



# FARMING INPUT VOUCHER PROGRAMME

## Phase III Final Report

DESCRIPTION	AMOUNT ALLOCATED	AMOUNT DISBURSED
<i>Farming Input Vouchers Phase III</i>	R52 895 000	R39 314 326 including fees
<b>Total Farming Input Voucher Programme (Phase I, II &amp; III)</b>	<b>R152 895 000</b>	<b>R137 747 272</b> including fees

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#### ENSURING FOOD SECURITY

The COVID-19 national lockdowns, though essential in the fight against the pandemic, had a profound impact on many South Africans, bringing economic hardship and food insecurity to many of the most vulnerable. A core mandate of the Solidarity Fund was to support the South African government in its efforts to alleviate this hardship, augmenting the actions of government and businesses to enhance vulnerable households' ability to access food.

To address the immediate need of those unable to access food and facing a real threat of hunger, the Fund's humanitarian food relief programme began with an emergency relief response focused on supporting food parcel distribution, complimenting similar efforts by the government and other entities.

However, due to the high response costs, the Fund adapted its programme, implementing a digital food voucher intervention. As a more cost-effective approach, this intervention enabled the Fund to reach more beneficiaries and offer a more dignified option, allowing them to use the support to best meet their individual needs.

Since the digital food voucher programme largely targeted urban populations, the Fund broadened its focus to support a more rural-focused relief intervention that would help address the disruption to household-level food production in rural and peri-urban areas. Rural subsistence farmers play a critical role in food security, with approximately 75% of predominantly rural subsistence farmers engaging in agriculture to provide additional or supplementary food for their households.

The national-scale Farming Input Voucher (FIV) programme focused on supporting those subsistence-focused smallholders and household farmers who had lost income because of COVID-19 restrictions, thereby compromising their ability to fund ongoing farming activities and the next farming cycle. Preference was given to rural and women farmers.

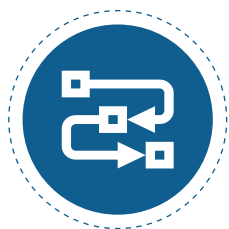
## THE FARMING INPUT VOUCHER PROGRAMME

The farming input voucher programme provided vulnerable and subsistence households with vouchers to the value of R2 000 to purchase farming equipment and supplies from identified suppliers to begin or sustain and even grow their subsistence farming. In this way, they can ensure food security for their household and, in many cases, their communities. For many, selling their surplus crop also earned them an income.

The farming input voucher programme was implemented in three phases. Phase I and II (April 2020 - October 2021) focused on rural subsistence farmers in all nine provinces, with phase II extending the programme to support civil society and farming groups to promote voucher redemption uptake amongst their respective members, predominantly in the Eastern Cape and KwaZulu-Natal (KZN), where redemption rates were low in the first phase. Phase III (February - April 2022) supported farmers across all nine provinces who did not benefit from the first two phases.

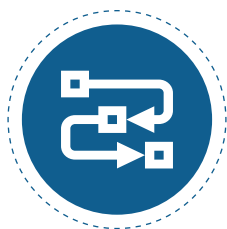
The Fund allocated R100m to the first two phases, R75m from the Fund and R25m donated by the UK Foreign and Commonwealth Development Office. The Fund disbursed R98m of the allocated amount, R94m worth of vouchers, and the remaining covering implementation fees. Phase III was allocated R52m to support an additional 25 000 subsistence farmers across all nine provinces, with R36.7m worth of vouchers being redeemed, benefitting 18 374 beneficiaries.

## FIV OVERVIEW



### Phase I and II (April 2020 - October 2021)

- R95m allocated for vouchers (+R5m fees; total allocated R100m)
- R94.3m worth of vouchers redeemed
- 47 173 household producers reached
- 99% redemption rate



