

Farmer Input Support Programme Implementation: 2019/20 Farming Season

Ishmael Zulu | March 2020



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Email: lusaka@cuts.org
Web: www.cuts-lusaka.org

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This paper was authored by CUTS Programme Officer, Mr. Ishmael Zulu

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1. Introduction

The President of the Republic of Zambia launched the 2019/20 farming season through the Ministry of Agriculture on November 20, 2019. In light of the severe drought the previous year and the risks of erratic rainfall in 2019/20 season, ensuring resilience of the agricultural sector was crucial to protecting both rural livelihoods and Zambia's food security. Following months of preparations Ministry's flagship programme -- Farmer Input Support Programme (FISP) — was launched. The Ministry of Agriculture through FISP supports one million smallholder farmers with agriculture inputs. This programme is implemented using two approaches — through the Direct Input Supply (DIS), a form of traditional FISP, and the e-voucher system.

Over the last year the Consumer Unity and Trust Society (CUTS) and other stakeholders advocated for improvements in the implementation of e-voucher and an increase in the number of districts using e-voucher to deliver FISP to eventually achieve 100 per cent coverage once again. This is based on a number of advantages the e-voucher system has over DIS system. Firstly, the e-voucher is better for farmers as it offers them a greater choice of inputs, which allows farmers to move to more profitable and drought resilient crops. Secondly, under the e-voucher system, inputs are delivered through local agro-dealers.

This shifts the procurement, transport and distribution costs to the private sector, whilst creating jobs in agro-dealerships and along the supply chain. Removing these costs from government means that the e-voucher is cheaper to implement, costing more than 15 per cent less than the DIS system. Despite its benefits, implementation challenges combined with fiscal constraints and a lack of government commitment to the e-voucher has seen the programme rolled back from 100 per cent of districts in 2017/18 to less than 40 per cent of districts in the current season.

The launch of the current farming season came a week after the start of the heavily anticipated rains. Over the last few seasons, the agriculture sector has been riddled with many challenges from low productivity, droughts and high cost of agriculture inputs. This resulted in shortages in low maize production and subsequent high mealie meal prices. Noting the effects of climate change, the President announced that during the 2019/20 season, the e-voucher would be implemented primarily in drought-affected areas, namely Southern and Western Provinces.

As identified by the President, when implemented effectively the e-voucher system can help to mitigate the challenges of climate change by offering diversified inputs for farmers under FISP to allow them to grow drought tolerant crops. However, many of the districts selected for e-voucher this season and last season were not suitable due to their remoteness and lack of already established agro-dealerships.

The e-voucher is best suited for districts with a large concentration of agro-dealers to maximise the benefits of engaging the private sector. Yet in 2019, the mean distance to agro-dealer shops in e-voucher districts was at least double that of the distance to DIS collection points in each province. Though it was right to place emphasis on areas vulnerable to climate change, it should have been ensured that these were areas with appropriate agro-dealer capacity and connectivity in line with IAPRI analysis presented to government back in August.

In addition, the start of the season saw a lack of preparedness for e-voucher, with e-voucher farmers at a significant disadvantage to DIS farmers, compounding the effects of last years' drought on Western and Southern Provinces.



2. Data and Methods

CUTS, alongside the Ministry of Agriculture and IAPRI, with support from Oxfam set out to assess the implementation of the e-voucher by visiting various districts, speaking to district officers in agriculture, farmers and agro-dealers and comparing preparedness for the farming season between DIS and the e-voucher districts. The monitoring visits happened in three phases with the first one beginning mid-October to assess preparedness for the farming seasons. The second trip was in late November/early December, to monitor progress made in input distribution in e-voucher districts compared to DIS districts and a third trip in the last week of January to understand how challenges faced in the farming season were mitigated.

3. Findings

Arising from these monitoring visits, we present key findings as shared by smallholder farmers and key stakeholders involved in the implementation of FISP in the districts visited in Southern and Western Provinces.

3.1 E-voucher Still Preferred Over the DIS

Findings from the first phase of the monitoring trip showed that, in spite of the implementation challenges, e-voucher appeared to remain the preferred method of delivering FISP among smallholder farmers. After speaking to some of the government district officers, agro dealers and smallholder farmers during the monitoring trip, it was noted that the programme had numerous benefits for the farmers that were able to access inputs early.

