

# HPG Background Paper



## Seed vouchers in emergency programming

### Lessons from Ethiopia and Mozambique

Researched, written and published by the Humanitarian Policy Group at ODI

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#### About HPG

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## Executive summary

The use of vouchers in emergencies to provide resources to those affected by disaster has become increasingly popular since 2000, particularly for the provision of seed and other agricultural inputs. Voucher-based programmes are thought to have various advantages over the direct distribution of seed and agricultural inputs: they are said to be straightforward, timely and cost-efficient in terms of implementation, to provide farmers with a choice of planting materials, to strengthen farmer seed systems and local markets, to offer an opportunity for farmers to test modern varieties, and to empower local communities. Based on case study evidence of the use of agricultural input vouchers in Ethiopia and Mozambique, together with documented experience from elsewhere, this report examines the degree to which some of these advantages have been realised in practice.

The Ethiopia case study compares two different voucher programming approaches implemented following the 2002–03 food crisis. One used seed vouchers in conjunction with seed fairs, whereas the other did not entail fairs, permitting beneficiaries to exchange their vouchers for seed in designated market centres over a longer time frame. In the case of the former, all activities were concentrated in a specific location and around specific events, allowing for more rapid and efficient implementation, but participation in the seed fair was also very demanding for all involved. There was some evidence to suggest that farmers did not have the time at the fairs necessary to negotiate on the prices of the seeds that they acquired in exchange for their vouchers. In the case of the voucher programme without seed fairs, after an initial rush to exchange vouchers, which resulted in high prices in the first week, farmers realised that they could negotiate better prices if they did not all go at once to exchange their vouchers. The subsequent process of redeeming vouchers for cash led to delays in the case of the voucher programme without fairs. With regard to seed choice and quality, there appeared to be little difference between the two approaches.

The key finding that emerges from the Mozambique case study is the need to be clear about the specific goals that voucher programmes aim to fulfil. Although originally implemented in response to severe drought, the apparent ‘normalisation’ of vouchers and agricultural input fairs in Mozambique over the past five years has led to a confusion of various different emergency and developmental objectives, particularly in relation to the development of farmer and formal seed sectors<sup>1</sup> and markets. In terms of market development, it was widely felt that the voucher/fair approach encouraged commercial activity at a local level, despite the observation that the majority of the proceeds from voucher redemption do not necessarily remain in the hands of local communities. However, the most successful fairs (with respect to levels of participation and overall turnover) are those that take place in areas where markets are well-developed, suggesting that careful attention must be paid to the design of voucher/fair programmes if they are to strengthen markets in different ways.

The study concludes that flexibility in the ways in which voucher programmes can be implemented creates potential for linking relief and development objectives over time, but that this also generates confusion that may lead to the limited impact of any one particular goal. Although vouchers offer beneficiaries a greater choice of inputs than direct seed distribution, there is frequently a tendency for the implementing agency or regulatory authorities to attempt to control the process to such an extent that choice is in fact restricted. Agencies involved in voucher programmes must learn to regard their role more as facilitators rather than implementers. Choice is also restricted by donor budget lines (for example, by focusing on seed or agricultural inputs for food security projects) and by the underlying objectives of the implementing agency (for instance, to promote modern or ‘improved’ varieties). Female participation is often very high, reflecting the role of women in local seed management, and there is evidence to suggest that the vendors benefit considerably more than the

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<sup>1</sup> Farmer and formal seed sectors are described in Chapter 3.

farmers. Given that the most successful seed voucher programmes (vis-à-vis choice and turnover) tend to be where local seed is plentiful, one might question whether seed assistance is needed. Indeed, the lack of detailed needs assessment is a point of particular concern and must be addressed if voucher approaches are to meet the actual (rather than perceived) needs of the participants. This paper looks at whether or not cash might satisfy the diverse needs of rural dwellers more effectively than seed vouchers. Since there is a limit to the number of vendors who can participate in voucher programmes, and given the relatively high profits of individual vendors in some cases, cash programmes would be advantageous in certain circumstances (that is, where markets are functioning). This is because the recipients have a much greater choice of inputs and services, and the benefits are spread among many more individuals and service providers than is possible with vouchers.

## Acronyms

AMREF	African Medical Research Foundation
CARE-BA	CARE International in Indonesia-Banda Aceh
CCM	<i>Conselho Cristão de Moçambique</i> Christian Council of Mozambique
CIAT	International Center for Tropical Agriculture
CRS	Catholic Relief Services
DDA	<i>Direcção Distrital de Agricultura</i> District Agricultural Directorate (Mozambique)
DEC	Disasters Emergency Committee (Organisation for Economic Co-operation and Development)
DFID	Department for International Development (UK)
DPPC	Disaster Prevention and Preparedness Commission (Ethiopia)
DSD	direct seed distribution
EC	European Commission
FAO	Food and Agriculture Organization of the United Nations
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HPG	Humanitarian Policy Group (ODI)
ICRC	International Committee of the Red Cross
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
INAS	National Institute for Social Action (Mozambique)
MBFA	Market-Based Food Assistance
MoA	Ministry of Agriculture
MT	metric tonnes
Mts	Meticals
MVs	modern varieties
NGO	non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
ODI	Overseas Development Institute
OFDA	Office for Foreign Disaster Assistance (USAID)
PA	Peasant Association (Ethiopia)
PROAGRI	<i>Programa Agrario de Moçambique</i> Agricultural Development Programme (Mozambique)
SCOSA	Sustainable Commercialisation of Seeds in Africa
SNNPR	Southern Nations Nationalities Peoples Region (Ethiopia)
SNS	<i>Serviço Nacional de Sementes</i> National Seed Service (Mozambique)
SVF	seed vouchers and fairs
SWOT	strengths, weaknesses, opportunities, threats
UCEA	<i>Unidade de Coordenação de Emergência Agrária</i> Emergency Coordination Unit for Agriculture (Mozambique)
UN-EUE	United Nations Emergency Unit for Ethiopia (renamed United Nations Office for the Coordination of Humanitarian Affairs in 2003)
USAID	United States Agency for International Development
USD	United States dollar

## 1. Introduction and outline of the paper

This Background Paper examines the use of vouchers to provide seed and other agricultural inputs to farmers affected by disaster. While vouchers have been used to provide various different types of emergency inputs, particular experience has been gained in recent years of seed vouchers, hence the focus here. The paper contributes to a research project by the Humanitarian Policy Group (HPG) analysing recent experiences of cash- and voucher-based responses to supply people with assistance in emergencies. It adopts a case study approach, detailing recent experiences of vouchers and agricultural input fairs in Ethiopia and Mozambique. It is based on available data and documentation, together with interviews with individuals from donor agencies, international, governmental and non-governmental organisations, and the private sector who have been involved in voucher responses in the two countries.

The use of seed vouchers in emergency relief was first suggested in an evaluation of the seed aid response in Rwanda which found that farmer seed systems were surprisingly resilient and that seed access was more of a problem than seed availability or seed quality (Sperling, 1997). The availability/access distinction is further described in Section 2.1, and Section 3.1 contains information on farmer seed systems. The first known situation in which seed vouchers were implemented was in a Catholic Relief Services (CRS) project responding to the needs of farmers affected by conflict in northern Uganda in 2000 (Remington et al., 2002). Since this time, CRS has further developed and enhanced the seed voucher and fair methodology, implementing the approach in 16 countries affected by different and multiple types of disaster, including conflict, drought and flood (Table 1). Donor support for seed vouchers and fairs (SVFs) implemented by CRS has come from the Office for Foreign Disaster Assistance (OFDA) of the United States Agency for International Development (USAID), the UK Department for International Development (DFID) and the Food and Agriculture Organization of the United Nations (FAO) (Bramel, Remington and McNeil, 2004). An increasing number of other relief agencies are now also implementing voucher-based approaches to disaster relief, and in both Eritrea and Mozambique, the vouchers and fairs approach has been endorsed by the government as the preferred methodology for the provision of emergency agricultural inputs.

**Table 1: Scale of CRS seed voucher implementation according to disaster type**

Type of disaster	Number of countries	Average number of beneficiaries	Average amount spent on seed vouchers (USD)
Conflict	5	5,981	51,776
Drought	13	19,344	196,570
Floods	2	5,537	37,219

Source: Bramel, Remington and McNeil, 2004, p. 12

This paper explores the extent to which some of the stated advantages and disadvantages of vouchers have been borne out in practice (Table 2), and documents some of the lessons that have emerged from the case study experiences. Section 2 presents the rationale for voucher-based programming and looks at why and when vouchers tend to be employed. Section 3 provides some background on the seed sector that is necessary to understand the different sources and providers of seed that can be obtained using vouchers.

**Table 2: Vouchers: advantages and disadvantages**

<b>Advantages</b>	<b>Disadvantages</b>
<p>Vouchers linked to a particular commodity, such as food or seeds, may be more effective if there are specific goals (better nutrition or increased agricultural production), rather than being used purely to transfer income.</p> <p>Women may have more control over vouchers in relation to household expenditure.</p> <p>Vouchers can make it harder for recipients to use resources antisocially (e.g. for alcohol or drug abuse).</p> <p>It may be possible for vouchers to be self-targeting if the receipt of vouchers is seen as stigmatising.</p> <p>Vouchers can facilitate the monitoring of programmes.</p>	<p>Vouchers entail costs in terms of printing, distribution and redemption.</p> <p>Vouchers restrict what people can acquire and may not meet their priority needs.</p> <p>If people do not want the goods vouchers buy, or need cash for other items, a parallel market for vouchers or the products purchased with the vouchers may develop.</p> <p>The use of vouchers may lead to artificially inflated prices of the inputs exchanged.</p> <p>Vouchers may stigmatise recipients.</p> <p>Traders may be reluctant to participate and may make it difficult to redeem vouchers.</p>

Source: adapted from Harvey, 2005, p. 15

The Ethiopia case study presented in Section 4 focuses on the ways in which seed voucher responses have been implemented, comparing the different methodologies adopted by two agencies, CRS and CARE, in response to the Ethiopian food crisis of 2002–03. In the case of CRS, vouchers were implemented in conjunction with seed fairs, at which farmers could exchange their vouchers for seed and which ensured that vouchers were exchanged and redeemed in a single day. In the case of CARE, however, there were no seed fairs, and beneficiaries were allowed to exchange their vouchers with approved traders over a longer time frame. The section examines the advantages and disadvantages of each approach, specifically those relating to the logistical aspects of voucher distribution and redemption, the timing of input supply, the price of inputs and the degree of choice available to beneficiaries, participation, and the different ways in which traders were involved in voucher projects.

Section 5 describes recent experiences of voucher agricultural input fairs in Mozambique and explores the degree to which voucher-based programming promotes market development. Since 2002, vouchers and fairs have been the preferred mechanism for responding to emergency needs within Mozambique’s agricultural sector, yet a debate has emerged on how best to modify the approach for more developmental purposes and what objectives the approach should fulfil. In Mozambique, it is the very advantages claimed by the broader literature on seed fairs and vouchers that have proved to be the most controversial. There has been a lot of pressure from the seed companies and agents to organise voucher programming in ways that favour formal seed markets (for example, by controlling prices, restricting the participation of non-local traders, and, most recently, new requirements for the registration of vendors). In terms of broader market development, the most successful fairs (in terms of levels of participation and overall turnover) are those that take place in areas where markets are already well-developed, suggesting that specific efforts must be made if a voucher/fair approach is to strengthen markets in places where they are weak.

Section 6 explores the advantages and disadvantages of agricultural input vouchers, based on the case studies presented and evidence from the broader literature.

Section 7 puts forward overall conclusions and some of the lessons that emerge. It also evaluates whether cash might be more appropriate in specific situations.

## 2. The rationale and logistics associated with seed voucher programming

### 2.1 Vouchers versus direct input distribution

The impetus for using vouchers in emergency seed programming materialised out of a growing understanding of how farmers' seed systems are actually affected by disaster, together with a critique of direct seed distribution (DSD). As will be explained in Section 3.1, farmers as a community do not necessarily lose their seed in emergencies as is frequently assumed. Thus, seed is often available at a local level, but the poorest and most vulnerable farmers may lack the means to access it (see Section 3.1). Vouchers are designed to address problems of access rather than availability, whereas DSD is based on the assumption that farmers have lost their seed and none is available. When seed is brought in from elsewhere (as is regularly the case with DSD), it is often not appropriate for local agro-ecological conditions or farmers' preferences, it tends to arrive late, and it may be subjected to poor storage and forms of transport that affect its germination quality. Furthermore, farmers have no choice as to the type of seed that is offered under direct distribution, it may undermine local farmer seed systems, and the procurement of large quantities of seed from commercial companies is thought to distort both national and regional seed markets.

