

Concept Note on Regional Experiences in Farming Inputs Support Interventions

Introduction

The current Fertilizer Support Programme (FSP) was launched in the 2002/03 season. The volume of subsidies delivered under the FSP has been averaging 66,345 mt of fertilizer per year. Two factors have relieved the government's budget constraints and made it easier for them to reinstate and self-finance their fertilizer promotion programs: the transition of the World Bank and other donors from conditionality agreements to direct budget support, and debt forgiveness under the HIPC program. Both of these recent developments have provided additional discretionary funds to scale-up former fertilizer programs. Under the FSP, the government awards tenders annually to private companies to import and deliver fertilizer to registered cooperatives and other delivery points, where it is subsequently allocated by the coops and agricultural extension workers to farmers. The intent of the program has changed over time, first being conceived as a way to support smallholders in remote areas where markets were believed not to function. Later, the program's objectives evolved toward increasing maize production and marketed supplies. The FSP Program Manual establishes criteria for targeting farmers, one of them being the capacity to produce at least 1-5 hectares of maize. Given that roughly 40 percent of the farms nationwide are less than one hectare in size, this criterion effectively excludes the poorest farmers from receiving subsidized fertilizer under the FSP.

Background

A recent comparative analysis (ReSAKSS, 2008) demonstrates Zambia's poor record in reaching targeted farmers through subsidized input programmes over the past decades. The FSP is no exception. Consequently, Government even adjusted the targeting criteria

and their objectives towards its implementation realities by putting more focus on an increase in production volumes versus poverty alleviation. Zambia is not alone in this. Most Governments in the region aim to reduce rural poverty while trying to ensure self-sufficiency through local staple food production. The dilemma is that the target group to achieve these two important developmental goals do commonly not overlap very much. Additionally, Governments wish to withdraw from service delivery in the long-run and help building the capacity, in terms of demand and supply of input services, so that the private sector will be able to cover all segments of the farming community. It is therefore instructive to study in detail various approaches from around the region. Such a learning exchange may provide valuable information for the design of future support interventions and help to reduce the risk of repeating failures.

In collaboration with the World Bank the Ministry of Agriculture and Cooperatives is currently undertaking a critical assessment of the Fertiliser Support Programme in Zambia. The main objective of this study is to develop recommendations on how to increase the efficiency and effectiveness of the FSP or to propose alternative mechanisms for subsidies. Experiences from other countries with similar developmental challenges will be valuable to augment the findings and recommendations of the MACO/WB assessment.

Regional experiences

Malawi

In Malawi maize production depends on smallholder agriculture which is usually not able to meet the national demand for consumption. In order to boost production the Malawian Government launched a voucher-based Agricultural Input Support Programme in the 2006/7 season. The programme targeted farmers with a minimum of production capacity (the voucher covered only 72% of the input costs) but did not give any restrictions for its

use (farmers were free to decide on which crop to apply the fertiliser), thus theoretically reaching out to about half of the farming households in the country. The achievements of the programme are mixed. While a substantial production increase was recorded, the development of a private sector rural-based network apparently did not take place.

Kenya

Kenya went another way. Since its complete liberalisation and the withdrawal of Government from the fertiliser input distribution the fertiliser market more than doubled largely attributed to growth in smallholder fertiliser consumption. Most interestingly, even the poorest farm households increased their fertiliser use from 67% to 90% over an 11 year period. Fertiliser use increased on food and cash crops alike. Since 1990 the private sector has developed a dense, widespread and competitive fertiliser distribution network, leaving out only areas with low potential crop farming.

Tanzania

A third way has been tried and tested in Tanzania. Realizing the fruitfulness of traditional approaches with state-run fertiliser distribution systems, the Government of Tanzania through its central and local in 2006 entered a Public-Private Partnership with a Consortium of international private and public sector as well as local players. Starting point in the partnership was a rigorous analysis of the fertiliser value chain in Tanzania including all levels and stakeholders. Based on this analysis a "Fast Track" programme was developed in which the skills roles and responsibilities of each partner is understood and appreciated. The Fast Track was implemented in the 2006/7 season along side a subsidy programme for resource constrained farmers. So far no reports on the Fast Track and/or its scaling up are available. Making it all the more important to capture first hand experiences directly from the implementation level.

Objectives

The principal objectives of the proposed study tour are to better understand various approaches by national Governments in the region to a) effectively build adsorption capacity among the resource constraint smallholder farmers for input delivery services under full market conditions and b) assist private sector players in developing a service delivery network that reaches out to previously under-serviced rural farming communities.

A further important aspect of will be to enhance regional information exchange that will lead to more harmonised and compatible approaches in rural development so that in future potential efforts at the regional level will be easier to coordinate.

Methodology

Under the leadership of the Ministry of Agriculture and Cooperatives the Agricultural Consultative Forum will put together a team of experts from key institutions in the sector. This expert team conduct an inception meeting to discuss and agree on the research questions to be addressed during the study tour. The study tour will be a roundtrip starting in Malawi, from there to Tanzania and end up in Kenya. In each of the countries the team will interact with representatives from the Government, private sector and the farming community and where involved also collaborating partners. For certain aspects it might be advisable also to collect input from civil society organisations that are involved in agricultural and rural development. The experiences from the different countries will be documented by the team and following a de-briefing workshop back in Zambia compiled into a report.

Outputs

The study tour report will attempt to educate practitioners and decision makers in Zambia about various approaches to the development input distribution systems

employed by national Governments in the region. This information will be instructive when designing new support interventions that will support the development of private sector fertiliser distribution networks.

Complementary to this work an expert group will categorise the Zambian smallholder farming community along common features. The detailed knowledge of existing bottlenecks to enhanced productivity and market access for identified segments within the smallholder community and the lessons learnt from experiences elsewhere will enable programme designers to come up with better targeting and tailor-made interventions for specific groups of farmers.

Timeframe

Activity / Item	Period / Dead line
De-briefing Meeting	10 th October, 2008
Study Tour	13 th to 23 rd October, 2008
De-briefing workshop	Immediately following return from study tour
Finalisation of study tour report	One week after de-briefing workshop
Dissemination workshop	Two weeks after finalisation of report