural Producer Organization (RPOs).

As a general policy direction, the role of the government in the economy is now to encourage private participation. The policy is to open up the economy for private participation in all sectors except for a few strategic industries that are crucial to the security of the nation. The government has only a regulatory role that ensures equal opportunities for all market entrants and transparency for all the players in the chain. Regulatory statutory instruments have since been passed that allows for free entry and exit in the economy. Several organs have been set up in the Ministries of Agriculture and Co-operatives, Finance and National planning, and Commerce and Trade and to oversee the implementations of the new economic reforms. The government regulates the conduct of the market players that there is no one disadvantaged by the other. Almost all the state monopolies have been either dissolved or privatised under an ambitious privatisation programme.

Although there has been some setbacks in the policy, as outlined by the policy changes and reversal above, the overall policy framework of liberalization and incentives had some positive developments recorded during the period including; an increase in out-grower and contract farming, an increase in crop diversification, some remarkable changes in land management practices, an increased policy dialogue and partnership between the non-state actors (Private sector, NGOs RPOs, and CBOs) and government, an increased private sector involvement in the provision of services such as input supply and output marketing, and almost an exponential increase in the contribution of the agricultural sector to non-traditional export earnings.

Zambia has a unique institutional setup aimed at enhancing consultation between the public and the private sector stakeholders. The Agricultural Consultative Forum is an institution formed to enhance the consultation and transparency in policy and decision making among stakeholders. In addition to the stakeholder consultative process developed through the ACF. Zambia has also come up with unique private/public sector

investment projects aimed at developing crop specific strategies. The Cotton Development Trust is one of such grant aided institution, initiated to spearhead the research and extension programs of cotton. These Private/Public Partnership institutions are effectively used to influence government policy by a number of RPOs.

The role of Rural Producer Organizations is pivotal in agriculture development today. These RPO's are primarily formed for production and marketing, for obtaining credit or organizing extension programs and in some case for supporting out grower schemes in agriculture. Apart from this they also act as a mouthpiece for the farmers who are sometimes unorganized and whose concerns are often not considered in mainstream planning and development of the agriculture sector. RPO's have been active in lobbying for policy development and review.

The ZNFU commissioned a Study on the Agricultural Competitiveness and Impact of the COMESA free trade area. The Study came-up with some policy recommendations aimed at improving the competitiveness of the sector. Some of these recommendations have since been adopted as government policy. Notable among the recommendation from the study is to reduce the cost of energy, which would in turn reduce the local cost of production. The government in 2003 reduced the cost of diesel (a major input into farm operations). In addition, the ZNFU has been negotiating with the local electricity company ZESCO to reduce the electricity tariff for farmers. Some concessions were given in this area in 2003.

In 2003, the ZNFU managed to stop the Food Reserve Agency from dumping cheap maize in the already depressed local market through a court injunction. The FRA had advertised to sell maize during the peak period when most local farmers were selling maize on to the market. This could have increased the volumes offloaded to the market thereby dampening further the prices of maize.

The ZNFU has been involved and represented in a number of stakeholder meetings conferences as well as task forces designing policy papers for government. It has been involved in the preparation of the Poverty Reduction Strategy Paper. It is represented at the PRSP Advisory Group, which monitors the implementation of PRSP. It has been consulted at the budget preparation process. It has been involved in International Trade negotiations as part of the Zambian delegation. Most recently, the President of the Republic of Zambia appointed an Irrigation Development Task force, which included the ZNFU as member to this high level team. This shows recognition of the ZNFU at senior government level.

In the coffee sector, the Coffee Growers Association has been actively participating in the shaping of policies through the Coffee Board. Currently the Coffee Act of 1989, which regulates the operations of the Coffee sector is being revised with the involvement of both the Zambia Coffee Growers Association and the Zambia Coffee Board.

At least at the national Apex level the RPOs in Zambia seem to have engaged government in policy discussion. However, the capacities of the local RPOs are currently being built through model out-growers scheme by a wide range of NGO, and private companies interested in particular crops. The government has also supplement this effort to build the capacity of the Rural Producer Organization. It is hoped that as the Cohesiveness of the Farmers improve at the local level the policy advocacy for member will also be enhanced. This could be evidenced by the improved capacity of one of the Cooperatives Society based in Lusaka, which successfully lobbied for members' interests when the Bank of Zambia announced some sweeping exchange control measures, which required all local institutions to deal in local currency. The local Cooperative was given a waiver by the

Bank of Zambia because it was exporting vegetables although most of its dealings were domestic.

1 Introduction/background

In recent years, agriculture has increasingly become the focus in many discussions of developmental issues. Despite this renewed focus and emphasis on agriculture, with a few exceptions, the sector is still not showing signs that development is beginning to occur. The failure of the sector to realize its potential has been attributed to several factors. These have been sector specific policies, overall economic policies as well as exogenous factors. All three can play an important role in terms of determining the pattern and pace of agricultural development. For any set of sector specific policies to achieve their intended objectives they must be implemented in a supportive environment fashioned by appropriate macroeconomic policies. They must also take into account exogenous factors so that the negative impacts are minimized.

So far the performance of the sector seems to suggest that a conducive, (enabling) environment has not been provided for agricultural development. Pricing, marketing, extension, research, agricultural expenditure, infrastructure and transport are sector specific policies, which have a direct impact on agriculture. Macroeconomic policies encompassing interest rates, inflation rates, foreign exchange rates and trade all have indirect but equally significant effects. Exogenous factors such as drought and oil price shocks can also have an effect on the performance of the sector.

A potentially important role of Rural Producer Organizations (RPOs) is as civil society organizations in voicing the interests of their members in the debate over economic policy. Rural producers have interests in the choice of economic and agricultural policies adopted and implemented by the government. The RPOs may act as their voice in the policy making process, lobbying for members interests.

Several difficult issues arise; what are really the member interests when it comes to economic and agricultural policy? It is not obvious what their interests are. The consequences of different policies are often difficult to know. It requires analysis of policy effects of implemented policy, as well as of potential alternative policies. Alternative policies may differ in the time profile of their effects. Some may be expected to yield positive in the short run and negative in the long run, compared to alternative policies- or vice versa. There may also be differences in policy interests among the members of an RPO. In that case the organization will need to find some compromise.

If the RPO is going to be an effective lobbyist for the members' interests it needs to have competence and capacity for policy analysis. This may be obtained by developing it in-house, or it may be obtained through forming networks with other organizations that have such competence and capacity, by drawing on their analysis. Subjects of analysis are both policy effects, as well as determining the strategies or tactics best suited to achieving policy goals.

1.1 Objectives

The overall objective of the project is to explore how Rural Producer Organizations (RPOs) are influenced by economic and agricultural policy environment and how they work to influence these. The specific objective of the current project would be to explore the role RPOs play in economic and agricultural policy formulation and implementation:

- (i) How do RPOs operate in relation to agricultural policy?
- (ii) To what extent and how do they participate in policy formulation?
- (iii) What changes do RPOs propose and how do they work?
- (iv) What are own perceptions of success in pursuing farmers goals and interests?
- (v) What seems to be the outcome of own efforts in terms of influencing policies in different policy domains and for different categories of farmers?
- (vi) How do the RPOs determine the policies they will work in favor of?
- (vii) What is the policy analysis capacity and competence of the RPOs and how can this be augmented through networking with other organizations?

1.2 Scope

The study was conducted in three provinces, which included Central, Southern and Lusaka Provinces.

1.3 Methodology

In order to meet the objective of the assignment, the study explores how Rural Producer Organizations (RPOs) are influenced by economic and agricultural policy environment and how they work to influence these policies. The study will first outline some key macroeconomic policies likely to affect the agricultural sector as well as the agricultural sector policies themselves. This will help in understanding the policy environment and existing policy framework where the RPOs are operating. This will be followed by a stakeholder analysis of roles. An inventory of key institutions, RPOs and their involvement in key policy areas was done in Lusaka, Kabwe, Mazabuka and Monze. The stakeholders have been grouped into three main categories. The state related institutions including government and statutory boards, the public/private sector partnership institutions, and the non-state actors mainly the Rural Producer Organization (RPOs).

As a working definition, RPO's will here, be used as a generic term to cover all types of institutional arrangements that regulate individual and collective actions by rural producers to safeguard and promote their economic, social, and political interests. Certain types of private firms such as traders' associations/networks and business associations are not strictly speaking RPOs, yet they play important functions in influencing policy and promoting farmers access to markets. Hence, a number of these institutions were incorporated in the study. A guided interview was conducted and the list of questions is attached at annex. The aim of this inventory is to map a landscape of institutions/organizations involved in agriculture and related policy advocacy.

Although the bilateral donors and multilateral agencies are not discussed here as interest groups that influence public policy making process, their role in influencing the direction of policy reform process in Zambia has been overwhelming mainly due to the country

being highly indebted and due to the frail institutional, structural and policy making capacities.

The study will focus on the following analytical themes: An inventory of institutions and their involvement in key policy area. This inventory of institutions/ RPO would map the landscape of institutions/ organizations involved in agriculture and related policy advocacy and institutional change at national level.