Remington and others argue that the use of seed vouchers avoids many of the problems connected to DSD outlined above (Remington et al., 2002, p. 326; Bramel and Remington, 2005). According to these authors, seed vouchers and fairs:

- are straightforward to plan, implement, evaluate and report;
- are not subject to delays;
- are cost-efficient;
- have a multiplier effect as the proceeds from seed sales stay in communities;
- fortify traditional market systems and the role of local traders;
- strengthen role of women in seed and market systems;
- allow commercial seed company involvement;
- provide an opportunity to promote improved crop varieties for farmer evaluation;
- reinforce farmer seed systems;
- strengthen farm family assets;
- enhance the capacity of implementing agencies to understand local seed systems;
- empower disaster-affected communities; and
- serve as a connector between host and displaced communities.

This paper will challenge and examine many of these assertions.

### 2.2 Access and availability

The framework adopted by CRS for gauging seed security clearly distinguishes between seed availability and seed access and provides the underlying rationale for its approach to SVFs (Remington et al., 2002; Walsh et al., 2004). The CRS seed security framework (Table 3) was originally derived from a food security framework, which itself is based on entitlement theory. The entitlement theory of Amartya Sen (1981) views famine as a failure of people's ability to access food rather than as a lack of food availability. Similarly, studies of seed insecurity in most disaster situations increasingly indicate that good quality seed is locally available in many emergencies and that the problem is often that some farmers lack access to this seed (see Longley and Sperling, 2002).

**Table 3: CRS seed security framework**

Parameter	Seed security
Availability	Sufficient quantity of seed of desired crops are within reasonable proximity to people (spatial availability), and distributed in time for critical sowing periods (temporal availability)
Access	People have adequate income or other resources to purchase or barter for appropriate seeds
Utilisation	Seed is of an acceptable quality and of desired varieties (seed health, physiological quality and variety integrity)

Source: Remington et al., 2002, p. 319

As Section 3.1 will show, under normal conditions better-off farmers are usually able to save seed from one season to the next, whereas poorer farmers tend to have to borrow or purchase seed at planting time, often incurring debts that must be paid off at harvest time. Frequently, it is those least able to access seed in normal times who suffer the most in terms of reduced access to seed during a crisis. Seed vouchers are designed to respond to situations in which farmers lack access to locally available seed.

### 2.3 The logistics of seed voucher approaches

Two main approaches are described here:

- an approach in which vouchers are redeemable at specified retail shops, distribution outlets or through designated traders; and
- an approach known as seed vouchers and fairs.

Projects in which vouchers are redeemable at specified retail shops, distribution outlets or through designated traders have been documented for agricultural input programmes in Ethiopia (CARE), Zimbabwe (Rohrbach, Mashingaidze and Mudhara, 2005) and Malawi<sup>2</sup>. The case of CARE in Ethiopia is described in detail in Section 4. Various different approaches have been employed, ranging from a system in which the implementing agency purchases a limited selection of seed and inputs which are then made available for a restricted time at retail shops and which in practice is hardly different from direct distribution (Rohrbach, Mashingaidze and Mudhara, 2005; Reilly, 2004), to systems in which beneficiaries are able to exchange their vouchers over a longer time frame and for a much wider choice of inputs. Relatively little documentation exists on these mechanisms, although certain aspects are similar to those described below for seed vouchers and seed fairs; that is, the targeting of beneficiaries, deciding the value and denominations of the vouchers, and the need for awareness-raising.

Perhaps the most common seed voucher approach is the one that involves the organisation of a seed fair on a specific day and in a particular location at which beneficiaries exchange their vouchers for seed or other inputs of their choosing. This approach was originally developed and implemented by CRS and has been described in a manual produced by CRS, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) and the Overseas Development Institute (ODI) (2002). Prior to the organisation of SVFs, it is necessary to undertake a feasibility study to ensure that seed is locally available. Having established that seed is available, initial activities involved in implementing SVFs include identifying beneficiaries and seed vendors (which can be done at the time of the feasibility study) and reaching agreement on the number of seed fairs to be held. Subsequent to these activities, an Organising Committee is established for each fair. The Organising Committee verifies the beneficiary

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<sup>2</sup> A pilot voucher system was implemented as part of the Starter Pack Scheme in 2001-2.

lists, agrees on a precise location for the fair, and determines what kinds of inputs are likely to be required by the beneficiaries.

The Organising Committee is then responsible for ensuring that people are informed about the forthcoming fair. Information is spread through informal communication channels to farmers (beneficiaries and non-beneficiaries), local traders and others. In some cases, the members of the Organising Committee will travel around the local area a few days prior to each fair to ensure that people know about the event. Local traders and farmer seed specialists are also made aware of the seed fair and, in some instances, informed about what types of seed farmers might require.

The implementing agency prints and prepares the vouchers so that they are ready for distribution on the day of the fair. In general, the vouchers are printed in different denominations, amounting to between USD 2.50 and 15 in total, and compiled in a booklet. As will be shown in the Ethiopia case study, appropriate voucher denominations are necessary to grant farmers as much choice as possible. Since vendors do not give change at seed fairs, denominations that are too large may mean that farmers have to pay higher prices or must buy additional seed from the same vendor that they may not necessarily want. Arrangements necessary for money (either cash or cheques) to be made available at each seed fair are also made in advance; in most cases, this also requires security measures, sometimes in the form of a police presence when transporting the cash and redeeming the vouchers. The fair site is prepared the day before by members of the Organising Committee who set up an enclosure with a single entrance.

On the day of the fair, speeches are made to welcome everyone and to explain what will happen. In some cases, each of the vendors is accorded the opportunity to inform publicly the beneficiaries about their products. Each beneficiary is given a booklet of vouchers. In some cases the beneficiary is required to make a cash contribution, particularly where implementing agencies or regulatory authorities do not wish to appear to be giving free handouts (often due to assumed links with 'dependency syndrome'), or where there is a desire to promote more market-based, developmental approaches. Staff members undertaking the voucher distribution note the serial number of each booklet against the name of the beneficiary. While the vouchers are being disseminated, the vendors are allowed into the enclosure to set up their stalls or arrange their products. Each vendor and his or her wares are registered and members of the Organising Committee check them for quality and appropriateness. The items brought for sale are listed and weighed and the prices recorded. At the end of the day, the amount of each product sold is also noted. This information allows the organisers to monitor what has been sold. Additional monitoring information might also be collected through exit interviews with samples of departing vendors and voucher holders.

Once the vendors have set up their stalls, beneficiaries are then allowed into the enclosure with their vouchers. Agricultural extensionists and/or implementing agency personnel are usually on hand to answer questions and to advise the beneficiaries on how best to spend their vouchers according to their needs, and to ensure that the prices of the products sold are fair. Prices may either be set by the Organising Committee in consultation with the vendors, or via negotiation between individual vendors and beneficiaries. In general, each fair has a festive atmosphere: it is a sociable and lively event, with participants meeting old friends and making new acquaintances; local traders selling soft drinks and snacks for cash; and often a theatre company present to provide entertainment and to raise awareness about Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) or other issues. At the end of the day, the vendors redeem their vouchers for cash from the staff of the implementing agency, who check the serial number of each voucher and then compile the monitoring data mentioned above to determine the different products sold.

## 2.4 Beyond seed

While the vast majority of the published literature on vouchers refers to seed, vouchers have been used for various other emergency or recovery items, including food, other agricultural inputs, and a range of household or livelihood assets. Food vouchers have been used by Cordaid in Kenya to deliver food to households affected by drought, although the approach did not allow for any choice of food inputs and was hardly different to direct distribution. A voucher system for food aid has also been planned by the Danish Refugee Council in Chechnya to replace food aid and to promote a transition from relief to recovery in which vulnerable people, local merchants and the local economy are supported.

Perhaps the best documented example of a food voucher intervention is the Market-Based Food Assistance (MBFA) pilot project of CARE International in Indonesia-Banda Aceh (CARE-BA) in response to the tsunami of December 2004 (CARE-BA, 2005; 2006). This was originally conceived as a three-month pilot and learning intervention in which the following inputs were provided:

- food in the form of a *voucher* redeemable for 12 kilograms of rice (subsequently reduced to 10), one kilogram of sugar, and one kilogram of cooking oil at designated shops; and
- *cash* in the amount of Indonesian rupiah 50,000 (USD 5.26) for each member of a disaster-affected household once per month.

The MBFA initially operated with 10 vendors and a targeted 2,500 beneficiaries, and later expanded to include an additional five vendors and 2,500 beneficiaries. The vendors were paid a commission of five per cent of the contracted price of the food redeemed for their services. There were no restrictions on items that beneficiaries could purchase with the cash, although they were encouraged to purchase food. The project evaluation concluded that the MBFA was an extremely efficient and effective means of delivering food aid. The evaluators calculated that the MBFA was approximately 30 per cent cheaper to operate than the direct delivery programme. Even taking into account the larger number of beneficiaries of the direct delivery programme and the special start-up costs of the MBFA, the evaluators considered the market-based approach to be much less expensive to operate and manage than direct delivery of food aid.

With regard to agricultural inputs other than seed, vouchers have been used to procure fertiliser, tools, livestock, animal traction equipment or plough hiring, and a supply of veterinary drugs and animal health services. The Malawi Starter Pack Scheme (later known as the Targeted Inputs Programme) piloted a voucher approach in 2001–02 whereby vouchers were used to acquire a standard package of seed and fertiliser through local retail shops. A much smaller pilot project involving ‘flexi-vouchers’ that could be exchanged for a wider range of household items was also tested. CARE-Zimbabwe implemented a voucher project in 2002–03 in which farmers received a standard package of seed and fertiliser through rural traders. Small animal restocking interventions have been implemented by CRS in Ethiopia using a similar seed fair and voucher methodology to that described above. The value of the voucher was sufficient to purchase several chickens, single lambs or kids, or, when combined with another person’s vouchers in an existing community self-help group, a young bull for traction. Any ‘change’ was spent on small tools or plastic water containers. FAO implemented a voucher project in Somaliland in 2003 in which vouchers could be exchanged for tractor hours. In Kenya, in 2004–05, the International Committee of the Red Cross (ICRC) implemented a pilot veterinary voucher project to enhance privatised veterinary service delivery and to provide drugs and services to pastoralists affected by chronic conflict.

Vouchers redeemable for other items (often known as ‘livelihood vouchers’) have been used by CRS in Afghanistan (Reilly, 2004), by GOAL in Ethiopia, and by ICRC in the Israeli Occupied Territories. In the CRS project in Afghanistan, in addition to seeds and livestock, vouchers could be exchanged for sewing

machines, fuel, and carpet weaving materials. In Ethiopia, the GOAL project provided vouchers that could be exchanged for bed nets and safe water. ICRC's urban voucher programme in the West Bank has been operating since 2002 across nine urban centres, involving 73 traders. Beneficiary households are given a voucher worth USD 135 every six weeks, which they exchange for a range of fixed goods (olive oil, flour, soap, tea, sugar and vegetable fat) worth 30 per cent of the voucher value as well as a selection of various household essentials (rice, tea, pulses, tinned foods, fresh fruit, meat, vegetables, dairy products, an assortment of hygiene products<sup>3</sup>, non-food items<sup>4</sup>, books and stationery) worth 70 per cent of the voucher value. Excluded items include tobacco, alcohol, powdered milk, baby formula milk, electrical goods, telephone cards, building materials and vehicle accessories. The voucher programme is implemented in conjunction with a rural relief programme and has a significant impact on the local economy.

## 2.5 Why and when vouchers tend to be used

In general, vouchers appear to be used in situations where cash might be preferred but is either not possible or not appropriate, or when an intervention aims to promote a particular commodity or market. Different reasons for using vouchers might include the following:

- as a precursor to cash programmes;
- when implementing agencies or governments have fears about cash programmes due to insecurity or corruption;
- where there are concerns that cash might be used for antisocial purposes (for instance, alcohol or drug abuse);
- when donors are unwilling to fund cash programmes;
- when a specific sector or commodity is to be promoted;
- where vouchers and/or fairs aim to promote markets; and
- when the cash economy is weak or non-existent.

ICRC's West Bank voucher scheme has been described as a precursor to cash programmes,<sup>5</sup> and interviews with donors have revealed that they will fund voucher schemes simply because they are either unwilling or unable to fund cash programmes. In some cases, the implementing agency would like to undertake a cash programme but is afraid that it may be difficult to avoid problems relating to corruption and insecurity, particularly during a conflict.