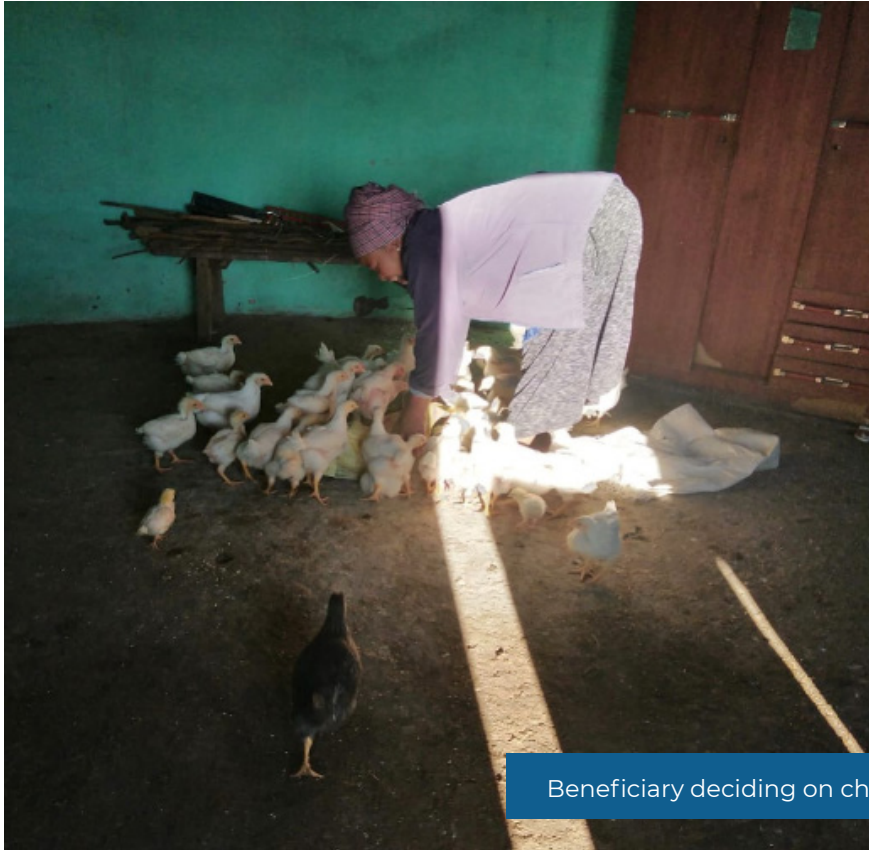
### Phase III (February - April 2022)

- R52.9m allocated
- R36.7m worth of vouchers redeemed (R2.9m in fees)
- 18 374 household producers reached
- 73% redemption rate



### Overall FIV impact at a glance

- R152.9m – Total allocated
- R131m – Total value of vouchers redeemed
- R89.8m – Value of vouchers redeemed by women (69%)
- 65 543 – Households reached
- 87% redemption rate



Beneficiary deciding on chickens to purchase with her voucher

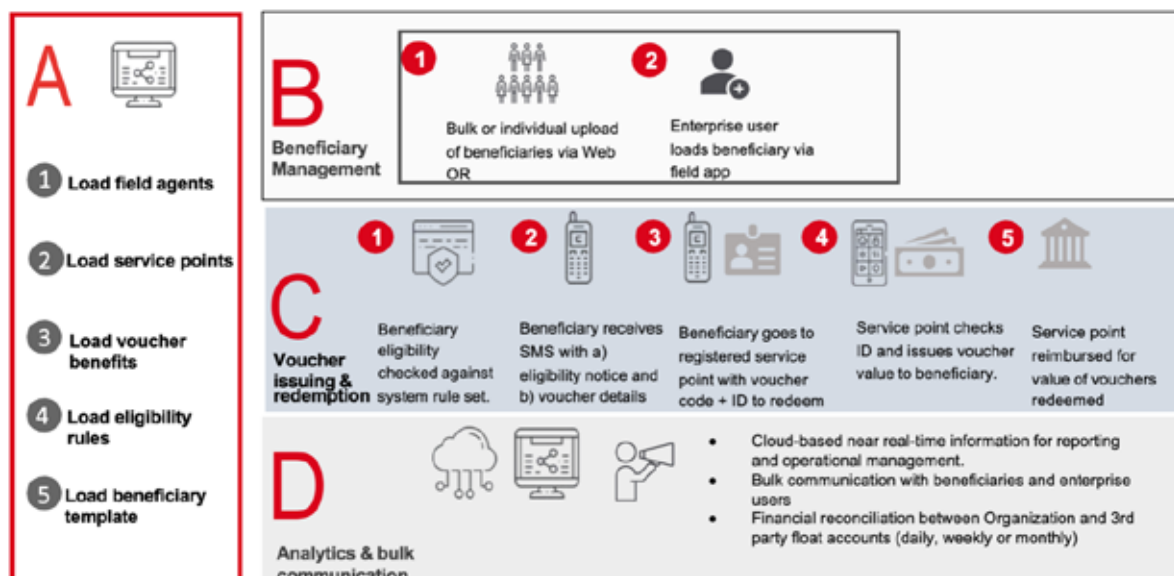


A happy customer who bought broiler chickens from a Solidarity Fund beneficiary



Supplies available for purchase with FIV vouchers at an approved input supplier

Figure 1: How the Farming Impact Vouchers work



- A. Mezzanine sets up the eVoucher system with the required information and specifications.
- B. Partners and Mezzanine identify, vet, and register beneficiaries and input suppliers onto the system.
- C. Vouchers are issued and redeemed through the process outlined above.
- D. Monitoring and communications tools within the system support monitoring and reporting, financial reconciliation, and bulk communication with beneficiaries, suppliers, and stakeholders.