Farmers in Southern Province (a region known for high numbers of cattle farmers) were able to access inputs such as ploughs and various veterinary drugs for their cattle. One of the prominent agro-dealers in Western Province noted that he was able to provide employment in over five districts in the province through the e-voucher programme. However, farmers felt that the prevailing challenges with the system need to be addressed for them to harness the full benefits of the programme.

3.2 DIS More Expensive than E-voucher

The FISP preparations for the farming season from government's end progressed well with over 80 per cent of farmers on average having made their K400 contribution at the time of the first field visit (mid-October). In DIS districts such as Kafue, inputs had already been delivered to the assigned warehouses and were ready for distribution.

However, the first phase of the monitoring exercise showed that the DIS is significantly more expensive than the e-voucher. This is mainly because government absorbs transportation, storage and distribution costs. Findings show that this year, the cost of fertiliser and the amount provided to farmers is much higher under DIS than the e-voucher. The average market price of a bag of fertiliser is K350. Under the DIS, when transportation, storage and distribution costs are factored in, the estimated cost of a single bag of fertiliser is K560. This means essentially that the estimated cost for a farmer that receives a 10 kg bag of maize seed (K280) with six bags of fertiliser (at K560 each) is K3,640 compared to the K1,700 under the e-voucher. In a time of fiscal consolidation, government is paying two times more for the costs of inputs alone, as well as higher transactional costs. To further elaborate on this, the table below compares the costs that are incurred by the government under both systems of the FISP – DIS vs e-voucher.



Activity	DIS	E-Voucher	
	Government	Government	Private
Pre-planning	•	•	
Tendering	•		
Procurement	•		•
Distributing to districts	•		
Distributing to satellite depots	•		
Selecting beneficiaries (meetings)	•	•	
Facilitating collection of moneys	•		•
Storage of inputs	•		•
Distribution of inputs	•		•

Source: IAPRI (2019)

3.3 Shortage of Inputs Under E-voucher

Most significantly, the field trips discovered a severe shortage of inputs under e-voucher, stemming from the late payments from government to agro-dealers for the previous two seasons. Government arrears to agro-dealers stood at K374 million at the time of the second field visit, which has adversely affected the capacity of many agro-dealerships to procure inputs and their ability to meaningfully participate in the 2019/2020 farming season. This amount has grown to K781 as announced by the Minister of Agriculture Hon Michael Katambo in February 2020.



A woman in her farm in Kalomo District, Southern Province.

Whilst it was noted that a few agro-dealerships that submitted their invoices to government for payments early (first week of November) had received their money and were able to restock, the majority that submitted invoices for payments are yet to receive funds and as a result are unable to restock inputs to provide to farmers. This has resulted in many farmers traveling long distances to search for inputs, many of whom returned home empty-handed. We witnessed many farmers who had been forced to spend nights in corridors or on the streets in the hopes of accessing inputs in the days to come.

3.4 Delayed Payments Continue

Stakeholder discussions ahead of the farming season urged government to ring-fence the resources received from farmer deposits, that is, the K400 contribution from beneficiary farmers and channel this towards paying agro-dealers for inputs given out in the 2019/2020 farming season. These ring-fenced funds were reported to be adequate to support the farmers under the e-voucher for the 2019/2020 farming season, however, the delays in processing payments from government's end resulted in many agro-dealers and farmers being left stranded.

3.5 Only One Input Supplier Meaningfully Participated in E-voucher Districts

Because of the way most agro-dealers had been affected by the late payments, primarily only one large input supplier was able to provide inputs to farmers in both Western and Southern Province — Export Trading Group (ETG). The ETG is one of the largest integrated agricultural conglomerates present across more than 40 countries — as such, it is able to supply inputs to farmers on credit through the e-voucher and wait for the payments at a later stage from government whereas smaller businesses are not able to bear the brunt. With the way the 2019/2020 farming season progressed — with primarily only one input supplier providing inputs, the benefits of the e-voucher programme are made obsolete. The e-voucher is designed to create multiple jobs for numerous agro-dealers; the e-voucher is meant to promote diversification (ETG mainly deal in fertiliser and maize seed).

