

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 who 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 inputs 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 stuck in the mud



Shortage of storage facility

The relates back 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**