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**FIV STAKEHOLDERS**

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.

<b>Mezzanine Ware</b>	<i>Services for eVoucher issuing, technical assistance, vetting, onboarding, and payment of input suppliers for vouchers redeemed and redemption liaison with implementing partners.</i>
<b>NGOs and Farmer Groups</b>	<i>Farmer groups and NGOs whose members are registered for the programme provided on-the-ground support with identifying and registering beneficiaries,, promoting and supporting voucher redemption, and reporting to SF as per the agreed reporting structure. These partners included: Lingelihle, Siyazisiza Trust, LandNESS, SaveAct Trust, LIMA, and SAWID. They were also responsible for liaising with input suppliers on behalf of their members, providing project management assistance – M&amp;E, Reporting.</i>
<b>Input Suppliers</b>	<i>Suppliers of agricultural inputs to subsistence farmers in exchange for farming inputs vouchers. Reimbursed by the Fund through Mezzanine.</i>
<b>Farming Inputs Voucher Beneficiaries</b>	<i>Subsistence farmers selected to participate in the FIV programme.</i>

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## INPUT SUPPLIERS

The network of Input Suppliers included participating cooperatives and other shops that sell agricultural inputs focusing on products used in vegetable, maize, beans, and chicken farming. They were an essential partner for increasing redemption rates. Over the project's life, **330 input suppliers were used to redeem vouchers**. Qualifying suppliers were onboarded by Mezzanine, with the guidance and approval of the Fund.

The criteria for qualifying as an input supplier in the FIV programme included:

- 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 programme in the spirit of the Solidarity Fund and ensure all benefits reach the intended registered and verified smallholder farmers.

Input suppliers were paid for redeemed vouchers daily (business days), four to five days after voucher redemption, depending on the cross-bank transfer time required between the respective banks (for example, vouchers redeemed on a Monday were paid into the merchant account on Friday). Input suppliers noted their appreciation for the fast payment of vouchers, enabling the system to work efficiently and ensure trust between all parties.

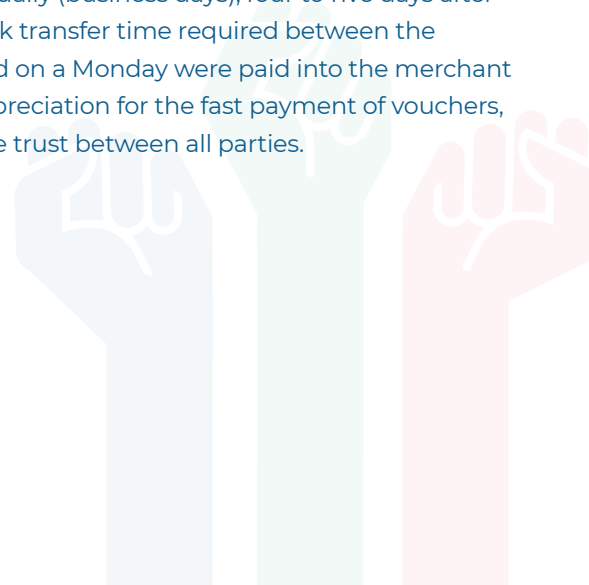
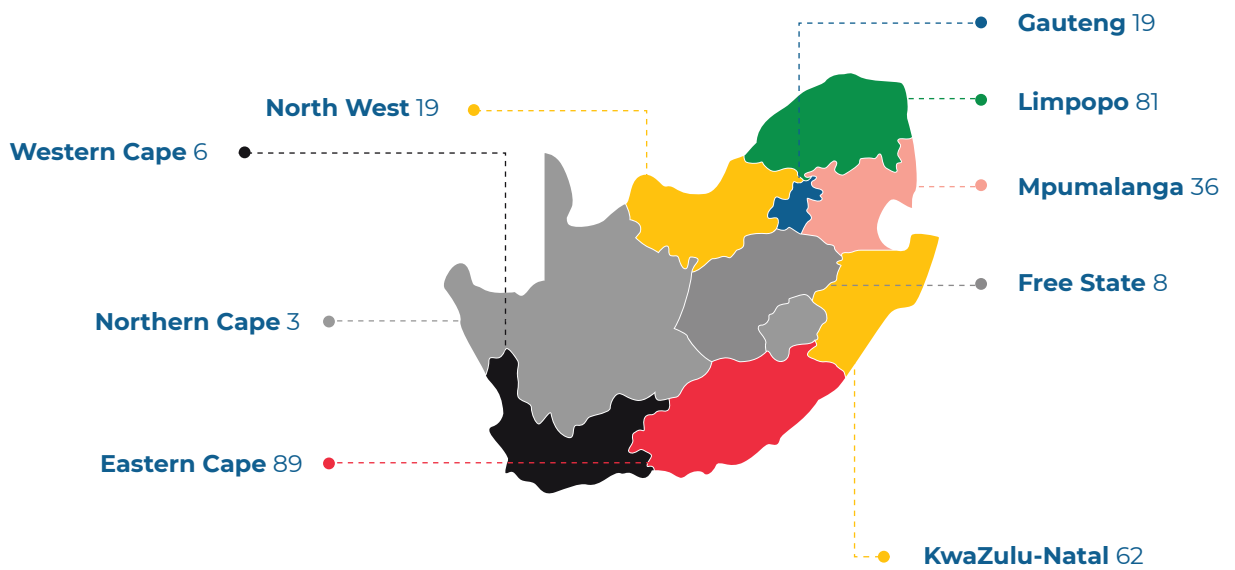


