IMPLEMENTATION REVIEW OF E-FISP & DIS DURING 2018/2019 FARMING SEASON

By
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Presented at the Implementation Review Meeting of the E-voucher and DIS during 2018/2019 Farming Season
6th February, 2019, Taj Pamodzi Hotel, Lusaka
Recent experience demonstrates that E-FISP provides clear benefits over traditional FISP

- Crowds in private sector in agro-input distribution,
- Ensures timely delivery and access to inputs
- Promotes agricultural diversification and,
- Reduces public expenditure

This season, e-FISP brought clear benefits to farmers but was impacted by delayed implementation and late payment to agro-dealers

Government should progress with e-FISP: there are clear lessons for successful implementation and MoA should start preparing for the 2019/20 season now
To assess implementation of e-FISP and DIS as well as level of preparedness for e-voucher

Discuss what needs to be done to make e-voucher implementation a success during the 2019/2020 farming season
During 2017/18 farming season e-FISP was rolled-out nationwide. In 2018/19 farming season MoA reverted 40% of FISP farmers to traditional (now Direct Input Supply) FISP due to challenges e.g. network connectivity and agro dealers capacity. 45 districts (371,616 farmers) were covered under DIS while 650,818 farmers remained under e-FISP. 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.
Districts under DIS during 2018/19 ag season

Chipata, Chongwe, Katete, Petauke, Lundazi and Rufunsa though reverted to DIS had already made considerable progress in crowding-in private sector and in getting inputs to farmers through e-voucher.
DIS is not very different from traditional system because:

i. Government is still heavily involved and there is limited competition with larger suppliers given preferences;

ii. Hence still delivered at a higher cost than e-FISP and;

iii. Diversification is stifled due to delivery of only fertiliser and mainly maize seed.
## 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>
</tr>
<tr>
<td>Tendering</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Distributing to districts</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Distributing to satellite depots (farmers’ locations)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Storage of inputs</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Handling costs</td>
<td>✓</td>
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Source: Adapted from Sitko et al. (2012) with authors’ modifications.
Beneficiaries and farmer deposits during 2018/19 farming season

This represents 98% achievement

Target beneficiaries: 1,022,434
Farmer deposits of ZMW 400: 998,738

Source: ZIAMIS, 2019
Findings
DIS: Satisfactory, but not e-voucher
DIS key successes during 2018/19 ag season

Notable successes of DIS:

- Use of enhanced ZIAMIS platform helped delivery of programme to be smooth
- Nearly all beneficiary farmers indicated on ATCs forms got their inputs provided that co-operative redeemed their inputs
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 e.g. see picture below
### Other DIS key challenges during 2018/19 ag season

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Details</th>
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<tbody>
<tr>
<td>Farmers were not given a choice to inputs as this was already predetermined, this defeated diversification agenda</td>
<td>Some inputs delivered to farmers were not accepted by local farmers and farmers felt such inputs were imposed on them</td>
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<td>Only one warehouse for seed distribution per district, a situation that made farmers to travel long distances to collect seed</td>
</tr>
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</table>
Lessons from the DIS

DIS simply does not have the benefits of the e-FISP:

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

Cost of fertilizer was lower than in e-FISP districts but this is because government provided costly subsidies

Success of ZIAMIS can be translated into implementation of e-voucher
E-FISP: Progress – clear lessons for getting it right
E-FISP key successes during 2018/19 ag season

Notable successes of e-FISP:

- Implementation of card-less system and use of ZIAMIS was smooth
- Farmer registration and depositing of funds was successful
- Farmers benefitted from increased choice
- Promising growth of agro-dealer subsector despite challenges
E-FISP key challenges during 2018/19 ag season

- 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
Stakeholders assessment of E-FISP implementation in 2018/19 farming season

A. Farmers:

Some farmers redeemed different types of inputs i.e. fertilizer, maize seed, insecticides, herbicides, vet drugs, dip chemicals, etc.

Any attempt to revert to traditional system (or DIS) will squander all gains already scored under e-voucher, notably job creation

E-voucher system offered huge potential in promoting agricultural diversification
B. Agro-dealers

- Late payments to agro-dealers delayed restocking of their shops and as a result some agro-dealers started giving farmers only half of inputs redeemed awaiting for payments
- This delayed farmers to access inputs on time
- E-voucher has continued to attract a lot more agro-dealers involved in input distribution and marketing thereby promoting local agribusiness sub-sector
- However, change in payment system resulted in lukewarm participation of small agro-dealers due to pre-financing of inputs when they are not liquid
Can we get the e-FISP right?
To realise the potential of the e-FISP, Government needs to take the following critical – but achievable – steps:

- Release funds on time and instantly pay agro-dealers
- Minimize human interference in system operations and improve payment system
- Prepare for e-voucher implementation early as late start always delays delivery of inputs to farmers

E-voucher system is fundamentally a much more effective and efficient way of delivering inputs to farmers as it depends on private sector led input distribution and marketing!
Conclusion and Recommendations
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E-FISP has already brought many benefits and offers more as it:

- Crowds in more private sector in agro-input distribution,
- Ensures timely delivery and access to inputs by smallholder farmers
- Promotes agricultural diversification and,
- Reduces public expenditure on delivery of inputs to farmers
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 the 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
The e-voucher is the future:

• DIS should not be seen to be 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, we can realise the e-FISP’s potential
Thank you