



FARMING INPUT VOUCHER PROGRAMME

Phase II Final Report

DESCRIPTION	AMOUNT ALLOCATED	AMOUNT DISBURSED
<i>Farming Input Vouchers</i>	R100 000 000	R98 432 946

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EXECUTIVE SUMMARY

The Farming Input Voucher (FIV) programme aimed to disburse R100 000 000 in R2 000 vouchers to subsistence farmers, most of whom are in rural areas of South Africa. Phase I of the programme, in partnership with the Department of Land Reform and Rural Development (DALRRD) and Cooperative Governance and Traditional Affairs (CoGTA), closed on 31 May 2021 with vouchers valued at R74 509 934 redeemed by 37 254 farmers.

The Solidarity Fund (SF) published the [Farming Inputs Voucher Programme Phase I Report](#) in August 2021.

At the end of Phase I of the programme, there was an amount of approximately R22 000 000 unspent in allocated funding. The Solidarity Fund's Executive Committee approved a proposal to pivot the unspent funds towards working with NGOs and farming groups to reach their respective members in districts with low redemption rates. An extension of the programme until 1 October 2021 was granted to allow for further voucher redemptions. The following partner farmer organisations were identified:

- **Save Act Trust (SAT)** works with the rural poor, mainly in the former homeland areas. Save Act Trust is an NPO that promotes financial literacy, self-managed financial services through savings groups, and sustainable livelihoods. Founded in 2005, Save Act has worked with other NGO partners to build a programme of 100 000 members, adding approximately 10 000 members a year.

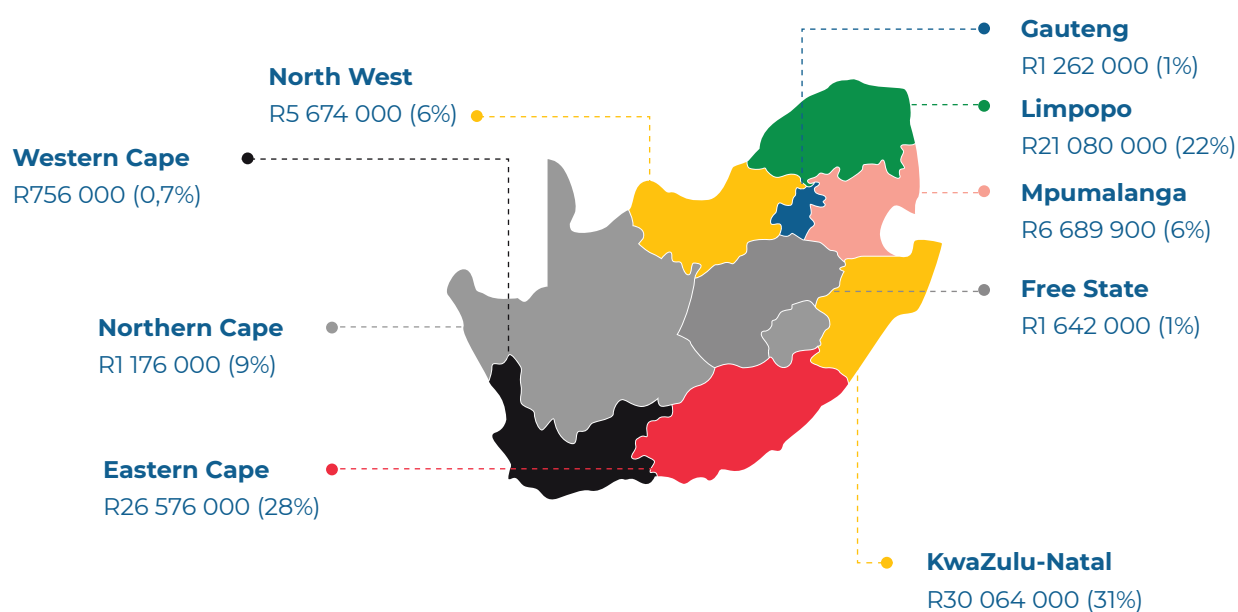
92% of members are women, about 40% youth, 6% disabled, and the focus of Save Act's work is on vulnerable households. 90% of Save Act Members are in KwaZulu-Natal (KZN) and the rest in Northern Cape and Free State.

