



**REPUBLIC OF ZAMBIA**

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

**MINISTERIAL STATEMENT PRESENTED BY HONOURABLE GIVEN LUBINDA, MP**

**MINISTER OF AGRICULTURE AND LIVESTOCK**

**ON THE STATUS OF MATCHING GRANTS IN THE MINISTRY OF AGRICULTURE AND  
LIVESTOCK**

**JULY, 2015**

**MR. SPEAKER,**

I THANK YOU FOR GIVING ME THE OPPORTUNITY TO DELIVER THIS STATEMENT ON THE SUBJECT '**THE STATUS OF MATCHING GRANTS IN THE AGRICULTURAL SECTOR IN ZAMBIA**'. FROM THE OUTSET, I WISH TO EXPRESS MY GRATITUDE TO ~~NOTE THAT~~ MEMBERS OF PARLIAMENT <sup>WHO</sup> HAVE EXPRESSED AN INTEREST IN MATCHING GRANTS THAT ARE BEING IMPLEMENTED IN THE MINISTRY OF AGRICULTURE AND LIVESTOCK.

THIS STATEMENT HAS BEEN NECESSITATED BY AN INTEREST FROM THIS HOUSE FOR AN ELABORATION OF WHAT MATCHING GRANTS ARE AND THEIR STATUS OF IMPLEMENTATION. THE STATEMENT IS ALSO INTENDED TO PROVIDE INFORMATION TO MEMBERS OF PARLIAMENT ON THE IMPLEMENTATION MODALITIES, TARGET BENEFICIARIES AND APPLICATION PROCEDURES TO ACCESS MATCHING GRANTS.

IT IS MY EXPECTATION THAT ONCE WE HAVE SENSITIZED THE MEMBERS OF PARLIAMENT ON MATCHING GRANTS, THEY MAY IN TURN DISSEMINATE THIS INFORMATION TO THE TARGETED BENEFICIARIES TO CREATE AWARENESS IN THEIR CONSTITUENCIES. THIS WILL ALSO PROP UP OFFICERS AT VARIOUS LEVELS IN THE MINISTRY OF AGRICULTURE AND LIVESTOCK TO TAKE A PROACTIVE ROLE IN THE IMPLEMENTATION OF MATCHING GRANTS DUE TO THE INTEREST THAT WILL BE CREATED AMONG THE POTENTIAL BENEFICIARIES.

IN DELIVERING THIS STATEMENT, I WILL FOCUS ON KEY ISSUES NAMELY; (I) BACKGROUND ON MATCHING GRANTS; (II) ISSUES TO BE ADDRESSED IN THE AGRICULTURAL SECTOR THROUGH MATCHING GRANTS; (III) IMPLEMENTATION MODALITIES; (IV) IMPLEMENTATION STATUS FOR MATCHING GRANTS; AND (V) CONCLUDING REMARKS.

## **1. BACKGROUND ON MATCHING GRANTS**

### **MR SPEAKER**

MATCHING GRANTS ARE NOT NEW AS THEY HAVE BEEN TRIED IN THE AGRICULTURAL SECTOR IN THE PAST, PARTICULARLY IN THE MID AND LATE 1990S'. THESE WERE UNDER DONOR FUNDED PROGRAMMES SUCH AS THE RURAL INVESTMENT FUND (RIF) FUNDED BY THE WORLD BANK, THE SMALLHOLDER ENTERPRISE AND MARKETING PROGRAMME (SHEMP) FUNDED BY THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD), THE SMALLHOLDER IRRIGATION AND WATER USE PROJECT (SIWUP) FUNDED BY THE WORLD BANK AND THE SMALL SCALE IRRIGATION PROJECT (SIP) FUNDED BY THE GOVERNMENT OF FINLAND AND THE AFRICA DEVELOPMENT BANK.

MATCHING GRANTS UNDER THESE PROJECTS WORKED VERY WELL ALTHOUGH SOME WERE FACED WITH CHALLENGES OF BENEFICIARIES FAILING TO MEET THEIR CONTRIBUTIONS AND LACK OF CAPACITY BUILDING TO THE SAME GROUPS BECAUSE PROJECTS DID NOT INCLUDE THE COMPONENT OF CAPACITY BUILDING BUT MERELY FOCUSED ON DISBURSING MATCHING GRANTS TO BENEFICIARIES.

WITHIN THE CONTEXT OF AGRICULTURAL DEVELOPMENT IN ZAMBIA, A MATCHING GRANT IS A ONE-OFF, NON-REIMBURSABLE TRANSFER TO PROJECT BENEFICIARIES, IN THIS CASE FROM THE PROJECT OR PROGRAMME TO THE BENEFICIARIES. IT IS BASED ON A SPECIFIC PROJECT RATIONALE FOR A PARTICULAR PURPOSE AND ON CONDITION THAT THE RECIPIENT MAKES A SPECIFIED CONTRIBUTION FOR THE SAME PURPOSE. MATCHING GRANTS CAN BE EITHER IN CASH OR IN KIND, OR A COMBINATION OF BOTH.

