



Republic of Zambia
SMART ZAMBIA INSTITUTE

Office of the National Coordinator

STATEMENT

BY THE

**SMART ZAMBIA
NATIONAL COORDINATOR**

ON

**PROGRESS REVIEW MEETING ON THE IMPLEMENTATION OF THE E-
VOUCHER**

6th February, 2019

- THE COORDINATOR, CONSUMER UNITY AND TRUST SOCIETY CENTRE
- THE COUNTRY DIRECTOR, OXFAM
- THE DIRECTOR, MINISTRY OF AGRICULTURE
- THE DIRECTOR, INDABA AGRICULTURE POLICY AND RESEARCH
- REPRESENTATIVE FROM THE POLICY MONITORING AND RESEARCH CENTRE
- REPRESENTATIVE FROM THE FERTILISER ASSOCIATION OF ZAMBIA
- REPRESENTATIVE FROM THE PARTICIPATORY ECOLOGICAL LAND USE MANAGEMENT
- AGRO DEALERS REPRESENTATIVE
- FARMER REPRESENTATIVE
- MEMBERS OF THE PRESS
- INVITED DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

IT IS MY PLEASURE TO SPEAK TO YOU THIS MORNING ON BEHALF OF THE DEPUTY SECRETARY TO THE CABINET WHO IS ALSO THE NATIONAL COORDINATOR FROM SMART ZAMBIA INSTITUTE.

I AM ESPECIALLY PLEASED TO HAVE KEY STAKEHOLDERS IN THE AGRICULTURE SECTOR AND CONSUMER ASSOCIATION IN ONE PLACE AND SHARE WITH YOU THE KEY NOTE ADDRESS ON THE REVIEW OF THE PROGRESS OF IMPLEMENTATION OF THE FARMER INPUT SUPPORT PROGRAMME (FISP) FROM THE EGOVERNMENT DIVISION ALSO KNOWN AS SMART ZAMBIA INSTITUTE ON BEHALF OF THE NATIONAL COORDINATOR.

LET ME COMMEND CUTS AND OXFAM FOR THIS IMPORTANT MEETING FOR DISSEMINATING THE FINDINGS OF A STUDY THAT WAS UNDERTAKEN ON THE IMPLEMENTATION OF E-VOUCHER IN 2018 AND AS STAKEHOLDERS, SHARING IDEAS, EXCHANGING NOTES AND NETWORKING AS MEMBERS OF THE SAME FAMILY.

LET ME ALSO COMMEND THE VARIOUS DISTINGUISHED SPEAKERS AND PANELLIST WHO SHALL SHARE THEIR KNOWLEDGE AND WISDOM TO THIS EMINENT GATHERING.

LADIES AND GENTLEMEN

THE GOVERNMENT INTRODUCED POLICY REFORMS TO DIVERSIFY THE ECONOMY AND AGRICULTURE SECTOR AIMED AT IMPROVING THE OPERATIONAL EFFICIENCY AND CONTRIBUTION TO GDP. IN LINE WITH THE REFORMS, THE FARMER INPUT SUPPORT PROGRAMME (FISP) WAS LAUNCHED IN 2002, IN ORDER TO IMPROVE ACCESS TO INPUTS AMONG COMMERCIALY VIABLE SMALL-SCALE FARMERS

IN 2015 THE GOVERNMENT STARTED THE PROCESS OF GRADUAL DISENGAGEMENT FROM PROVIDING AGRICULTURAL INPUTS IN ORDER TO GIVE ROOM TO ENHANCED PRIVATE SECTOR PARTICIPATION IN THE SUPPLY AND DISTRIBUTION OF AGRICULTURAL INPUTS BY LAUNCHING THE FISP ELECTRONIC VOUCHER (EVOUCHER) SYSTEM.

INTRODUCTION OF THE EVOUCHER SYSTEM WAS ALSO AIMED AT ENSURING THE FISP IS MORE EFFICIENT AND COST-EFFECTIVE IN DISBURSING INPUTS TO THE BENEFICIARIES AS WELL AS IN SUPPORTING DIVERSIFICATION IN ACCELERATING AGRICULTURE SECTOR DEVELOPMENT.

