



## Implementing Agriculture input systems in Tanzania: Evidence from NAIVS

By Cornel Jahari

### Key messages

- Implementation of NAIVS characterized by high community awareness and participation in scheme but with dissimilarities across the districts.
- But, weaknesses in NAIVS oversight provide commercial companies greater leverage than beneficiaries in decision making.
- Further, distribution of input vouchers to targeted beneficiaries affected by inadequacies in the formation of primary oversight entities—Village voucher committee.
- Consequently, NAIVS structural deficiencies increasingly exploited to reward non-qualifying farmers at the expense of intended beneficiaries

### Context and background

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Agriculture development strategies continue to play an integral role in the economies and livelihoods of the poor in Sub-Saharan Africa (SSA) because of the predominantly agrarian economies and agriculture provides employment to large proportions of the population. Despite their importance to local economies, these strategies have historically been driven by funding from international development agencies. Most such strategies have supported farmers by subsidizing either producers and/or consumers' prices. In this regard, the Government of Tanzania renewed interest in transforming its

agricultural sector, particularly in recent years. This has led to an increase in the involvement of various development partners both domestic and external. One such effort is the National Agricultural Input Voucher Scheme (NAIVS).

NAIVS is a market smart input subsidy program designed in response to the sharp rise in global grain and fertilizer prices in 2007 and 2008. The program aimed to raise maize and rice production and productivity for Tanzania's households and national food security. It is estimated that during the period of 2008 to 2013, approximately US\$300 million were invested for this

scheme where more than US\$2.5 million targeted smallholder farmers who benefited from 50 percent subsidized vouchers on a one-acre package of maize or rice seed, and chemical fertilizer. In principal, NAIVS intended to reduce producer price with assumption that producer input subsidies will increase input profitability and reduce farmers' financial constraints, and consequently encourage adoption of modern inputs to boost maize and paddy production in the country.

Notwithstanding, farmers were expected to graduate after receiving subsidy for three years consecutively, and then begin purchasing inputs on commercial basis. However, this did not happen, and consequently the scheme was banned and replaced by universal bulk input procurement subsidy in the country.

### **Voucher and input distribution chain**

The Central Government through the Ministry of Agriculture allocates the vouchers to the target regions, district and village level. At each level, a special voucher committee is set up to allocate the vouchers to the lower levels. The last step in the distribution chain is village level. At this level, the village council, in consultation with village assembly are responsible in selection of Village Voucher Committee (VVC), which should consist of three women and three men. VVC is responsible for drawing up a list of eligible farmers to be approved by the village assembly as a final list of inputs beneficiaries. Once beneficiaries are approved, the VVC issues the vouchers, and beneficiaries redeem them to the agro-dealers participating in the program and farmers receive inputs. The agro-dealers send their application to village government where the village assembly choose their preferred agro-dealers by prioritizing those already with a commercial presence in the villages, and those who have attended and completed a business and management training programme delivered by the Citizens Network for Foreign Affairs (CNFA<sup>1</sup>). The village government then sends a shortlist of qualifying agro-dealers to the district level for screening and approval.

### **Guidelines for Selection of NAIVS beneficiaries**

According to the NAIVS guidelines, the VVC in collaboration with village leaders selected the targeted smallholder farmers who: -

- Reside in that village full time.
- Cultivated less than one hectare of maize or rice.
- Used the subsidized input for maize or rice production.
- Agreed to serve as good examples in how to use good agricultural practices.
- Were willing and able to cover the co-financing
- Had female-headed households were given priority.
- Had not used inputs in the past five years, were given priority.

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<sup>1</sup>CNFA is a non-profit, non-partisan organization dedicated to stimulating economic growth in emerging and developing world markets. CNFA takes a multi-faceted approach to promoting agricultural development in developing countries from training farmers and members of farmers organizations at the grass-roots level

