Commodities Fund

BACK GROUD INFORMATION

Commodities Fund came into effect on 1\textsuperscript{st} August 2014

The mandate;

• The fund is established under the crops act 2013 and AFFA act 2013 for the purpose of providing sustainable, affordable credit and advances to farmers of the scheduled crops and price stabilization.
COFFEE FINANCING

• Is availability of affordable credit the magic pill for coffee?

• If lack of adequate financing the only problem in coffee?
WHY COFFEE FINANCING

- Improved earnings
- Affordable and accessible credit
- Improved quantity and quality

IMPROVED EARNINGS

IMPROVED QUANTITY AND QUALITY

AFFORDABLE AND ACCESSIBLE CREDIT
FACTORS IN COFFEE BUSINESS

• Inputs-
• Labour
• Technologies
• Land
• Prices
• Government
• Level of mechanization
INPUTS ACQUISITION

• Cost of input
  – What can be done to reduce the cost of inputs

• Types of inputs
  – Do farmers understand the right type of inputs
  – Soil testing

• Quality of inputs
  – How do we ensure quality inputs
LABOUR

• Cost
  – How costly is the labour

• Availability
  – Is labour available when required?

• Age of the farmers
  – The average age of the farmers vis a vis manual labour
TECHNOLOGIES

• Existing Technology
  – Status of technology in use, is it up to date?
  – Is it efficient and effective

• Availability of technology and cost
  – How available is the technology
  – How affordable is it

• Accessibility of technology
  – How accessible is the technology/research findings, innovation etc to the farmers and other players?
LAND

• Land Availability
  – Is there more and available for coffee cultivation?
  – Competition from other enterprises

• Succession and Gender Issues
  -women and youth in coffee: inclusivity, family participation in coffee business
  -land subdivision- how does it affect coffee productivity
PRICES OF CLEAN COFFEE

• Quality and Quantity issues
  – Are there sufficient quantities
  – What is the quality of the coffee

• International coffee Prices
  – How can we achieve profitability in the face of fluctuating coffee prices in the international market?

• Characteristics of the value chain- long/short
  – How is the value chain structured?
  – Who benefits the most?
GOVERNMENT

What can be done to ensure profitability of the coffee business in terms of regulations?

• What is the role of government
  - legal and Regulation environment
  - economic environment
  - land issues
• -Devolved Government issues
MECHANIZATION

• Level of mechanization in coffee
  – How much of coffee business is mechanized
• Costs of machinery
  – Is the machinery available and affordable?
• Efficiency and effectiveness
  – How efficient is the existing machineries
CONCLUSION

• Providing affordable finance to the sector without intervening in other factors is not sufficient in increasing production and productivity and as a consequence profitability

• Successful financing of coffee calls for holistic intervention in all areas such as GAP, Quality, etc
MACHINERY

• Level of mechanization in coffee
  – How much of coffee business is mechanized

• Costs of machinery
  – Is the machinery available and affordable?

• Efficiency and effectiveness
  – How efficient is the existing machineries
Thank You!