- **Lingelihle Farmers Agricultural Primary Cooperative Amathole District Co-op (Lingelihle)**, working with rural farmers in livestock and vegetable farming, has supplied access to over 5 000 farmers, including women farmers, for this programme. Lingelihle has on-the-ground capability and capacity to follow up post disbursement for redemptions and uptake. They are knowledgeable on input supplier and transport networks to assist farmers in accessing supplies and have an extensive community network and relationship with Traditional Leaders and Herdsmen in the Amathole District, Eastern Cape.

Considering lessons learnt in Phase I, the implementation team focused on increasing the number of input suppliers within the active regions to aid accessibility and minimise the distances farmers had to travel to redeem vouchers and collect inputs.

11 562 Save Act and Lingelihle farmers were registered for the programme, and all were each issued with R2 000 farming inputs vouchers. As of 30 September 2021 Save Act had achieved a redemption rate of 84% and Lingelihle, 74%. The total value of vouchers redeemed in both phases of the FIV programme by 1 October 2021 was R94,3 million.

Figure 1: FIV programme at a glance



Total voucher allocation
R95m



Vouchers redeemed
47 161



Total redeemed
R94,3m



Redemption rate
99%

FIV STAKEHOLDERS

This programme demonstrated a successful model that could be referenced for future public-private partnerships in food relief. Participants from the public sector, private sector, and civil society collaborated effectively towards the common cause of food relief.