## Overview of the Research Area

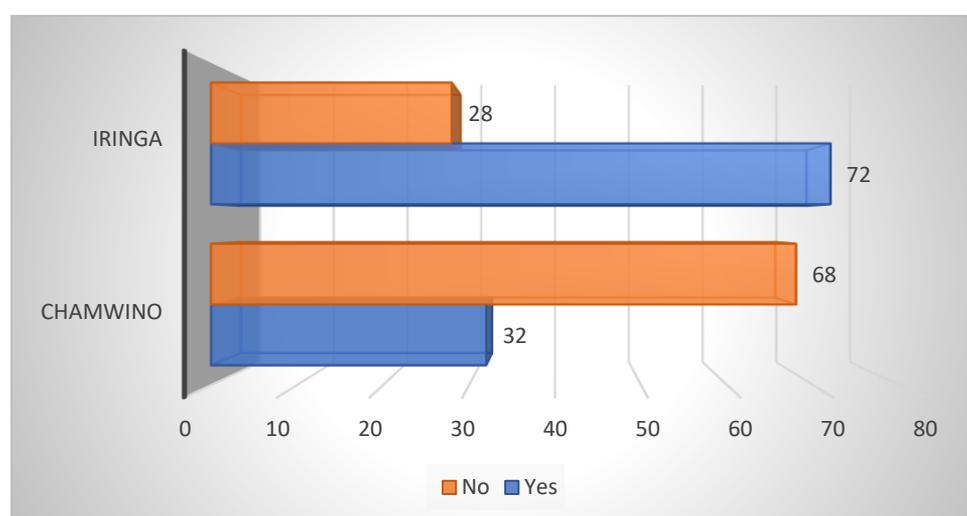
This brief explores the processes through which the inputs were distributed to eligible beneficiaries who are smallholder farmers. It draws lessons from a 2016 study on the implementation of NAIVS in Chamwino and Iringa districts. These districts were chosen purposively based on their agronomic and socio-economic characteristics which lend themselves to seamless generalizations in Tanzania. The study adopts a mixed methods approach involving both quantitative and qualitative approaches where 5 villages out of 12 were listed to receive input voucher in Chamwino district council and 5 villages out of 113 in Iringa were randomly sampled. The sample size includes: 500 farmers, 60 voucher committee members, 30 Agro dealers, 50 Village leaders, 20 farmer organization leaders/village leaders/ordinary members and attend 10 village meetings for observation.

## Key Findings

### Satisfaction with the selection of beneficiaries

In general, the implementation of NAIVS was characterized by high community awareness and participation in scheme, the high level of satisfaction is accounted for by the fact that in many villages, the information on the availability of the vouchers reached the farmers earlier and the selection process was done by local leaders who know their citizens well, or through village meetings which were all transparent. Even in the case of voluntary registration, the selection was considered good because even those who missed, it is because they were not aggressive in registration. However, 7 farmers out of 10 in Iringa were aware of the scheme as compared to 3 farmers out of 10 in Chamwino.

*Figure 1: Whether awareness campaigns on NAIVS were carried in the village*



Source: REPOA 2016

### Selection of agro dealers

Weaknesses in oversight responsible for giving commercial companies greater leverage than beneficiaries in decision making. While the procedure of selection of agro dealers specified by NAIVS inception in 2008 were very clear, the practice in 2015/16 was different. Applicants had

to apply through input companies that had contracts with the government to supply inputs. In other words, it is the big input companies that identified agro dealers to work with.

***“I managed to be agro dealer serving the voucher scheme because; firstly, I have enough capital to distribute inputs inside and outside the district and secondly, I have enough experience in this business since year 2008”*** a response from one Agro dealer in one of the villages in Chamwino.

One of the big challenge in this selection process lay on the financial gains as companies wanted to engage agro dealers with big capital. This made several trained agro dealers to withdraw after they realized that their capital was not enough to meet the requirements of the companies.

***“I had advantage of being selected because; first, I have a big shop of agriculture inputs which is a basic requirement to be contracted by big Companies and Secondly, I attended CNFA training, which is a pre-condition to be part of this programme”***, a response from another Agro dealer in one of the villages in Iringa.

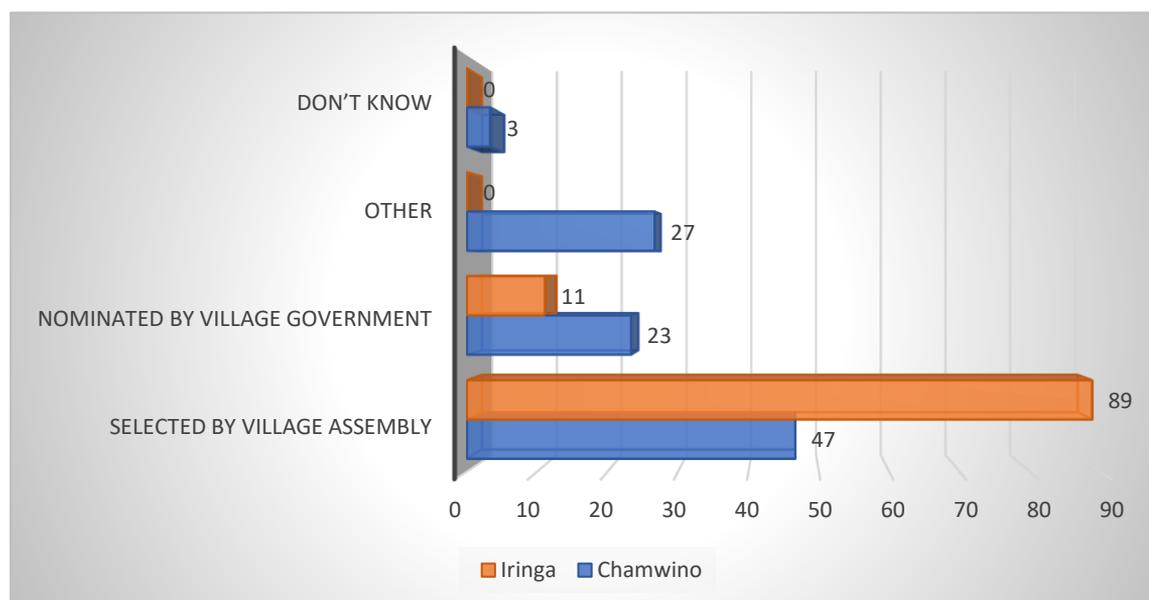
According to NAIVS guidelines, the starting point for selection of agro dealers was through identifying those that underwent CNFA training and those who had served during the first phase of NAIVS, however, big companies deprived the eligible agro dealers.