What institutions and organizations are out there, what do they do, and what are they good for? The RPOs need to be defined and classified -as part of the inventory - according to

- Affiliation and function(mainly political, economic, professional/ union, social)
- Origin (internally evolved or externally invoked)
- Type of organization (formal/informal)
- Type of policy area they influence and degree of importance for policy influence
- Degree of importance to their members/households

2 Overview of policy orientation

2.1 Main Economic Policy Regimes

Four main policy regimes can be distinguished in the economic history of Zambia.

These include the following:

- The free market policies, 1960 to 1972. A period of fairly liberal political and economic policies with little or no state control and focus on the provision of infrastructure and services for the bulk of the population.
- The state-control, 1973-84. The presidential declarations (i.e. Mulungushi declaration), became a classic case of public sector led economy with excessive controls, parastatal monopolies, and a pro-urban, anti-agriculture bias. The government actively pursued import-substitution industrialization, by maintaining an overvalued exchange rate to promote imports. In 1974-75, the government began subsidizing maize.
- Economic transition, 1985-90. This period was characterized by the un-sustainable stabilization and structural adjustment policies. The government decontrolled all consumer goods prices except maize.
- Stabilization and structural adjustment, 1991-2001. Government pursued policies that facilitate the private sector growth, including price, trade, exchange and interest rates, and financial sector liberalization, and flexible fiscal and monetary policies. In addition, agricultural output and input markets were liberalized; and significant privatization and other institutional reforms were undertaken. In 2001, Zambia's Poverty Reduction Strategy Paper (PRSP) was launched to mainstream poverty reduction into economic policies. The Transitional National Development (TNDP) was launched in December 2002. Zambia's pro-poor economic policy framework, as articulated in the PRSP and the TNDP entails a specific role for agriculture.

2.2 Macroeconomic policies 1991-2002

Zambia's weak macro-economy is one of the main constraints to successful new investment and enhanced trade. Specific problems include high inflation, erratic exchange rate movements, steep interest charges and high import duties on fuel and other essential inputs, which will all make investment planning difficult with increased uncertainty and risk.

Since 1991 when the government embarked on fundamental economic and structural reforms, remarkable progress has been made, particularly in the area of macroeconomic

stability. The macroeconomic objectives of the government for the period 2001-2002, was to achieve sustained economic growth rate of at least five percent per year, reduction of inflation to single digit levels and to strengthen the external sector. Preliminary figure of the real GDP growth indicate a positive 5.2 percent for the year 2001 slightly above the targeted growth of 5 percent. Although inflation has not dropped down to single digit figures it has shown a downward trend from 30.1 percent in the year 2000 to 17.5 percent in 2001. The high growth in GDP was largely derived from growth in mining, tourism construction, and wholesale and retail trade sectors. While all the other sectors performed well in the year 2001 the performance of the agriculture sector was negative as a result of poor input availability and excessive rainfall.

The main thrust of policy in Zambia is liberalization and market reforms. This entails the decontrol of prices and the liberalization of marketing. The policy emphasizes government withdrawal from direct involvement in agricultural output marketing and input supply, freeing prices, removing subsidies, privatizing parastatal companies, renting out public storage facilities to the private sector and overall removal of constraints and distortions to international trade in farm products. Under this policy framework, the role of government is confined to policy formulation, legislation and development of sustainable market support services such as market information, extension, finance and infrastructure development.

Given the above commitment to developing the agricultural sector, government has put in place several investment incentives. These are in form of duty exemptions or lower duties, which are charged on agricultural related imports. There are also several incentives offered to investment certificate holders, additional incentives for agricultural enterprises and export incentives. In addition, special incentives for agricultural sector have been included in the national budget to boost investment both in the short and long term.

2.2.1 Exchange Rate Policy and Regime

The country runs a non-restrictive exchange control system, where any one is free to have access to foreign currencies without any restrictions. The Bureau de Changes in the market are open and transact in foreign currencies on the basis of the daily ruling rates. As a result, the rate depends on the demand and supply of the same. This means that the rate of the local currency may fluctuate according to demand. Normally it has been observed that the local currency (Kwacha) gains some value towards the end of the month as institutions look for cash to pay salaries. The rate may worsen in the midst of the month as manufacturers jost for hard currency to import their inputs. The foreign exchange control regulation in the neighboring countries i.e. Zimbabwe's parallel exchange market caused some problems among traders.

The non control on foreign exchange rates impacts differently on the traders and on the consumers. The free flow of foreign exchange somehow puts manufacturers in a better situation as they can quickly have access to it. This means the reduction of the actual bureaucracies that go with the controlled exchange system. For the traders, free flow of foreign exchange implies, the importation of cheaper commodities especially those in which the country does not have a comparative advantage. The flexible exchange rate also induces steady supply of commodities in the market much to the benefit of the consumers.

On the other hand, the free flow of the exchange rate in Zambia has disadvantaged most consumers. The continuous sliding of the local currency means reduced purchasing power

per unit currency, which translates into increased prices, and hence less goods purchases leading into reduced consumer satisfaction.

2.2.2 Credit and Interest Rate

The credit regime in Zambia for the agricultural sector has a number of problems following the demise of state supported financing institutions. Apart from the stopgap measures of financing inputs by the Food Reserve Agency, a small micro credit system mainly along the line of rail where the infrastructure is relatively improved has emerged.

Commercial farmers remain highly exposed to high borrowing interest rates covering working capital requirements. Presently, these interest rates are in excess of 45 percent. Since farming is largely a seasonal activity, the gestation period between planting and actual marketing of produce results in the accumulation of bank charges and build up of interest on the borrowed funds. The situation is even worse for tree crops such as coffee, cashew nuts and other crops, which take over a year to mature.

Most of the small-scale farmers do not access finance from commercial banks, as they cannot meet the stringent risk assessment criteria. A small number of these categories of farmers rely on input credit by way of material resources from the Food Reserve Agency rather than actual finance. In other cases, NGOs and donors supported credit schemes are assisting the small vulnerable groups of society. A recent Post Harvest Survey has revealed that only 20 percent of the small-scale farmers have access to high yielding inputs through these schemes and programmes (Govereh et al.2002).

Another emerging trend that is already a significant factor in Zambia's agricultural credit system and appears to be the key to involving smallholders in the agricultural trade is the Out-grower schemes. Out-grower schemes in Zambia extend vital credit for inputs. According to a recent Central Statistical Office survey of 897,000 agricultural households (CSO, 2000), 118,000 households received formal loans and 82 percent of these were received from out-grower arrangements.

2.3 Other macroeconomic policies

2.3.1 Wage Rate Policies and Impact on Competitiveness

The government has a minimum fixed wage under which it is illegal to pay. Above that, the wages are determined by the employer's ability to pay. It is ZK4000/hour. The Coffee sector however pays around ZK 5000 per hour. This makes Zambia the cheapest in terms of labour input in production. Other factors being equal, it has potential to make production cheaper in the Zambian market. This aspect could then be translated into cheaper products, which can give Zambia a competitive advantage over other neighbouring and SADC/COMESA member countries in the region.

2.3.2 Domestic Tax policy (VAT/sales tax)

The effects of the present system of taxation on farming enterprises have tended to favour consumers of agricultural products rather than producers. The duties and VAT recovered up-front for imports of key inputs entail that farming enterprises finances these costs prior to production. Although, in some cases, farm products are "zero-rated" for the VAT some

of the inputs are still subject to tax. In some cases where farming enterprises have to claim a duty drawback, the administrative processes and time taken for the Zambia Revenue Authority (ZRA) to provide the refund is long and detrimental to production cycles.

2.3.3 Trade Policy

In addition, Zambia has implemented a fundamental change in policy direction, away from import substitution to outward orientation. This new economic recovery programme driven by Structural Adjustment Programme (SAP) is supported by, International Monetary Fund and the World Bank. Under these new economic measures, the Zambian Trade Policy aimed at creating a competitive and productive economy driven by the private sector. The trade regime has been considerably liberalised and simplified. Specific objectives of the trade policy were;

- Complete trade liberalisation,
- Trade promotion and diversification through exports of non-traditional goods,
- Creating conducive domestic environment for investment, growth and improved living standards.

The government aims at encouraging export diversification in order to move away from copper dependence. In this regard, the sectors other than mining have been encouraged to export. The involvement of the private sector has been encouraged. The government has generally adopted trade liberalisation including for agriculture products. The government has made efforts to promote efficient private sector agricultural production, enhance food security, diversify agricultural output and expand agricultural exports. Except for the purposes of maintaining strategic reserves through the Food Reserve Agency, all domestic and import/export trade has been left to the private sector.

In the past, tariffs have been the main instrument of trade policy in Zambia. The tariff structure has now been simplified. As a member of WTO, Zambia bounded all her tariff lines in agriculture at the end of the Uruguay Round. Import controls are maintained only for health, sanitary, phyto-sanitary and food security reasons. Zambia has virtually no export restrictions. She has no export subsidies and all specific incentives provided to exporters of any goods were abolished.