Situations in which a specific sector or commodity is to be promoted might either stem from donor-imposed categorisations and budget lines relating to, for example, food security or agriculture, or they might occur where vouchers are one step in the broader process of agricultural recovery. In more developmental programmes, the preference for vouchers might also be due to the desire to create or encourage a specific type of market. In the case of seed, although direct distribution provides large profits to the companies supplying the seed, it is also seen as undermining the long-term development of commercial seed markets because seed companies are responding to the demand of the implementing agencies, not necessarily the demand of farmers. Vouchers are preferred because of their ability to promote such markets through the establishment of more direct links between farmers

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<sup>3</sup> Hygiene products include shampoo, sanitary pads, detergent, dental care items, nappies, cleaning materials, toilet paper, and soap.

<sup>4</sup> Non-food items include blankets, cutlery, buckets, jerry cans, crockery, towels and pots.

<sup>5</sup> Cash Learning Project E-mail discussion forum, 24 November 2005.

and the companies providing the seed. This is examined in more detail in the Mozambique case study presented in Section 5.

Given the rationale of seed vouchers outlined at the beginning of this section, seed vouchers ought to be used in situations where seed is locally available but there is a clearly defined problem of access. As will be shown, however, the fact that such detailed needs assessment rarely takes place implies that this is not the case. A recent study in the Great Lakes region of Central Africa clearly illustrates the frequency with which aid agencies fail to understand adequately the problems to be addressed (Levine, Chastre and MacAskill, 2004).

### **3. Background on the seed sector, emergency seed provisioning and seed market development**

#### **3.1 Formal and farmer seed sectors and the impacts of disaster**

Most of the seed used by small-scale farmers today is sourced through informal channels, often referred to as the local or farmer seed system. Direct seed distribution is thought to undermine farmer seed systems, while vouchers and seed fairs are said to strengthen them (Remington et al., 2002); these arguments will be explored in Section 6.8. Although much of the seed sown by farmers is generally that which has been saved from the previous harvest, seeds are also commonly acquired as loans, gifts or exchanges made with other farmers or through purchases at local markets. The grain market is an important source of seed. Farmers are careful in selecting the right variety and then regularly 'clean' it by removing broken or shrivelled grains when they buy grain for use as seed. Even though traders bring grain from distant areas, farmers are aware that not all varieties are suitable to the local conditions and recognise the adapted ones. In some grain markets, grain is differentiated from seed and fetches a slightly higher price because it has been selected and cleaned by the trader. In general, women have the main responsibility for selecting and saving seeds from the crop harvest. In many villages, some women and men farmers are recognised as 'seed specialists'. Frequently, it is these specialists who also act as farmer seed vendors at seed fairs. Many of the varieties cultivated by farmers are those which have been handed down from one generation to the next, yet new varieties are incorporated into farmer seed systems through interactions with traders or farmers in other areas. New varieties can also be obtained via interactions with the formal seed sector.

The relative wealth of farmers constitutes a significant determinant in their modes of seed acquisition; better-off farmers tend to save seed of grain crops from one season to the next, but seed of legumes and other crops with a low multiplication rate are more difficult to save. Poorer farmers in particular find it difficult to save seed because they tend to produce less and have lower yields. It is also the poorer farmers who suffer most in times of crisis in that they often do not have the assets necessary to purchase seed on local markets or to exchange seed with other farmers.

Farmer seed systems are distinguished from the formal seed sector which includes the public and private institutions involved in the research, production, multiplication and dissemination of seed. The private seed sector is composed of seed companies, seed retailers and/or stockists. Improved or modern varieties (MVs) that are developed through public sector breeding and selection programs regularly have limited impact due to the failure of formal seed systems to disseminate them effectively, hence the involvement of non-governmental organisations (NGOs) described below. In most countries, the national seed service is responsible for increasing national seed productivity through the promotion and protection of seed quality and the supervision of control of quality (both domestic and imported). This includes all activities relating to inspections of fields or seed production and laboratory analysis to certify seed quality. Seed legislation includes sanctions on those who are found to be selling low quality seed. In situations of economic and/or political crisis, state and parastatal seed supply mechanisms may cease to function, and private sector seed companies may shut down their operations either temporarily or permanently.

The farmer seed sector tends to be considerably more resilient than the formal seed sector in the face of disaster. Assessing the impact of a disaster on farmer seed systems requires an understanding of the crisis itself (type, timing, duration, scale and intensity), the socio-economic impacts on local populations (migration, displacement and changes in household composition), the functioning of local markets, the mobility of farmers and traders, and the assets available to farmers, including their ability to draw on

existing social networks (Longley et al., 2002). The responses of farmers to a crisis frequently involve changes in their agricultural practices and cropping patterns. Saved seed and other inputs, particularly labour, may become a constraint, and farmers may compensate for this by acquiring seed from other local sources or by switching their crops and crop varieties to types that require less labour. Different crops are affected by disaster in different ways (Sperling, 1997) and farmers may alter their cropping patterns by substituting crops and crop types.

The limited impact of public sector seed systems—whether due to a lack of resources, general inefficiency or the consequences of civil conflict—has prompted many NGOs to become involved in local-level seed projects in recent years. These donor-funded activities have the potential to bridge the gap between formal and farmer seed systems, but they often fail to understand the latter and instead merely replicate features of the formal seed system at the local level. Moreover, the short-term planning frame of emergency interventions means that the varieties provided by such projects tend to be whatever is commercially available or whatever can be sourced from the grain market and conditioned as seed for large-scale procurement (hence the shift to vouchers and fairs). NGO seed interventions regularly attempt to link relief and development via a transition from DSD to local seed production schemes and seed banks, which are thought to address the perceived yet often misplaced need to increase local seed availability. In practice, there is very little (if any) evidence that such schemes achieve any sustainable impact (Tripp, 2001).

### **3.2 Local and modern varieties in emergency seed responses**

Although the terms ‘local’ and ‘modern’ are used to describe different categories of crop varieties, farmers themselves rarely make such a distinction, and there is some element of blurring between the two. Local (or traditional) varieties refer to those that are the product of farmer selections and exchanges. They tend to be well adapted to local conditions and display characteristics preferred by farmers. Modern (or improved) varieties are the result of formal sector plant breeding or selection processes and are likely to be higher yielding than local varieties when planted in optimal conditions. Some modern varieties may be bred for certain characteristics, such as disease or drought resistance, or early maturity.

Two opposing views exist among agencies and individuals regarding the role of local and modern varieties in the implementation of emergency seed relief projects. Many agronomists or seed specialists who have been trained in the formal sector believe that the spread of MVs will lead to increased productivity and food security in traditional farming systems. These individuals therefore regard emergency seed projects as an efficient way of promoting MVs and increasing productivity. An opposing view is espoused by those who believe that it is best to provide ‘local seed’ to farmers affected by disaster since it is better adapted to local conditions. In some cases, ‘local seed’ is synonymous with local varieties, yet there are examples of projects in which seed of modern varieties is procured within the country and is considered as ‘local’, illustrating the misunderstandings that commonly occur in efforts by emergency seed programmes to promote ‘local’ varieties (Jones et al., 2002).

Given the widespread failure of formal seed systems to disseminate seed of modern varieties to farmers effectively, emergency projects might be regarded as an opportunity to get such seed out to farmers. Yet the aim of any project involving MVs should not be to replace local varieties but to widen the choice of varieties available to farmers. Not all farmers will necessarily want to adopt the MV in question, and nor should they be coerced into doing so, but it is reasonable to let farmers test MVs and decide for themselves whether they should adopt it.

### 3.3 Seed market development

Emergency seed projects have been criticised for their tendency to undermine the development of commercial seed markets. Direct seed distribution—in which large quantities of seed are procured from commercial seed companies—inhibits the development of a sustainable, market-based input marketing system. Instead of responding to demand for agricultural inputs from farmers, commercial companies are reacting to the demand from those agencies that implement seed distributions. Thus, the link between the consumer and the private sector is interrupted by the presence of the implementing agency: the seed companies have no knowledge of farmer preferences; and the farmers have no means of recourse to come back to the company in the event that they are dissatisfied with the seed provided. Companies find it more profitable to sell large quantities of seed to donor-funded seed relief programmes rather than to invest in the development of wholesale and retail marketing chains. In southern and eastern Africa, the frequency of relief seed programmes is such that a number of companies have emerged to provide seed almost exclusively to the relief seed market (Rohrbach, Mashingaidze and Mudhara, 2005; Bramel and Remington, 2004).

Vouchers are thought to promote the development of commercial seed markets by increasing the purchasing power of farmers and consequently increasing effective demand for modern varieties (in cases where it is possible to exchange vouchers for MVs). Such voucher programmes also increase effective demand by making farmers aware of the modern varieties available through the formal seed sector, and allowing them the opportunity to acquire small quantities of these varieties to test on their farms, which they might then purchase for themselves in subsequent seasons. Voucher programmes may also make MVs more widely available in remote rural areas than would otherwise be the case with the existing distribution mechanisms of the formal seed sector.

## 4. Ethiopia: a comparison of seed voucher approaches in response to the 2002–03 emergency

### 4.1 The ‘relief seed system’ of Ethiopia

Ethiopia has suffered from recurrent drought for at least the past 30 years, prompting a succession of emergency responses. With the exception of three years (1985–86, 1988 and 1995–96), there has been a disaster response every year since 1983–84. The nature of the disaster is usually described as a combination of drought and chronic vulnerability. Poverty is generally seen as the underlying cause of chronic vulnerability due to a lack of assets and endowments, low or variable rainfall, high population density and low natural resource endowments (Bramel et al., 2003). Political and economic reforms and a lack of effective agricultural market development have done little to alleviate these high levels of rural poverty (Dercon, 2002; Guinand, 2002). Direct seed distribution has been implemented with such regularity in response to drought and crop failure that it has led to the institutionalisation of a ‘relief seed system’, which is considerably more developed than the formal seed sector of Ethiopia<sup>6</sup> (Bramel et al., 2003). FAO, DFID and others have raised concerns about the impacts of this repeated distribution of relief seed on seed security.

Seed needs are assessed alongside food needs assessments which are carried out at least twice a year, once in October/December for the *meher* (long rains) season, and once in June/July for the *belg* (short rains) season. The data collected include information on crop production estimates, crop production area, livestock status, market prices, human health standing, general food security and the weather. These data, together with additional information from local officials, are used to determine the number of ‘affected households’ requiring assistance, including both food and seed. Thus, a methodology designed essentially to determine food needs has also been used to determine seed needs.<sup>7</sup> Additional information from local officials includes data gathered from local communities to identify the exact quantity and type of seed needed. It would appear that all affected households were assumed to be in need of seed. The assessments described above are generally used to determine seed needs at the national level for the emergency appeals made to donors.

In terms of seed security, seed availability is generally assumed to be the problem in Ethiopia. For example, a typical justification for the need for seed assistance is that ‘farmers have consumed or lost their grain seeds and have been forced to sell agricultural tools and oxen to buy grain’ (Bramel et al., 2003, p. 2). The appeal for 2003 reads as follows: ‘Seed stocks are required in many crop-growing areas for the coming planting season. Seed availability in 2003 will be critical due to the poor production performance in 2002. The seeds have highly shriveled [sic] and are of poor quality for planting. Therefore, timely supply is critical to avoid inflated needs for the remainder of 2003’ (DPPC, 2002, cited in Bramel et al., 2003, p. 2). However, a more detailed analysis suggests that seed of an acceptable quality to farmers is generally available in local markets but some farmers lack the means

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<sup>6</sup> The ‘relief seed system’ comprises donors, institutions that procure the seed (e.g. the government of Ethiopia, FAO, EuronAid and various local and international NGOs), public sector seed producers, private sector organisations and individual licensed seed growers who produce the seed or grain (of local and modern varieties), organisations that distribute the seed, and finally the Peasant Associations (PAs) and beneficiary households that receive the seed. Many feel that the relief seed system that has emerged in Ethiopia in response to the constant need for emergency seed provisions has a negative impact on the development of the formal seed sector, which might otherwise meet the country’s seed requirements in a more sustained fashion (Bramel et al., 2003, p. 8).