***“I did not even try to apply after getting the information on the capital requirement by the big input companies for one to qualify as agro dealer through voucher scheme because my shop is quite small relative to what it needs to be an agro dealer for input voucher”*** response from agro dealer in one of the villages in Iringa.

### **Functions and expected knowledge for selected VVCs Members**

Distribution of input vouchers to targeted beneficiaries affected by inadequacies in the formation of primary oversight entities, Village voucher committee. In most cases VVC members were selected either through the village assembly meeting or nominated by the village government. About 67% of village voucher committee members across two districts reported to be voted by the village assembly. The remaining joined VVC through nomination, being a member of previous VVC and or holding a post in the village leadership.

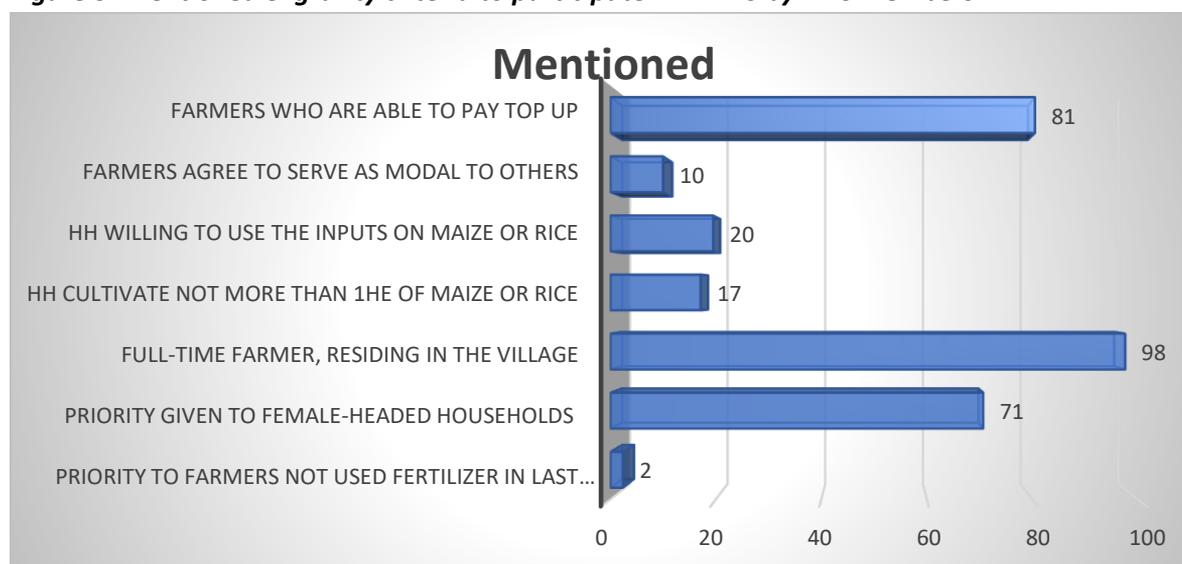
**Figure 2: Selection of the most recent members of the VVC**



**Source: REPOA 2016**

The process of VVC selection and approval had a significant difference in two district councils. Though VVC came to power through different approaches, in Iringa all VVC members were approved by the village assembly as opposed to Chamwino where about 40% did not get approval. Nevertheless, the effectiveness of a VVC can be indirectly measured by looking at the knowledge of the VVC members about targeted beneficiaries. It can also be looked by how they monitor distribution of vouchers and overseeing the input use. The research team listed all criteria for selection of beneficiaries in the questionnaire and members of the VVC were asked to mention them. Majority of the members of the VVC were able to identify three out of seven criteria that were used for selection of beneficiaries. The criteria mentioned included (full-time farmer, residing in the village, a farmer with willingness and ability to make top up payment for the inputs and priority to be given to female-headed households).