LADIES AND GENTLEMEN

IN THE 2015/2016 FARMING SEASON, THE EVOUCHER SYSTEM WAS PILOTED IN THIRTEEN (13) DISTRICTS IN SOUTHERN, LUSAKA, CENTRAL AND COPPERBELT PROVINCES COVERING 241,000 FARMERS WHO RECEIVED THEIR INPUT SUBSIDY THROUGH A PRE-PAID VISA BANK CARDS AS OPPOSED TO RECEIVING PHYSICAL INPUTS CENTRALLY PROCURED AND DISTRIBUTED BY GOVERNMENT.

THE EVOUCHER SYSTEM WAS LATER EXPANDED TO 39 DISTRICTS IN ALL THE 10 PROVINCES IN THE 2016/2017 SEASON COVERING APPROXIMATELY 600,000 FARMERS.

LADIES AND GENTLEMEN

IN 2017 /2018 FARMING SEASON, AS PART OF THE CONTINUED REFORMS UNDER FISP, THE GOVERNMENT DECIDED TO MIGRATE FULL IMPLEMENTATION OF THE FISP TO BE 100% BASED ON THE E-VOUCHER SYSTEM FOR ONE (1) MILLION BENEFICIARY FARMERS.

FURTHER, MANAGING DIVERSIFIED DELIVERY MODES OF FISP AND MULTIPLE PRIVATE SECTOR STAKEHOLDERS WHO ALL HAD DIFFERENT SYSTEMS MEANT THAT THE GOVERNMENT NEEDED TO IMPLEMENT A SYSTEMATIC WAY OF MANAGING THE PROGRAMME.

IN THIS REGARD, IT WAS RESOLVED THAT THERE WAS NEED TO IMPLEMENT A MANAGEMENT INFORMATION SYSTEM TO ANCHOR AS A BACK-BONE FOR AN ECOSYSTEM OF DIFFERENT SOLUTIONS ON THE PROGRAMME.

ACCORDINGLY, STARTING WITH THE 2017/2018 AGRICULTURE SEASONS, THE MINISTRY OF AGRICULTURE IN COLLABORATION WITH SMART ZAMBIA INSTITUTE, WITH SUPPORT FROM THE FOOD AND AGRICULTURE ORGANISATION (FAO) AND THE EUROPEAN UNION (EU) IMPLEMENTED THE ZAMBIA INTEGRATED AGRICULTURE

MANAGEMENT INFORMATION SYSTEM (ZIAMIS) TO SUPPORT THE MANAGEMENT OF THE FISP E-VOUCHER SYSTEM.

THE ZIAMIS HAS SINCE BEEN SUCCESSFULLY ROLLED OUT IN ALL DISTRICTS AND PROVINCES ACROSS THE COUNTRY WHERE A TOTAL OF 2, 659 GOVERNMENT PERSONNEL HAVE BEEN TRAINED, REGISTERED AND ARE FACILITATING VARIOUS FUNCTIONALITIES RANGING FROM FARMER REGISTRATION TO MANAGEMENT AND MONITORING OF THE FISP PROGRAMME AT CAMP, DISTRICT, PROVINCIAL AND NATIONAL LEVEL.

LADIES AND GENTLEMEN

IN THE 2018/2019 FARMING SEASON, GOVERNMENT REDESIGNED THE ZIAMIS TO REPLACE THE VISA AND OTHER PROPRIETARY CARY BASED SYSTEM TO ADDRESS CRITICAL CHALLENGES EXPERIENCED UNDER FISP IMPLEMENTATION IN THE 2017/2018 SEASON.

SOME OF THE **KEY CHALLENGES** THAT HAVE BEEN **ADDRESSED** BY **CARD LESS** REDEEMING INCLUDE THE FOLLOWING:

- a) **SIGNIFICANT OPERATIONAL DELAYS IN CURRENT CARDS LOADING** FOR FARMER CONTRIBUTION AND GRZ CONTRIBUTION ON THE EXISTING FARMER CARDS LEADING TO (I) DELAYS IN FUNDS DISBURSEMENT UNDER THE PROGRAM, (II) DELAYS IN FARMER ACCESS TO INPUTS AND (III) CONSTANT RECONCILIATION CHALLENGES FOR FUNDS BY SERVICE PROVIDERS AND GRZ
- b) **BY-PASSING OF THE RECOMMENDED REDEEMING PROCEDURES** AT THE TIME OF REDEEMING BY ELIGIBLE BENEFICIARIES THEREBY (I) ALLOWING REDEEMING OF NON-AGRICULTURE PRODUCTS, (II) TRANSACTING WITH AND ENABLING FUNDS TO FLOW TO UNREGISTERED VENDORS AND (III) DIMINISHED TRANSPARENCY ANG GOVERNMENT OVERSIGHT LEADING TO WEAK ACCOUNTABILITY OVER THE FLOW OF FISP FUNDS;
- c) **COMPLEXITY AND INFLEXIBILITY OF RULES, REGULATIONS AND TECHNOLOGICAL CAPABILITIES** NECESSARY FOR ENHANCING ICT SECURITY TOWARDS AUTHENTICATION OF BENEFICIARIES AND THE EFFICIENT AND EFFECTIVE USE OF VISA CARDS UNDER THE FISP PROGRAM AT THE POINT OF REDEEMING.

THE CARD LESS REDEEMING WAS THEREFORE INTRODUCED TO **IMPROVE EFFICIENCY AND EFFECTIVENESS** OF THE OVERALL MODALITY OF TRANSFERRING FARMER ENTITLEMENT TO INTENDED BENEFICIARIES UNDER THE FISP PROGRAM.

SPECIFICALLY, THE APPROACH BOUGHT ABOUT THE FOLLOWING IMPROVEMENTS IN THE MANAGEMENT OF FISP:

- a) **IMPROVED OPERATIONAL EFFICIENCY AT THE TIME OF REDEEMING** BY ENSURING THAT ALL FARMERS FULFILLED THEIR ELIGIBILITY CRITERIA BY MAKING A DEPOSIT ARE SERVICES WITHIN THE SHORTEST POSSIBLE TIME. THE CARD LESS REDEEMING ELIMINATED IDENTIFIED/DOCUMENTED OPERATIONAL DELAYS ASSOCIATED WITH CARD PRODUCTION, DISTRIBUTION, REPLACEMENTS, PIN RESETS AND LOADING OF FUNDS TO CARDS
- b) ALLOW FOR IMPLEMENTING A **TRANSPARENT, FLEXIBLE AND SECURE MEANS OF AUTHENTICATING LEGITIMATE BENEFICIARIES** AT THE POINT OF REDEEMING AND FUNDS FLOW TO VENDORS;
- c) **ELIMINATED REDEEMING OF ENTITLEMENTS AND FUNDS FLOW TO VENDORS OUTSIDE GOVERNMENT OVERSIGHT** THROUGH THE ZIAMIS.
- d) PROVIDED **FLEXIBLE FINANCING ARRANGEMENTS BY GRZ TO THE FISP PROGRAM** WHILE MAINTAINING EFFECTIVENESS OF ELIGIBLE FARMER ACCESS TO INPUTS WITHIN THE SEASON

LADIES AND GENTLEMEN

THE ZIAMIS HAS FACILITATED AUTOMATED AND REAL-TIME MANAGEMENT OF KEY PROCESSES OF THE PROGRAMME INCLUDING THE FOLLOWING:

- a) MANAGEMENT OF BENEFICIARIES (TARGETING OF ELIGIBLE FARMERS, APPROVAL OF BENEFICIARIES, UPDATING OF FARMER RECORDS FOR IDENTIFICATION AND AUTHENTICATION) BASED ON A UNIVERSAL NATIONAL FARMERS DATABASE.
- b) COORDINATION AND MANAGEMENT OF BENEFICIARY AUTHENTICATION PROCESSES SUCH AS ISSUANCE OF E-VOUCHER CODES, REGISTRATION OF NRCS, BIOMETRIC AUTHENTICATION, AUTOMATED NOTIFICATION TO BENEFICIARIES ON TRANSACTIONS TAKING PLACE ON THEIR ACCOUNTS AND ENABLING EFFICIENT RESPONSE TO QUERIES BY FISP BENEFICIARIES AND OTHER STAKEHOLDERS.
- c) REAL TIME AND INSTANT TRACKING OF FARMER' CONTRIBUTIONS MADE ACROSS ALL PARTICIPATING BANKS, THROUGH INTEGRATION AND AUTOMATIC TRACKING OF FARMERS' DEPOSITS. TIME OF SERVICING FARMERS FROM DEPOSIT TO INPUT REDEEMING/COLLECTION HAS BEEN REDUCED TO 1 DAY.
- d) REAL TIME MANAGEMENT OF AUTHORISATION AND PROCESSING OF GOVERNMENT SUBSIDY UNDER E-VOUCHER AND AUTHORISATION TO COLLECT INPUTS IN **DIRECT INPUT SUPPLY** MODALITY UPON VERIFICATION OF FULFILMENT OF REQUISITE PROCESSES;

