

# FINANCING AGRICULTURE FORUM 2012



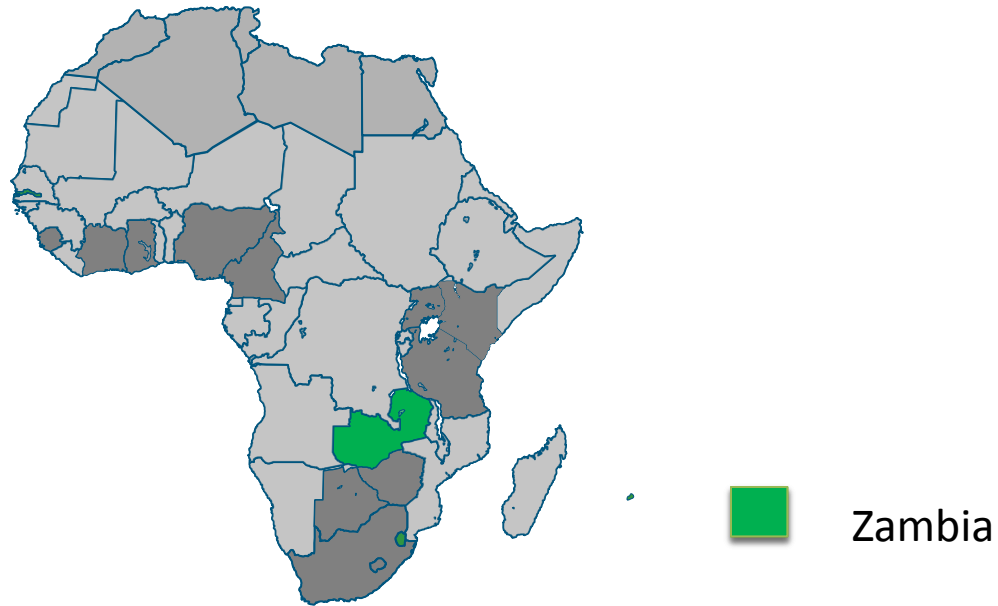
## A PRESENTATION BY THE ZAMBIA NATIONAL COMMERCIAL BANK PLC

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# Zambia National Commercial Bank PLC

- Emergent Farmers Finance Programme



Best Soccer Team in Africa!!!



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# Zanaco: “the People’s Bank”

- Created in 1969
- Universal bank (retail/corporate)
- Partially privatized in April 2007
- Listed on LuSE in November 2008
- 59 Branches & Agencies, 121 Additional Points of Presence
- Ownership
  - Rabo bank – 45.6%
  - Public - 26%
  - GRZ – 25%
  - ZNFU – 3.4%