In line with the government policy of trade liberalisation, import and export control measures have been deregulated with the exception of a few restrictions provided for by the law. These primarily concern products affecting security, public order, hygiene, health, and protection of fauna and flora. Some of these goods may be imported under authority issued by the relevant institution. Under the Control of Goods Act, the state provide regulations for the control of the distribution, disposal, purchase and sale at wholesale and retail prices of any agricultural commodity, animal or poultry, for the control of imports into and exports from Zambia. Sanitary and Phyto-sanitary measures are regulations and standards applied to both imported and domestic goods that aim to protect human or animal life or health from food-borne risks, humans from animal and plant carried diseases, plants and pests from pests or diseases. While the SPS regulations aim to satisfy the above genuine objectives they however, if not properly administered, may be barriers to international trade and protect domestic producers.

2.3.4 Market Access

Zambia is a member of the WTO. Promoting trade through increasing and widening market access is what the WTO is doing through legally binding agreements. This trade is being promoted not just for goods but also services. The WTO is also promoting liberalized trade in services, conducive environments for investment, protection of intellectual property rights, setting environmental health and safety standards.

The principals that WTO relies on in enhancing market access are:

- Countries are encouraged to use tariffs instead of quotas or non-tariff barriers.
- Countries should reciprocate almost all measures taken by trading partners, except if it is a special arrangement that requires WTO waiver.
- Extend Most Favoured Nation (MFN) or non-discrimination treatment to third world countries. What applies to a specific country applies to the general membership. Countries undertake periodic tariff reductions. There are, different reduction time frames based on level of development of a country.

2.3.5 COMESA and SADC commitments

Government of the Republic of Zambia ratified the protocol to establish the COMESA Free Trade Area (FTA) on 31st October 2000. Under this protocol Zambia was obliged to allow products originating from member states duty free access. In addition, Zambia has ratified the SADC Trade Protocol, thereby committing itself to removing all tariffs and non-tariff barriers to intra-SADC trade over a period of eight years. This development, together with Zambia's acceptance to fully implement the provisions of the WTO, is hoped to increase agricultural trade.

2.3.6 Strategic Products, Vested Interests

In Zambia, though there is total liberalisation of the market, there are some crops that may be restricted at certain times. Due to natural disasters, export of some crops like maize and soybeans, have been restricted to forestall shortages in the market. There are also some regulation as regards certain products and their transactions and may need agricultural import/export permit

Maize by volume is by far the most significant crop grown, followed by cotton, cassava, wheat, millet, sugar and groundnuts. Sorghum, soybeans, mixed beans and sunflower are also popular.

The horticultural crops include baby corn, leeks and carrots, asparagus. Beans, sugar snap peas, mange-tout, Chillies and onions. These are primarily for export to the United Kingdom. Floriculture, dominated by roses (90%) and some mixed summer flowers, goes mostly to the Dutch auctions although recent expansions to other European destinations and to regional Southern African markets are showing promise.

The poultry industry suffered from poor standards and modest production capability for many years. The recent SPS based import restrictions and new, international calibre entrants have revitalized the industry, which is now growing, albeit without any foreign competition.

Fish, mostly caught wild, is not well tracked by government but there are indications of declining yields in many waterways. Small-scale local producers only conduct fish

farming. The Kapenta fishing has come under sever competition from the neighbouring countries such as Zimbabwe and Mozambique.

2.3.7 Export Potential and Trends

Amidst international competition and low commodity prices, the agricultural sector in Zambia has become the major contributor to non-traditional earnings. Major export products are: fresh flowers and vegetables, primary agro-commodities (cotton, coffee, soybeans, groundnuts and high value crops of paprika, marigold and essential oils. The contribution of primary agricultural commodities to total non-traditional exports was 28 percent in 1997, about 20 percent in 1998 and 24 percent in 1999.

Horticulture and floriculture sub-sector is the fastest growing. Exports of floriculture products have increased from US\$330,000 in 1987 to US\$42,677,137 in 1999 and exports of vegetables have increased from US\$1,727,000 in 1987 to US\$23,871,123 in 1999.

2.3.8 Regional and International Economic Groupings

In October 2000, Zambia ratified the protocol establishing the Common Market for East and Southern Africa Free Trade Area (COMESA-FTA). More recently, Zambia also ratified the Southern Africa Development Community Trade Protocol (SADC-TP). These protocols oblige Zambia to offer duty free access to imports of member states. The COMESA-FTA is already in force. The signing of the African Growth Opportunities Act (AGOA) and SADC trade protocol and the continuation of the EU preferences under the Cotonou Agreement will further contribute to the growth of the NTE's in the country.

2.3.9 Cross-Border Trade and Agricultural Commodities

A lot of trade is going on in the region especially in Agriculture. A one-year study of Informal Cross-border Trade estimates that approximately \$60 million worth of agricultural products (approximately 20% of total) were traded in the year ending August 1998 without any government record of the transactions. This considerable amount of trade appears to represent an appropriate response to market failures, particularly in Zambia's poorer and more remote regions where agile and low-cost movement of foods is vital, and the formal sector does not find it economical to participate. Although a variety of commodities are traded, maize is by far the most popular.

2.4 Agricultural Sector Policies

Zambia's agricultural sector is a key to the development of the Zambian economy. Agriculture generates about 22 percent of gross domestic product (GDP) and provides a livelihood for more than 50 percent of the population. The sector employs 67 percent of the labor force and is by far the main source of income and employment for women who constitute 65 percent of the rural population.

Agricultural policy reforms emphasized the withdrawal of government direct involvement in agricultural marketing and input supply, freeing prices, removing subsidies, privatizing agro-parastatals, liberalizing trade in farm products, inputs and machinery, renting out public storage facilities to the private sector, and overall removal of constraints and

distortions to international trade in farm products. Under this policy framework, the perceived role of government is the development of sustainable market support services, such as market information, extension finance and infrastructure. In addition government is expected to maintain the strategic food reserve to ensure national food security through the Food Reserve Agency (FRA) established in 1994.

The Agricultural Sector Investment Programme (ASIP), which was launched in 1995, was the government's agricultural policy framework. The key objectives were to:

- Assure national and household food security through dependable annual production of adequate foodstuffs at competitive cost;
- Ensure that the existing agricultural resource base is maintained and improved upon;
- Generate income and employment to maximum feasible levels through full realization of both domestic and export market potential;
- Contribute to sustainable industrial development through the use of locally produced agro-based raw materials in line with international comparative advantage; and
- Expand significantly the sector's contribution to the national balance of payment by expanding agricultural exports.

The ASIP came to end in 2001. The Agricultural Commercialization Program (ACP) was formulated as a framework for implementing the agricultural Component of the Poverty Reduction Strategy Paper (PRSP). In addition a number of programs targeted at vulnerable groups (Food Security Pack and the Fertilizer Support Program) were designed and implemented.

Table 2.1 *Chronology of Maize and fertilizer Market reforms in Zambia 1991- 200*

Year	Agricultural Policy/Direct or Indirect Government Intervention into the Staple Food Market
1991	Economic Structural Adjustment Program introduced Decontrol of agricultural prices and market liberalization, state marketing boards abolished.
1991-92	Government intervention in markets through: Setting floor price Limiting number of traders in provincial markets Empowering cooperatives as marketing agents
1993	Collapse of cooperatives Principal buyer of last resort discontinued Establishment of Agriculture Market Information Services (AMIS)
1994	Formulation of Agricultural Sector Investment Programme (ASIP)
1995	ASIP launched Privatization of industrial milling sector Establishment of the Food Reserve Agency (FRA) as a statutory body to manage food reserves Agricultural Marketing Act and Food Reserve Act enacted paving way for private sector participation in the market

1997/98	Food Reserve Agency adopts fertilizer delivery and marketing role to smallholder farmers
2001	Formulation of the Agricultural Commercialization Programme (ACP) Food Security Pack Programme established
2002/2003	Fertilizer Support Programme
2003	Formulation of the Crop Marketing Authority (CMA) Government announcement of producer floor prices

Source: Updated from (Jayne et al., 2002)

