

FERTILISER SUPPORT PROGRAMME

IMPLEMENTATION MANUAL
FOR THE 2008/09 FARMING
SEASON

Introduction and Background

- Before 1990 – Namboard/ZCF/CUSA/LIMA BANK
- 1991-1993 – ZCF/CUSA/LIMA BANK and Private Sector Agents
- 1994-1997 – Agricultural Credit Management Programme
- 1997- Food Reserve Agency (FRA)/ACMP transition
- 1998 - 2001 – Agro-Support Programme under FRA – Cooperatives

BACKGROUND AND RATIONALE (CONT)

STATUS OF INPUTS MARKETS – 2002

- *Poor access to improved inputs by small-scale farmers – 20% accessed fertilizer and 30% accessed improved seed;*
- *Food insecurity – 67 % (PAM, 2000) and 73% poverty levels (PRSP, 2001)*
- *Low incomes among small-scale farmers;*
- *Low Effective Demand for Fertilizer;*
- *High Cost of Fertilizer at Farm-gate level;*
- *Poor Environment for agricultural production.*

FORMATION OF THE FERTILIZER SUPPORT PROGRAMME

- 2002 - Govt forms the Fertilizer Support Programme (FSP)
- FSP – still under the policy of liberalization
- **Overall Objectives:**
 - Improved household and national food security and incomes
 - Improved access to agricultural inputs for smallholder farm households
 - Building the capacity of the private sector and cooperatives in inputs marketing

Other Objectives

- To increase private sector participation in supply of agric inputs to smallholder farmers, reduce govt involvement
- To ensure timely, effective and adequate supply of agricultural inputs,
- To improve access of smallholder farmers to agricultural inputs (fertilizer and hybrid maize seed).
- To ensure competitiveness and transparency in the distribution of inputs.

Other Objectives Contd.....

- To serve as a risk-sharing mechanism for smallholder farmers and Government.
- To induce the development of farmer organizations and other rural institutions.

Key Features of the Programme

- Input suppliers selected through the National Tender;
- Suppliers position inputs in designated districts at main depots;
- DACs select cooperatives/other farmer organizations.
- Selected cooperatives /other farmer organizations deposit 25% of the value of inputs;
- Selected cooperatives/other farmer organizations access inputs;
- DACs, Extension Officers (EOs), local administration, and local NGOs monitor the Programme at district level.

PERFORMANCE OF FSP - 2002-2007

SEASON (MT)	BUDGET(K BILLION)	FERTILIZER (MT)	NO. FARMERS	EXPECTED PROD.
2002/03	100.0	48,000	120,000	360,000
2003/04	114.5	60,000	150,000	450,000
2004/05	112.6	50,000	125,000	375,000
2005/06	140.0	50,000	125,000	375,000
2006/07*	252.0	84,000	210,000	630,000
2007/08	150.0	50,000	125,000	375,000
2008/09	492.0	80,000	200,000	600,000
Totals	1,361.1	422,000	1,505,000	3,135,000

* NOTE: 4,200 mt of Fertilizer donated by Japanese Govt. under 2KR

Inputs Distribution in 2008/2009

- Target 200,000 farmers
- 80,000 Mt fertilizer
- 4,000 Mt seed
- Subsidy 75%

Implementing Agent

- The Ministry of Agriculture and Co-operatives through the Programme Coordination Office (PCO).
- Functions of the PCO are:
 - day to day management of the Programme;
 - Initiate timely procurement of inputs;
 - Create awareness of the Programme to all stakeholders;
 - General management/administration of the Programme

Functions of PCO Contd.....

- Functions
 - Arrange and manage contracts;
 - Liaise with collaborating agencies and stakeholders;
 - Prepare and review operational system of the Programme;
 - Management of Project funds ;
 - Management and transfer of matching grants;
 - Preparation of programme reports .

Channel of Distribution

- Inputs supplied by traders selected through a National Tender,
- Selected traders deliver inputs up to district level,
- Local distributors distribute inputs to satellite depots and issue the same to approved individual farmers through their Co-operatives and other Farmer Organizations,
- The selection criteria of Local Distributors, Co-operatives and beneficiary farmers are described on bullet 1.4.1 in the Manual.

