Integrating the Non-Commercial and Commercial Input Markets through Input Vouchers: Recommendations for Zambia

Based on both international experiences and research in Zambia, we recommend that Government develop and implement a policy to use agricultural input vouchers as a means to target support to poor smallholder farmers as well as to integrate the non-commercial and commercial input supply channels into an effective market system.

Background

Increased use of improved seed and fertilizer has the potential to raise productivity and increase farmers’ incomes, thereby reducing rural poverty. However, smallholder farmers, most of whom are in outlying areas, are faced with lack of access to these indispensable inputs.

Conventional input delivery channels such as the Direct Seed Distribution (DSD) used by government and non-governmental organizations have failed to address effectively the lack of access to seed due to the massive delays in delivering the input; in some cases irregularities such as corruption and financial mismanagement have also been experienced.

Attempts are being made to improve seed distribution through approaches such as the Seed Voucher and Fairs (SV&F). Despite limited voucher experiences in areas such as Shangombo, little is known about the efficacy and impact of vouchers in agricultural input marketing and/or distribution in Zambia, and how it could assist government and the private sector to distribute inputs (including subsidies) without undermining the growth of commercial input markets in the country.

In 2002 the Ministry of Agriculture and Co-operatives (MACO) considered fertilizer distribution using a voucher-based system, but inadequate information and experience in using vouchers made it difficult to convince decision makers.

To address policy-level interests in the voucher system, FANRPAN and its stakeholders in Zambia (and other countries participating in the study), including the Agriculture Consultative Forum (ACF), realized the importance of undertaking an in-depth study of the impact of vouchers in Zambia. Country researchers were, therefore, commissioned to identify whether (and how) input vouchers could be an effective distribution mechanism for inputs.

The study has been undertaken in two phases, and has addressed the following issues:

• Assessment of farmer and stakeholder perceptions of agricultural input vouchers;
• Assessment of the feasibility of using vouchers to integrate the commercial and non-commercial seed markets; and
• Assessment and recommendation to implement a market-friendly seed and fertilizer marketing model for stakeholders.

The researchers secured information by undertaking a comprehensive international literature review during the first phase and continuing during the second phase with a detailed structured survey of stakeholders, using a questionnaire and checklists, assisted by Participatory Rural Appraisals and Focus Group Discussions.

A National Dialogue workshop was supported by FANRPAN and organized by ACF, at which the draft survey findings were presented. Comments were incorporated into the final report.
Major Conclusions

• There is considerable international experience with the use of agricultural input vouchers used either separately or in conjunction with Fairs, and the results are usually very positive.

• Where they have been implemented in Zambia, vouchers have received a favourable response from beneficiaries.

• An input voucher programme, if implemented, would provide a natural feedback mechanism for both public and private input suppliers on the actual needs of the farmers.

• While DSD and the voucher approach both deliver inputs to the farmers, DSD does not benefit from the feedback of farmers since it is a top down approach, while the voucher system encourages information flows upwards and downwards.

• Input vouchers are viable and have a great potential to increase input trade and integrate commercial and non-commercial seed markets, thus expanding input markets.

• Vouchers are an effective means to combat rural poverty and to respond to emergency situations in areas prone to adverse conditions such as droughts as beneficiaries are empowered with the area specific input types.

Recommendations

• There is potential for the agriculture sector (i.e., the government and private sector) to use vouchers to simultaneously support poor farmers to obtain inputs in the market by targeting them with vouchers, while easing government out of the burden of general input subsidies, with likely fiscal benefits from the budgetary savings.

• At regional level, the study recommends that Zambian policy makers participate in policy dialogues on the implementation of the input voucher system at SADC and COMESA.

• For policy implementation purposes, a nationwide voucher programme, if implemented, should be done in a step-by-step manner, covering growing geographical areas, starting with those with highest likelihood of success. This will enable implementing agencies to gain experience and learn lessons as the programme is rolled out nationally.

• Prior to implementing input vouchers and fairs, more consultation needs to be done with local people. This will result in culturally sensitive interventions. During the SV&F in Shangombo, there were cases of planting materials that experienced low demand during seed fairs due to the cultural preferences of the particular people.

• The community should play a major role in the registration of beneficiaries through a local committee elected by the community, as they possess knowledge of the local people and conditions.

• Socio-economic vulnerability is assessed differently by different communities, hence the need to involve beneficiaries in setting parameters/criteria for selection of beneficiaries of vouchers.

• The local committee should act as a link between implementers and the community. This would ensure continuity of the program even when officials are not there.

• The input voucher programme should not only be viewed as an emergency response conducted only in times of adverse conditions such as a drought. It should instead be an ongoing program to reach far flung areas with farm inputs to enhance their productive capacity for self sustenance and income generation. Such an approach also implies that the program should promote output markets for farm produce which will allow farmers to sell produce -- thus enhancing their livelihoods. The necessary infrastructure such as road networks is also critical to permit trade in farm produce with other districts.
• At a time when beneficiaries are able to generate income and sustain themselves, they could be required to contribute something towards the operation of the input vouchers, as is done in some neighbouring countries. This would encourage responsibility in the use of inputs received since they have contributed something.

• Holders of vouchers should be able to redeem them close to their communities.

• In order to keep fraud to a minimum, a set of rules should be developed to be adhered to by all parties. These should spell out the penalties for offenders.

• The study observed that the input voucher system, if it is to target a larger population of beneficiaries, would require the public interest of government and indeed the donor community. To harness this public interest without encouraging a return to government controlled markets, it would be imperative that the general principles of a Public-Private Partnership be invoked. In this partnership, the private sector entities (e.g., seed stockists, manufacturers, agencies, distributors) will be the implementers while government would retain the role of facilitator and policy supervisor.

References


About FANRPAN

The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) is an autonomous regional stakeholder driven policy research, analysis and implementation network that was formally established in the Southern Africa Development Community (SADC) in 1997. FANRPAN was borne out of the need by SADC governments who felt that comprehensive policies and strategies were required to resuscitate agriculture. FANRPAN is mandated to work in all SADC countries and currently has activities in 12 SADC countries namely Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

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