Table 2.2 *Summary of Policy Reforms, 1991-2003*

Summary of Policy Reforms, 1991-2003
<p>Monetary policy: 1993, the Bank of Zambia (BOZ) removed all restrictions on bank lending and deposit rates, and allowed the official interest rates to be determined at weekly Treasury Bills auction. The ultimate objective of monetary policy is the achievement of price stability. Commercial banks' excess reserves, held in settlement accounts at the BOZ, are the operating target, and reserve money is intermediate target of monetary policy. BOZ uses a broad range of monetary policy instruments, the most important of which are: (i) Cash reserve requirements and the minimum liquid asset requirement; (ii) outright purchases and sales of government securities; (iii) deposit auctions; and (iv) the repurchase operation. The BOZ operations on the exchange market and also on the primary government debt market also have an impact on the aggregate liquidity of the banking system</p>
<p>Fiscal Policy: In an effort to strengthen budgetary control, the government introduced "a cash-budgeting system" in January 1993, under which the BOZ denies any government transaction unless adequate funds are available in its accounts with the BOZ. On the Domestic revenue side, the government established the Zambia Revenue Authority (ZRA) in 1994, and implemented the Value Added Tax (VAT), which replaced the former cumbersome system of sales tax. On the expenditure side, all agricultural subsidies and most subsidies, loans and loan guarantees for parastatal, have been discontinued. In 1993, the BOZ began holding regular primary auctions of government securities, on behalf of the Ministry of Finance. Despite plans to scale down on the civil service by 25 percent the later grew by 19 percent between 1989 and 1994.</p>
<p>Exchange Rate Liberalization: Between 1992 and 1995, the government decontrolled the foreign exchange market. In October 1992, the exchange rate and the allocation of foreign exchange were permitted to be market determined, through the introduction of "bureau de change". By March 1993 most foreign exchange controls on current transactions had been removed. In 1994, citizen and non-citizens were allowed to own foreign currency accounts and the kwacha became fully convertible.</p>
<p>Trade Liberalization: the government embarked on a radical program of trade and industrial policy reform in 1992. All licensing and quantitative restrictions on imports and exports were eliminated. Tariffs were reduced and the tariff structure was simplified. In 1991, customs duties ranged between 0 and 100 percent with 11 tariff band; by 1996 duties ranged from 0 to 25 percent with only four band. The ban on the export of maize was lifted in 1993.</p>
<p>Privatization: The privatization Act was passed in 1993 clearing the way for privatization of parastatals. A total of 257 SOEs had been privatized by early 2002 out of the working portfolio of 280 SOEs. After prolonged privatization procedure, the Zambia Consolidated Copper Mines (ZCCM), was finally sold to the Anglo-American Corporation (AAC) in 2002. The AAC has since pulled out of the deal.</p>
<p>Agricultural Liberalization: Subsidies of the mealie-meal and fertilizers were eliminated in 1992. In 1993, the government decontrolled maize producer prices, withdrew from marketing of agricultural inputs, and eliminated maize transport subsidies. The private sector was however slow in replacing the government in the liberalized grain market, which resulted in lack of credit for maize purchases and financial losses for farmers. Government launched transitional program the Agricultural Credit Management Program in 1994. The Food Reserve Agency (FRA) was established in 1994 to maintain strategic grain reserve. ASIP was launched in 1996 and came to an end 2001. The ACP was</p>

3 The policy actors in the zambian economy

3.1 Role of the State

The role of the government now in the economy is to encourage private participation. The policy is to open up the economy for private participation in all sectors except for a few strategic industries that are crucial to the security of the nation. The government has only a regulatory role that ensures equal opportunities for all market entrants and transparency for all the players in the chain. Regulatory statutory instruments have since been passed that allows for free entry and exit in the economy. Several organs have been set up in the Ministries of Agriculture and Co-operatives, Finance and National planning, and Commerce and Trade and to oversee the implementations of the new economic reforms. The government regulates the conduct of the market players that there is no one disadvantaged by the other. Almost all the state monopolies have been either dissolved or privatised under an ambitious privatisation programme.

3.1.1 Importance of the State, particularly in Agriculture

The government however, still maintains a minimal presence in some sectors like agriculture. This was a result of a rude awakening that resulted into a market failure in 1994-95 seasons, when the private sector failed to satisfy the farmers' needs both for the supply of inputs and the marketing of the produced commodities. The market failure observed in Zambia was to do with the little number of private sector players (i.e. Traders) to takeover the previous functions of government. Currently, there exist very few buyers in the market who set the prices to the producers.

The government has maintained a presence in agriculture through the Food Reserve Agency (FRA). The FRA's initial role was to ensure national food availability through out the year. But due to problems as observed above, the FRA got involved in the supply of inputs and the purchase of the crop from the farmers. This was strategic as it helped in bringing inputs to the people in order to enable them to produce. The FRA has been supplying inputs and purchasing outputs through some organised farmer groups, associations and farmers cooperatives. Through this arrangement, the FRA has helped in a small way to stabilise prices of the staple food.

As a result of the apparent weak private sector, the agricultural sector has been adversely affected by policy reversal/ changes than any other sector in the economy. These reversals and changes tend to occur almost every season. The policy reversal/changes are also associated with the frequent changes/reshuffle of cabinet ministers. This has affected the sector making it unable for the stakeholders to prepare forward plans. Some examples of the policy changes are as follows:

- In response to the severe drought experienced in the 1991/92 season, the government felt compelled to participate in massive maize importation and distribution some of which included food aid. Whilst this initiative enabled the stabilization of national maize supplies it also depressed prices of locally produced maize.
- In the 1992/93 season, the government involved itself in seasonal credit supply to induce the restoration of production after the previous seasons that was affected by the drought. The farmers responded by producing an above average crop, achieved by heavy levels of borrowing coinciding with good rains. During the same season, the government announced a floor price, which effectively translated into a controlled producer price. This distorted and confused the market. This was further exacerbated during the crop marketing seasons, as the licensed buyers were unable to raise working capital due to high lending rates. This was also the time when the treasury bills market had just been introduced and as a result a number of people who borrowed to finance the marketing of agricultural produce ended up investing in the risk free treasury bills. The treasury bills offered far much better returns on capital than maize marketing. The government was also unable to pay the floor price it had earlier announced and ended up introducing “promissory notes” under a deferred payment system.
- In 1997, the government established the Food Reserve Agency whose core function was to establish and maintain strategic supplies of maize. The intention was that the FRA would participate in the local market by buying excess stocks, especially from Small Scale Farmers, which would be at various depots, and silos scattered around the country. Within year two of having been established, the FRA expanded its role into fertilizer input credit supply to Small Scale Farmers organized in groups/cooperatives and members of out-grower schemes. Under this scheme the farmer may pay back the fertilizer in cash or under barter terms where 2 x 50 kg bags of maize are equated to 1 x 50 kg of fertilizer. The involvement of the FRA in fertilizer input supply was by way of a government directive. This has not only diverted the FRA from its primary role but also served to further distort commodity markets.
- In the past two years, the government has used political pressure and “side dealing” to put pressure on the milling companies to maintain low prices. This has included providing credit to private traders to enable them import mealie-meal, which is sold on the open market at low prices. To stay in business, milling companies are offering farmers maize prices that will enable them to mill and distribute mealie-meal at prices that will compete with direct imports.
- More recently, (2001) in response to national maize shortage, the government decided to offer private agencies special contracts to import maize, which is landing at between US \$210 and US \$250/mt. The into mill prices has however been set at around US \$165/mt as a way of ensuring that mealie-meal prices are kept low.

Although there has been some setbacks in the policy as outlined by the policy changes and reversal above, the overall policy framework of liberalization and incentives also had, some positive developments recorded during the period including; an increase in out-grower and contract farming, an increase in crop diversification, some remarkable changes in land management practices, an increased policy dialogue and partnership between the non-state actors (Private sector, NGOs RPOs, and CBOs) and government,

an increased private sector involvement in the provision of services such as input supply and output marketing, and almost an exponential increase in the contribution of the agricultural sector to non-traditional export earnings.

3.2 The public/private sector partnership

3.2.1 The Agricultural Consultative Forum (ACF)

Zambia has a unique institutional setup aimed at enhancing consultation between the public and the private sector stakeholders. The Agricultural Consultative Forum, is such an institution formed to enhance the consultation, transparency in policy and decision making among stakeholders. The ACF was established from the government project as part of the midterm review of the Agricultural Sector Investment Program of the Ministry of Agriculture and Cooperatives in September 1998. The ACF was therefore, formed mainly to engage stakeholders in the processes of policy formulation and to re-focus ASIP on fostering Private/Public sector partnerships. The ACF has since been transformed from a project under the ministry, to an independent formally registered association that is aimed at consolidating, the consultation process on agricultural development and policy formulation among key stakeholders. Table 3, gives the key stakeholders of the ACF.

The goal of the ACF is to contribute to sustainable and continuous growth in the agricultural sector through development of consultation, networking and information sharing among private and public sector players. The ACF provides policy advisory services to government. The forum meetings have provided a channel through which stakeholders are able to comment on the direction and performance of agricultural policies and programs. Stakeholders are also able to make suggestions on critical actions required to overcome the policy constraints identified. Some of the topics discussed at the ACF and the responses on policy advice are tabulated in table 4.

The ACF has been funded through a “Basket funding” arrangement involving USAID, the Royal Netherlands Embassy and the Royal Norwegian Embassy. In addition, the ACF hosts a number of projects that are funded through special grants for specific activities that enhance stakeholder consultation and networking. The government is contributing indirectly through secondment of staff and the backstopping of the accounts section. Now that the ACF has become autonomous, the seconded will now have to depend on the ACF. In addition, since the second phase of the ACF came to an end the ACF has been having problems of funding a few donors such as the Royal Netherlands, Royal Norwegian Embassy, the IRISH AID and GTZ has also expressed willingness to fund the ACF.