Selection Criteria for Local Input Transporters (by DACs)

- physical presence in the district;
- a track record, credible and demonstrate that they have the financial and transport capacity to provide the services;
- be registered with the Registrar of companies;
- sign a MOU to abide by the Programme guidelines to safeguard the interests of all parties; The MOU signed by the DACO on behalf of Government.
- have the capacity to take inputs to designated areas closer to farmers (satellite depots) and release inputs to identified farmers within their organizations or cooperatives.
- Co-operatives and other Farmer Organizations with the capacity may be engaged as local inputs distributors.

Selection Criteria For Participating Co-operatives /other Farmer Organizations

- will be the main channel in the distribution of inputs. Such as Co-operatives or Farmer Organizations,
- should have the following characteristics:
 - Written by-laws to manage their funds and have appropriate accountability mechanisms;
 - Have an executive committee structure and should operate a Bank Account.
 - Demonstrate the need and ability to use the inputs well;
 - be duly registered by the Registrar of Cooperative Societies and/or Registrar of Societies.

Selection Criteria For Participating Co-operatives/other Farmer Organizations contd....

- have no outstanding loans from the past seasons, FRA or any other lending institution.
 - be located in an agricultural area and should be engaged in agricultural activities; and
 - demonstrate knowledge in cooperative and agribusiness management.
- Each selected co-operative will be subjected to an inventory before it is approved to participate in this Programme.

Selection Criteria For Individual Farmer Beneficiaries

- An individual beneficiary will need to be a member of a registered Co-operative or a Farmer Organization. The farmer will be selected by the Co-operative or Farmer Organization he/she belongs to, guided by the following criteria:

Selection Criteria For Individual Farmer Beneficiaries Contd....

- small scale farmer and actively involved in farming within the co-operative coverage area;
- capacity to grow 1-5 hectares of Maize;
- capacity to pay 25% of the cost of Inputs;
- not concurrently benefiting from the Food Security Pack and;
- not be a defaulter, from Food Reserve Agency and/or any other agricultural credit program whether belonging to an eligible cooperative or not.

Definition of a one Hectare Pack

- 8 bags of fertilizer (4 x 50kg basal fertilizer and 4 x 50kg top dressing fertilizer)
- 20kg of maize seed
- ***Each beneficiary farmer will only be allocated one (1) pack of inputs for cultivation of one (1) ha of maize.***

Programme Implementation for 2008/09 season

- **Sub-section 1** The application process for agricultural inputs
- **Sub-section 2** Specific roles of the Ministry of Agriculture and Co-operatives (MACO) Staff in the implementation of the Programme
- **Sub-section 3** Agricultural Inputs Distribution Schedule and Depot Operations

Programme Implementation for 2008/09 season Continued...

- **Sub-section 4** Documentation to be used in the application and approval process
- **Sub-section 5** Accounting Procedures
- **Sub-Section 6** Sample Forms

Application Process: Step 1

Cooperative Level

- The Cooperative Board (CB) of selected co-operatives in conjunction with respective Camp Extension Officer (CEO) will set the date and venue for explaining modalities of prospecting applicants. Village Farmers' Committee (VFC), Village Headmen and other local leadership or their representatives should attend this meeting.
- At this meeting:
 - The CEO and the CB members will explain the rules and modalities governing this program. Each CB will receive applications (using Form FSP 1-Annex 1)
 - and will ascertain that each applicant is:

Co-operative Level Contd....

- A bona fide resident and is farming within the Cooperative area and in a specified village;
- An active small scale farmer;
- Capable of growing 1-5 hectares of Maize;
- Able to pay 25% of the cost of Inputs;
- Not concurrently benefiting from the Food Security Pack;
- Not indebted to FRA and other credit providers.

Co-operative Level Contd.....

- The CEO will sit in the meeting of the CB and be involved in the process of appraising and considering applications.
- Upon counter checking, the CEO will endorse the list of applicants.
- The CB will undertake to ensure that all beneficiaries use the inputs within the stated farming area.
- Finally, the CB will submit the list of applicants to the DACO (on behalf of the DAC) through the CEO

Step 2: District Level

- the District Agricultural Committee (DAC), will be involved in the appraisal of Co-operatives, other Farmer Organization and beneficiaries; DACs may include the following officers for meetings:
 - Block Extension Officers (BEO)
 - Senior District Representative of the FRA appointed Programme Manager.

Step 2: District Level contd...