<sup>7</sup> In 2003–04, seed security was assessed using different indicators from those used to assess food security. The indicators included the status of the *belg* grains, the effect on seed stocks, the plant/replant cycle in terms of secondary needs, grain price, and the quality of grain in the local market (DPPC, 2003, cited in Bramel et al., 2003, p. 6). Yet when these data were reported in the United Nations Emergency Unit for Ethiopia (UN-EUE) field assessment (situation report), seed availability and seed access were appraised together (Bramel et al., 2003).

to access it (Bramel, Remington, and McNeil, 2004). The seed security situation for East and West Hararge has been summarised as follows (Bramel et al., 2003, p. 1):

*Farmers' seed security is related to household supply of own saved seed and availability of assets to access the market for most crops. The crop production system is very diverse with limited use of inputs. The productivity is inherently low and the droughts of the last two years have further reduced crop production. This has resulted in fewer farmers with adequate supplies of own saved seed. Thus more farmers must go to the market or utilize seed assistance. Farmers' access to the market requires cash, assets or credit but all of these are limited with the poor harvest due to the drought. Seed supply in the market is limited and the demand is high so the prices are high. Thus seed is available in the market but access to this seed is limited during droughts. In the market, the quality of the seed was acceptable to the households surveyed and the supply has been adequate to meet both the demand from farmers and the relief seed system during the drought.*

At a more local level, surprisingly little assessment is carried out prior to the distribution of seed or even to determine the impact of a project after it has been implemented. A review of five DSD projects<sup>8</sup> described by Bramel et al. (2003, p. 9) reveals that:

*No specific problem diagnosis was used to design the intervention so no alternative interventions were considered to address the emergency. The process of implementation mainly focused on the procurement and delivery of the inputs and was not reviewed. The impact of the intervention was considered in each of these almost exclusively in relation to technical adequacy. Thus the diagnoses and evaluations are very focused on the supply-side dimension of the operations; while the farmers, representing a possible demand for assistance, were not involved. .... No project evaluated the longer term impacts of the intervention on the households, the communities, the target agricultural system, or the seed system. While all these evaluations concluded with a list of constraints and future need or opportunities, it is not clear how these were addressed in future interventions.*

Such findings are certainly not unique to DSD projects in Ethiopia, but what evidence is there that the use of seed vouchers represents an improvement in terms of assessment, implementation and impact? The following two sections describe two different approaches to seed vouchers implemented by CRS and CARE respectively in Ethiopia. Both were funded by USAID's OFDA as part of a pilot programme to demonstrate the advantages of vouchers over direct distribution, in terms of efficiency and effectiveness and of promoting a transition from emergency aid to development assistance (Gregg, 2004).

### **4.3 CRS seed vouchers and fairs**

#### **4.3.1 Background to the project: rationale and assumptions**

The first SVFs to be implemented in Ethiopia were part of the CRS project entitled 'Emergency response through increased access to seed, water and sanitation', developed in response to the 2002 drought. The seed component of the project included the provision of seed through both SVFs (1,754 metric tonnes (MT) seed for 56,577 beneficiaries) and DSD (2,047 MT seed for 61,817 beneficiaries). Here we are only concerned with the seed vouchers and fairs, not the direct distribution. The project was implemented by eight partner organisations and included 163 seed fairs in 19 drought-affected

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<sup>8</sup> The projects reviewed were implemented by CRDA (1995), CRS (2000), SCF-UK (2000), CARE (2001) and FAO (2002b).

*Woredas* in Oromya, Tigray, Amhara, Southern Nations Nationalities Peoples Region (SNNPR) and the Dire Dawa Administrative Council.

The SVF approach implemented by CRS in Ethiopia in 2002 was based on various assumptions and was intended to fulfil a number of aims, as shown in Box 1. More generally, it is also important to note the element of sustainability being promoted by CRS's SVF approach, and that it combines emergency and developmental objectives:

*The infusion of cash into local economies, in the form of free coupons to exchange at seed fairs, is intended to kick-start a seed exchange process that hopefully will be repeated in future. Over time, in future seed fairs, coupons will be withdrawn and replaced by farmers' own cash, perhaps over a three-year period, and the entire system will continue on a real cash basis.... The seed fair is therefore a model for recovery from drought shocks that can be sustained into the future. It is both an emergency measure and a development activity (CRS/Ethiopia Program, 2003, pp. 10–11).*

### **Box 1: Assumptions and aims of CRS-Ethiopia seed fairs**

The seed fair concept is based on several important *assumptions*:

- It is assumed that the problem of acquiring seed for the next planting seasons is one of access to seed rather than availability of seed in the local community. Farmers just do not have the purchasing power to acquire seeds, but the seeds are locally available.
- It is assumed that local markets are strong and responsive. If one organises a seed fair, seed vendors will respond.
- It is assumed, and is indeed true, that farmers have tremendous knowledge of seed. They are the best ones to determine quality, viability, origin and productiveness of local seeds adapted to their particular agro-ecological zone. By looking, smelling and tasting, they determine seed quality. They are the best persons to select seed and crop varieties for their fields. They know which will thrive under their particular agro-ecological conditions. With this knowledge and freedom to choose, they have the highest likelihood of crop success.

The seed fair concept has certain specific *aims*:

- It aims to transfer the choice of seed and variety to the individual households.
- It aims to provide local seed, seed that already exists in the community.
- It aims to have the seed fairs organised and monitored by a local Woreda committee composed of NGO partner organisations, *Woreda* officials and peasant association leaders, a new organisation that can be sustained over time.
- It aims to create an opportunity for information exchange on local seed varieties and to introduce farmers to improved varieties from agricultural research centres and the commercial seed system.
- It aims to create an open and transparent market. This seed market can be sustained if it is followed up with continued training for farmers and local traders to improve the seed market chain.

Source: CRS/Ethiopia Program, 2003, p. 11

### 4.3.2 Assessment and implementation

The need for a seed intervention was originally identified through the routine crop assessments described above and undertaken by government officials in drought-affected areas. This led to a call for proposals by USAID's OFDA to which CRS responded. The proposal put forward by CRS included data collected by its partner organisations regarding the target number of beneficiaries, the focus crops and budget needs. It is not clear how this information was collected, but the original proposal's budget totalled USD 2,930,586. Late in 2002, however, the Ministry of Agriculture (MoA) and FAO found that the need for seed had been underestimated and an additional grant of USD 976,456 was provided for supplementary seed distribution. This clearly illustrates that the initial decision to implement a seed intervention originated from the MoA, FAO and USAID and that CRS and its partners were merely responsible for determining who would benefit. The feasibility study that was conducted was carried out *after* the decision to implement seed vouchers and fairs had already been made (see below). In short, a detailed assessment of the problem and of whether or not a seed intervention would actually address it was never undertaken. Doubts about both the need for and appropriateness of DSD among individuals within FAO and the European Commission (EC) have led to calls for a national seed security assessment, but this has yet to be commissioned or performed.

The SVF approach was implemented by committees formed at the *Woreda* and PA levels, as described in Section 2.2.1. The *Woreda* committee consisted of an implementing partner representative and *Woreda* officials (from the Rural Development Council, the MoA, the Disaster Prevention and Preparedness Commission (DPPC), etcetera), while the PA committee consisted of the PA leader, Development Agent, implementing partner representative and sometimes a community representative. These committees were responsible for identifying families most in need,<sup>9</sup> registering the beneficiary households, and determining the seed varieties required by the beneficiaries and those varieties available through local vendors. Local seed supply and demand was assessed using an informal farmer and market survey tool,<sup>10</sup> combined with the knowledge of the committee members. Both committees then planned and organised the fair according to the criteria listed in Box 2. Each fair was supposed to have been limited to a maximum of 500 beneficiary households since previous experience had shown that this was a manageable size. However, some fairs included more than 500 beneficiaries when officials added needy families that had not been included on the original beneficiary lists, leading to some complications with registration, voucher exchange and monitoring. In general, though, the registration process was considered to be transparent and equitable.

The evaluation report describes the day of the seed fair as a very busy, hectic, long day for all involved. The process of registering the beneficiaries and issuing the vouchers was very time-consuming and limited the time available for them to purchase seeds. More time was necessary for the beneficiaries to select and purchase their seeds. Some of the beneficiaries felt that more local crops and varieties (such as Enset and sweet potatoes) should have been available.<sup>11</sup>

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<sup>9</sup> Special emphasis was given to women-headed households since these are considered as most vulnerable.

<sup>10</sup> This simple survey tool involves talking to farmers and traders to determine what quantities of seed are normally planted, the varieties locally available, their sources (whether local or from outside the area), and the price of seed (CRS, ICRISAT and ODI, 2002).

<sup>11</sup> Enset has a very localised demand, only in the SNNPR. Sweet potato vines are rarely seen in local markets and tend to be exchanged among neighbours or relatives.

## Box 2: Criteria for CRS-Ethiopia seed fairs

The *Woreda* seed committees had to take into consideration several criteria in order to make the seed fairs work:

**Distance:** The seed fair could not be too far from beneficiaries' homes or from where vendors are located. A balance of distance had to be struck. Since beneficiaries would walk to the fairs and would carry home the seed they obtained, the distance had to be manageable for carrying several kilograms of seed on their backs or on donkeys. At the same time, vendors would not be willing to travel too far to sell their seed. They had to consider their transportation costs for a considerable amount of seed without any guarantee of sale.

**Timing:** Ethiopia has two main planting seasons: the *belg* (short rains usually starting in late March and lasting a few months) and the *meher* (long rains typically beginning in June and lasting through September). Often crops planted in one of these seasons are different from those planted in the other season. The seed fair had to be conducted just prior to the planting season, fields had to be prepared and the appropriate seeds and varieties made available. If the fair was held too far in advance of the next planting season, the seed could be lost due to selling, consumed as grain or damaged by mould. If the fair was held too late, the seed could not be sown in that planting season and the benefit lost.

**Type of seed vendor:** Seed vendors, as much as possible, should be local farmers and vendors, as they should have the most preferred varieties of seeds. Other non-local seed vendors would be welcome to offer improved varieties of local crops for households to try.

**Sensitisation:** Both beneficiaries and vendors had to be sensitised as to how seed fairs worked and the value and use of the coupons. For example, beneficiaries could split their set of coupons to allow them to purchase various types of seed from any number of vendors and they could bargain on the price. Beneficiaries could not exchange coupons for cash, coupons could be used only on the day of the fair, and they could not be taken as souvenirs. Vendors, meanwhile, had to know their rules as well. Vendors were barred from colluding or fixing the price of seed. At the end of the day, vendors exchange the coupons they had acquired for cash.

**Seed quality:** The seed fair committee needed to ensure that the seed brought by vendors was of good quality. They did this by physically inspecting the seed lots brought by vendors on the day of the fair and by taking a sample for later germination tests. Once the seed passed inspection on the day of the fair, the vendor was registered to participate.

**Price:** The seed fair committee informed vendors that the prices of their seeds could not exceed 125 per cent of the local market price for that seed. One job of the committee on the day of the fair was to monitor the prices of seeds to ensure they met this criterion.

**Coupon values:** The seed fair committee had to determine the Birr value in coupons given to each beneficiary family. The value of the coupon per household had to match closely need and potential use of seed. Value was based on the size of the farm plot to be planted, the crop to be planted and the price of that seed. This caused coupon values distributed to vary widely from one *Woreda* to the next and from fair to fair. The intention was to be fair to needy families while stretching the funds available to as many families as possible.

**Coupon redemption:** Vendors would redeem coupons for cash at the end of each seed fair day. The proviso was that this had to be an easy process and one that would build trust between vendors and the seed fair committee so that these vendors would return for future seed fairs or work themselves into the local market system.

Source: CRS/Ethiopia Program, 2003, pp. 12–13

### 4.3.3 Evaluation

The evaluation methodology included the seed fair exit questionnaire that CRS implements at all of its fairs. This questionnaire included 1,261 (two per cent of total) beneficiaries and 463 (14 per cent of total) vendors and post-planting interviews with 4,069 beneficiaries. CRS partners that had implemented the SVF approach conducted these interviews. Additional data from the beneficiary registration forms, seed samples collected from vendors, monitoring reports and focus group discussions with *Woreda* officials were also analysed as part of the evaluation process. Finally, an evaluation workshop was held with all implementing partners to undertake a strengths, weaknesses, opportunities and threats (SWOT) exercise. In general, the evaluation analysis revealed that the overall implementation of the SVF approach varied greatly according to the partner organisation responsible. This was because CRS brought in numerous partners (many of which were new to CRS) and because the SVF approach was a first experience for all the partners. Our focus here is mainly on the logistical aspects of the SVF approach, and is not intended to be exhaustive.

***Timing and location of seed fairs:*** The timing of the seed fairs was determined by the partner organisations according to the readiness of fields for planting. Overall, the timing of the seed fairs was considered adequate: the vast majority of beneficiaries reported that the fields in their PA were either ready or would soon be ready to plant. In terms of seed fair location, beneficiary responses varied according to the partner organisation. With regard to the partner organisation that implemented the most fairs (EECMY-LWF), 95 per cent of beneficiaries felt that the seed fair was not too far. However, for three of the other partners, 30–40 per cent of beneficiaries felt that they had to travel too far to attend the fairs. This was because these partners were working in remote areas and had more PAs per seed fair site, and the site selection was based on proximity to seed vendors rather than beneficiaries.