Table 3.1 *The Members of the Agricultural Consultative Forum.*

The Members of the Agricultural Consultative Forum

INSTITUTION	ROLE
GOVERNMENT (8) Ministry of Agriculture and Cooperatives Permanent Secretary- Agriculture (1) Permanent Secretary- Cooperatives (1) PACO- Lusaka Province (1) Ministry of Finance and National Planning (1) Ministry of Local Government and Housing (1) Permanent Secretary- Ministry of Lands (1) Permanent Secretary- Gender in Development Department (1) Permanent Secretary - Ministry of Commerce and Trade (1)	Policy/regulation and services Resource mobilization Decentralization and infrastructure development, Land tenure, gender issues, commercial issues
NATIONAL ASSEMBLY (1) Chairman–Committee on Lands and Agriculture, Parliament (1)	Policy/regulation and services
AGRI-BUSINESS (11) Industry (1)	Agricultural services delivery
AGRO-BASED NGO FORUM	Agricultural services delivery
FARMER REPRESENTATION (5)	Beneficiary mobilization
PRIVATE/PUBLIC SECTOR PARTNERSHIPS (6)	Agricultural services delivery District vertical linkage
DONORS (3)	Funding and Advisory
Total (37)	

Table 3.2 The ACF Policy Advice and Responses

Extension of ACF Mandate (2000)	Recommended another 3 years of ACF (2000, 2001 and 2003); renaming of ASIP to Agricultural in ACF to emphasize new long term development focus; appointment of an independent chairman, in incorporating all 5 MACO directors and including GART and GIDD. MACO approved the Advisory note.		
<table border="1" data-bbox="341 555 699 667"> <tr> <td data-bbox="341 555 491 667">Subject Matter</td> <td data-bbox="499 555 699 667">Type of Advise and Response</td> </tr> </table> <p data-bbox="341 674 699 853">and strategies: ACP and PRSP (2000)</p>	Subject Matter	Type of Advise and Response	Need for a development plan for the sector; recommended study of agricultural sector competitiveness as a starting point; Linkages of the ACP and PRSP formulation processes; improved links to development funds for smallholder farmers; build on positive developments in the sector; improved land policy and issue of title deeds; attracting Zimbabwe farmers; and clear guidelines and legislation on the use of GMOs in Zambia. MACO generally respond well to the Advisory Note.
Subject Matter	Type of Advise and Response		
Southern Province Animal Disease Control Programme (2000)	Noted with concern the low absorptive capacity of the programme; under utilization of funds; recommended extension of support to other provinces with disease outbreaks; recommended introduction of a Dip Control/Testing Facility. Response not assessed		
Financing of Agricultural Sector Investment Programme (2001)	Highlighted declining resource flows to ASIP due to failure of 'Basket Funding'; proposed Core Function Analysis for MACO. Recommendations have formed a key part of the implementation arrangements for the ACP and PRSP. Good response to Advisory Note		
Farmer Organizations and Groups (2001)	Need to harmonize concept of farmer groups. Cooperatives seen as the farmer groups. Instead, adopt a more encompassing term, ' Farmer Organization ' to reflect the diversity and demand driven nature of farmer groups in Zambia. MACO still puts too much emphasis on Cooperatives		
District Agricultural Committees (DACs) (2001)	MACO appreciated the deteriorating status of DACs. This will form the basis for strengthening the horizontal and vertical linkages of DACs, as part of the consultative and participatory mechanisms being promoted in Zambia. Need to fund DACs and assign statutory powers. Poor Response.		
Warehousing and Inventory Credit System of marketing for Smallholder farmers (2001)	ACF helped to repackage the Warehouse Receipts and Inventory Credit System document, refocused on small scale commercial farmers, thus making it more attractive to MACO and enhancing its potential to attract funding from the Small Holder Enterprise Marketing Programme (SHEMP) Moderate response.		

Meeting the Maize Deficit for the 2001 Agricultural Season (2001)	A food deficit of 150,000 – 300,000mt was expected in 2000/2001 season. Private sector driven initiatives were recommended as an innovative and sustainable way to jump start the process of meeting the maize deficit within the policy of market liberalization. Most components of the Advisory Note adopted by Government
Genetically Modified Organics (2001)	A break through in a seemingly complex issue with extreme views. By providing a neutral position the Advisory Note has provided an acceptable scope for enhancing policy formulation on the utilization of GMO technology in Zambia. Advisory Note incorporated in the Legislative process
Future Agricultural Policies (2001)	The ACF complied all the views of stakeholders into an advisory note with a view to influence the 2002 budget and future policies. Recommended a package of fiscal, financial and agri-business incentives; institutional reforms; investments in land, technology transfers and targeted food security programmes. Most components included in 2002 budget
2002 National Budget (2002)	The ACF reviewed and identified gaps in the budget and advised Government on the best way to implement the 2002 budget. Strengthened institutional mechanisms within ACP/PRSP framework; expedite CMA establishment; Guidelines for Out grower access to Funds; and improve financing. Good Response

3.2.2 The Cotton Development Trust

In addition to the stakeholder consultative process developed through the ACF, Zambia has come up with unique private/public sector investment projects aimed at developing crop specific strategies. The Cotton Development Trust is one of such grant aided institution initiated to spearhead the research and extension programs of cotton. The Trust is governed by, independent trustees, drawn from both the government and the private sector. The members from the private sector are farmers through the Zambia National Farmers' Unions as well as from the cotton ginning sector, under the Cotton Ginners Association..

The main goal of the Trust is to promote and develop cotton through research, extension, farmer training, cotton seed development and multiplication, and to develop and strengthen the existing partnership between private and public sector in the cotton industry. The trust has established network with both local and international institutions. These include: The Cotton Ginners Association, The Golden Valley Research Trust, The University of Zambia, The Seed companies, Chemical Companies, CIRAD in France, Syngenta in Zimbabwe, and Delta and Pineland of South Africa.

Although the CDT has only been given the task of mainly research and extension, it has also been helping the sector to develop a legislative body, which will monitor the developments of the cotton sector. In this regard, it has been working with the Cotton

Ginners Association to develop the Cotton Development Board. The Act for the Cotton Development Board has already been submitted to government and is currently under consideration. In addition, the CDT is facilitating the development of the Cotton Growers Association through capacity building and funding the Association to grow cotton under the government funded out-grower scheme. The Cotton Development Trust is currently administering the cotton out-grower scheme on behalf of the government.

3.2.3 The Zambia Coffee Board

The Zambia Coffee Board was established through the Coffee Act of 1989. The Board advises government on coffee policy and related matters. The Coffee Board is represented by members drawn from government, the farming community through the Zambia National Farmers' Union, and the Coffee Growers' Association, and a representative from small coffee farmers. The Zambia Coffee Growers Association has four members represented at the board. The board is run by a small secretariat. The board meets quarterly to review issues and policies regarding the coffee industry.

The main functions of the Coffee Board include the following:

- Advising government on policies and measures aimed at developing and regulating the coffee sector
- Implementing all the government policies related to the coffee sector.
- Sourcing and providing finance to the coffee growers.
- Within the framework of international agreements implementing all promotional, production and trade protocols.
- Facilitation and representing government in international coffee organization meetings and conferences.
- Conducting research and extension aimed at promoting coffee production in Zambia

In addition the board issues licenses to coffee growers, seed and seedlings to producers. The board is an active member of the International Coffee Organization (ICO), The Inter-Africa Coffee Organization (IACO), the Southern Africa Coffee Producers Organization (SAPCO) and the Specialty Coffee Association of America. Although the Zambia Coffee Board is a grant aided institution formed through government, it has some representation of the coffee growers. As enshrined in the Coffee Act of 1989, the Zambia Coffee Growers Association has become the operative wing of the Coffee Board to under take functions such as, providing extension services, quality control and for all exports of coffee in Zambia. The coffee Board therefore, collaborates with the Zambia Coffee Growers Association in setting out the criteria for coffee production licensing and in laying out conditions for the control of coffee production, propagation and harvesting. The Zambia Coffee Board has also, been working closely with the Coffee Growers association to update/ revise the Coffee Act of 1989. The Coffee Act is a very important piece of legislation that will determine the future development of the Coffee industry in Zambia.

3.3 Role of non-state actors

3.3.1 The RPOs, Cooperative/Producer Associations, NGO, and CBOs

There has been an increase in the number of small-scale farmers involved in out-grower and contract farming and production arrangements. This highlights the increasing importance and potential of non-state actors (RPOs, private sector companies, NGOs CBOs) involvement in influencing policy which affect them as well as financing and organizing farm production and marketing. Many farmers have responded to the new market and policy environment by; diversifying to more profitable crop enterprises. Several private companies and Non-governmental Organizations have been involved in organizing farmers in self-owned groups, associations or primary cooperatives. More than 70,000 farmers now belong to a group or associations. The above would result in the promotion of agricultural financing, promotion of entrepreneurship and business development and the facilitation of the development of agricultural marketing infrastructure. The private sector has had difficulties to deal with a disorganized farming sector in remote areas, which has tended to increase the traders' transaction costs while weakening the farmers bargaining power.

Several private sector initiatives have been facilitated and promoted by the overall market liberalization environment in the last decade. The establishment of the Agricultural Commodity Exchange by the Zambia National Farmers' Union, the promotion of Out-grower models (Dunavant "Distributor Model", CLUSA's RGBP and the CARE's REAP) and more recently the establishment of the Warehouse Receipt System are the cases in point.

In addition, the era of government sponsored and controlled cooperatives came to an end following the introduction of plural politics and far reaching market reforms under the Structural Adjustment Program (SAP). The role of government shifted from direct involvement in the day-to-day activities of the cooperatives to providing an enabling environment for free trade to take place.

The Cooperative/Producer Associations are very important in the market especially for small producers. Currently the government is encouraging such groupings. These groups also serve as good focal points for development and provision of other social services. They are also good centres for policy transmission and advocacy. Perhaps because of this, the government has revisited the concept of cooperatives through the new Cooperative Act of 1998.

