



Ministry of Agriculture: ZAMBIA

SYMPOSIUM DAKAR, SENEGAL- 11-16 SEPT 2023





Background



VISION: *An efficient, competitive and sustainable agricultural sector, which assures food and nutrition security, increased employment opportunities and incomes.”*

As per Government Gazette Notice No. 1123 of 2021, the following are the portfolio functions:



Background



Agricultural Credit

Agricultural Development

Agricultural Marketing Policy

Agricultural Research and Specialist Services

Agricultural Training

Agricultural Policy

Agriculture Extension Field Services

Food Security

Irrigation Development

Plant Quarantine and Phytosanitary Services

Seeds

Seeds, Standards and Grades.



Background

Department of Agribusiness and Marketing provides technical oversight and Facilitates access to Agricultural Finance and Credit Management .



Agricultural Finance (FACILITY)



The Ministry is implementing a subsidy program - the Farmer Input Support Programme (FISP)

A **mode of providing finance** in form of **agricultural inputs** which is matched with a contribution from the beneficiary farmers.

Currently, One million farmers have access to this Government Facility (subsidy).

It is aimed at facilitating enhanced access to affordable inputs to boost production and ensure both household and national food security



Index Insurance on the FISP



In making the **subsidy program climate-smart**, Cabinet Office in 2017 made a decision **to introduce the mandatory Crop Index Insurance for all FISP beneficiaries.**

To work towards this end, K100 (US\$5) from the K400 (US\$ 20) farmer contribution was **directed towards paying for the Crop Insurance Premium.**



Index Insurance on the FISP



The introduction of the Weather Index insurance on FISP is in line with Objective no 5 in Zambia's Second National Agricultural Policy (2016) (which states) :

This is **'To promote availability and accessibility to agricultural finance credit facilities and insurance'**.

Hence, this index insurance initiative is one of the measures towards the promotion of agricultural insurance, aimed at contributing to the achievement of Zambia's Second National Agricultural Policy (2016), **and also Financial inclusion.**

INDEX INSURANCE IN ZAMBIA

Index Insurance (Weather and Area yield) is designed and delivered as an innovative agricultural insurance and digital services to help smallholder farmers and rural clients endure climate risks, improve their farming practices, and bolster their profits.



CROP INSURANCE
for small holder
and large-scale
farmers



LIVESTOCK INSURANCE
for pastoralists and
agro-pastoralists



The lives of smallholder farmers are determined by unpredictable weather.

The Implication

Suboptimal Yields

Maize Yields in Zambia 2 MT/Ha

Maize Yields in USA 11 MT/Ha

Due climate change
“Agriculture is highly Risky”

Traditional ag insurance relies on farm visits- Risk remains with the farmer.

The Real World Crises



Food Crises and Famine



**Poverty &
Rural Urban Migration**





INDEX INSURANCE



A total of 1,024,434 farmers (FISP farmers) are covered by weather and area yield index insurance.

Collaborates with WFP project. 18,083 farmers are covered Index Insurance

A total of 1,275 farmers are covered through the InsuResilience project implemented by the GIZ

The total outreach in terms of farmers with access to index-based insurance as a form of Agricultural Finance is **1,043,792**



Index Insurance



.The Ministry has learnt that this is a relatively new phenomenon in the agro-space to both the implementers as well as the consumers of the insurance products

CHALLENGES OR GAPS IN THE INSURANCE VALUE CHAIN

CAN BE DIVIDED THREE

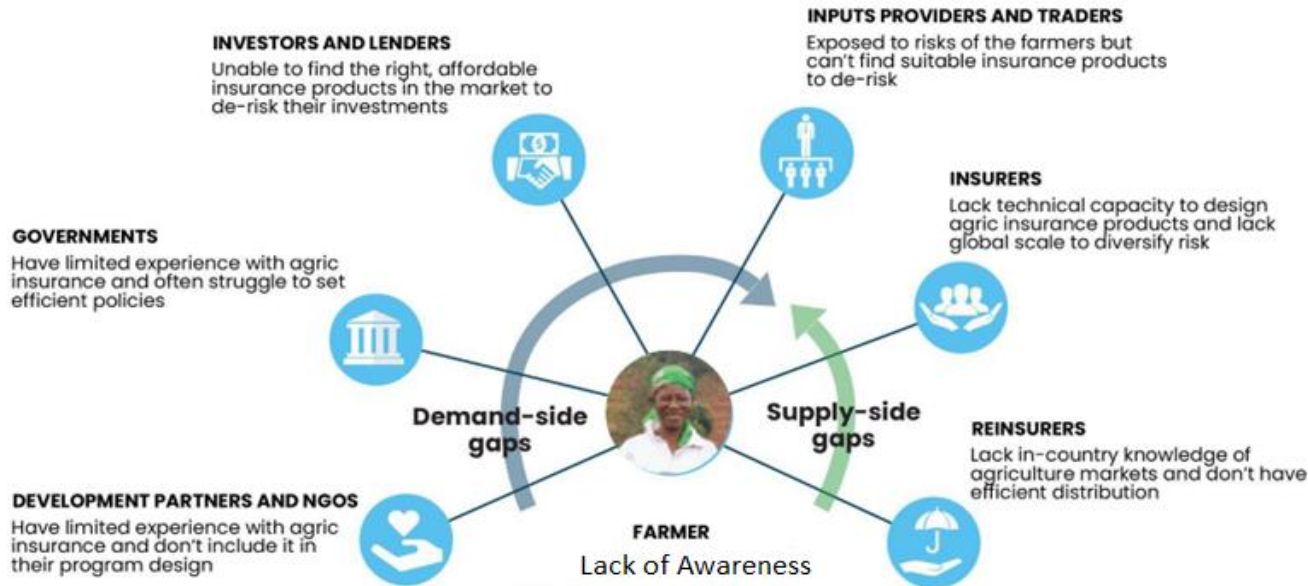


DEMAND SIDE GAPS

SUPPLY SIDE

CLIENT SIDE (FARMER SIDE)

There are gaps in the insurance value chain that have kept adoption of agriculture insurance at low levels





Summary of pay-outs



Insurance company	Amount
Mayfair Insurance	K192,708,663.00
Pula/ZISC General Insurance	20,328,715.00
Grand Total	K 213,037,378.00



Challenges



Sometimes the compensation is not worth **the value to travel long distances to in order to redeem** as they incur more on transport than the value of compensation to redeem the inputs.

Product has been skewed more towards drought than excess rainfall.
Payouts have not been timely.

Farmers in remote areas have problems to retrieve codes due to poor **MOBILE CONNECTIVITY**.

Some farmers don't own phones, but sim cards.

The TSI is not equivalent to the market value of the inputs under the subsidy.

Limited awareness among farmers



Recommendations



- Quick pay-outs
- Product improvement –working with World food program
- Improved weather satellite data capturing and quick validation
- Sensitization meetings at various levels
- More risk cover for other calamities such as pests and flooding.
- Increase the TSI in order to match the value of inputs under the subsidy.

CONCLUSION

FISP has been a major government-led intervention for Zambian smallholder farmers

FISP has had considerable success in reaching farmers and helping them adopt high-quality seed and fertilizer, made affordable through subsidies.

The bundling of insurance in the input package has created an additional layer of security by compensating farmers in the event of yield losses due to climatic and biological threats to their farms.

However, there is **no scientifically validated, independent evaluation of impact of providing inputs bundled with insurance** on productivity and farming behaviour.



Thank you