- Appraisal of applications from co-operatives and other organizations by DAC;
- For appraisal DAC to follow criteria in 1.4.2 and 1.4.3;
- The DAC will:
 - ensure process outlined above is followed by applicants; and
 - ensure inputs are rationally allocated to all participating cooperatives/other farmer organization in district;
 - ensure total sum of inputs approved does not exceed the district allocation;
 - convey a list of district selections to the PCO for ratification;
- The Co-operative Boards will be informed about the approval of the list by DAC

Approval Advise Procedure

- DACO informs CB about the approval and the CB will in turn inform all its members about the approval. The CB and Committee of other farmer organizations arrange to:
 - Collect the required amount of money from all approved applicants.
 - Collect deposit slips from the DACO.
 - Deposit the money in a specified account approved by the PCO.
 - Submit evidence to the DACO that funds have been remitted.
 - Organize and inform all approved applicants when and at which depot each applicant will receive his or her inputs.

District Agriculture Committee (DAC)

- The District Agriculture Committees (DACs) were a creation of the Agricultural Sector Investment Programme (ASIP), a programme that was created in mid 1990s to foster and coordinate agricultural development in Zambia.

Composition of new District Agricultural Committees

- District Agricultural Coordinator (DACO)
- District Marketing and Cooperatives Officer (DMCO)
- Senior Agricultural Officer (SAO)
- Representative from the District Cooperative Union
- Primary Cooperatives Members (one from each block)
- Representative from Zambia National Farmers Union (ZNFU)
- District Planner (from council)
- Office of the President

Code of Conduct for DAC Members

- Membership to the committee will be by institution, which will appoint a specific representative;
- Any member who fails to attend three consecutive meetings with or without apology will be dropped from the committee and be replaced within a month;
- All members should respect collective responsibility and abide by the agreed resolutions of the committee;
- In case of failure to make major decisions by consensus, voting by secret ballot shall be the only acceptable option, and voting by proxy shall not be allowed;
- Only DAC members from the Government side shall be allowed to send representatives to attend certain DAC meetings.

Terms of Reference

- Plan and compile district inputs requirements in liaison with the Provincial Agricultural Coordinator's Office and the Programme Coordination Office.
- Play an advisory role to the District Agricultural Coordinator's Office, Provincial Agricultural Coordinator's Office and the Programme Coordination Office on inputs distribution under the Fertilizer Support Programme;
- Appraise and approve the target cooperative and farmer beneficiaries under the Fertilizer Support Programme;
- Appraise and approve the local inputs distributors to participate in the distribution of inputs to the cooperatives and other farmers' organizations.
- Report to the PACO and PCO at the end of every inputs distribution season;
- Coordinate and Monitor the FSP inputs distribution exercise at district level; and
- Identify and make recommendations on policy issues to the PACO and PCO in order to improve the operations of FSP.

Step 3: National Level

- PCO ratifies approvals made by the DACs.
- PCO creates a database of all approved applicants.
- PCO ensures the right types of inputs are timely distributed to all districts as per approved schedule and deals with appeals.

Approval Advise Procedure cont...

- DAC verifies and ensures the CB/other farmer organizations have fulfilled their obligations as specified.
- DACO issues Authority To Collect (ATC) inputs with a duly signed and stamped Form FSP1 and deposit slip.
- Another copy of Form FSP1 (list of farmers) directly sent to warehouse manager. The ATC inputs specifies depot/collection point where inputs will be drawn. At the time of collection of inputs,
- Each individual farmer will sign for and collect his or her approved quantities of inputs.
- Therefore, each beneficiary farmer will need to present him/her self at the respective depot with an identity card.

Goods Issued Voucher

- Introduced as acquittal disposal form
- To identify farmers collecting inputs
- In response to complaints of poor monitoring on farmers who collect inputs
- Each farmer will endorse in person for getting his inputs
- List of beneficiaries should be derived from signed GIVs and not from application forms.

Specific Roles of MACO Staff

- Refer to manual
- MACO staff will only handle documentation as specified in this manual,
- ***MACO staff will not handle any cash on behalf of any farmer, Cooperative or Farmer Organization.***

Implementation Documents

- Block Application form for the Cooperatives (Form FSP1), Annex 1
- Consolidated District Approval Form (Form FSP2), Annex 2
- Deposit Slip
- Authority To Collect Inputs (ATC), Annex 3
- GIV Annex 2

Accounting Procedures & Stock control – 1. Cash Deposits

- Deposit slips will only be accessed from the DACO's office in each districts. DACO shall provide four (4) copies to each depositor, which shall be presented at the bank on depositing the money.
- Bank A/C number to be pre-printed on all deposit slips of which copies will be distributed as follows:
 - The first (1st) and second (2nd) copies go to the Bank – one copy retained by receiving branch, the other copy sent to the Bank HQ. for reconciliation.