The role of Rural Producer Organizations is pivotal in agriculture development today. These RPO's are primarily formed for production and marketing, for obtaining credit or organizing extension programs and in some case for supporting out grower schemes in agriculture. Apart from this they also act as a mouthpiece for the farmers who are sometimes unorganized and whose concerns are often not considered in mainstream planning and development of the agriculture sector. RPO's have been active in lobbying for policy development and review.

If the RPO is going to be an effective lobbyist for the members' interests it needs to have competence and capacity for policy analysis. This may be obtained by developing it in-house, or it may be obtained through forming networks with other organizations that have such competence and capacity, by drawing on their analysis. Subjects of analysis are both

policy effects, as well as determining the strategies or tactics best suited to achieving policy goals. This capacity building at the local level has the potential to reduce transaction costs for the delivery of services to farmers.

The ZNFU is also requesting for improvement in rural roads and other infrastructure and for government to establish investment funds for financing strategic investment in agriculture.

3.3.2 The Zambia Coffee Growers' Association

The Zambia Coffee Growers' Association (ZCGA), is a member based organization charged with the responsibility of providing coffee extension services, quality control, marketing and exporting coffee for its members. The Association was formed and officially registered in 1987 with a membership of 12. This membership has since grown to 68 large scale and 550 Small Scale growers. Membership is open only to registered coffee growers. The Coffee Growers Association has also been recognized by the government through the Coffee act as an institution designed to market coffee for its members. The small-scale farmers have so far been only minor participants in the coffee sector despite attempts to stimulate production under the World Bank and EU-funded projects. In recent years, Government has also contributed some resources through the HIPC initiative to promote small coffee growers using out-grower concepts. The total planting in the smallholder coffee sector have been estimated at 600 hectares out of the estimated total planted coffee of over 4000 hectares.

The Association's main function is to market coffee for its members mainly to the international market. The association also offers warehouse facilities, inputs and processing of coffee to maintain a uniform quality of the product. The association employs its own qualified quality controllers to ensure that all the coffee exported meets the required quality and standard in the international market. The Association provides the buyer with a guarantee of quality, excellency and contract execution on behalf of its members. For most individual farmers, the fact that the association manages the details of crop marketing is a welcome arrangement as this approach saves the growers the trouble and expense of having to identify and communicate with international buyers on their own. The Association also provides extension services to the members. In addition, a visiting international consultant is available to the members twice a year with expenses paid for through the Association. It is anticipated that as the membership grows in size, especially with addition of Small Scale farmers throughout the country, the services of the extension officers might be over-stretched. In addition the Association works with other organizations locally and internationally like the Specialty Coffee Association of America in its coffee business.

The Association is represented at the Coffee Board, the legislative body of the coffee industry. It is also associate corporate member of the Zambia National Farmers' Union. The Association get funding from members subscription, marketing levies as well as grants from government through the Zambia Coffee Board. The government grants are mostly for the development of Coffee Extension and Out-grower services. The European Union has funded the Association to build the dry processing mill aimed at improving the quality of exported coffee. In addition, the European Union provides some funds for a revolving loan for working capital.

3.3.3 The Coffee Growers Association is concerned with the following policy area.

- The local finance is very expensive especially for Large Scale farmers growing coffee. Coffee has a longer gestation period compared to a number of seasonal crops. It therefore, takes long to realize the returns to investment. Current levels of local interest rates are not conducive for investment in the coffee sector.
- Although limited access to finance is certainly a problem for smallholder farmers other important constraints relate to limited access to seasonal inputs, insufficient extension support, inadequate irrigation and delays in the marketing and payment process. The ZCGA has introduced some mechanism for bridging finance to reduce the long delays in marketing and payment process. In addition, the Agriflora has also partnered with the Association to assist Small Scale coffee farmers with some irrigation facilities through some managed loan facility. The Zambia Agribusiness Technical Assistance Centre, which is funded by USAID has been contracted by Agriflora to train these small scale farmers in entrepreneurship. Among the training is the utilization of in between rolls of coffee for other income generating crop to insulate these farmers from long period of waiting before harvesting coffee.

The Association has been actively participating in the shaping of policies through the Coffee Board and ZNFU. Currently the Coffee Act of 1989, which regulates the operations of the Coffee sector, is being revised with the involvement of both the Zambia Coffee Growers Association and the Zambia Coffee Board. The aim of the review of the Act is to ensure that it reflects the wishes of the sector. One area which both the government and the have realized need more work is the promotion of the coffee industry to the world market. To market coffee in the international market there is need to market both the country and the coffee. In this regard, the Association has formed a partnership with the Zambia National Tourist Board to advertise both the country and the coffee abroad.

3.3.4 The Zambia National Farmers' Union

The ZNFU is among the oldest Association in Zambia. The ZNFU has existed under various names. Before independence in 1964, the ZNFU was called Rhodesia National Farmers' Union. After independence, the name became Commercial Farmers' Bureau. Until independence, the membership had been almost entirely confined to Large Scale farmers. With the process of including the Small Scale farmers, which started in the early 1980s' the name had to change from commercial farmers Bureau to the Zambia National farmers Union.

Although membership is available to corporations/companies and other institutions engaged in the business of farming in Zambia, the ZNFU is an organization made up of mostly farmers and led by regularly elected leaders who are farmers. The type of membership include: small scale farmers associations spread across districts, the large scale farmers association, corporate members, commodity or specialized associations and associate members. The membership is for one year and full membership fee must be paid regardless the time of joining the union. It is a requirement that all individual farmers clubs and district sub-associations affiliate themselves to the ZNFU through the district associations.

The ZNFU's main mission is to promote, and to protect the interests of its members. To achieve this mission, the Union ensures that all associations are represented on the Council, the highest policy making body. The associations are represented through their chairmen who are elected at annual general meetings. Also represented on the Council are the chairmen of commodity committees concerned with dairy produce, pigs, wheat and barley, fruits and vegetables, and the grains and oilseeds. The President and Board of Directors are elected at the Annual Congress. The President chairs the meetings of the Council. The Board of Directors directs policy of the ZNFU and supervises the operations of the secretariat.

The Farmers' Associations, Commodity Associations and Committees provide the forum for discussion of policy at the grassroots. The district level, associations are represented at the village level through the information and or tele-centers. The results of these discussions are presented to board, or the council, depending on the gravity of the matter. In addition, the ZNFU communicates with individual members through the newsletter, Zambian farmer magazine, farmer meetings, correspondence and personal discussions.

Although the ZNFU receives donor funds for its projects, the core business and services it provides are funded primarily by its members. It is this funding arrangement, which has allowed the ZNFU to remain true to its members and lobby for the interest of members.

Some of the projects run by the ZNFU include: The Agricultural Commodity Exchange (ACE); and the Support to Farmers' Association Project (SFAP). ACE provides centralized trading facilities to sellers and buyers of agricultural commodities. It also provides market information and estimates of future prices. SFAP is a NORAD funded project implemented jointly by ZNFU, and the Agribusiness forum. Recently the government has channelled some fund to SFAP to assist out-grower schemes growing vegetables for exports as well as paprika and other herbs and spices. The project enhances capacity of farmer organizations and agribusiness companies in market oriented agriculture by minimizing the risks of default, stream lining the extension overheads costs of the out-growers.

The Zambia National Farmers Union has been concerned with the following areas:

- The trade liberalization which has increased the exposure of its members' product to imports entering the country under preferential terms or the apparent imbalance/unfair trade within COMESA, SADC and other trade agreements
- The high cost of production in Zambia in relation to the countries in the region as a result of high input taxes on fuel and energy. Zambia has been regarded uncompetitive in production of some crops as a result of high taxes on inputs as well as transportation costs. Despite Zambia being a net exporter of hydro-electricity power, local tariff are comparatively higher than that of its neighbours and South Africa. Zambia's electricity tariffs include a duty at 7 percent and VAT at 17.5 percent. Farmers running irrigation schemes and other infrastructure that are driven by electricity are most affected.
- The high cost of borrowing due to high interest rates, which partly has been exacerbated by high government domestic borrowing. Presently, farmers are exposed to high borrowing interest rates covering working capital and inputs. These interest rates are in excess of 45 percent although there has been some slight reduction over the first quarter of 2004 as a result of the government announcement to reduce domestic borrowing from 5 percent to 2 percent. The government domestic borrowing has reduced incentives for the commercial bank to lend to the

private sector. In short, government has clouded out the private sector on the financial market.

- The distribution of food relief has tended to depress the prices of local produced crops and hence affected the country's ability to improve the food security. In addition, the food relief programs are not properly targeted and are wrongly sourced. The ZNFU would like to see the food relief locally sourced so as to encourage local production.
- The ZNFU is also concerned with inconsistencies of government policy pronouncements. This makes it difficult for the farmers to invest and plan adequately for the future.

In December 2001 the ZNFU in conjunction with the Agricultural Consultative Forum (ACF) and the Ministry of Agriculture and Cooperatives, commissioned a Study on the Agricultural Competitiveness and Impact of the COMESA free trade area. The Study came-up with some policy recommendations aimed at improving the competitiveness of the sector. Some of these recommendations have since been adopted by government policy. Notable among the recommendation from the study is to reduce the cost of energy which would in turn reduce the local cost of production. The government in 2003 reduced the cost of diesel (a major input into farm operations). In addition The ZNFU has been negotiating with the local electricity company ZESCO to reduce the electricity tariff for farmers. Some concessions were given in this area in 2003.