Figure 2: Number of input suppliers per province



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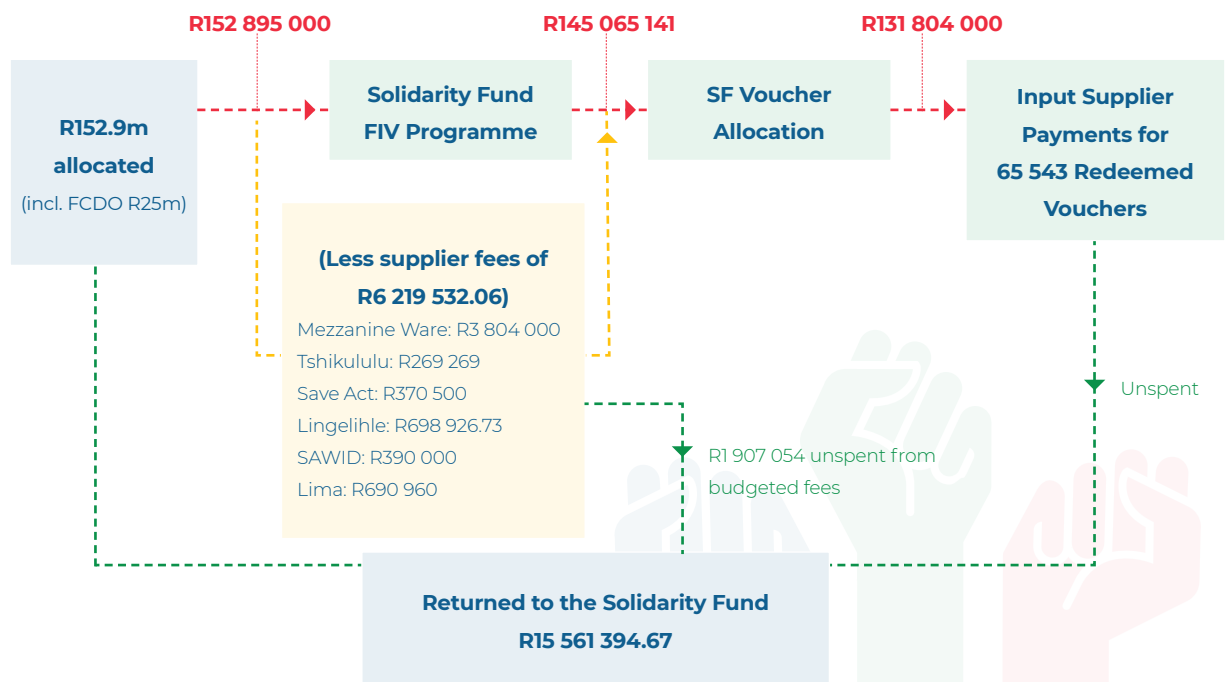
**FIV FUNDS FLOW**

The Solidarity Fund approved R152.9m for all three phases of the programme – including R25m donated by the UK FCDO.

The partners were allocated 5.8% to cover service fees for the implementation of the project – 2.8% for Mezzanine and 3% for the other partners. Total ultimately paid in expenses for all three phases were 4% of the R152,9 million envelope.

At the project’s close, R15.6m of unutilised funds were returned to the Fund for reprogramming.