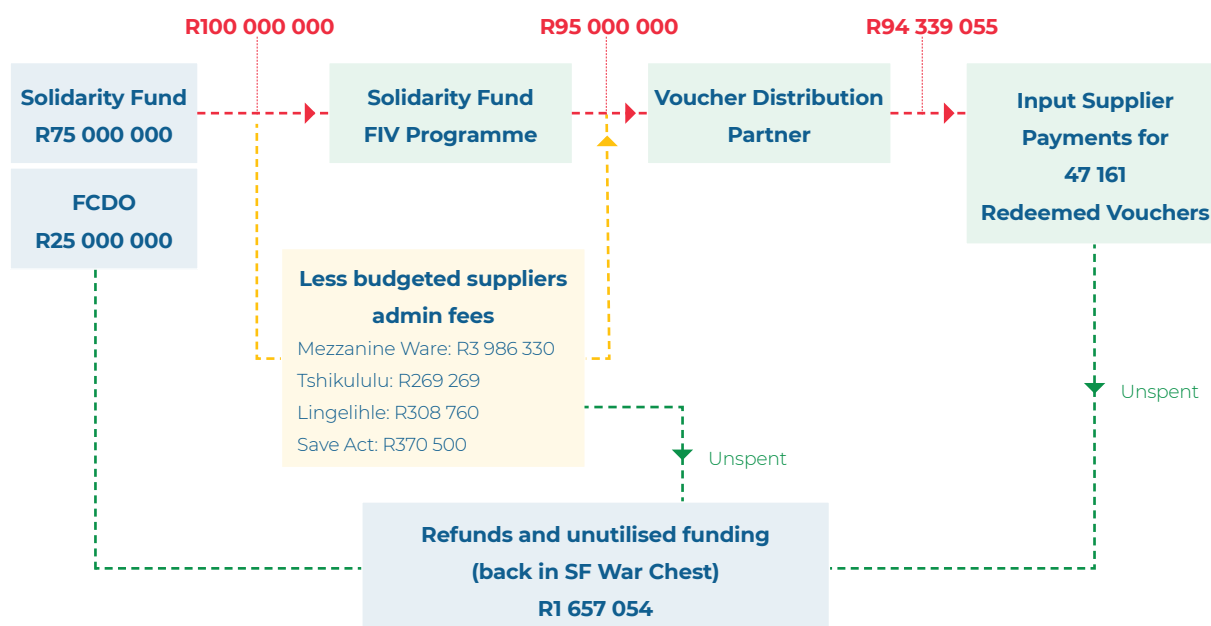
Table 1: Stakeholder roles

Stakeholder	Role
Genesis	Needs analysis and project initiation.
Tshikululu	Solidarity Fund Project Implementation Partners
Edward Nathan Sonnenberg (ENS)	Solidarity Fund Legal Advisors
Food and Agriculture Organisation	Advisory Services
UK Foreign Commonwealth and Development Office	FIV Donor
Solidarity Fund	Programme funding and total programme management.
Department of Agriculture Land Reform and Rural Development	Beneficiary identification through Narysec data capturers and DALRRD extension officers. DALRRD provided support to farmers and inputs suppliers on the ground as well as monitoring and evaluation.
Cooperative Governance and Traditional Affairs	Identification of qualifying farmers in 886 traditional councils nationally. CoGTA has solicited support from the NHTL to drive speedy redemption.
Mezzanine Ware	Services for eVoucher issuing, technical assistance, vetting, onboarding, and payment of input suppliers for vouchers redeemed and redemption liaison with implementing partners.
NGOs and Farmer Groups	Farmer groups and NGOs whose members are registered for the programme provided on-the-ground support and reporting to SF as per the agreed reporting structure. Lingelihle, Siyazisiza Trust, LandNESS and SaveAct Trust were also responsible for liaising with input suppliers on behalf of their members, providing project management assistance – M&E, Reporting.
Input Suppliers	Agricultural inputs to subsistence farmers in exchange for farming inputs vouchers.
Farming Inputs Voucher Beneficiaries	Subsistence farmers selected to participate in the FIV programme.



FIV FUNDS FLOW

Figure 2: FIV funds flow



Funding allocation

The Solidarity Fund approved R75 000 000 and the Foreign, Commonwealth and Development Office - United Kingdom (FCDO-UK) augmented with a donation of R25 000 000, bring the total project funding to R100 000 000.

Implementing partner fees

The Fund allocated 5% of the total FIV budget towards service fees. R4 934 859 was budgeted for admin fees and services provided by Mezzanine Ware, Tshikululu, Lingelihle and Save Act.

Payment requests and voucher issuing

The Fund paid R95 000 000 for vouchers issued through the Mezzanine Ware Connected Farmer platform. Mezzanine Ware paid R94 339 055 to approximately 320 input suppliers for redeemed vouchers, and the remaining balance of funds for unredeemed vouchers was paid back to the Fund.

Programme funding returned to the Solidarity Fund War Chest

- R98 342 946 of the budgeted R100 000 000 was spent on redeemed vouchers and supplier fees.
- Unutilised funding due to savings from cancelled programme activities and refunds for unredeemed vouchers amounts to R1 657 054. The funds have been returned to the Solidarity Fund war chest.

VOUCHER REDEMPTION AND PRIMARY OUTCOMES

The Solidarity Fund targeted farmers from 886 Traditional Councils and peri-urban nodes in Gauteng and Western Cape.

Of the 47 864 targeted farmers, 47 173 redeemed vouchers at 206 suppliers nationally.

KwaZulu-Natal accounts for at least 50% of traditional councils in South Africa, followed by the Eastern Cape and Limpopo. These provinces had the highest number of registered farmers and vouchers redeemed.

