REVIEW OF FISP IMPLEMENTATION DURING THE 2018/19 FARMING SEASON

By
Auckland Kuteya

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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
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

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

- Promote agricultural diversification
- Provide small-scale farmers a wider choice of inputs
- Timely supply of agricultural inputs
- Greater economic multiplier effect
- Increased private sector participation in input market
- Savings on implementation costs
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.
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 cardless system. But DIS and e-FISP are different, DIS is only an improved version of trad FISP which cannot address shortcomings of trad system. Direct Input Supply system is NOT synonymous to e-FISP.
## Activities under traditional, DIS and e-FISP

<table>
<thead>
<tr>
<th>Activity</th>
<th>Traditional system</th>
<th>DIS</th>
<th>E-voucher</th>
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<tbody>
<tr>
<td></td>
<td>(Done by Government)</td>
<td>(Done by Government)</td>
<td>(Done by Private Sector at their own cost)</td>
</tr>
<tr>
<td>Pre-planning</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Tendering</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Procurement</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Distributing to districts</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Distributing to satellite depots</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>(farmers’ locations)</td>
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<tr>
<td>Storage of inputs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Handling costs</td>
<td>✓</td>
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Source: Adapted from Sitko et al. (2012) with authors’ modifications.
DIS key challenges during 2018/19 ag season

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

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

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?

**NO**

Because critical elements were **NOT** put in place for e-FISP to work effectively.
But can we get the e-FISP right?

YES if critical requirements are put in place for e-FISP to work effectively
Proposed Roadmap for a successful e-FISP Implementation

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

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

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

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

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