Figure 3: FIV funds flow



## FARMING INPUT VOUCHER PHASE III

Despite the success of the first two phases, the need to support the development of agricultural value chains, sustainable agriculture, and food security remained. The Fund, therefore, extended the programme for the third phase with an allocation of R52 895 000 to support an additional 25 000 subsistence farmers across all nine provinces, contributing to the food security of approximately 125 000 individuals.

Phase III supported farmers who had not benefitted from the first two phases of the programme, enabling them to access food at the household level to meet their basic food requirements, as well as helping to improve their livelihoods through sustained and even increased food production. The programme ran for three months, from 1 February – 30 April 2022.

For this third phase, the Fund continued to partner with farmer groups and Non-governmental Organisations (NGOs) to disburse, track, and monitor the issuing and redemption of vouchers. The existing technology, the Connected Farmer eVoucher solution, which includes a database of farmers and vetted supplier service points, was also used again. The new beneficiaries and additional input suppliers were loaded onto the system for this phase. The technology was also upgraded to include risk mitigation measures based on lessons from the previous phases.

### Programme Partners

The Fund collaborated with some of the existing partners that had successfully supported the implementation of the previous phases of the programme. However, the Fund brought on an additional partner - South African Women in Dialogue (SAWID) – to increase its reach of women beneficiaries. Partners for phase III and their roles and responsibilities are described below.



#### Mezzanine Ware **mezzanine**

Mezzanine is a subsidiary of the Vodacom Group. They operate as a tech start-up backed by the support and scale of Vodacom and Vodafone. Mezzanine offers comprehensive solutions for agribusiness to interact and transact with smallholder and commercial farmers in Africa. Mezzanine's Connected Farmer digital platform connects farmers in the most rural parts of Africa to a range of service and product providers, including input finance, buyers, and insurers.

For the FIV programme, Mezzanine worked closely with the other partners to:

- Identify and register beneficiary farmers, providing training on the eVoucher mobile app as required.
- Support the issuing, redemption, monitoring and reporting of eVouchers.
- Onboard new input suppliers and map them to new farmers where possible.
- Support daily payment processing to suppliers.
- Monitor and support suppliers, beneficiary farmers, and partners to ensure high redemption rates.
- Conduct monitoring and weekly reporting with relevant stakeholders to identify challenges and risks and steps help to resolve them.

## Lima Rural Development Foundation



Lima Rural Development Foundation supports South Africa's smallholder farmers in rural areas who are often disadvantaged due to isolation from key markets and services considered essential for developing successful agricultural enterprises. Their Abalimi Phambili Programme is a Smallholder Farmer Support Programme that provides support services to farmers, emphasising women empowerment.

The Fund partnered with Lima to facilitate the distribution of farming input vouchers to qualifying farmers from their existing database of 15 000 farmers in their smallholder farmer support and food security programmes. Lima's role included:

- Identifying qualifying beneficiaries from their existing database and supporting their registration on the eVoucher system.
- Identifying suppliers in the implementation areas who meet the project criteria and assisting with the onboarding procedures.
- Translation of SMSs about the voucher process (using the bulk SMS templates) into local languages, making the voucher redemption process easier for beneficiaries and suppliers.
- Promoting voucher redemption and assisting farmers and suppliers with the process of voucher redemption through their agricultural facilitators in the target regions who have direct relationships with the registered smallholder farmers and relevant stakeholders.
- Through this support, Lima facilitated the distribution of 11 516 vouchers (of the 12 000 they were allocated) to identified beneficiary farmers across five provinces and 13 district municipalities.

## Lingelihle Agricultural Farmers' Cooperative



Centane Lingelihle Farmers Agricultural Primary Cooperative Limited is a cooperative led by traditional leaders from Centane in Mquma Local Municipality under Amathole District Municipality in the Eastern Cape. Their primary focus is rural development through agriculture, specifically crop and livestock production. They have an extensive community network and relationships with traditional leaders, herdsmen, and the Provincial Department of Rural Development and Agrarian Reform in the Eastern Cape Province. Over 5 000 farmers in their network benefited from phase II of the farming inputs programme.

The Fund partnered with Lingelihle to facilitate the distribution of 6 500 farming input vouchers to qualifying farmers from their network. This relationship enabled the Fund to extend its reach to vulnerable, often neglected farmers in the rural Eastern Cape Province, focusing on supporting women farmers. Lingelihle's role included:

- Identifying qualifying beneficiaries and input suppliers in the rural areas of the Amatole District Municipality in the Eastern Cape through engagements and community meetings with local farmers.
- Supporting the registration of beneficiaries and suppliers on the eVoucher system.
- Identifying input suppliers in their implementation areas based on their knowledge of the region and transport networks.
- Promoting voucher redemption and assisting farmers and suppliers with the process of voucher redemption

Lingelihle facilitated the distribution of 8 026 farming input vouchers (exceeding their target of 6 500 vouchers), 66% of which were redeemed by women.





