



**IMPROVING SOYABEAN MARKETING
AND
ACCESS TO FINANCE
THROUGH
WAREHOUSE RECEIPT SYSTEMS
IN
ZIMBABWE**



THE WAREHOUSE RECEIPT SYSTEMS PROJECT: **SOYABEAN PILOT 2005/06**

Project Background

The Common Fund for Commodities (CFC) in partnership with the Government of Zimbabwe through the Ministry of Agriculture, the Ministry of Industries, Trade and Tourism are implementing the Warehouse Receipt Systems (WRS) Project, which aims to provide farmers and traders with opportunities to improve the marketing systems of their coffee and soyabeans in Zimbabwe. This WRS Project is implemented by Natural Resources Institute (UK) in collaboration with the Local Management Unit. This Project ends in 2006. This leaflet is designed for soyabean producers and traders.

Understanding WRS for Soyabeans in Zimbabwe

Under the warehouse receipt system, a depositor, who may be a producer, trader or processor, can deposit soyabean, which meets the quality standards defined below at the designated warehouse (the GMB-owned silos at Lions Den, Chinhoyi). The depositor will be issued with a warehouse receipt stating the quantity and quality of the crop deposited and confirming who owns the crop. The receipt will be issued by the collateral manager (ITS-Socotec), which will guarantee delivery of the crop described on the receipt or be liable for any losses. The depositor can receive a share of the market value of the soyabean from any participating Bank (e.g. Kingdom Bank). The depositor, if he/she is a producer or trader, can then wait until such time that the market is conducive to them to sell the crop. Information about market trends will be available from your Extension Service Provider, newspapers, radio bulletins and the Warehouse Receipt Systems Project Office staff.

Access to Premium Price Markets and Formal Finance

After selling the soyabeans, if the depositor borrowed from a bank, payment for the crop will be required to be channelled through the financing bank, which will deduct the loan advanced, plus any interest charges. The balance is credited to the account of the depositor. The Warehouse Receipt System affords depositors (producers, producer groups and traders) of high quality soyabeans the opportunity to market their crop at a time when they can obtain better prices. The System also enables the depositor to obtain bank finance to meet investment and other consumption needs without having to sell the crop directly after harvest. While the soyabean is in storage, the depositor retains ownership of the crop until they decide to sell. This is the case even if the depositor borrows.

Anticipated Costs

Depositors who do not borrow against the stocks will be entitled to the full proceeds from the sale. However, all depositors have to pay storage costs and collateral management fees. Depositors are also responsible for the cost of transporting the crop to the designated storage site (Lionsden – Chinhoyi). To reduce the unit cost of transporting the crop as well as storage fees, it is recommended that smallholder (A1) farmers deposit as groups. The groups will also be in a better position to negotiate better prices.

The Process of depositing Soyabeans under the WRS is shown on Page 2:

1 After harvesting or accumulating **good quality soyabeans**, take it to the GMB silos at Lionsden Chinhoyi.



2 At GMB notify the officials that you want to deposit your soyabeans under the **Warehouse Receipt System Pilot Project**. The ITS-Socotec staff will take your soyabeans and **issue you with a Warehouse Receipt**



3 The **Receipt** will show the quantity of your soyabeans, the quality including moisture content. The Receipt is valuable, **keep it safe!**



4 You can either take your Receipt home and **keep it safely**, or if you require a **loan**, take it to a **participating bank**.



5 If you apply for a loan, attaching your receipt as security, the **bank** staff will **give you an advance of up to 70% of the prevailing market value** of the warehoused crop. The **bank will keep the Warehouse Receipt** as security until you repay the loan.



6 Please note: The **decision to sell is yours!** You will need to **monitor prices trends regularly**. To guide your selling decisions, you can ask your **AREX** staff, your **bank** and/or **staff of ITS-Socotec**. You can also obtain information from **newspapers, radio WRS Project Office**.



7 After you have **found a buyer** for your crop, and the buyer has **deposited the money into your account**, the **Bank will release the Warehouse Receipt to your buyer**. The buyer can now go and collect the purchased crop from the warehouse. Before giving you your money, the bank will **deduct loan advanced plus any accrued interest**.



8 If you did not require a loan from the Bank, when you find a buyer, you release the Receipt to the buyer after he/she has paid you. After you have given the Receipt to the buyer, **you no longer own the soyabean in the warehouse**.



9 You will also have to **pay** storage costs to GMB and Warehouse Management costs to ITS-Socotec. **The rest is yours!**

SOYABEAN VARIETIES, CHARACTERISTICS AND GRADING

Important factors for consideration before planting soyabeans include:

- **Varieties and Characteristics**

The choice of variety is important to minimize losses in the post production cycle. In Zimbabwe farmers can choose from a range of soyabean varieties. These include Score; Storm; Solitaire; Soprano; and Safari. If unsure, you should ask your extension service provider of the best suitable variety for you.

When choosing a variety, a farmer should consider:

- Yield potential of variety
- Pest and disease resistance
- Purpose of the crop (i.e. fodder or seed)
- Climatic conditions and suitability of variety
- Seasonal length
- Period of time between physiological maturity and shattering
- Method of harvest/labour availability
- Pod clearance

- **Harvesting soyabeans**

Physiological maturity for soyabeans is the point when the leaves turn yellow, then brown and drop off, followed by the pods turning brown. If harvesting manually, harvesting should start at this time, any further delays will result in significant losses through shattering. The moisture content at physiological maturity is about 30-35%. The window between physiological maturity and shattering for most varieties ranges between 22 and 29 days. If using mechanized systems for harvesting, a farmer should start harvesting when moisture content is about 20% to reduce damage to beans.

- **GMB Grading System**

The GMB grading system is used to grade soyabeans in Zimbabwe. The table below shows the grading criteria

| Grade | A | B | C | Remarks |
|--------------------------|----------|----------|----------|--|
| Moisture content (%max) | 11.0 | 11.0 | 11.0 | From working sample one 500g Sieve no. 3 is used to remove stones and extraneous matter |
| Test density (kg/hl min) | 75.0 | 72.0 | 70.0 | |
| Extraneous matter(%max) | 1.0 | 2.0 | 3.0 | |
| Stones(%max) | 0.5 | 1.0 | 2.0 | From working sample two 100g |
| Stained (% max) | 1.0 | 2.0 | 3.0 | |
| Purple stained(% max) | 1.0 | 2.0 | 3.0 | |
| Other types (%max) | 1.0 | 2.0 | 3.0 | |
| Splits (%max) | 20.0 | 30.0 | - | |
| Oil content (%min) | 22.0 | 20.0 | 17.0 | Conducted in the Lab (lab test) |

For more information about this WRS Project please contact:

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