Table 2: Voucher redemption at 1 October 2021

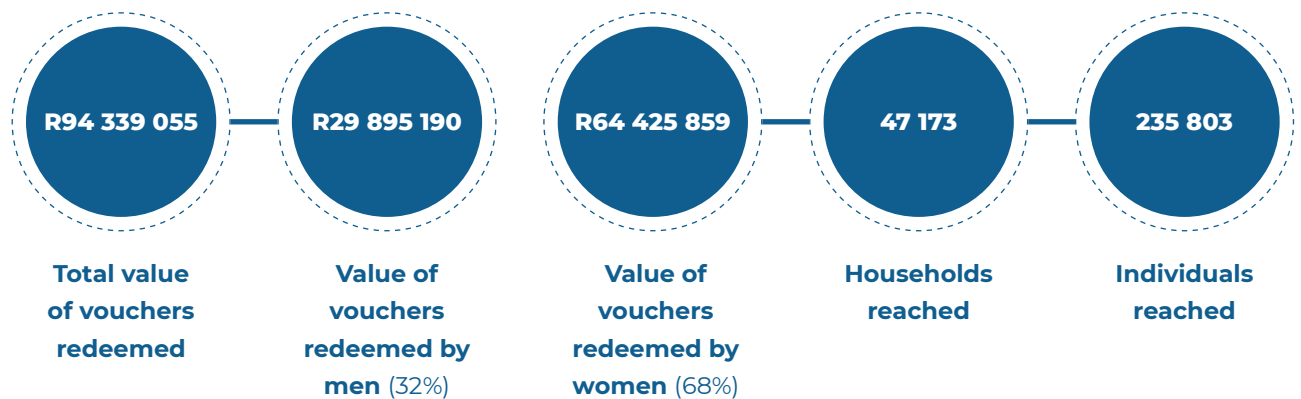
Province	Registration target	Target value (@R2000 eVoucher)	Value of vouchers redeemed	Percentage redeemed of total target
Eastern Cape	12 896	R25 792 000,00	R26 501 734,83	102,75%
Free State	780	R1 560 000,00	R2 296 240,77	147,19%
Gauteng	604	R1 208 000,00	R1 047 096,78	86,68%
KwaZulu-Natal	16 108	R32 216 000,00	R35 000 624,32	108,64%
Limpopo	10 576	R21 152 000,00	R18 171 909,49	85,91%
Mpumalanga	3 274	R6 548 000,00	R4 906 743,93	74,94%
North West	2 858	R5 716 000,00	R4 286 016,92	74,98%
Northern Cape	468	R936 000,00	R1 552 675,79	165,88%
Western Cape	300	R600 000,00	R583 800,25	97,30%
Grand Total	47 864	R95 728 000,00	R94 346 843,08	98,56%

NGO/Farmer groups	Vouchers issued	Value of vouchers issued (@R2000)	Value of vouchers redeemed	Percentage redeemed to total vouchers issued
Siyazisiza	1 253	R2 506 000,00	R2 129 381,63	84,97%
Lingelihle	5 146	R10 292 000,00	R7 689 725,48	74,72%
Save Act	6 175	R12 350 000,00	R10 656 194,62	86,28%
Grand Total	12 574	R25 148 000,00	R20 475 301,73	81,42%



Programme highlights

Figure 3: Programme highlights



47 173 household producers (vulnerable and subsistence) were supported with farming input vouchers, to enhance their production efforts as they strive to retain self-employment and support food value chains.

- Vulnerable individuals and groups, women, youth and people with disabilities, child-headed households, farm dwellers and farm workers were proactively supported with farming input vouchers.
- 68% of vouchers issued were redeemed by women.
- 235 803 individuals within supported households were reached through this programme.

Figure 4: Solidarity Fund FIV beneficiary at Ha-Sethunya, Free State



Redemptions increased to 99% in the last month of the programme. The increase in redemptions was driven by the new partnership with Lingelihle and Save Act and their visibility on the ground to assist farmers with processing vouchers and placing orders.

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SUCCESS STORIES

The initiative's impact can only be adequately measured after the farmers have harvested the produce from the inputs procured using the vouchers. 47 160 households will be food secured, and those farmers that have access to markets have been able to sell some of the produce for income generation. The programme has also played a role in the overall agriculture farming economic activity during the pandemic. The onboarded input suppliers could collectively sell produce worth R94,3 million whilst most businesses experienced a catastrophic impact.