***Beneficiaries and vendor participation:*** The programme aimed to include 50 per cent female beneficiaries, but according to the seed fair registration data, only 38 per cent of seed buyers were women. Beneficiaries showed varying levels of understanding about voucher use due to the different sensitisation/training methods used by the partner organisations. In general, however, the majority of beneficiaries were sensitised effectively: more than 85 per cent of the beneficiaries of seed fairs organised by four of the partners indicated that they understood the Birr value of the voucher, that they could use vouchers to obtain more than one crop/variety, and that the vouchers could be used to purchase seed from more than one vendor. Regarding the vendors, there were three different categories of seed seller: farmers; traders; and ‘other’.<sup>12</sup> The seed sellers were male farmers and traders both with and without experience. Overall, the proportion of female vendors was 18 per cent. The type and experience of the vendors varied for different implementing partners, as illustrated by Box 3, which describes the vendor survey results provided by ECC-SDCOA and EECMY-LWF of Sidama. What is important to note is that much of the seed provided at the seed fairs by both farmers and (to a slightly lesser extent) traders came from very local sources and was thus appropriate for local farming conditions. Issues of seed quality are considered below.

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<sup>12</sup> The ‘other’ category was relatively small and included large commercial seed sellers, representatives of the Bureau of Agriculture and Natural Resources, and the Orthodox Church.

### Box 3. Some results from the vendor questionnaires for different implementing partners

**Adigrat Social and Development Coordination Office (Ethiopian Catholic Church):** Out of 175 seed sellers surveyed, 102 (58 per cent) were farmers, 66 (38 per cent) were traders, and seven ‘others’. ‘Others’ were described as commercial seed sellers, sellers from the Bureau of Agriculture and Natural Environment, and the Orthodox Church. The Orthodox Church sold seed that had been collected as alms. The farmers included 34.7 per cent females, and 82 per cent were first time seed sellers. The traders included a lower proportion of females (27 per cent), but a higher proportion of the traders had more experience of selling seed (28 per cent had sold for between one and five years). The farmer seed sellers sold more seed from their own production than did the traders. The trader seed sellers sold similar proportions of seed from three different sources: obtained from their own production; bought from local farmers; and purchased from farmers in other locations. Interestingly, around three per cent of the farmers and traders sold seed procured from service cooperatives. The sellers in the ‘other’ category sold from their own production and that obtained from farmers in other locations. About 34 per cent of the farmer seed sellers were selling their own production for the first time. Thus, the farmer seed sellers were the main source of very local seed and a high proportion of these were using the seed fairs as a first opportunity to sell seed.

**EECMY-LWF of Sidama:** Most (75 per cent) of the seed sellers interviewed were traders (34); nine were farmers; and two traders classified themselves as ‘other’. Twenty-two per cent of the farmer seed sellers and 27 per cent of the trader seed sellers were female. This differs from the seller registration where there were no female sellers, suggesting that women sold some of the seed but the seller registered as male. The majority of the seed sellers had sold seed for between one and five years, and 25–30 per cent of the farmers and traders had sold seed for more than 10 years. Hence, seed sellers at these fairs were very experienced. The farmers mainly sold seed bought from other farmers (50 per cent) in the area, their own production (25 per cent), and bought from farmers in other areas (25 per cent). The traders mainly sold seed bought from farmers in other areas (65 per cent), purchased from local farmers (21 per cent) and their own production (six per cent). Consequently, farmer seed sellers were a better source of local seed than were traders.

Source: CRS/Ethiopia Program, 2003, Appendix 1

**Seed types and quality:** Beneficiary interviews revealed that seeds for 15 different crops<sup>13</sup> were available at the seed fairs. For each crop, the number of different varieties varied according to the location of the seed fair. In Kersa Woreda, for example, four varieties of maize were traded at one fair, and seven sorghum varieties were traded in a single fair in Dire Dawa. In general, there was a wide choice of locally appropriate crops and varieties available to beneficiaries. Seed fair exit interviews show that over 99 per cent of beneficiaries rated the quality of seed as either good or very good. Post-planting interviews showed that beneficiaries planted all the seed types they obtained at the fairs, confirming both the local appropriateness and the quality of the seeds. The post-planting survey also asked more detailed questions about seed quality in terms of physical cleanliness, germination and growth. In most seed fairs, over 80 per cent of respondents rated the seed as clean, although they were more satisfied with germination than overall growth. Poor germination and growth could either be due to poor quality seed or poor agronomic practices, or poor soil or weather conditions.

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<sup>13</sup> Barley, wheat, maize, sorghum, teff, haricot bean, fava bean, chickpea, field pea, lentil, sesame, fenugreek, grass-pea (vetch) and linseed. Hanfets (a mixture of wheat and barley) was also available. Not all of these crops were necessarily available at all fairs. No seed fair had Enset, millets or potatoes.

**Seed price:** Beneficiaries generally felt that the price of seed was too high compared to the normal local price, partly due to lack of time for bargaining. The prices of the inputs sold at the fairs were subject to negotiation between the individual voucher holder and the vendor and tended to be 8–10 per cent higher than ‘normal’ market prices, reportedly due to the distance that they had to travel. The price fluctuations both between fairs and within fairs was minimal. In some fairs, there were cases where there were only three or four vendors and there were problems with price collusion among vendors.

**Voucher redemption:** vendors did not report any voucher redemption problems.

#### 4.3.4 Outcomes and follow up

In the three years since CRS began implementing seed fairs in Ethiopia, increasing attention has been paid to the marketing aspect of seed fairs through the provision of seed enterprise training to allow a number of the original farmer beneficiaries to themselves become seed vendors. The fact that seed fairs have continued with very little prior needs assessment over the three years begs the question as to whether SVF have merely replaced the old ‘treadmill’. There are also plans to ‘wean’<sup>14</sup> farmers off seed vouchers by providing vouchers of a lower value so that farmers themselves have to meet some of the cost of the seed with their own cash. In this way, it is expected that the fair would ultimately be based on ‘pure’ market transactions rather than subsidised prices. The ‘improved’ seed voucher and fair approach described in CRS’s 2004 project proposal explicitly includes ‘linkages between targeted farmer seed producers and agriculture research centers, facilitating commercial seed enterprise involvement in fairs, developing markets for farmer grown seeds, training seed sellers in seed sourcing, record keeping, storage and marketing, and strengthening partner’s capacity to respond quickly’ (CRS, 2004, p. 15). In addition, the proposal seeks to promote further integration between the formal and the farmer seed system to allow farmers to access seed of new varieties.

Thus, the original aims of CRS seed fairs in Ethiopia have shifted over the years, from an emergency intervention to provide farmers with access, to an approach with more developmental objectives of market strengthening and access to new technologies. While this illustrates the potential of the seed fair approach to link relief and development over time, the evidence or needs assessment to show that this shift is appropriate appears to be lacking. The marketing and technology objectives of seed vouchers and fairs are explored more fully in the Mozambique case study in Section 5.

### 4.4 CARE seed vouchers

#### 4.4.1 Background to the project

CARE’s ‘Hararghe Livelihoods Recovery Seed Voucher Project’ was implemented in response to the 2002–03 food crisis to maximise the effects of food relief and to ensure that recovery would be achieved as quickly as possible. The project benefited 86,000 households in nine districts (*Woredas*) of East and West Hararghe; and vouchers worth 5,147,960 Birr were exchanged for 2,010.5 MT of seed. Seed vouchers rather than seed were distributed in order to ‘empower farmers and ensure flexibility in their choice of seed types and planting times’ (CARE, 2004, p. 1). The evaluation report also notes that the voucher approach ‘supported the return to a market-based system’. The voucher approach described here was piloted after many years of conventional seed distribution in which it was recognised that farmers did not participate in seed purchasing, the timing of seed delivery, or have a choice of planting time. The project adopted a rights-based approach, emphasising the right of farmers

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<sup>14</sup> The use of this term in the CRS proposal implies an assumed ‘dependency’ on seed vouchers by the beneficiaries. Given that the initial needs assessment was weak, such assumptions about the need for ‘weaning’ may also tell us more about the attitudes of the agency rather than the actual situation of farmers.

to choose their preferred seed types and planting times. The objectives and rationale of the approach are summarised in Box 4.

#### **Box 4: Objectives and rationale of CARE's seed voucher project**

The rationale for CARE's seed voucher project included the following considerations:

- A single type of seed is generally not appropriate for a whole district (that is, *Woreda*), let alone for several districts, especially since each district encompasses a variety of agro-ecological zones.
- The voucher system supports a broader planting time frame than is common with direct seed delivery programmes.  
Different seed types offer comparative advantages in terms of yield, marketability, and nutritional content.
- Farmers know their own needs and circumstances, and have the right to make planting decisions based on that knowledge.

The three main project objectives were:

1. Promotion of self-sufficiency among drought-affected farming families in East Hararghe and West Hararghe through the provision of essential seeds for the *meher* or long rain planting season.
2. Use of a voucher-based system to ensure flexibility in the choice of seed type and planting times.
3. Support for a return to market-based systems.

Source: CARE, 2004, pp. 1 and 3

#### **4.4.2 Assessment and implementation**

The project report does not mention any specific needs assessment or feasibility studies undertaken prior to the project, nor does it mention the study of seed aid and farmer seed systems (Bramel et al., 2003) that was carried out by the International Center for Tropical Agriculture (CIAT), CRS, CARE-Norway and CARE-Ethiopia in the project area at roughly the same time that the project was being implemented. It is unclear whether or not this study was able to feed into the seed voucher project in any way, other than raising awareness of the need to understand better farmer seed systems and traditional seed management practices.

Before the project became operational, CARE conducted consultations with zone and *Woreda* government officials, vendors, farmers, and CARE field staff to develop systems for the distribution, redemption, and cashing of vouchers. Given the innovative nature of the approach, particular emphasis was placed on capacity-building and communication strategies. Capacity-building workshops had three components: (i) an overview of the project; (ii) discussion on traditional seed conservation methods; and (iii) simulations of voucher use to learn how supply and demand determines seed prices. Communications media that were developed included posters, flyers, and radio programmes.

Participants included 86,000 at-risk households who were identified by the Oromiya Regional Disaster Prevention and Preparedness Commission based on reports from *Woreda* and Zone DPPCs. Targeted

households were those that: (a) were entitled to receive food aid; (b) were seed insecure;<sup>15</sup> and (c) had land for planting seeds. Each beneficiary household received three 20 Birr vouchers with a total value of 60 Birr (equivalent to USD 7). Vouchers were issued in the presence of the whole community, PA leaders, and *Woreda* representatives, allowing for the rectification of minor targeting problems (that is, double counting). It took three weeks to complete voucher distribution in West Hararghe, and a little longer in East Hararghe.

Each voucher had a serial number and two spaces for stamps: one stamp to identify where the voucher had been issued and the other to confirm the transaction between the beneficiary and the vendor. On the back of each voucher the vendor was expected to record the location of the beneficiary's Peasant Association, his/her landholding size, his/her family size, and his/her choice of seeds. In addition to recording this information on the back of the vouchers, the vendors were asked to use a logbook to note the voucher serial number, type of seed, voucher amount in Birr and the date of transaction.

Traders with either an established business and experience in the project zones (as certified by the local agricultural authorities), or those from elsewhere willing to partner local vendors with experience at the district level, were invited to supply seeds for the project. Vendors were selected according to the following criteria: (i) the posting of a 1,000 Birr bond<sup>16</sup> to demonstrate commitment to making seeds available at one or more of the market centres during the project period; (ii) a commitment to respecting the free market in which prices were to be determined exclusively by supply and demand; (iii) willingness to receive and verify the vouchers as per their contract with CARE-Ethiopia; and (iv) acceptance of CARE project monitors' right to oversee the voucher redemption process, to verify trader records, and to interview participants. How effective these mechanisms were in preventing malpractice is explored in Sections 4.4.3 and 6.2.

Approved seed vendors were invited to provide *mehers* seeds at 24 selected market centres that were easily accessible to the beneficiaries. Due to a vigorous promotion campaign,, it was possible to have a minimum of two vendors at each market centre in order to give participants more choice and to keep prices competitive. Information from the project report reveals that the total number of vendors per market centre did not exceed six. Three monitors were present at each market to ensure correct implementation of the voucher system, record appropriate participant data, act as an appeals resource in the case of possible abuses, identify problems such as seed variety shortages or delays, and communicate any problems to the programme coordination unit. Vendors redeemed the vouchers for cash at CARE-Ethiopia zone offices, either when they had accumulated 1,000 vouchers or every 15 days.