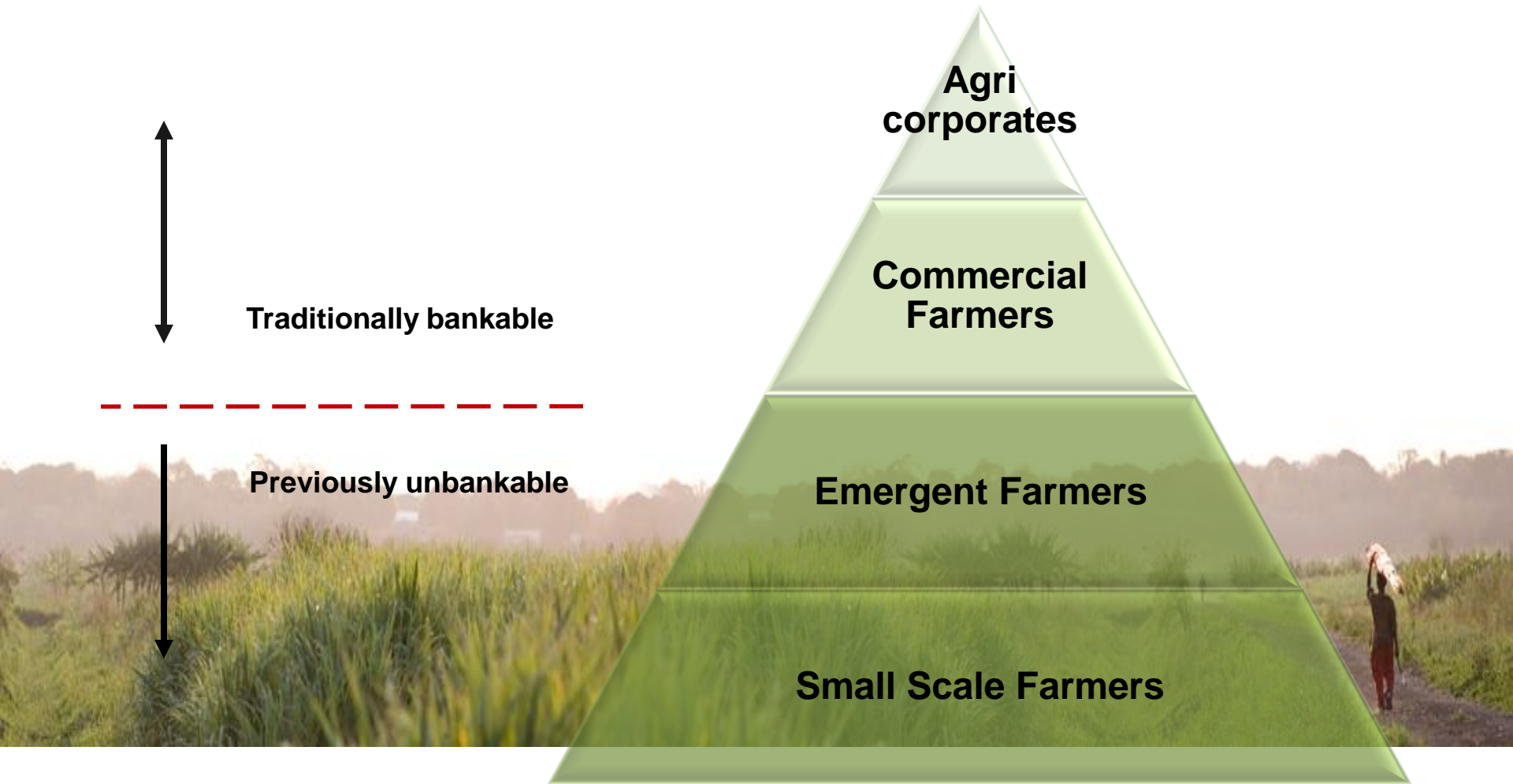
# Objective

The main objective of the Program is;

- to develop and test a model, using strict business principles, to provide commercially based access to finance and agri support services to a class of farmers currently unable to access bank finance.
- Focus is on farmers with;
  - minimum three year track record
  - proven or identifiable enterprise in the farmer
  - adequate equity
  - minimum farm size depending on the farm enterprise

# Food and Agriculture In Zambia

# Bankable Production



Bilateral contracts



Supply chain finance





# Limitations In Accessing Finance

- Low Yields to inadequate Agronomic Skills.
- Lack of Adequate Financial Management Skills
- Poor Record Keeping.

# Improving Access to Finance

- In 2008 - Zanaco partnership with;
  - Rabo Bank
  - ZNFU
  - IFC



# Technical Assistance

- Fertilizer companies & agricultural lime companies
- Agri chemical companies
- Farmers Associations like; the Poultry Association
- Co-operatives, Dairy Processing Companies, etc.
- Crop Insurance companies
- Business Training Consultancy Firms

# Agri product & features

Products	No. of farmers	Value of finance USD
Seasonal overdrafts	12	906,154
Term loans	83	2,477,310
Seasonal Overdraft + Term loans	18	1,161,536
Other services	11	-
Total	124	4,545,000

- Dairy
- Piggery
- Maize and soya beans
- Poultry
- Sugar cane
- Beef

# Impact of Technical Assistance

Financed Agri Sector	Yield before intervention	Yield after Intervention 2008/09	Yield after intervention 2009/10	Yield after intervention 2010/11
Dairy	10 lts/cow/day	12.5lts/cow/day	16 lts/cow/day	17.2 lts/cow/day
Poultry	75% peak production	80% peak production	90% peak production	93% peak production
Maize	2.38 tons/ha	5.2 tons/ha	5.8tons/ha	4.9 tons/ha

# Key statistics

	2008/09 USD	2009/10 USD	2010/11 USD	2011/12 USD
Exposure	530,000	940,000	1,705,000	4,545,000
Av. loan size	38,000	35,000	49,000	37,000
No. of farmers	14	27	35	124

# Success Factors

- Adequate & Timely Access to Finance
- Adequate & Timely Access to Technical Assistance
- Customers must run their farms as businesses
- Skilled Agricultural Bank Staff

# Challenges

- Inadequate farmer management information systems
- There's still room for improvement in provision of training.
- Inherent fear of approaching formal banking services by farmers
- Crop marketing challenges.
- Monopoly of some service providers



# Zambia should be a bread basket

- Lots of land
- Fertile Soils
- Good water resources and availability if irrigated
- Reasonable rains nation wide
- Good banks
- Good farmers