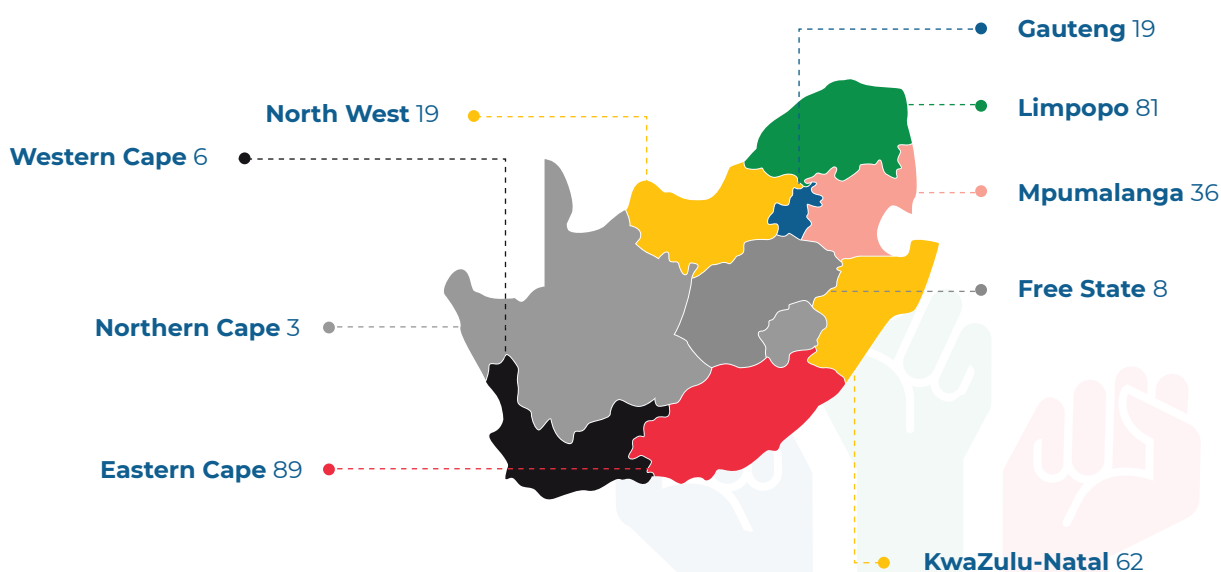
The second phase of the programme focused on targeting Eastern Cape and KwaZulu-Natal's farmers where there were low redemptions during the first phase. Coincidentally, Phase II was rolled out in August 2021 after the July civil unrest, which primarily affected communities in KZN. This project served as an additional and welcome intervention to the food relief response following the July unrest, targeted at farmers whose livelihoods were threatened during this time.

Local economic development

This programme increased the buying power of input suppliers and helped sustain enterprises. This impact was compounded by the government-run programme, namely; the [Presidential Employment Stimulus Initiative \(PESI\)](#), accessed by some of the larger input suppliers who are part of the Solidarity Fund's farming inputs programme.

206 out of 323 registered suppliers supplied approximately 171 608 units of input supplies in all nine provinces.

Figure 5: Number of input suppliers per province



To date, the input suppliers have achieved sales amounting to R94,3 million. The most purchased farming inputs are listed in the table below. **Other farming inputs: fertiliser, natural fertiliser (kraal manure), pesticides/insecticide, fungicide and bean inoculant.*

Table 3: Provinces' farming inputs

Province	1 st	2 nd	3 rd	4 th	5 th
Eastern Cape	Poultry feed	*Other farming inputs	Chicks - pullets	Chicks - cockerels	Inorganic fertiliser
Western Cape	Other seed and seedlings	*Other farming inputs	Poultry feed	Wheelbarrow	Fence posts
Limpopo	*Other farming inputs	*Poultry feed	Garden hose	Wheelbarrow	Vegetables seeds
Gauteng	Wheelbarrow	*Other farming inputs	Vegetables seeds	Garden hose	Fork
North West	*Other farming inputs	Poultry feed	Garden hose	Wheelbarrow	Water tank
Northern Cape	Poultry feed	Wheelbarrow	Pesticides/ insecticide	Other farming inputs	Vegetables seeds
KwaZulu-Natal	*Other farming inputs	Wheelbarrow	Poultry feed	Wire	Knapsack sprayer
Mpumalanga	*Other farming inputs	Poultry feed	Wheelbarrow	Inorganic fertiliser	Garden hose
Free State	*Other farming inputs	Wheelbarrow	Vegetables seeds	Garden hose	Chicks - pullets

Enhanced collaboration

The FIV programme has significantly improved the partnerships with Siyazisiza Trust, Save Act, Lingelihle and Mezzanine Ware. All parties had to engage with each other regularly and cooperate to achieve farming inputs programme targets. It has had longer-term implications, especially for emerging farmer groups like Lingelihle Agricultural Farmers Cooperative. This programme has helped build their capacity to deliver services to their members.