## South African Women in Dialogue

South African Women in Dialogue (SAWID) is a non-profit civil society organisation established in 2003. SAWID's mission is to establish a common agenda for the development of women, ensuring that women's views are taken into consideration in decision-making on all issues impacting women's lives. SAWID works directly with families, rural communities, local authorities, civil society, and stakeholders, to develop local strategies and targeted delivery systems for responding to the needs of the vulnerable.

The Fund brought on SAWID as a new partner for FIV phase III due to their reach within rural communities and with women farmers. SAWID's role included:

- Identifying and recruiting 6 500 farmer-beneficiaries through their network of coordinators using the established qualifying criteria from the programme.
- Supporting the registration of beneficiaries and suppliers on the eVoucher system.
- Promoting voucher redemption and assisting farmers and suppliers with the process of voucher redemption.

SAWID almost doubled their target of 6 500 vouchers, **supporting the redemption of 12 278 farming input vouchers, 79% by women.**

Table two below summarises the phase III partner organisations, their scope of work, and fees.

**Table 2: Partner organisation scope of work and disbursed fees (NGOs) (Phase III)**

Description of service/expense	Distribution target	Value of vouchers redeemed	Amount (incl. VAT)
Number of Vouchers @ R2 000 each	25 000 vouchers	R36 741 132	R36 741 132
Mezzanine Ware programme management, merchant settlement process, voucher disbursement and monitoring			R1 102 234
3% cost recovery fee per NGO on the value of the vouchers issued			Actual paid in NGO Fees is R1 470 960
Cost Centres	Project planning activities		
Beneficiary lists	Data Verification and collation		
Personnel	Varying amounts of time on field staff		
Input Suppliers	Identification and vetting of inputs suppliers		
Communications	Cost of data and airtime for calls to mobile phones to verify and advise on redemption steps		
Management	Portions of time from the management team of NGO		
Training	Supervisors of field staff: Induction field staff		
Extension services	NGO support: verifies info, clarifies steps, checks farmer status & interest		
Administration	Additional admin load		
Finance	Additional financial management required		
<b>Total phase III disbursement</b>			<b>R39 314 326</b>

Table three below shows the value and percentage of vouchers redeemed by phase III partners against the programme targets.

**Table 3: Value and percentage vouchers redeemed against target per partner FIV phase III**

Province	Number of R2 000 Vouchers Target	Value of Target for Vouchers	Value of Vouchers Redeemed	Percentage Redeemed by Value
Lingelihle	6 500	13 000 000	12 495 997.68	96.12%
SAWID	6 500	13 000 000	13 730 935.59	105.62%
LIMA	12 000	24 000 000	10 514 199.19	43.81%
<b>Grand Total</b>	<b>25 000</b>	<b>50 000 000</b>	<b>36 741 132.46</b>	<b>73.48%</b>

