FINANCING WATER FOR AGRICULTURE

ADDRESSING THE CHALLENGE - ZAMBIA

Issues

sources of finance

the interventions-

the Kafue Basin

Lessons

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issues

- **ECONOMIC BASE** *(mining oriented)*
  - fiscal constraints, -debt

- **MILLENNIUM DEVELOPMENT GOALS**
  (competing for resources)

- **FRAGMENTED MANAGEMENT**
  of natural resources.
Issues cont: Funds for water – irrigation vs. hydropower?

<table>
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<tr>
<th>Category</th>
<th>PRSP Budget 2002-2004</th>
<th>Transitional Deve. 2002-2005</th>
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<tr>
<td>Agriculture</td>
<td>14.5%</td>
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<tr>
<td>Energy</td>
<td>9.5%</td>
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<td>WSS</td>
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<tr>
<td>Environment</td>
<td>0.25%</td>
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<td>Tourism</td>
<td>4.9%</td>
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<td>Education</td>
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<td>Environ &amp; tourism</td>
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Budget releases around 2.5 – 3% of total budget.
How is water being financed?

**SOURCES OF FINANCES**

- **Government**
  - Constituency development fund
  - Treasury
    - Ministerial allocation
    - Rural Investment Fund
    - Agriculture Development support Prog.
    - Irrigation development program
    - Food security Pack (Wetland cropping)
    - Zambia Social Investment fund

- **Politicians**
  - National

- **CBO**
  - Revolving/trust funds
  - Regional
    - Own investments
    - T.B. Catchments
      - Virtual water

- **Private sector**
  - Loans
  - Micro-credit
  - National

- **NGO**
  - Grants
  - National

- **Partners**
  - IFI
  - National

**IFI**

**Virtual water**
Agriculture - Govt. priority

- Economic diversification programme - agricultural (farming & industry) pvt. sector

Agriculture: in the year 2001 Govt. released K19.8 billion to stimulate agricultural production among small-scale farmers through Rural Investment Fund

In addition K23.3 billion was released in form of credit to the same scale to boost the nation’s strategic food reserve
What other avenues can we use?

Environment *wetlands programme* 12-15% of Zambia is wetlands. After public consultation, synchronized Food security, environment, and water.

Revolving funds schemes-partnership Govt and NGO

scaling up National irrigation Development plan and Food Pact Programme

(Ten million Zambian population)

Supports 40% of Zambia’s population

- Municipal - 2.0%
- Agriculture (irrigation 7.1% - sugar cane, coffee), (fishing)(cattle)
- Industrial (hydropower)*90.8%
- Environment - 0.1%
  (Tourism)
Enabling environment, -- Private sector development programme, diversification programme
Institutional frameworks

Institutional Frameworks ---- decentralise funding channels

Economic principles – cost recovery and cost sharing
-O&M by communities, capital investments- Govt. now communities raise 20% in community programs
TRUST FUNDS- (revolving)

-Mwanachingwala Conservation-community

-Food pact trust funds- NGO

*What's the difference from the usual revolving funds*
- not administered by Govt.

- **MCA } initial funding** — Duno foundation, WWF, Others
  ADB, ZWP, GRZ

Control of funds - Community Resource Board

- Funds currently raised from tourism-MCA has licence - ZAWA & ZNTB
- *Support to small scale irrigation development*
- *Cattle management*
- conservation management- restoration of community land
- *Improved school and health facilities and Reduced pollution*
NWASCO trust funds - national regulator WSS fund - proposed for WRM

Other interventions

2004 - decision making tools were developed for the Kafue Flats tool for promoting sustainable development through sharing WRM information across sector lines (KAFRIBA, Kafue Dialogue, MOU)

-the Sector Advisory Groups (secretariat MOFED) Water*members from govt, NGOs, Donors

synchronizing PRSP, MDGs into National Planning - budget programmes poverty labelled `PRP´ 1/2/3
LESSONS

the partnerships have proved to be effective and efficient in the implementation of Programme

The programme has kick started the coordination of all water related programmes)

Political expedience demands high targets – spreading resources to thinly. – Govt has realized the need for a basket funding.
The Communities after seeing the benefits have taken ownership. Thereby Advancing the goals of the programme in enhancing food security

Managed to lure significant resources by coordinating programmes (e.g. food security programmes & water mgt financing) with other sectors

Thank you for your Attention