



# REVIEW OF FISP IMPLEMENTATION DURING THE 2018/19 FARMING SEASON

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Presented at the FISP Implementation Review Meeting for  
2018/2019 Farming Season

7<sup>th</sup> May, 2019, Taj Pamodzi Hotel, Lusaka



# Summary Points

2

DIS system is not synonymous to e-FISP but similar to trad FISP

As DIS is trad FISP by another name, it shares the same flaws:

- It is not very transparent and is more expensive than e-voucher
- It denies farmers choice over their inputs and therefore stifles diversification
- It squeezes out private sector participation in input marketing and job creation

How did E-FISP perform in 2018/19 growing season?

- Cardless system improved time of processing farmer deposits
- Arrears combined with pre-financing of inputs to farmers affected agro-dealers
- E-FISP implementation was delayed relative to DIS implementation

# Summary Points - Recommendations

3

By contrast, e-FISP remains best policy option for Zambia, therefore:

- Gov should develop a real time payment system to agro-dealers
- Gov should release funds on time, register farmers and accept farmer deposits by September of each year

Government should progress with e-FISP: MoA should start preparing for the 2019/20 season now

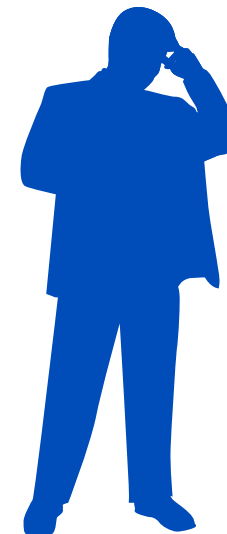


# Challenges of the Traditional FISP



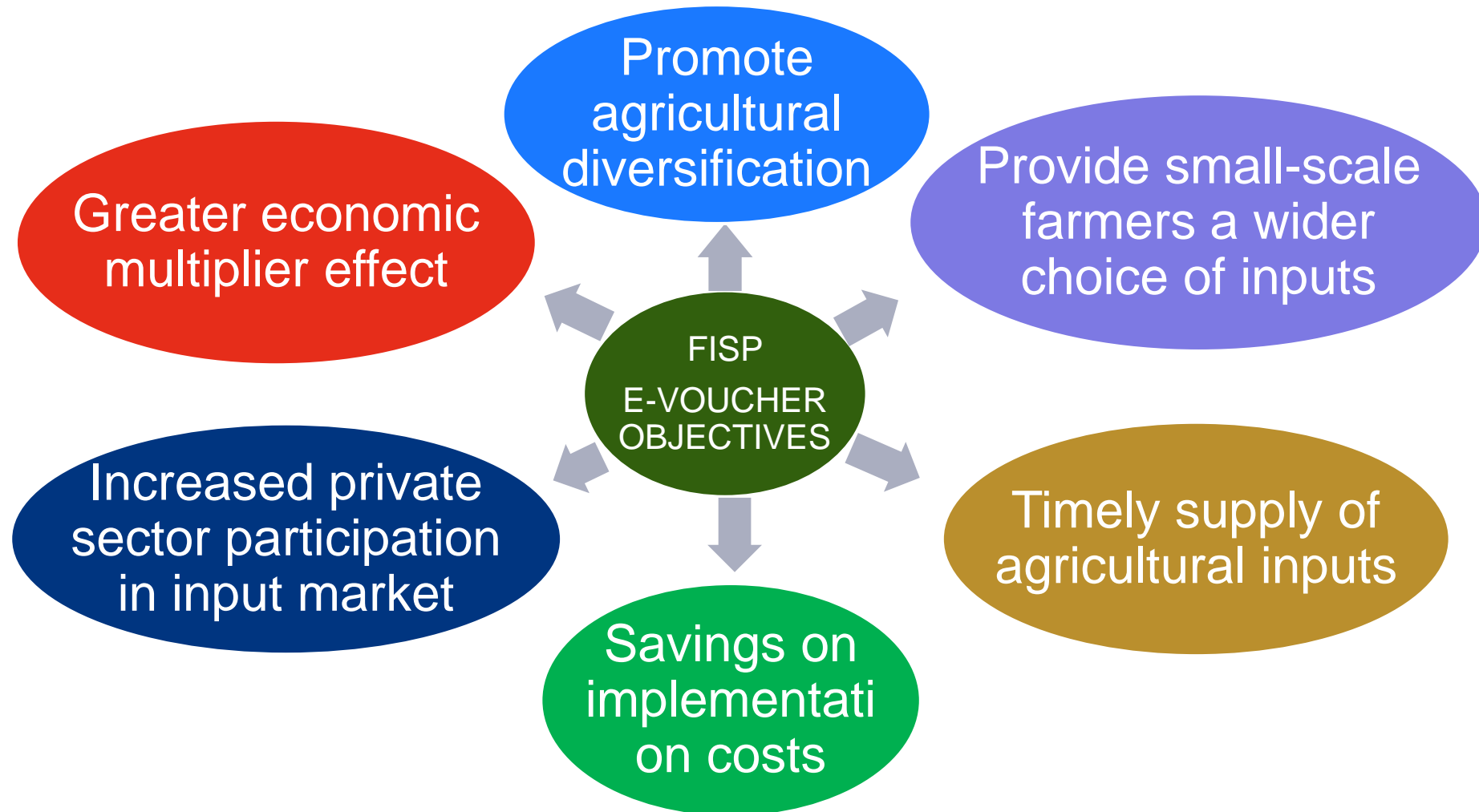
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- 1 Delays in input distribution
- 2 Poor targeting of farmers and very little impact on crop yields and poverty reduction
- 3 Crowded-out private sector investment in providing input and output marketing services
- 4 Heavy Gov involvement in inputs distribution made trad FISP to become more expensive than e-FISP
- 5 Agricultural diversification was curtailed under trad FISP because only fertilizer and seed were supplied



