Ministry of Agriculture

Honorable Dora Siliya’s Speech

at the Opening of the

FISP 2016-2017 Agricultural Season Implementation Review Workshop

10th - 11th March 2017
The Honorable Ministers, Honorable Members of Parliament, Permanent Secretaries and other Senior Government Officials, Directors, Provincial and District Coordinators from the two ministries of Agriculture, Fisheries and Livestock and Development and other technical staff.

It is my pleasure also to welcome our business partners under this Programme, the Chief Executives of the Seed Companies, Farm Input Suppliers, the Agro-dealers and the Commercial Banks.

I wish to acknowledge also the presence of the Executive Directors and technical Staff from the Statutory Agencies and Civil Society Organisations (CSOs).

Let me just say, ladies and gentlemen, you are all welcome to participate in this Review Workshop of FISP Performance for the current – 2016-2017 Agricultural Season.
Those of you who follow Parliamentary proceedings would recall that last month, when I provided the House with an update on the FISP implementation status for the 2016/2017 agricultural season, I undertook that I will be soon calling for a multi-stakeholder meeting to review the performance of the FISP.

I have kept my word by hosting you today to share your experiences in implementing FISP this season, the challenges you encountered, lessons learnt and possible solutions, so that come next season and going forward the programme would be better run to achieve the intended objectives.
As you start deliberations, let me remind you a few facts about FISP, which you should keep at the back of our minds and reflect on.

The Programme was conceived in 2002, principally as a policy mechanism for providing “smart-subsidies” to specially targeted commercially viable smallholder farmers and it was originally intended to run for only 3 years.

I underline that FISP is not designed to be a social welfare programme, but rather it is intended to promote “farming as a business”. For staff in my Ministry, the implications of this is that you should not include the very poor farmers in your camps and blocks on the list of beneficiaries.

And neither should you include ‘ghost’ farmers and the weekend farmers who drive four-wheel vehicles to collect E-Voucher cards or inputs.
For the vulnerable households you can, however, facilitate them to access the Food Security Packs (FSP) that are provided by the Ministry of Community Development or indeed other interventions implemented by the Government and NGOs such as the Social Cash Transfer Programme.

I should also remind this gathering that the original business case for FISP was to help rebuild the asset base of the commercially oriented smallholder farmers in the country, whose production capacity had become impaired due to a combination of factors e.g. successive droughts, livestock disease outbreaks that nearly decimated the cattle population, market failures, lack of agricultural credit facilities etc. Due to an interplay of these factors, the country experienced a marked decline in the production of major food staples during the late 1990s to early 2000’s.

Essentially, Zambia became a net importer of maize and a recipient of food aid!
Government’s major policy drive for introducing FISP at that time was thus to achieve household and national food security. As we stand today, we are a relatively ‘small’ net exporter of maize, in comparison to, for example, South Africa, Argentina, and Brazil who all supply maize, to varying degrees, to this region.

I deliberately said Zambia is small net exporter because it is clear from recent experiences that we are not capable as a country of absorbing major supply shocks. And hence why even during the current season, as government, we were left with no option, but to restrict maize grain exports when confronted with a real risk of grain shortages in the country and against serious deficits in the region that triggered high levels of illegal cross-border exports.

It is also worth mentioning that besides maize, we are also exporting cotton, soybeans, and some limited amounts of groundnuts, but mostly as low value added commodities. I
leave you to be the judge whether these are successes we should be beating drums about as a nation.

But from where I personally stand, I believe we should be setting out development targets far much higher given the country’s resource endowments, the available export opportunities just within Africa, the entrepreneurial acumen by both local and foreign investors, the enabling business environment and the investment that my government is making in infrastructure development etc. I honestly believe if we properly harnessed all these factors or resources, we can become a regional economic giant, in my lifetime.

Coming back to the FISP those of you that have followed the evolution of the programme over the past 15 years of its existence, would appreciate that the Programme has changed in terms of its strategic focus, implementation modalities, scope of commodity that are supported as well as the scale of public expenditure.
In terms of number of beneficiaries, at inception, during the 2002/2003 agricultural season the total number of targeted beneficiaries was only 225,000. As we stand today, the programme was planned to benefit a total of 1,609,187, this season. Out of this number 1,006,666 farmers were to be under the FISP Conventional System in 64 districts, while the remaining 602,521 farmers in 39 districts were under the E-voucher system.

