Role of Private Input Suppliers in Smallholder Agriculture: 
Evidence from Malawi

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Background

- Previous studies have looked at the role of FISP from farmer side?
  - Found that there is some crowding out of commercial fertilizer and seed by the subsidy.
- But what has been the impact of FISP on private suppliers?
  - have fertilizer suppliers where were excluded from FISP retail suffered?
  - have seed suppliers who were part of FISP benefited?

On the ground:

- Farmers face problems to redeem their coupons due to the unavailability of the imputs when they are needed
- Some traders request farmers to pay ‘bribes’ to enable them access the inputs.

Result:

- Unused coupons after the closure of the subsidy coupons
Key Question #1

How to Improve Farmer Access to Inputs?

Unused coupon in 2010

Queuing of farmers for fertilizer
Key Question #2

- How to make the FISP better for Input Suppliers?

A track stack in the mad

Shortage of storage facility
The relates bake to the KEY issue of Improving farmer access to inputs

Examples

- What are the strategies to facilitate delivery of fertilizer and seed to remote locations?
- Is it profitable to break bags into smaller quantities for sale?
- How can the fertilizer distribution system be improved? For both subsidy and commercial.
- How can we build capacity of private sector? Particularly for small retailers in rural areas.
- How do we facilitate farmers access to fertilizers?
- Is it possible to route out “bribes” in the program at all levels to make it more efficient?
Ways to address these issues

- Collect data on input retailers during 2014.

- Go to communities to identify input suppliers. Obtain information on products and sale volumes, and level of FISP participation.

- Identify whether or not any other input suppliers have recently gone out of business.

- Identify characteristics of business that successfully reach smallholders.
  - May involve surveying farmers need by to understand access issues.
**Relevance**

- Improve FISP distribution to farmers
- Make private sector more viable.
- Strong private sector is key for success of smallholder agriculture in Malawi!
POINTS FOR DISCUSSION

- **What else should this research unearth?**
  - How do ensure that adequate fertilizers are deployed to the remote areas to be accessed by farmers?
  - How do we ensure that the fertilizers reach intended beneficiaries?
- **What is the best time of year to recruit traders?**
  - How to obtain information about traders that may have gone out of business in the past?
- **What determines a successful trader?**
  - How do we make the farmers access the fertilizers without having to pay bribes to the traders?
BREAKING NEWS:

The tracking systems to be installed on tracks moving FISP fertilizer to prevent diversion of subsidized fertilizers!!

THANK YOU FOR YOUR ATTENTION