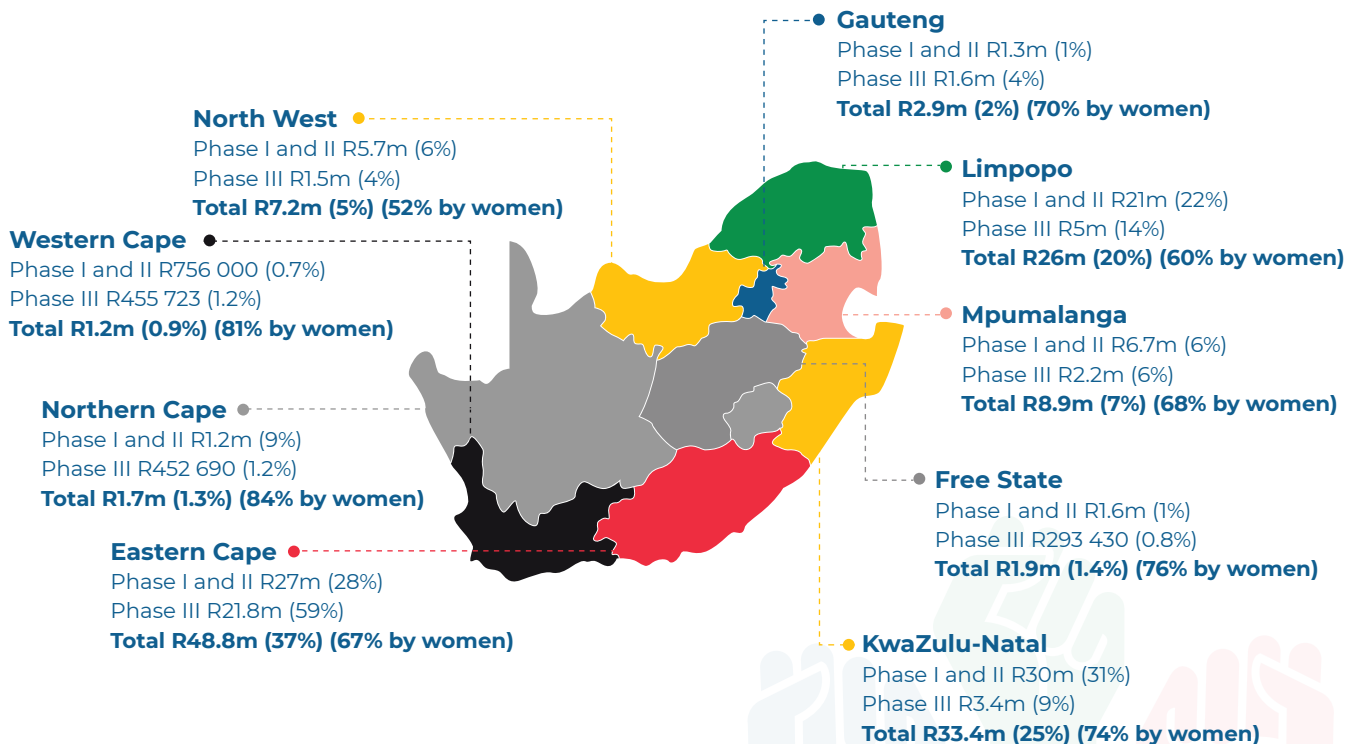
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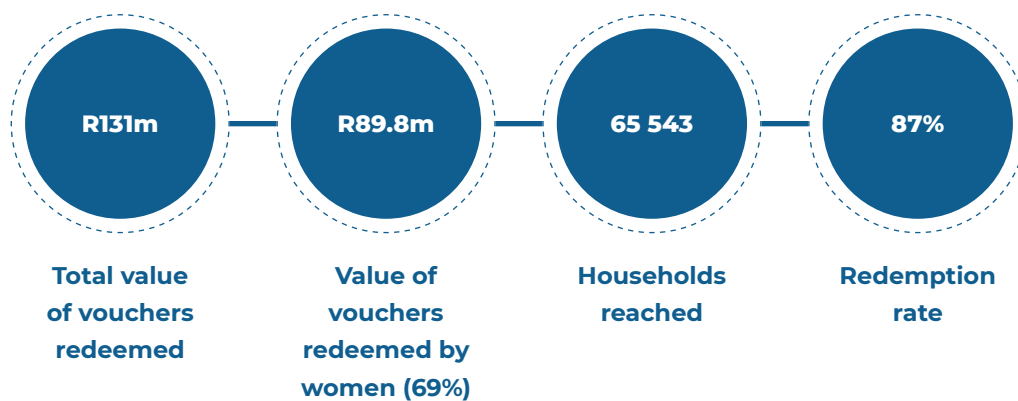
**IMPACT OF FIV PROGRAMME**

Throughout the programme, the Fund and its partners adopted the programme based on lessons from each phase of implementation, improving the reach of beneficiaries, redemption rates, and operational and management processes.

Across all phases of the programme, vouchers to the value of R130.7m were redeemed, 69% by women, benefiting 65 543 households. With a household consisting of an average of four people, the programme brought food security to approximately 250 000 vulnerable people.

**Figure 4: Geographic impact (Total value and percentage of vouchers redeemed per province)**





### **Supporting local food security and economic growth**

The Fund has provided considerable support to vulnerable households in rural and peri-urban areas through the FIV programme. This has helped to alleviate hunger and empowered communities to avoid the poverty trap by becoming self-sufficient in providing food for their households and even enabling many to begin earning an income or expand their income by selling their surplus produce.

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 relief response following the July unrest, targeted at farmers whose livelihoods were threatened during that time.

Input suppliers were grateful for the fast payment of vouchers. They reported that this project boosted their business sales, increasing their buying power, which had been negatively affected due to the impact of the pandemic. This support is vital in helping to grow the rural economy and promote entrepreneurship. This impact was compounded by the government-run programme, 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. Collectively the input suppliers provided almost 200 000 units of input supplies across all nine provinces, achieving sales of over R136m overall (including phase III).

The project has also helped farmers and partners establish stronger, more trusted relationships with input suppliers, which will be valuable as they continue to provide products and services to smallholder farmers in South Africa.