From a policy perspective the most significant change that PF-government has instituted is a shift from pursuing food security as the main policy objective and to put more emphasis on promoting accelerated agricultural growth and diversification, increasing agricultural exports and achieving nutritional security as well as to achieve greater efficiency and equity in service delivery.

Hence why we expanded commodity support under the FISP Conventional System from only one crop, white maize, at inception, to the current nine (9) crops which includes rice,
sorghum, groundnuts, soya bean, sunflower, cotton, beans and orange maize and soon cassava

This is intended to stimulate crop diversification and to increase the non-traditional agricultural exports.

The E-Voucher System as most of you know gives the smallholder farmers even greater flexibility on the types of eligible inputs that they can buy and enables them to undertake different enterprises of their choice or which they themselves deem to be more profitable or that can give them a good return to their labour and investment capital.

I should underline that the decision by my government to adopt the E-Voucher System was in response to stakeholder concerns that the Conventional System of FISP was plagued with inefficiencies and that it was by and large not reaching the intended beneficiaries.

It was also argued by the advocates of the E-Voucher System, that this can achieve better targeting of beneficiaries and it is
cost-efficient, by virtual of the fact that it could potentially reduce the administrative costs associated with public procurement and distribution of inputs, while also promoting competition among the private sector input suppliers and service providers.

This issue of cost and benefits of the E-Voucher System versus the Conventional System is one all of us as policy makers, policy analysts and indeed as taxpayers need to start interrogating as we move forward with the pilot of the E-Voucher System.

Perhaps it is too early at this stage of the pilot to expect significant cost savings to materialize, given that the development and deployment of the management systems of the E-Voucher System are still in a state of infancy.

But I still challenge the local researchers including our local Universities, Civil Society Organisations (CSOs), staff in my own ministry and indeed the participating Service Providers
from the Private Sector to begin applying their minds to these issues and present to me and my fellow policy makers evidence-based recommendations on how we can rationalize the implementation of FISP, which consumes the largest portion of the agricultural sector budget
I will now leave you to have uninhibited and open exchange of views on the operational challenges that you faced with regards to both the E-Voucher System as well as the Conventional System and to propose possible solutions for resolving the same.

But let me preface you discussions by stating from the onset that the major challenge we encountered as a Ministry in the implementation of both the Conversional and E-voucher System during the current agricultural season, was the late release of funds for the programme.

This resulted in delayed servicing of accrued debts. We are actually yet to fully service this seasons’ expenditure commitments to the seed and fertilizer suppliers, transporters as well as the Banks.
As a direct consequence of the mismatched release of funds to the agricultural seasonal calendar, the supply and delivery of inputs under both the FISP Conventional System and the E-voucher Pilot did not therefore commence on time.

But equally I must state that I have been disappointed with the performance of some of the input suppliers.

Another major issue I noted was the underestimation of national demand for fertilizer by the major suppliers and as a consequence supplies of the commodity completely run out, which created panic especially in the E-voucher districts.

Apart from these, there are some specific issues that I have picked about the operations of FISP and of which I want to see major improvements on during the next agricultural season.

1. There is still very limited public awareness and knowledge among the farmers and many stakeholders on first the FISP itself and particularly how the E-Voucher System is supposed to operate.
Ministry staff and working in collaboration with public and private media organizations need to step up to create public awareness and especially educate the beneficiaries and the service providers.

2. The Farmer Register need to be updated to capture and provide reliable information on the potential and actual intended beneficiaries. This could even help us to track better, the income growth at household level and the agricultural sector contribution to the economy.

- Expenditure on FISP need to be reined in. And the one quick win I see is to identify and remove all financially capable farmers as well as the salaried workers who are also part-time farmers from the beneficiaries’ lists.

3. I was made to understand that the E-Voucher Information Management System (IMS) is supposed to be GIS-linked and this could, for instance, enable the
identification of the location of the farm for each beneficiary as well as the participating agro-dealers.

Further, I was informed that there is supposed to be a Call Centre which could, for instance, enable the farmers receive SMS prompts on when their cards are activated or possibly allow them to send enquiries about agro-dealer locations, input availability and retail prices.

Evidently, this has either not been developed or did not function as anticipated.