- e) REAL TIME TRACKING OF FARMER REDEEMING OF INPUTS FROM CLEARED FISP CATALOGUE IN E-VOUCHERS AND RELEASE OF INPUTS TO FARMERS AT WAREHOUSES UNDER DIRECT INPUT SUPPLY;
- f) GENERATION OF PAYMENT INVOICES FOR AGRO-DEALERS AND ASSOCIATED PAYMENT INSTRUCTIONS TO THE BANKS ON THE BASIS OF ACTUAL FARMER INPUT REDEEMING;
- g) SUPPORT FOR END OF SEASON RECONCILIATIONS WITH PARTICIPATING BANKS AND AGRO-DEALERS;

LADIES AND GENTLEMEN

LET ME DRAW YOUR ATTENTION TO THE 2018/2019 FISP IMPLEMENTATION STATUS.

THE FARMER INPUT SUPPORT PROGRAMME (FISP) FOR THE 2018/2019 SEASON, TARGETED TO SUPPORT ONE MILLION (1,000,000) FARMERS ACROSS THE COUNTRY.

FOR THE 2018/2019 SEASON THE GOVERNMENT REALISED THAT THE PRIVATE SECTOR REMAINED CONSTRAINED TO SUPPLY ADEQUATE AMOUNTS OF INPUTS IN GOOD TIME AND THEREFORE, IN ORDER TO SECURE THE FOOD SECURITY FOR THE COUNTRY THE FISP WAS RE-DESIGNED TO HAVE ABOUT 600,000 FARMERS RECEIVE FISP SUPPORT THROUGH THE ELECTRONIC VOUCHER SYSTEM WHILST THE REMAINING 400,000 WERE DESIGNATED TO RECEIVE SUPPORT THROUGH DIRECT INPUT SUPPLY BY THE GOVERNMENT.

DISTINCTION BETWEEN E-VOUCHER AND DIRECT SUPPLY MODALITY WAS DONE AT DISTRICT LEVEL AND BOTH MODALITIES WERE IMPLEMENTED IN ALL PROVINCES. UNDER BOTH MODALITIES OF FISP THAT IS E-VOUCHER AND DIRECT INPUT SUPPLY, THE FARMERS WERE EXPECTED TO CO-CONTRIBUTE ZMK400 KWACHA TO BE ELIGIBLE TO RECEIVE GOVERNMENT SUPPORT;

UNDER THE E-VOUCHER MODALITY, FARMERS RECEIVED GOVERNMENT SUBSIDY OF ZMW 1, 700 IN ADDITION TO THE ZMW 400.00 CONTRIBUTION. OUT OF THE 1,700.00 GOVERNMENT CONTRIBUTION, ZMW 100 WAS DIRECTLY PAID BY THE GOVERNMENT TOWARDS WEATHER INDEXED INSURANCE FOR ALL FISP BENEFICIARY FARMERS. AS SUCH, A TOTAL OF ZMK2, 000 WAS MADE AVAILABLE FOR THE FARMER TO PROCURE INPUTS OF THEIR CHOICE AT GOVERNMENT APPROVED AGRO-DEALERS REGISTERED TO PARTICIPATE ON FISP.

LADIES AND GENTLEMEN

UNDER THE DIRECT INPUT SUPPLY MODE OF FISP, FARMERS RECEIVED AN INPUT PACK COMPRISING OF 10 KG MAIZE SEED, 3X 50KG BAGS UREA AND 3X 50KG

BAGS D-COMPOUND FERTILISERS. ADDITIONALLY, FARMERS WERE GIVEN AN EXTRA BUT OPTIONAL DIVERSIFICATION PACK OF EITHER SOYA-BEANS, GROUNDNUTS OR SORGHUM CONSISTING OF SEED AND ASSOCIATED FERTILISER.