Cash Deposits Contd....

- third (3rd) copy issued to recipient who will be required to attach the deposit slip to the ATC and present the documents to the Warehouse manager on collecting inputs.
- fourth (4th) copy sent to the PCO by the DACO with the weekly client register for Cash Book update.
- book copy (5th Copy) kept by the DACO until such a time when all books will be sent to the PCO.

Cash Deposits contd....

- The bank shall only accept cash or bank certified cheques from all recipient cooperatives/other farmer organizations.
- Each deposit slip - serial number for reference and reconciliation purpose.
- The DACO required to open a client/cooperative files where all documents for each client will be kept.

Stock Recording & Reporting Procedures – Stock Receipts

- On receipt of stocks, the Depot Store person required to issue GRN in chronological order,
- Depot Store person required to record stocks in the appropriate row i.e. distinguish direct receipt from inter-depot transfers,
- The Depot Store person required to maintain a file for all copy GRNs from each supplier, to establish total quantities received from each supplier as per contract

Stock Recording & Reporting Procedures – Stock Receipts Cont...

- 3rd copy sent to PCO for accountability.
- Depot Store person required to send a weekly stock report indicating total quantities received at the depot, summarized on the receipt summary to the PCO for stock reconciliation.
- The Depot Store person required to issue GIN to the local distributor/transporter.

Stock issues - ATC inputs

- document issued by the DACO to each recipient instructing the input supplier/warehouse manager to issue the quantity of inputs. Issued upon completion of application process and the amount of money required deposited bank. Depot Store person be required to confirm quantities authorized with the quantities as per Form FSP1.
- Depot Store person required to issue a Fertilizer Release Note when issuing fertilizer to all recipients.

Stock issues - ATC inputs Contd....

- Release in chronological order & store person ensure all details complete on the release note before issuing the stock.
- The Depot Store person required to maintain recipient files where a copy of the Authority to collect, bank deposit slip and fertilizer release Note should be kept.
 - First copy issued to recipient for their records.
 - The Depot Store person only issue a release note when there is an actual issue for stock from the warehouse.
 - He/she also ensure third copy sent to PCO with the weekly stock report summarized on the issued summary.

Stock issues - ATC inputs...

- Stock issues with respect to Inter-deposit transfers
- issued using an Inter-deposit transfer.
- The Depot Store person required to attach copies of all documentation to his/her weekly stock report to the PCO.
- The Depot Store person required to conduct physical stock counts, if differences between Books Stocks and physical stocks, should be explained in comments.
- A copy of the weekly stock report should be sent to the PCO for record and the Store person ensure the report is dated and signed

Payment procedure - local distributor/transporter – required documents

- Contractual Agreement to be signed by the DACO indicating quantities to be delivered and contract price.
- Goods Issued Notes from the main depot, signed by the Depot Supervisor, areas to be delivered, Vehicle Number, Signature of Transporter and date

Payment procedure - local distributor/transporter – required documents

- Good Received Notes/Delivery notes issued by the transporter to the Co-operative board members at the satellite depot, which should include: Signature of Chairperson or any board member, Quantities received and ATC numbers.
- Invoice for the claim lodged to the DACO for payment to be accompanied by the cost sheet, showing quantity, distance, unit price and total cost.

Payment procedure - local distributor/transporter – required documents

- Letter from the DACO confirming the distribution of inputs by the transporters.
- ***The Documents listed above have to be original copies.***

Issues of great concern

- Inputs to be distributed according to authorized quantities, carryovers inclusive.
- No money should be deposited into FSP accounts before inputs arrive, and no inputs should be released before full payment is made.
- Inputs Prices vary in accordance with distance and prevailing local prices at the time of procurement of inputs
- Newly registered cooperatives should be allowed to stabilize before they are approved for subsidized inputs under FSP. Only cooperatives that are older than one year should be allowed to participate, unless under special consideration.

Issues of great concern Cont...

- No inter-district transfers should be undertaken without the prior knowledge of the PCO.
- The DACs and DACOs must ensure that only eligible and genuine farmers benefit, failure to which disciplinary action would be taken against culprits.
- Public workers would only be eligible to participate if only they meet all the FSP conditions for eligibility.
- Beneficiaries must be captured by the filled in and signed GIVs that must be brought back to DACOs office by all beneficiary cooperatives. Note that no individual person or representative of a farmer organization should sign on behalf of all the beneficiaries.

THE END

Thank you for your attention