A number of changes and recommendations were made during the course of the programme to ensure its smooth running—these are listed in Box 5. The large number of changes made in the course of implementation illustrates the lack of methodological experience of the voucher approach and the difficulty of introducing a new approach. The fact that the programme was able to address these problems as they occurred is very positive.

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<sup>15</sup> It is not clear how seed insecure households were defined or determined.

<sup>16</sup> The full value of the bond was returned to all participating traders when seed sales were completed.

### **Box 5: Implementation changes made in the course of the CARE-Ethiopia project**

*The points below describe some of the ways in which the implementation approach was fine-tuned during the course of the project.*

1. The finance departments of the two field offices were responsible for collecting the performance bonds. Receptionists were requested to provide good customer service and to put the vendors in touch with the appropriate person.
2. Every vendor who entered into an agreement with CARE was required to have a license; if the trader had no license, he/she could partner a vendor who did.
3. When vendors came for the performance bond, their responsibility for completing the information on the back of the voucher and in the logbook had to be explained.
4. Both offices needed to have access to enough cash to pay the vendors. A system needed to be implemented in conjunction with the CARE office in Addis Ababa in order to avoid delays in the transfer and/or replenishing of funds.
5. CARE offices recognised the need to distribute vouchers on the basis of agro-ecology, that is, starting distribution with lowland area farmers, since their planting season was shorter than that of farmers in midland and highland areas.
6. At every voucher distribution centre, 20–30 minutes of project orientation should be given to farmers to reinforce the message of the rights-based approach.
7. In all of the distribution centres, vouchers must be disseminated in the presence of five committee members, including government representatives.
8. Action was taken to establish a committee to deal with any monitoring issues that were beyond the scope of the monitors themselves. That is, appointing a new monitor in one of the markets to reduce tension between the monitor and a vendor and tightening of the monitoring of quality and seed price.

*The following recommendations were made to minimise future problems:*

- Arrange for a seed voucher radio programme to be broadcast on weekends, between 09:00 and 10:00, when most farmers are listening.
- In market(s) with only one vendor, depending on the location, more vendors should be invited to join, with a time limit of one week for accepting new seed vendors.
- According to the contract, seed vendors are entitled to collect cash every two weeks or after receiving 1,000 vouchers. Existing financial and authorisation procedures must be reviewed in order to ensure that this commitment is honoured.
- Ensure that delays in food distributions do not become a reason for participants to divert vouchers from buying seed to purchasing food grain.
- Advise voucher distributors and seed vendors to use the stamps on the vouchers appropriately and consistently.
- Improve communication with the field.
- While input from partners (Development Agents and *Woreda* DPPC members) is welcome, CARE staff need to be vigilant so that farmers themselves choose the seed they want to buy and the price they want to pay, unless professional help is deemed necessary.
- There was a concern that some seed vendors would bring in seeds from outside the Hararghe zones, which might result in introducing harmful weeds to the region. CARE monitors and agronomists were to take responsibility for ensuring that this did not happen.
- Due to the different growing seasons in West Hararghe, lowland farmers should have priority with regard to voucher distribution. This was not applicable to East Hararghe.

Source: CARE, 2004, p. 7

#### 4.4.3 Evaluation

In addition to the weekly monitors' reports, performance data were collected from 1,800 beneficiaries, 29 vendors, 20 Development Agents, 25 *Woreda* Council members, and 27 CARE staff. It appears that a large amount of data was collected, but that only some of this is reflected in the final project report, thus limiting the detail reported here.

**Timing and location:** The design of the voucher programme allowed beneficiaries to choose when to exchange their vouchers within the project period. It had been assumed that they would not immediately exchange their vouchers, yet there was an initial rush at the market centres that temporarily overwhelmed both the vendors and the project monitors. By the second week of the programme, beneficiaries had realised that keeping their vouchers a little longer gave them greater bargaining power. Overall, the distribution of the vouchers was considered to have occurred late (Agridev Consult, 2006).

**Vendors and beneficiaries:** Data on the characteristics of beneficiaries and vendors are not available, but the evaluation report notes that some vendors, presumably mostly those who came from outside the project area, withdrew from the project because they were unable to offer a variety of local seeds and were not familiar with local people. When asked about the benefits of the voucher approach, 51.7 per cent of the vendors were pleased to have participated, 41.4 per cent were somewhat pleased, and six per cent were not pleased with the experience. Those who were pleased made comments like *'We did well and we got profit'*, *'The project happened at the right time, when farmers had no seed'* and *'The transaction with farmers went peacefully. Now farmers trust us'*. Many vendors felt that the information they were expected to record involved too much work. More than 85 per cent of the participants overwhelmingly endorsed the voucher approach and stated that their seed buying choices were influenced by seed quality rather than low prices or indebtedness<sup>17</sup> to any specific vendor.

**Seed types and quality:** Between seven and 16 types of seed were offered in each of the market centres.<sup>18</sup> Given that the project area had suffered between 45 and 85 per cent crop failure, there was little expectation of finding local seeds in the markets. Those implementing the programme were surprised therefore to find that a significant amount of local seed was available in some *Woredas*. Overall, out of the total 490,600 kilograms of seed exchanged for vouchers in East Hararghe, 42 per cent came from local sources. In West Hararghe, 29 per cent or 444,100 kilograms of the total seed supply was local. The project relied on farmers' inherent knowledge of seeds to guard against poor quality. Subsequent germination tests revealed germination rates of between 78.1 and 100 per cent. Low germination rates were recorded for maize and sorghum, possibly due to poor harvests, seed storage or warehouse management. The physical appearance of the seeds was sound and no infestation problems were observed.

**Seed price:** In the initial stages of voucher exchange, when the markets were flooded with buyers, seed prices were high, but these decreased once participants spaced their visits to the market. Some PA chairpersons advised their communities to wait until the seed prices came down. Information exchange among participants further helped farmers to get better quality seed at the lowest price. The average seed price in East Hararghe, with the exception of maize, was slightly higher than that in West Hararghe. One reason for the higher prices observed in East Hararghe could be its greater distance from major seed markets. In general, the markets functioned well. There were occasional complaints from

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<sup>17</sup> When farmers are unable to purchase seed, some local vendors give them seed. Vendor's generosity at a time when farmers are desperate makes them grateful. Traditionally, it is assumed that when the farmers can afford to purchase seed they will express their gratitude by buying it from this vendor, irrespective of quality and price.

<sup>18</sup> These included haricot bean, maize, sorghum, barley, wheat, teff, chickpea, *dekuni* (sorghum variety), lentil, pea, fenugreek, flax, sesame, oats, onion, and fava bean.

farmers that the price of some seeds was higher than usual, and they infrequently mentioned the low quality of some seeds being brought to the markets. On the part of the vendors, there were a few complaints about the unfair advantage of their competitors. It is thought that the project boosted local economies not only for those traders whose business activities increased as a result of the project, but also for farmers who had seeds that they were able to sell to vendors at a competitive price.

***Voucher redemption:*** Unduly complicated procedures for the verification of the number of vouchers issued led to delayed payments in East Hararghe. In West Hararghe, an administrative situation outside of the actual project caused some delays in vendor payment. Participants in East Hararghe exchanged and redeemed 99.8 per cent of their vouchers, and in West Hararghe 99.7 per cent were redeemed. Hence, the number of vouchers that were lost or retained by the participants was insignificant. Farmers were not happy about the value of the vouchers (20 Birr) and the report recommends that smaller denominations (such as 5 Birr, 1 Birr and 50 cents) would be more useful in future.

#### **4.4.4 Subsequent seed voucher programmes**

CARE implemented seed voucher programmes in 2004 and again in 2005, building on the lessons learned in 2003. Each of the voucher interventions had slightly different objectives depending on the impact of the annual droughts on food and seed security. In the 2004 programme, the vouchers had a smaller denomination (10 Birr), and the project time frame covered both planting seasons (*meher* and *belg*). Other improvements made in 2004 included the establishment of *Woreda*-level technical committees, more vendors, and market monitors, together with greater emphasis on technical support and farmer training. Following the 2005 voucher programme, an evaluation and impact study was conducted (Agridev Consult, 2006), the results of which are referred to in detail in Section 6. The 2005 evaluation report notes that beneficiaries complained that the price of seed was generally high compared to grain prices, and that the vouchers were distributed late in some areas. In 2004 and 2005, it was reported that a small number of farmers allegedly redeemed their seed vouchers for cash (Agridev Consult, 2006). This is further discussed in Section 6.2.

#### **4.5 Comparison of the CRS and CARE approaches**

Fairs are thought to have an advantage in that they ‘concentrate’ things in terms of both time and space. However, in some cases, this may merely be an advantage for the implementing agency (especially in terms of monitoring and voucher redemption), and not necessarily for the beneficiaries or the vendors. By not having fairs, beneficiaries are said to have greater flexibility in being able to choose when they want to buy their inputs, and there is no need for the vendors to transport their wares beyond the market centres where most of them normally operate. The overall comparison of findings from the two approaches are summarised in Table 4, but it is important to note that the two programmes are not strictly comparable on the basis of the approach alone since other logistical or operational aspects unrelated to the approach itself inevitably come into play. For example, the problems associated with voucher redemption experienced by CARE appear to have stemmed from the unnecessarily complicated procedures that were established and not from the approach itself; such delays probably could have been avoided. Similarly, the initial rush by beneficiaries to exchange their vouchers that led to a price increase also could have been averted if vouchers were stamped with a validity period staggering the times at which they could be exchanged, as with the ICRC’s voucher programme in West Bank.<sup>19</sup>

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<sup>19</sup> E-mail from Marjukka Antila, (ICRC) to Cash Learning Project Discussion Forum, 23 November 2005.

**Table 4. Comparison of seed voucher approaches**

	<b>Vouchers combined with fairs (CRS)</b>	<b>Vouchers exchanged at market centres (CARE)</b>
Timing	Vouchers exchanged on a single day. Time spent on registration, coupon validation and distribution limited the time available during the seed fair day for coupon exchange, affecting choices and seed prices.	Beneficiaries could choose when to exchange their vouchers within a six-week period (mid-June to the end of July). Many opted to exchange their vouchers early because they were unsure whether seed would still be available later, but this initial rush led to a price rise.
Location	Farmers as well as traders must travel to the fair. Most participants were satisfied with the location of the seed fair, except in some remote, sparsely populated areas.	Farmers expected to travel to market centres; traders sold seed from centres where they were possibly already well-established. The plan was for each beneficiary to have a choice of two market centres nearby, but there is no evaluation data on this point.
Beneficiaries	Targeting was reported to be open and transparent. Thirty-eight per cent of voucher recipients were female. Ratio of vendors to farmer beneficiaries calculated to be 1:17. <sup>20</sup>	Minor targeting problems reported. No data on gender breakdown. Ratio of vendors to farmer beneficiaries estimated to be 1:1,024. <sup>21</sup>
Vendors	Small-scale local traders, commercial seed sellers and farmers with varying degrees of experience of selling seed. Eighteen per cent of vendors were women.	Mostly large-scale traders from both within the project area and from outside. Some traders withdrew from the project due to inability to provide local seed. Report does not record gender; presumably all were male.
Voucher values	Total value of vouchers determined by local partners and varied widely from fair to fair depending on the calculated cost of seed for the target cropping system. Voucher denominations of 10 Birr, 5 Birr and 1 Birr.	Three 20 Birr vouchers per beneficiary. Farmers were not happy with denomination; 5 Birr, 1 Birr and 50 cent denominations would have been more useful.
Seed types	Fifteen different crop types and a diverse number of different varieties per crop type available at fairs. High proportion of local seed supplied both by farmer vendors' own production and local purchase by trader vendors.	Between seven and 16 different types of seed in each market centre. Forty-two per cent of seed reported to be from local sources.
Seed quality	Germination was generally good but there were some very rare exceptions for specific crops in certain locations. Eighty per cent of survey farmers rated the seed as physically clean.	Germination rates from 78.1 per cent to 100 per cent. Low germination rates were reported for maize and sorghum.
Seed price	Seed prices reported to be 8–10 per cent higher than normal market prices.	Actual seed prices not reported. Seed prices were high in the first week of operations due to an initial rush to exchange vouchers.
Voucher redemption	No problems reported.	Complicated voucher redemption procedures resulted in payment delays.