The programme has also enabled beneficiaries to access additional support. For example, 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 for the rollout of one of its programmes to provide approximately R430m worth of farming inputs to smallholder/subsistence farmers.



## CHALLENGES

There have been several challenges during the implementation of this initiative, particularly concerning beneficiary access to inputs suppliers and merchandise deliveries in rural areas. Table four below outlines the challenges experienced over the programme's life and the mitigating actions the Fund took.

**Table 4: Challenges and mitigation**

Challenge	Mitigation
<b>Slow progress in voucher redemption</b>	<ul style="list-style-type: none"> <li>• The Fund extended the programme to partnering with additional farming organisations and NGOs active in rural areas to promote the redemption of vouchers and support beneficiaries.</li> <li>• NGO partner engaged beneficiaries daily to explain delays. SMS messaging by Mezzanine Ware (MW) to share information on delays.</li> <li>• MW increased their network of input suppliers for ease of access.</li> <li>• A targeted editorial campaign was run through community radio stations.</li> </ul>
<b>Cell phone number changes</b>	<ul style="list-style-type: none"> <li>• The fluidity of cell phone numbers in particularly rural areas is quite prevalent with people having more than one number or changing their number regularly. This led to delays and lower redemptions since cell numbers were used for identifying beneficiaries and changing them on the system was challenging.</li> <li>• Implementing and technology partners are encouraged to note this challenge and consider workarounds to improve the effectiveness of future programmes like this one.</li> </ul>
<b>Long distances to input suppliers and stockouts</b>	<ul style="list-style-type: none"> <li>• Some beneficiaries struggled to redeem vouchers due to the long distances needed to travel to access approved input suppliers.</li> <li>• Stockouts or waiting times for supplies also impacted redemption.</li> <li>• The Fund worked with its partners to identify and onboard additional suppliers to help mitigate the issue of distance.</li> <li>• Input suppliers were onboarded throughout the programme to increase accessibility.</li> <li>• Partner organisations also provided advice and support to farmers to assist.</li> <li>• Future programmes are recommended to onboard or notify suppliers ahead of time, so they can get additional stock earlier.</li> </ul>
<b>Suppliers inflating prices for Fund beneficiaries</b>	<ul style="list-style-type: none"> <li>• Input suppliers were briefed during onboarding not to do such practices and the consequences if they do.</li> <li>• MW and NGO partners monitored pricing, and farmers were encouraged to report price inflation.</li> <li>• Input suppliers were given a warning and removed as users if the practice continued after being asked by partners not to engage in such practices.</li> </ul>

<p><b>Need for additional produce / supplies</b></p>	<ul style="list-style-type: none"> <li>• Some beneficiaries did not redeem vouchers as they needed or wanted the ability to purchase additional supplies such as cattle, sheep or goat feed or veterinary medical supplies.</li> <li>• Expanding the approved list of supplies would have added too much of a burden on the management of this programme, but it is a recommendation for future programmes of this nature.</li> </ul>
<p><b>Fraudulent redemption of vouchers by beneficiaries or suppliers. Voucher redemption process breach</b></p>	<ul style="list-style-type: none"> <li>• The MW eVoucher solution is a cashless value distribution tool, with beneficiaries getting the benefits of a vouchering system without ever coming into contact with money. This ensured that the benefits offered via the vouchers were used for their intended purposes. It also mitigated the risk of voucher fraud through improved traceability.</li> <li>• MW removed noncompliant suppliers from their database.</li> <li>• A suspected fraud case was investigated under phase II of the programme. The infraction was referred to ENS and the Fund's audit and risk committee for audit and review. It was determined the input supplier was not acting fraudulently but was not following the prescribed process. The partner was counselled on the correct procedure. And policies and processes were tightened to prevent a similar matter from recurring.</li> </ul>

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**CONCLUSION**

The Farming Inputs Voucher programme was designed as a crisis food relief response to alleviate the devastating impact of the COVID-19 pandemic. It is considerably more cost-effective than food parcel distribution programmes, and offers more control in assuring that donor or programme funds are used for the intended purpose than straight cash voucher programmes. As such, the programme has proven to be extremely successful in helping not only address food insecurity but also help to support income generation and local economies.

Considerable lessons were learned and implemented across each iteration of the programme, enabling the Fund to distribute vouchers to the value of more than R131m to over 65 543 households and approximately 262 172 individuals (based on a family of four individuals per household), with an overall redemption rate of 87%, well in line with the rates of other successful programmes of this type.

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. The visible success of the programme and the partnerships it engendered have helped provide a model for South Africa to implement future projects of this nature successfully.