AS ONE-OFF TRANSFERS, MATCHING GRANTS DIFFER FROM PERMANENT PUBLIC TRANSFERS, SUCH AS SUBSIDIES FOR INPUTS AND SERVICES SUCH AS FERTILIZER AND SEED OR SAFETY NETS SUCH AS CASH TRANSFERS OR FOOD FOR WORK. MATCHING GRANTS AS OPPOSED TO FULL GRANTS, LOANS OR SUBSIDIES PROMOTE BENEFICIARY COMMITMENT, INNOVATION AND OWNERSHIP OF THE PROJECTS BEING FUNDED.

## **2. PURPOSE FOR A MATCHING GRANT**

IN THE ZAMBIAN AGRICULTURE SECTOR, MATCHING GRANTS ARE USED TO FINANCE PROJECTS AIMED AT PROMOTING AND INCREASING PRODUCTIVITY IN LIVESTOCK, AGRIBUSINESS, IRRIGATION AND CROP PRODUCTION. THEY ARE USED TO DEVELOP AGRICULTURAL VALUE CHAINS, PROMOTE INNOVATION AND TECHNOLOGY, ENHANCE ACCESS TO EXTENSION AND SUPPORT SERVICES, AND SUPPORT AGRICULTURAL DIVERSIFICATION.

WE ARE ALL AWARE THAT THE MAJOR CHALLENGE FACED BY THE SMALL HOLDER FARMERS IS ACCESS TO AFFORDABLE FINANCING FROM THE FINANCING INSTITUTIONS. CONSEQUENTLY, SMALLHOLDER FARMERS HAVE BEEN HINDERED TO INVEST IN MECHANISATION, APPROPRIATE FARMING TECHNOLOGIES, ACQUISITION OF SUPERIOR BREEDS OF LIVESTOCK, EXPANSION OF FISH FARMS AND VALUE ADDITION ACTIVITIES TO THEIR AGRICULTURAL PRODUCE.

THROUGH MATCHING GRANTS WE ARE HELPING TO INCREASE SMALLHOLDER, AND MEDIUM SCALE FARMERS' WORKING CAPITAL OR INVESTMENT BASE WHICH WILL HELP THEM TO INCREASE PRODUCTIVITY AND INCREASE ACCESS TO MARKETS FOR THEIR PRODUCE BY ADDRESSING SPECIFIC BARRIERS TO MARKET ENTRY FOR CERTAIN TARGET GROUPS, TECHNOLOGIES OR SERVICE PROVIDERS. THERE IS EVIDENCE WITHIN THE SHORT TIME THAT WE HAVE BEEN IMPLEMENTING MATCHING

GRANTS THAT THEY CAN STIMULATE MARKET DEVELOPMENT AND BE PART OF PUBLIC POLICIES FOR MAKING MARKETS WORK FOR POOR PEOPLE.

### **3. IMPLEMENTATION MODALITIES FOR MATCHING GRANTS IN THE AGRICULTURE SECTOR**

#### **MR SPEAKER**

THE MAIN OBJECTIVE FOR IMPLEMENTING MATCHING GRANTS IS TO INCREASE THE WORKING CAPITAL FOR SMALLHOLDER AND MEDIUM SCALE FARMERS THAT WILL GIVE THEM OPPORTUNITIES TO INVEST IN FARMING ACTIVITIES WHICH WILL INCREASE THEIR AGRICULTURAL PRODUCTIVITY, VALUE ADDITION AND GAIN ENTRY INTO MARKETS FOR AGRICULTURAL COMMODITIES.

IMPLEMENTATION MODALITIES FOR BENEFICIARIES TO ACCESS MATCHING GRANTS DIFFER UNDER THE DIFFERENT DEVELOPMENT PROJECT DESIGNS AND THE COOPERATING PARTNERS SUPPORTING MATCHING GRANTS. WE ARE, HOWEVER, WORKING TOWARDS HARMONISING APPLICATION PROCEDURES, SELECTION AND APPROVAL PROCESSES, CONDITIONALITIES TO BE MET BY THE BENEFICIARIES AND PROPORTIONS OF CONTRIBUTIONS TO BE MADE BETWEEN THE PROJECTS AND BENEFICIARIES.

MY MINISTRY IS IMPLEMENTING MATCHING GRANTS UNDER SIX (6) PROJECTS NAMELY:

- (I). THE AGRICULTURAL DEVELOPMENT SUPPORT PROGRAMME (ADSP) FINANCED BY THE WORLD BANK;
- (II). THE LIVESTOCK DEVELOPMENT AND ANIMAL HEALTH PROJECT (LDAHP) FUNDED BY THE WORLD BANK;