<sup>20</sup> CRS partners implemented a total of 163 fairs involving 56,577 farmer beneficiaries and approximately 3,286 vendors. The total number of vendors per fair varied from about eight to 30. Although the average number of farmer beneficiaries per fair works out at 347, some fairs were reported to have more than 500 beneficiaries.

<sup>21</sup> The CARE programme benefited 86,000 households and the report states that there was a total of 24 market centres. From the information available (CARE, 2004, Annex 9), the average number of traders per market centre was calculated to be 3.5, suggesting that there was a total of approximately 84 traders involved in the programme. Figures reported for the 2005 programme give a ratio of 700 farmers per trader in East Haraghe; 3,264 farmers per trader in West Haraghe; and an overall average of 1,080 farmers per trader (Agridev Consult, 2006).

Perhaps the most startling difference between the two approaches pertains to the ratio of vendors to farmer beneficiaries: this was calculated to be 1:17 for the CRS seed fairs, and 1:1,024 for the CARE approach (see footnotes 24 and 25). The optimal size of a seed fair is considered to be no more than 500 farmers and about 20–25 vendors (Bramel, 2004), to ensure that there is enough choice in relation to the types of seed supplied by the vendors and that prices are competitive. In terms of the range of seed types available, although the CRS and CARE approaches would both appear to offer roughly similar levels of choice, it cannot be assumed that all crops were necessarily available at all the fairs or at all times in each of the market centres. Moreover, the CARE figures given refer only to the maximum number of crops and not to the number of varieties per crop. In the case of CRS, the report mentions cases in which there were several different varieties for the same crop, suggesting that the CRS approach allowed for a greater range of choice of seed types for specific crops. Given the considerably higher numbers of vendors involved in the CRS approach, one would assume that more vendors also resulted in a greater range of choice of seed types.

One would also expect the number of vendors in comparison to beneficiaries to impact on the price of the seed sold. With more vendors, there would be more competition between them, leading to lower prices. Unfortunately, there is no detailed data on the actual price of seed exchanged for CARE vouchers in 2003, although the evaluation of CARE's 2005 voucher programme reports prices as being 30 per cent above grain prices. As for CRS, prices were reported to be approximately 10 per cent above normal market prices. It is likely that the higher prices reported for CARE's programme were related to the fewer number of vendors involved in its approach, despite the fact that they had pledged to respect free-market prices.

Finally, the relatively small number of vendors involved in the CARE programme would have meant that the profits accrued by each would be considerably higher than in the CRS approach. With approximately 84 vendors, and 60 Birr of vouchers for each of the 86,000 beneficiaries, the gross income per vendor would be some 61,428 Birr, equal to around USD 7,218 based on exchange rates of the time.<sup>22</sup> For the purpose of comparison, if we use the same voucher value of 60 Birr for the CRS approach (3,286 vendors and 56,577 beneficiaries), then the gross income per vendor works out at 1,033 Birr or USD 121. It should also be noted that many of the vendors are in fact farmers who produce a surplus that can be sold as seed. In the CARE approach, however, such farmers would likely be excluded by the bond that vendors were expected to pay in order to participate in the programme, and the only way in which they can sell their seed for the programme is through the registered vendors who would no doubt earn a profit from the transaction. As Section 6.7 shows, studies are increasingly finding that voucher programmes have a tendency to benefit the vendors more than the farmer beneficiaries. In this respect, the relatively small number of vendors and the high profits earned by them in the CARE approach is perhaps a cause for concern. Yet vendors' profits earned through voucher programmes are still small when compared to the procurement arrangements of DSD, in which a single supplier (often a formal sector seed company and sometimes a firm not even in the same country) benefits from the sale of hundreds (or occasionally thousands) of tonnes of seed that is typically at least two or three times the price of grain.<sup>23</sup>

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<sup>22</sup> The exchange rate has been calculated at 8.51 Birr to USD 1.00.

<sup>23</sup> Some formal sector seed companies grow their own seed, in which case the seed price reflects the costs of production. Other companies, however, simply purchase grain from the grain market, which is then cleaned and packaged as seed at an artificially inflated price.

## 5. Mozambique: five years of agricultural input vouchers and fairs

### 5.1 Introduction of vouchers and fairs and scale of implementation

Agricultural input vouchers and fairs were first implemented in Mozambique in response to the floods of 2001, following 12 years of direct seed distribution. By 2001, those involved in emergency seed provisioning were ready to try a new approach: there was a widely shared sense of frustration with the fact that seed was always delivered late to farmers, and that the types of seeds being distributed were not necessarily appropriate for all parts of the country. ActionAid—one of the first agencies to implement agricultural input vouchers and fairs in Mozambique—had been involved in DSD, but realised that it was not sustainable in the long term and suspected that farmers were not actually planting the seeds provided through DSD. The methodology initially used for agricultural input vouchers and fairs in Mozambique followed the CRS model described in Section 2.3. The current approach has been subjected to some modifications and is outlined below.

After the initial experiences with seed vouchers and fairs in Mozambique, the Ministry of Agriculture recognised the voucher/fair system as the preferred mechanism for assisting farmers affected by disaster in the country. This public endorsement by the MoA, combined with the level of frustration with the earlier direct seed distribution, prompted a rapid change from seed kits to agricultural input fairs and vouchers. Since 2001, more than 225 agricultural input fairs have taken place in Mozambique, providing almost USD 950,000 of agricultural inputs through vouchers distributed to over 100,000 drought-affected farmers.<sup>24</sup> Table 5 shows the number and size of agricultural input fairs organised in Mozambique since 2001. The voucher/fair approach was implemented on a pilot scale in 2001 and 2002, and then scaled up quite considerably. At present, all emergency seed interventions employ the voucher/fair approach.

**Table 5. Input trade fairs implemented in Mozambique (December 2001–March 2005)**

Year	Donor	Implementing agencies	Season*	No. of fairs	Value of inputs (USD)	Number of beneficiaries
2001	Italian Cooperation	Kulima and local NGOs	First	6	31,595	2,475
	Disaster Emergency Committee (DEC)	Action Aid	First	2	12,766	1,000
	Agricultural Development Programme (PROAGRI)	District Agricultural Directorate (DDA)	First	2	7,468	900
	<b>Total</b>			<b>10</b>	<b>51,829</b>	<b>4,375</b>
2002	PROAGRI	DDA	First	31	57,000	7,050
	<b>Total</b>			<b>31</b>	<b>57,000</b>	<b>7,050</b>
2003	Italian Cooperation	ActionAid, Kulima, IPM, ADCR, Lutheran World Federation, Caritas, Muchefa	Second	17	51,609	7,660

<sup>24</sup> These figures are drawn from data provided by the Emergency Coordination Unit for Agriculture (UCEA), ActionAid and the Provincial Agricultural Service (SPA). See Table 5.

	DFID	ActionAid, Kulima, Christiam Council of Mozambique (CCM), Caritas, APROS	Second	9	40,021	4,950
	DFID	CARE, Mahlahle, Vet-Aid, Handicap International, Kulima, Muchefa, ATAP, ADCR, Caritas, IPM, Pro-Lide, Aceagrarios, ASA, CCM	First	67	265,353	20,820
	Swedish Aid	ADCR, Caritas, CCM	First	8	32,340	4,000
	<b>Total</b>			<b>101</b>	<b>389,323</b>	<b>37,430</b>
2004	DFID	ASA, Kulima, Aceagrarios, CCM, ADEM, ADS DDA, Umokazi	Second	28	112,382	13,900
	Swedish Aid	CARE, ATAP, Malhalha, Vet-Aid, Kulima, Machefa, Caritas, ADCR, Pro-Lide, ActionAid	Second	22	88,936	12,000
	South Africa	DDA	First	37	129,829	15,900
	Provincial funds	DDA	First	9	34,468	5,400
	<b>Total</b>			<b>96</b>	<b>365,615</b>	<b>47,200</b>
2005	South Africa	DDA	Second	22	82,468	10,200

Exchange rate to US dollar = 23,500 Mts

\* First season fairs are held between August and December for the main cropping season. Second season fairs are held between February and March for vegetable seeds and other inputs.

Source: Compiled from data provided by the Emergency Coordination Unit for Agriculture (UCEA), ActionAid, and the Provincial Agricultural Service.

The current approach to agricultural input vouchers and fairs in Mozambique is slightly different to the methodology described in Section 2.3. Although initially the vouchers were given at no charge, the current system involves a contribution of 20,000 Mts (just less than USD 1) by each beneficiary who then receives a booklet of vouchers worth 190,000 Mts in total (about USD 8). The beneficiary contribution means that the inputs are not regarded as an entirely free handout. Vouchers can be exchanged for various different types of seed, vegetative planting materials, tools, fertiliser, pesticides, and even water pumps and livestock in some cases. Although the number of beneficiaries attending each fair is fairly constant—between 400 and 600—the number of vendors varies according to how well the fair has been publicised, the location, and the attitudes of the traders who are invited to participate. There are rarely more than 12 vendors per fair. Three types of vendors can be distinguished: (i) local traders—traders or farmers who live in the area of the fair; (ii) non-local traders—traders who are resident in districts or provinces other than that of the fair; and (iii) seed company agents who are licensed to sell formal sector seed (Devji, 2004).

The main perceived advantages of agricultural input fairs and vouchers in the early years were that seed could be provided on time and farmers could choose the crops and varieties that were appropriate to their needs, thus addressing the two major problems that had been associated with

the direct distribution of emergency seed. In terms of development, the fairs were initially recognised as a way of promoting local seed trade and production, although it is only now (some five years later) that mechanisms for linking agricultural input fairs and vouchers to local seed production groups are beginning to be explored in practice. This chapter describes five key issues that have arisen concerning agricultural input vouchers and fairs in Mozambique in the five years that they have been implemented:

- (i) in terms of objectives, there has been a shift away from the relief goals that the approach was originally designed to meet towards more developmental aims;
- (ii) competition surrounding the sale of formal and informal sector seed has led to the introduction of various mechanisms that favour one or other type of seed;
- (iii) while some regard the fairs as a way of strengthening local markets in remote areas, the most successful fairs have been held in places where markets are already well-developed;
- (iv) despite the emphasis put on modern or 'improved' technologies, inadequate information is provided to farmers about these technologies at the fairs; and
- (v) the issue of social protection has recently been placed on the agenda in Mozambique and some individuals think that the voucher approach could potentially fulfil a social protection role, although this has yet to be explored.

These issues all relate to the question of what the aim of voucher/fair programmes ought to be. Vouchers and fairs can be designed in different ways and it depends on the objective as to how they should be organised.

The insights presented here are based on informal semi-structured interviews carried out in six districts across Mozambique's three southern provinces, together with the results of a quantitative survey covering 18 fairs in six provinces (Devji, 2004), and a review of relevant literature and documentation. The semi-structured interviews were conducted in late May/early June 2005. The survey was carried out by ICRISAT-Mozambique in February–April 2004 and focused on the types of vendors and seed being sold at the fairs. The survey covered a total of 105 vendors, and 118 seed samples were collected and tested by the National Seed Service. The results of the survey were supplemented by observations and informal conversations with those involved in the agricultural input fairs. This chapter is extracted from a more detailed report published by ICRISAT (Longley, Dominguez and Devji, 2005) and details the main findings to emerge from the study.

## **5.2 Key issues**

### **5.2.1 Relief or development?**

The SFV approach was originally presented in the literature as one that allowed agencies to get off the 'seeds-and-tools treadmill', that is, to move away from the repeated use of seeds and tools interventions, season after season (Remington et al., 2002). It is also said to lie at the 'nexus between relief and development' (Remington et al., 2002, p. 326) in that it is a flexible programming approach that can potentially be adapted to suit a range of different situations on the so-called relief–development continuum. To what extent have these advantages been realised in practice?

The shift from seed kits to agricultural input fairs and vouchers has certainly allowed for a significant change in the way that emergency seed interventions are implemented in Mozambique. But after five years of agricultural input fairs in the country, a sense of frustration has set in because the voucher/fair approach itself appears to have become 'normalised'. That is, agricultural input fairs are being implemented on a biannual basis, even when some might consider that the 'emergency' is not so severe that farmers could not cope for themselves. The apparent normalisation of agricultural

input fairs allows for more developmental objectives to be realised through innovations in the way in which agricultural input fairs and vouchers are programmed, but there appears to be a lack of consensus as to precisely what the aim of agricultural input fairs and vouchers ought to be. At the time of the interviews for this study, the issue of agricultural input fairs and vouchers was a topic of considerable debate within the MoA. Some informants felt that agricultural input fairs and vouchers should promote enhanced market systems (based on periodic, ambulatory markets), particularly in the north where local markets are not well-developed. Others felt that they should be used to support the development of the seed sector, and especially the production of high quality seed by small-scale seed producers. Both are possible, but achieving the chosen objective requires an appropriate and well-defined programming approach.