**Figure 3: Mentioned eligibility criteria to participate in NAIVS by VVC Members**



**Source: REPOA 2016**

## **Selection of beneficiaries**

NAIVS structural deficiencies exploited to reward non-qualifying farmers at the expense of intended beneficiaries. Three main approaches were used to select NAIVS beneficiaries at the community level.

First, through villagers/community selection: Selection started at the lowest level whereby hamlet leader organized general meetings, informing the community on availability of subsidized inputs and criteria set to select beneficiaries. Then hamlet leaders prepared a list of prospective beneficiaries. The list was forwarded to general meeting for approval by community in the hamlet and finally to the village assembly.

***“Ten cells leader register names of vulnerable farmers in our area, forward them to hamlet general meeting where the nominated names were presented for approval. The approved names in hamlet general meeting were forwarded to village general meeting for the final approval”. A farmer in Chamwino district.***

Second, voluntary registration: Under this approach, the general meeting was held to communicate the availability of subsidized inputs and criteria set for a farmer to become beneficiary. Then the interested farmers who feel to meet selection criteria and willing to use inputs were invited to register their names to the hamlet chairperson or village executive officer to the limit of available input quarter.

***“In the village general meeting we were informed about the availability of subsidized improved maize seeds and chemical fertilizers, so whoever is interested should register with the village executive officer, then I registered my name and when inputs brought to the village, hamlet chairperson informed us, and we went to purchase the inputs.” Attested by farmers from Iringa and Chamwino districts.***

Third, through local leaders: Under this approach, it is believed that local leaders know economic status of their people. Thus, in a general village meeting, farmers were informed about availability of subsidized inputs and eligibility criteria for participating. Then local leaders registered eligible beneficiaries and list was displayed in the village notice boards as voucher scheme beneficiaries.

***“The process started from village meeting where the voucher scheme guidelines were introduced to farmers, thereafter the interested farmers were asked to list their names through their leaders. Ten cell leaders, hamlet leaders and village voucher committee registered farmers. The names were then screened by local leaders, out of which the final list of beneficiaries was selected. The list was presented in the general village meeting for approval”. Focus group discussion, Iringa district.***

Though villagers/community selection was mandatory in selection of beneficiaries of subsidized agriculture inputs, in 2015/16 three methods described above dominated, while

selection through villagers/community was dominant in Chamwino, selection through local leaders was dominant in Iringa. The voluntary registration was common in both councils.

### **Policy implication and recommendations**

Tanzania agriculture policy (2013) acknowledges that increased use of modern inputs (fertilizers, agrochemicals, seeds, farm machinery) is a pre-requisite for achieving sufficient agricultural production and growth to meet economic development, poverty reduction and food security and nutrition goals. Domestic production, multiplication and distribution of agricultural inputs is promoted to involve both public and private sectors to ensure transparency and accountability to guide farmers as central unit to access modern inputs. Despite this policy declaration, this study shows that, the accessibility to agricultural inputs and accountability is still constrained by procurement and distribution systems controlled by government. Two recommendations are suggested:

- In implementation of NAIVS there has been violation of program's goal for enhanced downward accountability in selection of agro-dealers, this has increased the bias as selection of agro dealers was done by big companies and their requirement among others was to engage agro dealers running a big capital. Thus it is recommended that, the participatory approach in selection of inputs distributors, i.e. agro dealers would work better for the farmers if all activities would start from farmer's community, thus; in an event where government thought changes of program guidelines, it is critical as well that a clear communication and efficient monitoring and evaluation system be in place and should start from community level to avoid misapplication of reviewed guidelines and farmers as beneficiaries of policy should be involved in all stages of decision making.
- Further to that, there have been lack of transparency and fairness in the working of the VVC, this increased implementation costs by denying deserving farmers and gifting others. It is recommended that the VVC should present its reports at village assemblies and publish the details of applicant and recipient farmers on the village noticeboards to aid transparency. Moreover, upon their selection as voucher committee, capacity building for inputs administration, monitoring and evaluation to committee is essential to help boost their capability to efficiently minimize the degree of displacement.

**REPOA**

157 Mgombani/REPOA  
Street, Regent Estate  
P.O. Box 33223, Dar es  
Salaam, Tanzania  
Tel: +255 22 2700083 Cell:  
+255 75 409 1677  
Fax +255 22 2705738  
Website: [www.repoa.or.tz](http://www.repoa.or.tz)  
Email: [repoa@repoa.or.tz](mailto:repoa@repoa.or.tz)

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