In 2003, the ZNFU managed to stop the Food Reserve Agency from dumping cheap maize in the already depressed local market through a court injunction. The FRA had advertised to sell maize during the peak period when most local farmers were selling maize on to the market. This could have increased the volumes offloaded to the market thereby dampening further the prices of maize.

The ZNFU has been involved and represented in a number of stakeholder meetings conferences as well as task forces designing policy papers for government. It has been involved in the preparation of the Poverty Reduction Strategy Paper. It is represented at the PRSP Advisory Group which monitors the implementation of PRSP. It has been consulted at the budget preparation process. It has been involved in International Trade negotiations as part of the Zambian delegation. Most recently, the President of the Republic of Zambia appointed an Irrigation Development Task force, which included the ZNFU as member to this high level team. This shows recognition of the ZNFU at senior government level.

The ZNFU is linked to the Southern Region Farmers Unions through the Southern African Confederation of Agricultural Unions (SACAU) and the International Federation of Agricultural Producers (IFAP). The IFAP unites farmers' organizations worldwide.

3.3.5 Zambia Association of High Value Added Crops (ZAHVAC)

This is an umbrella organization of companies and institutions involved in the promotion of export crops such as paprika, herbs and spices and essential oils. ZAHVAC has been supporting Small Scale farmers to grow high value crops for exports. The support has mainly been in form of input loans to Small Scale farmers growing paprika under the out-grower contract arrangements.

The initial funding for this association was obtained from the government. In addition the SFAP has been supporting the ZAHVAC members with funds to support the out-growers

schemes. Some of the funding has been obtained from the European Union revolving loan facility.

ZAHVAC started with over 35 member operating mainly in Eastern, Central and Southern Provinces. The membership of this association however, has been declining over the years to currently only about three active members exporting crops. Other members have dropped out partly due to heavy indebtedness as well as some internal management problems. The interventions that would address the problems of high costs for farmers and risk of side selling in the smallholder sector would go a long way in solving the problems facing this association. Currently, ZAHVAC do not have enough capacity to meet members' needs. It is not able to employ extension staff to train farmers who are engaged in growing export crops. Recently however, the SFAP project in conjunction with the Agribusiness Forum has launched an initiative to establish more disciplined paprika out-growers operations using the so-called Dunavant distributor concepts.

Some of the members of ZAHVAC are also members of the Agribusiness forum, which is represented at the ACF. Occasionally, some of their ideas and concerns are influencing policy through the ACF, where the Agri-business Forum is fairly represented.

3.3.6 AGRIFLORA Smallholder Out-growers Co-operative Scheme

AGRIFLORA is one of the two major companies exporting fresh vegetables to Europe. In its effort to increase the volume of exports, it has developed the AGRIFLORA smallholder Out-grower Scheme Limited (AGRIFLORA Small-Scale). The AGRIFLORA Small Scale was established in 1999 while the mother body was established in 1994. The Zambian government supported them in the setting up of the infrastructure for use by the Small Scale department.

The main objective of AGRIFLORA Small Scale is to facilitate the smallholder farmers to participate in production of export crops. The export crops will earn them increased farm incomes and help the country increase national foreign exchange earnings. Initially AGRIFLORA Small Scale started with 500 Small Scale farmers, but has now reduced to only 160 active farmers. The farmers are organized in cooperatives to grow export quality vegetables namely baby corn, mange-tout peas, and sugar snap peas. The scheme targets farmers with 1-4 hectares plots within 50km radius of Lusaka. The growers produce the crops in partnership with AGRIFLORA Limited.

The main functions are to facilitate the marketing of the produce through a specialized system of packaging, grading and standard required in the international market. The farmers are trained in crop production. The farmers are grouped into cooperatives to bulk up the quantity of produce and allow the farmers to be represented through democratically elected executives.

AGRIFLORA provides cooperatively based collection centres, which house a refrigerated container, input store and grading bay. It is here the farmers deliver their produce, bulking it up for collection by refrigerated trucks. AGRIFLORA Small-scale has Extension staff that offer advice to farmers in the fields. In addition, the organization gives the farmers inputs (seed, fertilizer and chemicals) on credit. Irrigation equipments are also offered to farmers as medium term loan, depending on farmers' performance. The AGRIFLORA Small-scale has sub-contracted the Zambia Agribusiness Technical Advisory Centre (ZATAC) to under take some capacity building and training in entrepreneurship skill to the Small Scale farmers under the scheme. In addition, AGRIFLORA Small-scale has

been receiving some fund from SFAP for government supported out-growers farmers growing vegetables for exports. The Organization also received some funding from JICA through the Zambian government to build some irrigation infrastructure for Small Scale farmers.

3.3.7 The Makeni Cooperative Society

Currently there are six cooperatives supplying fresh vegetables to AGRIFLORA Small Scale. Among those six cooperative is the Makeni Cooperative Society (MCS). The MCS has been growing baby-corn, peas, sugar snaps and coffee for exports for over three years. The baby-corn, peas and sugar snaps are under the AGRIFLORA Small Scale out-grower contract schemes while the Coffee is through the Zambia Coffee board loans. The loans to individual members are guaranteed by the cooperative. If an individual defaults on loan payment, all members are obliged to pay on the member's behalf. In addition, the Cooperative has benefited from the SFAP loan scheme coming through AGRIFLORA. SFAP has also assisted the cooperative by helping to pay operational costs such as the salary and wages of the depot supervisor and a watchman. The cooperative has 50 members. A member is expected to pay some subscription fee for the running of the cooperative society. In addition, the cooperative is in the process of introducing a patronage fee.

Policy advocacy for member's interest seem to be strong from this cooperative. The cooperative have managed to influence the pricing structure to be in their favour through prolonged pressure and appeals to government and SFAP. The initial arrangement in terms of payment was such that the produce would be taken to AGRIFLORA sheds and graded without the knowledge of the cooperative members. The resulting grading was not transparent and the cooperative members were not happy with such arrangement. This matter has since been addressed. The grading of baby-corn is now determined at the local sheds. When government introduced foreign exchange controls, which required all local transactions to be paid in local currency (Kwacha) the cooperative took the matter with the bank governor who positively addressed their concerns to the satisfaction of members. The cooperative has continued to get their payment in foreign currency.

In addition, the MCS is also concerned with the following policy areas:

- High interest rates, which make the cost of borrowing high.
- Pricing structure for exported vegetable is not very transparent
- Lack of inputs such as fertilizers, seeds and chemicals

3.3.8 Tobacco Association of Zambia

The Tobacco Association has existed for a very long time in Zambia. Prior to independence, the association was called Northern Rhodesia Tobacco Association. After independence it changed its name to Virginia Tobacco Association of Zambia. The association was formed to look at the interest of the tobacco farmer. Its main purpose was to look at the interest of those tobacco farmers mainly growing Virginia tobacco. In the mid 1980's it changed its name to present Tobacco Association of Zambia. The membership of TAZ now includes any tobacco farmer whether growing Virginia, Turkish or Burley tobacco. The association markets tobacco, offers input credit and extension services to its members. Apart from member subscriptions and tobacco crop levies (1

percent of the total sales per member), the association has received funds from the European Union as a loan. In addition, there is a tobacco levy of 3 percent.

The Tobacco Association of Zambia is concerned with the following policy areas:

- The poor credit culture of some of the members which has reduced the recovery rates from 99 percent due to side selling of contracted tobacco. The weak Agricultural Credit Act has been cited as the main problem. Although the Agricultural Credit Act clearly states that it is illegal for any person to sell or buy a commodity financed by the third party, it does not specify the penalty for the offenders.
- Although the exchange rate is good for the export of tobacco, it makes the imported inputs (mostly from South Africa) expensive.
- The high interest rate from banks makes the cost of borrowing expensive and prohibitive.
- The pricing of tobacco is done in other countries and the local producers are not fully involved.

Although the Tobacco Association of Zambia is concerned in the above areas, apart from its influence as members of the Zambia National Farmers Union, the association has no direct influence or participation in policy formulation. The TAZ is also affiliated to Commodity International Tobacco Grower of London.

3.3.9 The Central Growers Association (CGA)

Initially, all tobacco farmers were mandated to sell their tobacco through TAZ, but with the coming of the liberalization policy, the farmers started selling tobacco on their own or formed associations to meet their needs. A number of Small Scale farmers moved away from TAZ formed their own association to safeguard their interest. The Central Growers Association was formed in 1997 in Central province to market tobacco and Paprika for farmers in Mkushi, Serenje, Kapiri-Mposhi and Kabwe. The Central Growers' Association has 249 members growing tobacco and 241 members growing paprika and cotton under the out-grower arrangements.

The Central Growers' Association has been selling tobacco through Zambia Leaf tobacco Company. Because of the unsatisfactory conditions imposed by the Zambia Leaf Tobacco, the association was forced to seek another buyer (STANCOM). STANCOM has been buying tobacco at a very attractive price from the association compared to the previous buyer (Zambia Leaf Tobacco). As a result of improved prices the loan repayments seem to have improved to 100 percent in 2003.