# E-FISP Objectives

5



# About e-voucher

6

In 2015/2016 agricultural season, Zambia reformed FISP to implement it through a flexible electronic voucher system

*E-voucher* pilot was launched in 13 districts during 2015/2016 agricultural season, targeting 241,000 smallholder farmers

In 2016/17 farming season, pilot expanded to include all ten provinces covering 39 districts with a target of 602 521 farmers

In 2017/2018 farming season, it was rolled out nationwide to cover 1 million farmers

In 2018/19 farming season MoA reverted 40% of farmers to traditional (now Direct Input Supply) FISP citing challenges of network and agro dealers capacity

# Direct Input Supply system is NOT synonymous to e-FISP

7

In 2018/19 farming season 45 districts (371,616 farmers) were covered under DIS while 650,818 farmers remained under e-FISP

Gov appointed a single distributor of fertilizer and seed in each district, two lead farmers of farmer groups redeemed inputs on behalf of others

Both DIS and e-FISP were implemented through a digitalized card-less system

But DIS and e-FISP are different, DIS is only an improved version of trad FISP which cannot address shortcomings of trad system

# Activities under traditional, DIS and e-FISP

8

Activity	Traditional system	DIS	E-voucher
	(Done by Government)	(Done by Government)	(Done by Private Sector at their own cost)
Pre-planning	✓	✓	
Tendering	✓	✓	
Procurement	✓	✓	✓
Distributing to districts	✓	✓	✓
Distributing to satellite depots (farmers' locations)	✓	✓	✓
Storage of inputs	✓	✓	✓
Handling costs	✓	✓	✓

Source: Adapted from Sitko et al. (2012) with authors' modifications.

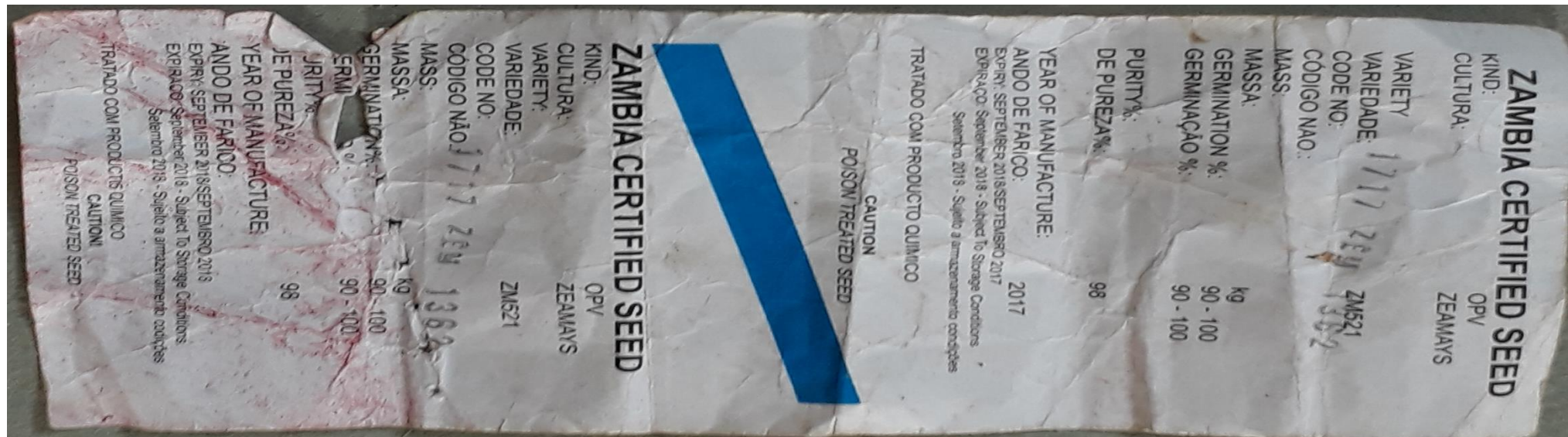


# DIS key challenges during 2018/19 ag season

9

## Challenges

- Fertilizer and seed suppliers not paid on time
- Some farmers were issued with expired maize seed
- Farmers were selling subsidized fertilizer because it's not what they needed