LADIES AND GENTLEMEN

LET ME QUICKLY HIGHLIGHT THE IMPLEMENTATION PROGRESS FOR THE 2018/2019 FISP;

- a) A TOTAL OF **870** AGRO-DEALERS OPERATING ABOUT **2,155** OUTLETS AND WAREHOUSES ACROSS THE COUNTRY WERE REGISTERED UNDER THE FISP TO FACILITATE FARMERS BUY OR COLLECT THEIR INPUTS DURING THE SEASON;
- b) SEVEN (7) COMMERCIAL BANKS AND TWO (2) PRIVATE SECTOR FINANCIAL SERVICE PROVIDERS WERE CONTRACTED TO FACILITATE RECEIVING OF DEPOSITS FROM FARMERS AND PAYMENT OF AGRO-DEALERS (IN THE EVOUCHER SYSTEM);
- c) AS AT 4TH FEBRUARY 2019, A TOTAL OF 998,791 REPRESENTING 99.9% OF THE TARGETED 1,000,000 BENEFICIARY FARMERS IN BOTH E-VOUCHER AND DIRECT INPUT SUPPLY DISTRICTS HAD SUCCESSFULLY DEPOSITED THEIR CONTRIBUTIONS MAKING THEM ELIGIBLE TO RECEIVE GOVERNMENT SUPPORT.
- d) AS AT 4TH FEBRUARY 2019, A TOTAL OF 265,914 FARMERS REPRESENTING 65% OF TARGETED BENEFICIARIES UNDER THE DIRECT INPUT SUPPLY DISTRICTS HAD FULLY COLLECTED THEIR INPUTS WHILE 140,938 REPRESENTING 35% HAD PARTIALLY COLLECTED THEIR INPUTS ALLOCATION. MOST PARTIAL COLLECTION OF INPUTS RESULTED FROM SHORTAGE OF SEEDS FOR DIVERSIFICATION PACKS SUCH AS SOYBEANS, SORGHUM AND GROUND NUTS. GENERALLY, FARMERS COLLECTED ALL THEIR FERTILISERS AND MAIZE SEEDS ALLOCATIONS. IN TOTAL 406,852 FARMERS REPRESENTING 99.6% HAD COLLECTED INPUTS UNDER DIRECT INPUT SUPPLY MODALITY.
- e) AS AT 4TH FEBRUARY 2019, A TOTAL OF 591, 038 FARMERS UNDER E-VOUCHER MODALITIES HAD DEPOSITED THEIR CONTRIBUTION. FURTHER, ABOUT 548, 665 FARMERS HAD REDEEMED THEIR EVOUCHER FOR INPUTS GIVING A TOTAL AMOUNT OF **ZMW 1,095,669,580.42** KWACHA IN TRANSACTIONS AND 93% REDEMPTION RATE.

LADIES AND GENTLEMEN

DESPITE THE SUCCESSFUL IMPLEMENTATION OF FISP PROGRAMME IN THE 2018/2019 FARMING SEASON, A FEW CHALLENGES WERE OBSERVED.

UNDER THE DIRECT INPUT SUPPLY FISP MODALITY, CHALLENGES EXPERIENCED INCLUDED THE FOLLOWING;