The Central Growers Association would like to see more investment in the tobacco sector particularly from local investors. The CGA would also like the government lower the levels of interest rates so that farmers could be able to borrow money and invest in the tobacco sector. The Current funds used to operate the out-grower schemes should be streamlined by allowing the local associations to determine their own need. The current top down method of allocating resources for tobacco Out-grower is not efficient. The Tobacco Board of Zambia (TBZ), which is managing the tobacco out-grower scheme on behalf of government, has tended to allocate fertilizer at the wrong time when farmers have already planted and the crop is already overgrown. The Central Growers Association does not have the capacity to influence or lobby policy makers but it is envisaged that

through its membership to the Zambia National Farmers' Union its policy concerns could be represented to government.

3.3.10 The Co-operative League of the USA (CLUSA)

The Cooperative League of the United States of America (CLUSA) has been present in Zambia since 1996 running the USAID sponsored Rural Group Business Program (RGBP). CLUSA initially operated in two districts (Mazabuka and Mumbwa). The RGBP focused mainly on forming business groups whose members were trained in organizational, entrepreneurial, leadership skills. This training was backed by small business loans. The RGBP introduced the democratically farmer managed, financially viable Small Scale Out-growers scheme with a decentralized extension system. Recently, in 2002 CLUSA has been implementing programs on behalf of the Smallholder Enterprise and marketing program under the Ministry of Agriculture and Cooperatives. In addition, CLUSA has been working with the FAO, OFDA, WFP, and DANIDA in executing drought response programs. Since CLUSA is a donor funded NGO its role is mostly group facilitation and does not extend activities to policy advocacy programs. CLUSA is an NGO funded by the USAID. It may not directly influence local policy in Zambia, but the capacity building process of facilitating these farmer groups through the RGBP programme will indirectly build the groups to eventually be able to safeguard their interest through policy advocacy.

3.3.11 Dunavant Cotton

Dunavant started as Lint company of Zambia Ltd (a Zambian parastatal Company) then it was privatized and became Lonrho Cotton Zambia before changing to Dunavant after it was bought off from Lonrho by a USA based company called Dunavant. Dunavant works with small-scale farmers and in order to effectively service the small-scale farmers, it introduced the Distributor Model. The distributor is the contact farmer between farmers and the company. Monze west has 28 farmer distributors. Dunavant is a private international company with all funding coming from its parent company based in Geneva. Therefore, Dunavant is privately funded. The company is a member of the Cotton Ginners Association. The Cotton Ginners Association is represented at the Cotton Development Trust Board.

Because cotton is a relatively high input and management intensive activity, the sectors' strong recent performance has been made possible mainly through a variety of out-grower schemes now operating in different parts of the country. Under these schemes operated by cotton ginners, farmers are typically provided with seed, chemicals, extension support and marketing services. Dunavant has developed its own model as a marketing and financial out-grower system for Small Scale farmers (the cotton distributor model). The model provides an operational framework for raising motivation and credibility, through innovative organizational structures, distribution and collection systems. The Dunavant model utilizes the concept of appointing "distributors" responsible for the provision of inputs to Small Scale farmers in his or her local community and for the collection of the repayment of the cost of the inputs when the crop is sold. The distributor is given incentives to ensure the highest level of recovery and earns a commission on the crop sold to any of the Dunavant ginneries. This distributor system has so far, offered reliable long term markets, provide inputs, finances, extension messages and transport. In addition farmers are paid cash, thus further strengthening farmer and out-grower confidence. As a result of this Distributor Model, Dunavant has raised its loan recovery rate to over 90 percent, compared to for example the single digit recoveries under some of the

government parastatals and programs such as the Agricultural Credit Marketing Program. Clearly although, Dunavant is a privately funded institution which does not exactly fit the RPO definition has helped the capacity development of the RPOs through this distributor model.

Recently, because of some apparent successes of this distributor model, the Agribusiness forum put the model forward to a government/IFAD supported program “Smallholder Entrepreneurship and Marketing Programme (SHEMP) on the basis that SHEMP use the institutional framework that is already in place as a platform to develop viable and sustainable farmer associations throughout the country. It is suggested that the farmers associations would not be restricted to working only with cotton, but could include members who have other crops.

4 Conclusion

The aim of the review was to explore the role of RPOs in economic and policy formulation and implementation. The Zambian case, indicate a unique policy dialogue process involving three categories of institutions namely: the state actors, the private/public partnership and the private sector actors.

This unique landscape of institutions is a result of realization that different institutions have different competences in the policy arena. Whereas, the government has liberalized the economy to allow for the free flow of the private sector, in some cases because of the non-participation, the government has tended to reverse its policy decision. The reversal has in some cases been misinterpreted as government policy inconsistency. The policy dialogue has in some cases helped to reduce mistrust between sector players. This dialogue is seen through institutional framework developed such as the Agricultural Consultative Forum.

The Rural Producer Organisations have also been active in lobbying for members interests, at least by some umbrella organizations. It is not very clear however, that these policy interactions are yet occurring at local levels, although one Cooperative in Lusaka successfully lobbied the Bank of Zambia to extend the payment of foreign currency to local institutions (cooperative societies), which export vegetables through AGRIFLORA. This was against the background of a sweeping measure, which required that all domestic transaction should use local currency. The capacity of local level institutions to analyse policy is generally frail. A number of NGOs have however, been training farmers groups and association in the areas of entrepreneurship. It is expected that as these rural Producers Associations gain cohesiveness, the ability to bargain for the members' interest will also be enhanced.

At the national level, the Zambia National Farmers Union has been very instrumental in lobbying government on issues concerning increased food imports at subsidized rates as well as high prices of imported inputs. They have also raised concern about imported food aid, which distorts the pricing mechanisms in the country.

In December 2001 the ZNFU, with the assistance of other stakeholders, commissioned a Study on the Agricultural Competitiveness and Impact of the COMESA free trade area. As a result of the study government reduced the cost of energy in the subsequent year. The government in 2003 reduced the cost of diesel (a major input into farm operations). In addition a number of incentives were offered to farmers using electricity for irrigation.

The ZNFU successfully managed to stop the Food Reserve Agency from dumping cheap maize in the already depressed local market through a court injunction. In addition, the ZNFU is represented in a number of stakeholder meetings, conferences as well as task forces designing policy papers for government. Most recently, the President of the Republic of Zambia appointed an Irrigation Development Task Force, which included the

ZNFU as member to this high level team. This shows recognition of the ZNFU at senior government level.

In the coffee sector, the Coffee Growers Association has been actively participating in the shaping of policies through the Coffee Board. Currently, the Coffee Act of 1989, which regulates the operations of the Coffee sector, is being revised with the involvement of both the Zambia Coffee Growers Association and the Zambia Coffee Board.

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Appendix 1

Beep field data collection tools- economic policy

- What is the origin of the institution (internally evolved or externally invoked)
- Is the organization informal/formal
- What is the source of your funding?
- What are its functions and is it affiliated to any organization
- What macro-economic and agricultural policy area's of concern to the institute and its members
- What is the policy area you influence and what is the degree of importance of the policy area you influence to your members/households
- How does your institution operate in relation to agricultural policy
- To what extent do you participate in policy formulation
- What changes do you propose and how will they work
- What are your own perceptions for success in pursuing farmers goals and interests
- What seems to be the outcome of your efforts in terms of influencing policies in different policy domains for different categories of farmers
- How do you determine the policies you work in favor of
- What is the policy analysis capacity and competence of institution and how can this be augmented through networking with other organizations

Appendix 2

People interviewed

NAME	POSITION	ORGANISATION
Mr. Benny Zimba	Board Secretary	Coffee Board of Zambia
Mr. Robert Sankosa	Economist	ZNFU
Ms. Sula Mahoney	Assist. General Manager	ZCGA
Mr. Rueben Banda	Assist. Prog. Codinator	CLUSA
Mr. Bobi Nebwe	Programme Officer	ACF
Mr. Chitambaika	Gen. Secretary	ZAHVAC
Mr. Peter Aagard	Chairman	ABF
Mr. Phonto Mumbi	Marketing Manager	TAZ
Ms Brenda Kachapulula	Assist. Technical Mgr	AGRIFLORA
Mr. Andrew Hamaamba	Chairman	Makeni Co-operative Society
Mr. Chigantu	Chairman	Mukonchi Multi-purpose
Mr. Chisowa	Board Member	Mukonchi Multi-purpose
Mr. Eric Rhodes	Senior Agronomist	STANCOM
Mr. G.V. Sampa	Cotton Dev. Manager	ZCMT
Mr. Wonani	Director	Kabwe Farmers Co-operative
Mr. Banda	Act. V/Chairman	Kabwe Farmers Co-operative
Mr. Berry Mungabo	Programme Facilitator	ZNFU- Kabwe
Mr. Banda	Executive Secretary	Central Growers Association
Dr. Watson Mwale	Director	Cotton Development Trust
Mr. Jeremiah Kasalu	Programme Facilitator	ZNFU- Monze
Mr. Kenny Mungambata	Shed Area Manager	Dunavant- Monze
Mr. Pearson Chembo	Chairman	Kayuni East Co-op- Monze
Mr. Passmore Nkolola	Contact Farmer	Kayuni East Co-op- Monze
Mr. J.M. Chizuni	Board Secretary	TBZ
Prof. Venon Chinene	Cordinator	SHEMP