# Lessons from the DIS

10

DIS does not have the benefits of e-FISP:

- farmers lack choice and diversification is discouraged,
- private sector has been crowded-out, and
- it is expensive to administer

Success of ZIAMIS (98% farmer deposits) can be translated into implementation of e-voucher

# E-FISP key challenges during 2018/19 ag season

11

## Notable challenges of e-FISP:

Late release of funds prevented full participation of private sector and delayed release of inputs

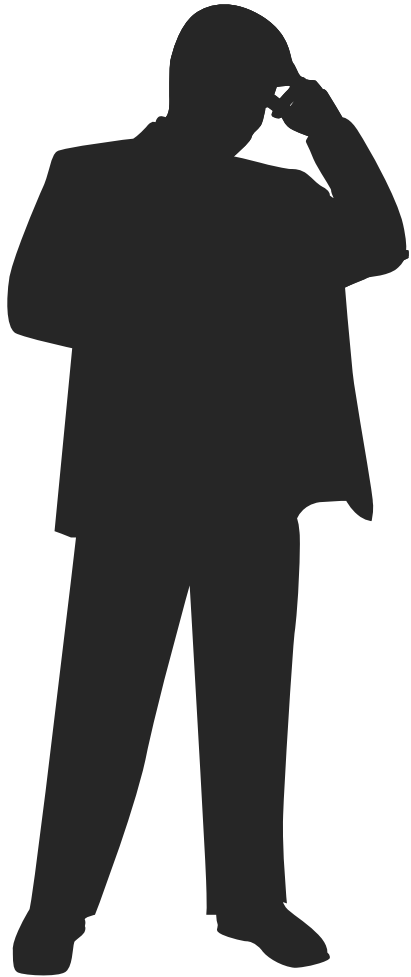
Delayed accreditation of agro-dealers on ZIAMIS

Inadequate and delayed training of agro-dealers – but caught up quickly

Some network issues persist – but ZICTA is installing communication towers countrywide

# Did e-FISP fail in 2018/19 Agric Season?

12



# NO

Because critical elements were **NOT** put in place for e-FISP to work effectively

# But can we get the e-FISP right?

13



# YES

if critical  
requirements are put in  
place for e-FISP to work  
effectively

# Proposed Roadmap for a successful e-FISP Implementation

14

## March – May 2019

- Initiate program financing plan with Ministry of Finance
- Improve payment system so that agro dealers are paid in real-time
- Review selection of beneficiary process, farmers identified and registered
  - Clean up district farmer registers
  - Cross check names and NRC numbers, remove names of individuals that have left the district, graduate and add new farmers
- Register and train agro-dealers

# Proposed Roadmap for a successful e-FISP Implementation

15

## June and July 2019

- Publicize range of products to be subsidized
- Sensitize agro dealers to stock wide range of products to promote agricultural diversification
- Train district staff and other stakeholders involved in the E-FISP implementation

# Proposed Roadmap for a successful e-FISP Implementation

16

## August – October 2017

- Finances should be ready and in place
- Registered agro-dealers are notified of demand expectations
- Farmers begin to redeem inputs
- Monitoring: FISP PCO need to monitor program implementation and put in place corrective measures



# Conclusion and Recommendations

17

Not all necessary requirements for a successful implementation of e-FISP were met but future lessons are:

- Late implementation of awareness campaigns have held back farmers and agro-dealers from maximizing the opportunity of e-FISP
- Pre-financing of inputs dampened effectiveness of system as small agro-dealers are not liquid to bankroll supply of inputs in advance and wait 30+ days before they are paid

Thus, for GRZ to avail finances for instant payments, size of FISP must be reviewed and reduced to a level that will facilitate quick payments

# Conclusion and Recommendations

18

## The e-voucher is the future:

- DIS should not be seen to be a substitute for e-FISP because e-voucher has not yet been fully implemented to achieve its full benefits
- MoA should give e-FISP a chance to service farming sector and save country's limited financial resources

With careful implementation, e-FISP's potential can be realised

# Thank you

19