- a) LATE OR FAILURE TO DELIVER CORRECT AMOUNTS OF INPUTS ESPECIALLY SEEDS FOR DIVERSIFICATION PACKS OF EITHER GROUNDNUTS, SOYBEANS OR SORGHUMS; AND
- b) DISTRIBUTION OF INPUTS ESPECIALLY FERTILISERS FROM ONE DISTRIBUTION WAREHOUSE LED TO INEFFICIENCIES IN INPUT DISTRIBUTION.
- c) UNDER THE VOUCHER FISP MODALITY, CHALLENGES INCLUDED THE FOLLOWING:
- d) DELAYED PAYMENTS TO AGRO-DEALERS FOR INPUTS SUPPLIED TO FARMERS NEGATIVELY AFFECTED CAPACITY BY AGRO-DEALERS TO RESTOCK INPUTS THEREBY REDUCING INPUTS AVAILABILITY AND THE DELAYING FURTHER INPUT COLLECTION BY FARMERS;
- e) MOST INPUT SUPPLIERS ESPECIALLY FERTILISER SUPPLIERS WERE INSISTING ON CASH SALES NEGATIVELY AFFECTING DISTRIBUTION OF INPUTS IN MOST DISTRICTS AS AGO-DEALERS DEPEND ON PAYMENT TO RESTOCK;
- f) SOME AGRO-DEALERS HAVE BEEN REDEEMING FARMERS VOUCHERS WITHOUT RELEASING INPUTS OR ONLY PROVIDING INCOMPLETE AMOUNTS OF THE EXPECTED INPUTS HOPING TO SUPPLY REMAINING INPUTS ONCE THEY ARE PAID;

LADIES AND GENTLEMEN

IN CONCLUSION, FROM THE FOREGOING SIGNIFICANT IMPROVEMENTS HAVE BEEN ACHIEVED IN THE TRANSPARENCY, OPERATIONAL EFFICIENCY, AND BUSINESS PROCESS FLOWS OF THE FISP DUE TO IMPLEMENTATION OF THE ZIAMIS AND ASSOCIATED ADMINISTRATIVE PROCESSES.

THE FOLLOWING PRELIMINARY ENHANCEMENTS ARE BEING CONSIDERED TO CONSOLIDATE THE GAINS MADE UNDER THE FISP IMPLEMENTATION:

- a) ENHANCE THE BENEFICIARY ELIGIBILITY-VALIDATION TO STRENGTHEN OBJECTIVE TARGETING OF BENEFICIARIES UNDER THE PROGRAMME;
- b) COMPLETE REAL TIME INTEGRATION OF SUPPLIER AND AGRO-DEALER PAYMENT MODULE UNDER ZIAMIS TO ENHANCE EFFICIENCY OF THE PAYMENT MECHANISMS FOR AGRO-DEALERS AND SUPPLIERS AND THEREBY IMPROVE INPUTS AVAILABILITY;
- c) DEVELOP AND INSURANCE MANAGEMENT MODULE UNDER THE ZIAMIS TO MANAGE THE IMPLEMENTATION OF WEATHER INDEXED INSURANCE IN A TRANSPARENT AND ACCOUNTABLE MANNER;
- d) OPERATIONALISE COUNTRYWIDE BIOMETRIC AUTHENTICATION TO ENSURE BENEFICIARIES PERSONALLY PARTICIPATE ON THE PROGRAMME INSTEAD OF THROUGH REPRESENTATION BY COOPERATIVE AND OTHER COMMUNITY LEADERS WHO OFTEN DEFRAUD INTENDED BENEFICIARIES;

- e) PRIVATE SECTOR IS ENCOURAGED TO BUILD AGRICULTURE INFRASTRUCTURE LIKE WAREHOUSE TO MAKE SUPPLY AND DISTRIBUTION OF INPUTS EASIER AS WELL AS PRODUCE SUFFICIENT QUANTITIES OF DIVERSIFICATION OF INPUTS.

LADIES AND GENTLEMEN

THE JOURNEY TO A FULLY TRANSFORMED FARMER INPUT SUPPORT PROGRAMME IS A LONG ONE. I TAKE SATISFACTION THAT IT IS A JOURNEY WE HAVE BEGUN AND WE ARE ALREADY SEEING THE PROGRESS AND A FEW CHALLENGES WHICH CAN BE RESOLVED BY ALL STAKEHOLDERS.

YOU HAVE THE SUPPORT OF THE GOVERNMENT THROUGH THE MINISTRY OF AGRICULTURE, MINISTRY OF FINANCE AND SMART ZAMBIA INSTITUTE AND OTHER GOVERNMENT INSTITUTIONS. WE WILL BE THERE FOR YOU IN CREATING THE AGRICULTURE POLICY ENVIRONMENT AND ELECTRONIC PLATFORM WITHIN WHICH YOU CAN THRIVE.

THANK YOU AND MAY GOD BLESS YOU ALL