As a result of the success of this programme, the Solidarity Fund was approached by the Department of Agriculture, Land Reform and Rural Development (DALRRD) to make available its farmer database. The database is to be used by DALRRD to issue approximately R430m worth of farming inputs to smallholder/subsistence farmers. The Solidarity Fund and DALRRD are in the process of finalising a data sharing agreement in this regard.

Beneficiary stories

Benefits have already accrued to the small-scale farmers and the communities alike due to the programme. A sustainable community ecosystem has developed with farmers benefiting from purchases of their crops while addressing food insecurity in their immediate environment.

“Thank you, Save Act and Solidarity Fund. Our hands are above our heads with appreciation.”

This was just one of the many messages sent by some of the thousands of Save Act savings group members after receiving a farming input voucher worth R2 000 from the Solidarity Fund.

Figure 5: Save Act members and FIV beneficiaries



CHALLENGES: FARMING INPUT VOUCHER PROGRAMME (PHASE II)

Executive summary

There have been several challenges during the implementation of this initiative, particularly concerning beneficiary access to inputs suppliers and deliveries of merchandise in rural areas. The following section outlines the challenges experienced in the programme's life and the mitigating actions taken by the Fund.

Table 4: FIV Phase II Challenges, farming input programme

Challenge	Description	Mitigation
Farmer registration and redemption rates	<i>Low registration rates due to data verification challenges.</i>	<ul style="list-style-type: none"> • Implementation of partners' network; including field workers, community facilitators and open communication channels. • Programme awareness and data verification. • Interns to assist with calling farmers and correcting databases. • Reconciliation of data via communication with Mezzanine Ware.
Input suppliers	<i>Shortage of input suppliers.</i> <i>Stock shortages.</i> <i>Long queues at shops.</i> <i>Programme timeline extension requests by input suppliers due to large volumes of beneficiaries.</i>	<ul style="list-style-type: none"> • Implementing partners' efforts to increase input suppliers. • Suppliers extending operating hours.
Accessibility	<i>Bad roads and long distances to input suppliers' shops.</i>	<ul style="list-style-type: none"> • Implementing partners coordinated deliveries of inputs to affected farmers. • Community-based facilitators identified most convenient stores based on farmers usual shopping areas and assisted in getting these stores onboarded as suppliers.

Alfred Nzo District supplier breach of redemption process

In February 2021, DALRRD identified an input supplier that was not following the approved process for voucher redemption. The input supplier redeemed vouchers on behalf of farmers in the Alfred Nzo District. Following an investigation undertaken by Mezzanine Ware, it was established that funds were paid into the input supplier's bank account for vouchers redeemed on behalf of the farmers; however, at this point no inputs were delivered to the farmers. Over 150 farmers voluntarily shared their voucher information with the input supplier, expecting their inputs would be delivered.

Input supplier identification

The Alfred Nzo input supplier was identified from a list of suppliers provided by DARRLD and registered by Mezzanine Ware as an input supplier following screening based on the below criteria.

Criteria to qualify as an input supplier in the FIV programme:

- The input supplier must be within a reasonable geographic distance from beneficiary communities and need to register to participate.
- The input supplier must have an Android smartphone or internet-enabled computer at the store to redeem vouchers.
- The input supplier must have an electronic point-of-sale system, which enables daily sales reporting at a product level, against which voucher redemptions can be readily reconciled.
- The input supplier must fulfil their role in this voucher program in the spirit of the Solidarity Fund and make sure all benefits reach the intended registered and verified smallholder farmers.

Process for redeeming vouchers



Process irregularities

Various challenges led to the input supplier identifying an opportunity to collaborate with beneficiaries. Challenges included:

- Farmers' limited access to input suppliers due to long distances
- Lack of transportation to deliver/collect goods

The programme was designed such that input suppliers were not allowed to redeem vouchers on behalf of farmers and these requirements were clearly communicated to input suppliers at a briefing session and reiterated throughout the programme implementation.