Given the challenges to the agricultural sector last year and the vulnerability of many of the e-voucher districts, it is imperative to get the e-voucher right. Farming is a time sensitive activity and many of the farmers that already began planting their various seeds require inputs on time for a successful harvest. Taking advantage of the favourable rain patterns must, therefore, be a priority as it would greatly aid in alleviating the hunger situation being experienced in many parts of the country as a result of the previous year's droughts.

As most agro-dealerships under the e-voucher lack the financial muscle to supply inputs to the farmers on credit and await payment from government, there has been a call on the large input suppliers (that are also supplying under the DIS) to meet the demand in the e-voucher districts as they have the financial capability to do so. Whilst alleviating the immediate pressure, this is not a long-term solution as it nullifies one of the main objectives of the e-voucher, which is to create jobs through various agro dealerships in the districts.

4. Conclusion

Based on the findings from the field monitoring visits, the e-voucher presents the most effective means of delivering inputs to smallholder farmers in Zambia. If the highlighted challenges are addressed and the programme is well implemented, it would meaningfully contribute to increasing the timeliness of delivering inputs to farmers, achieve agricultural diversification and increase private sector participation in input distribution. The programme would further contribute to enhancing resilience of smallholder farmers to climate change effects and contribute to achieving food security and wider agriculture sector growth.



5. Recommendations

In view of the findings above, we propose the following recommendations to ensure effective implementation of the FISP programme, particularly the e-voucher system:

a. Government to prioritise clearing the K781 million debt owed to agro-dealers. Further, government should ensure that payments to agro-dealers in subsequent seasons are made on time to enable them to procure a wide range of inputs if the objective to diversify agriculture among smallholder farmers is to be achieved.

b. Government to ensure that the K100 contribution towards weather indexed insurance benefits farmers affected by the negative effects of climate change. From the field monitoring visits, we noted that out of about 28,000 plus smallholder farmers in Monze district that were on e-voucher during the 2017/18 season, only about 140 farmers received pay-outs. It is important that all insured farmers receive pay-outs on time to incentivise them to take up insurance as a mitigation measure against adverse effects of climate change.

c. The selection criteria for districts to be on e-voucher should be guided by a good concentration of agro-dealers and good network connectivity to facilitate smooth implementation of the programme. Our observation is that, implementation of the e-voucher in most districts of Southern and Western provinces was adversely affected by limited agro-dealer presence and poor network connectivity especially so in Western province.

d. There is urgent need to conduct extensive awareness among farmers to enable them to understand how the e-voucher programme operates and the diversity of inputs that they can access on the programme. Extension Officers, Community Radio Stations and other local platforms could be used.

e. Shifting the implementation of the FISP programme from the Ministry of Agriculture to carefully selected independent implementing entity would ensure efficiency in the implementation of the programme. Doing so would contribute to reducing political interference and related rent seeking behaviours.

f. There is need to ensure timely preparations in the overall implementation of the e-voucher programme. We propose the following measures;

i. Government contributions to the programme should be activated as soon as farmer deposits are made.

ii. Engagement of private sector on the programme through processes such as registration, accreditation on the ZIAMIS platform and trainings should be done at least before September.

Compared to the DIS system, the e-voucher gives government a cheaper option to delivering inputs to farmers especially at a time when government fiscal position is highly constrained. We therefore encourage all stake holders to play their part in supporting the implementation of the e-voucher programme.

Endnote

1. Kuteya, A. (2019). District Analysis: Where E-FISP Should be Delivered During 2019/2020 Farming Season. Presentation, Lusaka.


2. Chongwe, Kafue, Chirundu, Choma, Kalomo, Mongu, Kaoma, Nkeyema, Sesheke, Pemba, Kalanbo, Senanga, Sioma, Livingstone, Lukulu,imba, Mazabuka, and Gwembe



Consumer Unity & Trust Society
CUTS Lusaka

We're Here

CUTS International, Lusaka
Plot No 406 Kudu Rd, Kabulonga, Lusaka
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