4. I received numerous reports that some bad elements among the Agro-dealers, in connivance with the input suppliers who provided them with Point-of-Sale (PoS) terminals, and working in cahoots with some dishonesty Cooperatives Chairpersons exploited the ignorance of their members by collecting the e-voucher cards, which they swiped at exorbitant prices, contrary to the FISP
implementation guidelines and code of conduct that the Agro-dealers signed.

5. The performance of Banks in general was far from being satisfactory. Issues that were brought to my attention included late printing and distribution of cards, confusion on where farmers needed to deposit their cash contributions, delays in the loading of cash and activation of the cards and poor feedback on how all this processes were being managed.

- These problems signaled to me that there are either capacity challenges that resulted in the observed inefficiencies or some individual Banks took advantage of weak oversight to hold cash.

I want this issue looked into and the locus of the problems identified and how this could be remedied.

6. At the peak of the agricultural season and when most of the E-Voucher cards were distributed, I got reports in
nearly all the rural districts that came under the pilot this year that fertilizer had run out. Agro-dealers also indicated that business dealings with their input suppliers were done mostly on a cash basis; and most had no credit facilities with Banks.

- I see a clear business opportunity here, particularly for the suppliers of fertilizers to build a countrywide agro-dealer network just like the Seed companies have done.

And for the Banks instead of ending just at issuing cards, you should go further and expand ‘your footprint’ and develop customized financial products for the agro-dealers, not only to enable the latter stock sufficient inputs but also to invest in warehousing infrastructure for storing fertilizer, which is a bulky commodity.
7. Generally the monitoring of the programme is weak. I am not, for instance, able to get information on what type of inputs farmers are buying using the E-Vouchers and the FISP National Coordinating Office was not able to provide me with comprehensive report on Bank transactions in real time.

- The input supplier’s should bar-code their products, to enable us capture information on what inputs farmers are actually buying.

- In this same respect, I wish to request the Service Providers gathered here to deploy their ICT personnel to work hand in hand with my staff in the Ministry and with the involvement of the Government’s Centre of Excellence for E-Government and ICT as well as ZICTA, and form a Technical Working Group (TWG) to oversee the development of a seamless Information Management System that would work
across the different enterprise management platforms.
As I conclude, let me also mention that I have been alarmed to discover within the few months I have been in the Ministry that we are wastefully spending precious foreign exchange to import significant amounts of all sorts of fresh farm produce that we can readily produce in this country, such as onions, frozen potatoes chips, deboned chickens, to mention but a few, and most of these products are ending up in the regional Super Markets Chains.

The E-Voucher guidelines state that for the farmer to qualify for FISP support they should meet any of the following criteria: must be cultivating a maximum of 5 hectares; or own 2 to 10 cattle, 5 to 30 pigs, 5 to 30 goats, 20 to 100 chickens, and 1 to 2 fish ponds. The idea behind this is to encourage smallholder farmers to grow both crops and rear livestock.

However, some of the farmers that I have seen do not even own a single chicken. These type of resource poor and vulnerable households were not the intended target of FISP.
The question then is how best we could support the intended FISP beneficiaries. It is through strengthening the Cooperatives and the farmers groups and also by also attending to the needs of vulnerable households.

How can we also ensure that the smallholder farmers that are being supported under FISP to be weaned off from this growing dependence on government subsidies? As long as they do not guarantee them shelf space for fresh produce in the booming Supermarkets Chains, we cannot expect them to earn enough income from seasonal farming and to become rich.

We cannot allow the prevailing situation of the local small-scale farmers lacking access to the profitable end-markets, such as the Supermarket Chains, all in the name that farmers are not able to meet the required volumes and the high standards set by these entities.
I challenge you all, industry stalwarts and staff in my ministry to assist our smallholder farmers trade their way out of poverty. This will also help in unlocking the financing challenges farmers face in accessing agricultural loans. At present only a paltry 1% of the loan portfolio of the Commercial Banks is going to agriculture.

I have no doubt in mind that these same farm families that receive inputs under FISP are quite capable of growing good quality and a variety of fresh crop produce and livestock products, if they are provided with proper technical and marketing advice to enable them meet the standards demanded by the Supermarkets Chains.

That said, I believe that FISP is a well-intentioned Programme and if it is properly executed, it has the potential to transform the lives of our smallholder farmers by linking them to profitable markets, but this could only be possible if the private and public sector Service Providers work in a strong partnerships.
The matter at hand, today is to find practical solutions to the current FISP challenges, I will be expecting recommendations from this meeting on my desk, by the 25th of March.

I thank you.