The following irregularities were identified in the process followed by T.N. Majavu and Associate:

- The supplier received vouchers from farmers via text messaging or phone calls, with no form of identification presented during the exchange.
- The supplier gained access to some of the farmers' mobile numbers and called them, asking for their voucher codes.
- The supplier redeemed vouchers on behalf of beneficiaries.
- In some cases, deliveries of goods were made to the traditional local council and not directly to the farmers.

Control measures

Following consultations with various key stakeholders, including the legal teams of Mezzanine Ware and the Solidarity Fund, it was concluded that the process followed by the input supplier was reasonable given the challenges on the ground as listed. However, strict control measures were put in place to minimise future risk.

The Solidarity Fund established the following control measures:

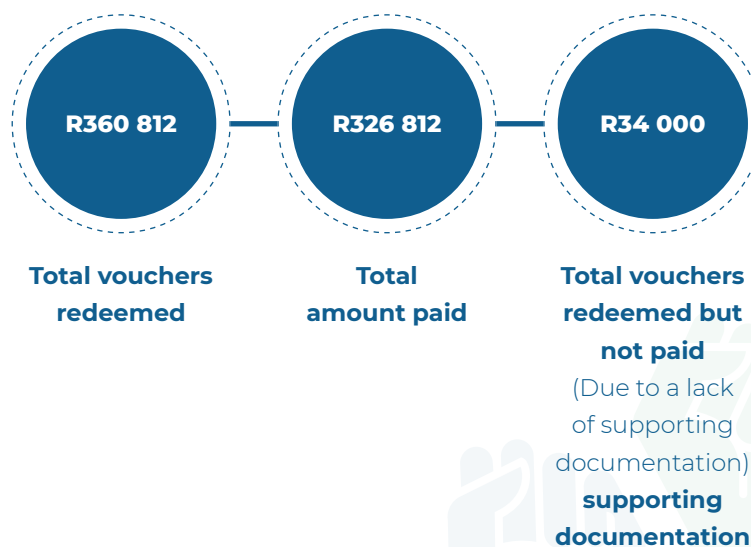
- Stricter controls for payments where large transactions were identified.
- Before onboarding, new input suppliers undergo rigorous due diligence, vetting and verification processes undertaken by Mezzanine Ware.

The Alfred Nzo input supplier was instructed to adhere to the following control measures:

- To deliver outstanding supplies before receiving any further payment.
- To submit frequent qualitative and quantitative reports.
- To provide delivery notes and invoices to account for redeemed vouchers.
- Mezzanine Ware vetted delivery proof documentation before processing the supplier payments.

Summary of vouchers redeemed by Alfred Nzo input supplier

Final payment was transferred to the input supplier against supporting documentation verified by Mezzanine Ware. Below is an overview of the payments made.



The Farming Inputs Voucher programme was designed as a crisis food relief response to alleviate the devastating impact of the COVID-19 pandemic. It was intended to take place over a period of six months, which proved to be too ambitious, considering the intensity of work and resources required to collect beneficiary data, verify, disburse and redeem. It was therefore extended to twelve months to allow the subsistence farmer beneficiaries to redeem their vouchers.

In spite of the extended timeline, the programme has proved to be a major success, with a final redemption rate of approximately 99%, or R94m worth of R2000 vouchers redeemed. The partnerships formed with Government, farmer NGOs and organisations, the private sector and the voucher partner, Mezzanine Ware, have played a significant and immeasurable role in the success of the programme.

Following the successful completion of the Fund's Farming Inputs Voucher programme there remains a need to support the development of agricultural value chains, sustainable agriculture and food security. This is particularly for South Africans who have suffered job losses due to COVID-19 by providing agricultural inputs for their own food production. To this end, a third phase of the programme has been approved by the Solidarity Fund, with implementation from 01 February 2022. A further 25 000 farming inputs vouchers will be disbursed to a new database of farmers who were not beneficiaries of the first two phases.