Exactly what the ultimate purpose of agricultural input fairs and vouchers should be remains uncertain at present. What is clear, though, is that there is a desire to move away from emergency objectives towards more developmental objectives. This is symbolic of a widely shared sense of frustration within the MoA with the failure of repeated emergency interventions to alleviate the problems of poor farmers. Most of those working in the ministry have developmental backgrounds and find it frustrating when their long-term programmes are constantly derailed by short-term emergency interventions. There is a desire to achieve a greater level of sustainability in the interventions being promoted. In the case of agricultural input fairs and vouchers, one senior official expressed the wish to see future fairs without any inputs from government or NGO intermediaries and in which vouchers will no longer be necessary. Such a move towards developmental objectives is certainly possible, but it will still be necessary to ensure that genuine emergency needs are met in the event of a serious crisis. Here it is pertinent to remember that emergency needs are multiple, not just agricultural.

The problem of ill-defined objectives is thought to stem from a lack of analysis of, or consensus on, the problem that agricultural input vouchers and fairs are supposed to address. The planning of emergency interventions in the agricultural sector is not well integrated into the national system for early warning or the existing structures designed to address vulnerability and food security, despite the fact that these systems are increasingly considering emergency interventions other than food aid.<sup>25</sup> In addition, there is no apparent linkage between the voucher/fair approach and the agricultural needs assessment methodology (ICRISAT-Mozambique, 2002), for which local agricultural system profiles have been developed for disaster-prone districts. Some clarification regarding the practical use of the local agricultural system profiles is required in order to realise the link between problem analysis and the design of appropriate interventions. Without this link, there is the risk that the ‘nexus’ position of agricultural input fairs and vouchers merely becomes a persistent confusion of purpose.

### **5.2.2 Formal versus informal seed sectors: Unfair competition at fairs?**

According to the literature, seed fairs are said to offer a level playing field on which the commercial seed sector and the farmer seed sector can compete. However, it is also noted that the field can easily be tilted in favour of one or other of these actors by influencing the way in which beneficiaries spend their vouchers (Remington et al., 2002). In Mozambique, seed companies and agents have applied a lot of pressure to tilt the field using various different mechanisms in favour of the formal seed sector. Such mechanisms include a ban on publicly announcing seed prices prior to a fair, attempts to increase the price of seed being sold at the agricultural input fairs by local and non-local traders, efforts to restrict the participation of non-local traders at the agricultural input fairs, and, most recently, new requirements for the registration of vendors (see below and Annex 1). The need to ensure good

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<sup>25</sup> The Technical Secretariat for Food Security and Nutrition, and specifically its Early Warning Working Group for Food Security and Nutrition, were originally established to coordinate emergency assessments and response, but are now increasingly focusing on problems relating more to chronic vulnerability and food insecurity.

seed quality provides the main justification for these actions, but various other issues relating to the formal and informal seed sectors are also involved, and these are explored below.

First, it is necessary to summarise very briefly the perspectives of the different seed sector players (Section 3 provides background information on the formal and informal seed sectors):

- (i) From the perspective of the formal seed companies, retailers, and the National Seed Service (SNS): non-local traders are bringing grain from outside the local area and selling it at agricultural input fairs as seed. This ‘grain seed’ is not considered to be seed by the formal seed sector; it is sold at a low price (with which seed companies cannot compete) and is believed to be of inferior quality. (ii) From the perspective of the traders and MoA local staff involved in organising the fairs (the DDAs): the formal seed sector plays an important role in providing new ‘improved’ varieties to farmers, but it is incapable of supplying either the types or the quantities of seed necessary for agricultural input fairs, and farmers often prefer to buy informal sector seed, particularly if they can purchase it from local traders who they know and trust.
- (iii) Although we were unable to ask farmers specifically for their perspectives for this study, one might assume, based on a detailed knowledge of the formal and the informal seed sectors in Mozambique, that farmers’ views would be somewhat more balanced: agricultural input fairs provide an opportunity to acquire formal sector vegetable, beans, and (for some farmers) hybrid maize seed relatively easily. An agricultural input fair might also provide an opportunity to acquire and test new varieties of seed, whether from formal or informal sectors. For poorer farmers, an agricultural input fair allows the opportunity to procure informal sector seed that might otherwise be sought through *kuthekela*<sup>26</sup> or (as a last resort) from the grain market. These poorer farmers would probably prefer to purchase cheaper informal sector seed at an agricultural input fair: they might plant some and then eat that which they do not need for planting.

It is generally agreed that at the heart of the problem between formal and informal seed sectors at agricultural input fairs is not the informal sector seed brought by local farmers and local traders, but the ‘grain seed’ brought by non-local traders from distant grain markets. Unfortunately, there is no seed quality data available to substantiate this.<sup>27</sup> Yet the situation has led to a very heated debate, described by one interviewee as a ‘war’ between the SNS and the seed companies on the one hand and the non-local traders on the other. While much of the debate has focused almost exclusively on seed quality (measured in terms of germination<sup>28</sup>), the issue of the appropriateness of the varieties provided has been entirely overlooked. The main reason that farmers prefer to purchase seed from local producers is that they know that the varieties are well adapted to the local ecology and farmers’ preferences. Seed of unfamiliar varieties from outside the local area—whether from the formal or the informal seed sector—may not necessarily be suitable for local conditions, and it is only after farmers have tested them over two or three seasons that they will be able to determine their local appropriateness. Until the formal seed sector is better able to provide a range of varieties that are well adapted to local conditions, farmers are likely to be disappointed by formal sector seed, which tends to take a ‘one-size-fits-all’ approach to providing improved varieties for different ecological environments.

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<sup>26</sup> *Kuthekela* is a local social protection mechanism that farmers draw on to acquire seed (and other forms of assistance) from other farmers (either within the community or in distant communities) (Traedal, 2002). *Kuthekela* arrangements depend on the needs and capacities of the provider and the nature/closeness of the social relation between the provider and the receiver, as well as the type and quantity of seed being provided. Arrangements can vary from what might appear to be a free gift (although in reality it is not free but a social investment whereby the provider can seek assistance from the receiver in the future), or seed that can be exchanged for work or other goods or services.

<sup>27</sup> Very little SNS data is available and it does not distinguish seed of local traders/farmers from that of non-local traders.

<sup>28</sup> Based on existing germination data for formal sector seed, the SNS should perhaps focus its energies on ensuring that the quality of formal sector seed meets minimum germination levels.

Similarly, non-local traders must recognise that, for example, seed of a local maize variety purchased in Manica District may not necessarily be suitable for cultivation in Massingir District. It is necessary that much greater attention is paid to the local adaptability of seed provided through agricultural input fairs.

Despite attempts to restrict the entry of non-local traders to some of the agricultural input fairs, it is generally agreed that all different types of vendors should be represented at the fairs. Some informants expressed concerns that without informal traders and small-scale seed producers to encourage competition at the fairs, seed companies and retailers would increase their prices to take advantage of the greater purchasing power promoted by the vouchers. Yet, the issue is not so much the types of vendors but the kinds of seed that are available at the fairs. Despite the efforts of the formal seed sector to promote good quality seed, the experiences that farmers may have had with formal sector seed in the past (for instance, through emergency seed kits) and in the present (with some types of purchased seeds currently on the market) may have led them not to trust such seed, either because the variety itself is not locally adapted or because the germination rates have been far below expected standards. Much greater effort should be made to ensure the quality standards of the formal sector seed.

One suggestion for solving the problem of competition between formal and informal traders is to organise the agricultural input fairs in terms of seed vendor's market share, for example by using different coloured vouchers: red for formal and white for informal seed vendors (Austral Consultoria e Projectos, Lda, 2005). This, however, would restrict the degree of choice available to beneficiaries by obliging them to purchase both types of seed if they are to spend the vouchers of both colours. An alternative suggestion might be to encourage the different types of trader to sell different types of seed—in particular, for informal sector traders to sell formal sector seed. This already happens to some extent. Ultimately, though, a long-term solution may require some major changes in the way in which formal sector seed is currently produced and certified<sup>29</sup>, as well as the development of varieties that are better adapted to low-resource conditions across a range of ecologies. Some commentators believe that the formal seed sector has perverted certification requirements in order to create a mechanism for preventing small-scale producers from entering the market rather than a one to protect the consumer against poor quality seed.<sup>30</sup>

What has actually been put in place is a system that will require traders (formal and informal) to register with the Ministry of Commerce and the Ministry of Agriculture if they want to take part in the agricultural input fairs. Annex 1 provides a translation of the letter sent out by the Seed Department explaining the new procedures, which include the testing of seed prior to the agricultural input fairs. These procedures may limit the participation of informal sector traders, particularly the farmers and local traders who tend to supply very small quantities of high quality, locally appropriate seed. Although the DDA staff members interviewed were confident that they would be able to assist such farmers and traders with registering, these procedures are effectively forcing the 'formalisation' of the informal seed sector. If there are fewer local vendors at the fairs, it will also mean that less of the money generated by an agricultural input fair actually remains in the hands of the local communities.

### 5.2.3 Market development

Although the majority of the proceeds from agricultural input fairs in Mozambique do not necessarily remain in local communities, in general, it was widely felt that the fairs encouraged commercial activity and the potential for market development at a local level. The fairs themselves attract a number of

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<sup>29</sup> Since certified seed is currently too expensive for farmers to purchase, another level of certification (for instance, guaranteed seed) would be more affordable to small-scale farmers

<sup>30</sup> Personal communication with Tom Remington, (Catholic Relief Services, Nairobi, March, 2006).

traders selling an assortment of items for cash (such as sugar, rice, oil, and soft drinks) outside the fair enclosure. In some places, the fairs are also seen as an opportunity for farmers to sell not only agricultural inputs but also their outputs, particularly livestock (for example, chickens and goats). In some districts (for instance, Manhiça District and Maputo Province), beneficiaries are advised to bring their own money to the fair (in addition to the 20,000 Mts required for the voucher contribution), and non-beneficiaries are also invited to participate and bring their own money. Thus, the level of cash sales at a fair is often as great as the level of voucher sales (Table 6). In some districts, the experience of the fairs has prompted farmers and traders to request assistance from the DDA in organising market days where they can sell their produce.

**Table 6. Cash sales at selected ITFs in Chokwe District**

	Voucher sales (USD)	Cash sales	Total
Hokwe Fair (500 beneficiaries)	4,059.23 (49%)	4,275.18 (51%)	8,334.41 (100%)
Chiguidela Fair (400 beneficiaries)	3,229.92 (50%)	3,270.17 (50%)	6,500.09 (100%)

Source: DDA-Chokwe

Such requests suggest that there is potential for market development in the areas where the fairs are held. But what evidence is there to suggest that vouchers and fairs can support market development? In some cases, the increased knowledge and the networking possibilities afforded by the fairs have allowed vendors to realise new opportunities. In some places, for example, links between seed companies and traders established through the fairs have allowed traders to sell seed company products. One of the seed retailers interviewed reported that the experience of the fairs in Maputo Province allowed him to identify pockets of unmet demand and he subsequently opened two additional shops to meet this demand. In instances where the vendors have been able to increase their sales through participating in the fairs, some of the profits have been invested in improving their business enterprise. Traders from Xai-Xai market who participated in the agricultural input fairs, for example, reported that the fairs provided a good opportunity to sell their products and allowed them to sell considerably more in one day than they would normally.

Despite the observation that agricultural input fairs have the potential to promote market development, should this be their main objective? Are there other types of interventions that would be more appropriate in strengthening markets? The most successful fairs (in terms of levels of participation and overall turnover) are those that take place in areas where markets are already well developed. Fairs that are held near a main road, for instance, tend to attract more traders (both official vendors and non-official traders who sell their products outside of the fair enclosure) and buyers (particularly non-beneficiaries who come with cash). Because transport is easier and there is a broader range of traders, a much greater range of inputs can be found at fairs held near a main road. In more remote locations where transport is problematic or more expensive, traders are unwilling to take the risk of transporting their goods to fairs in case they do not sell their goods and then have to transport them back again. Thus, the location of a fair is an important factor, and if the aim of agricultural input fairs is to promote market development, then it is necessary to hold fairs in the more remote settings where market development is needed. Alternatively, the construction of a road and the introduction of better communications infrastructure might have a greater impact in strengthening markets in remote areas.

#### **5.2.4 Awareness-raising and the dissemination of agricultural technologies**

In general, agricultural fairs are seen as offering a good opportunity to promote awareness of key social issues. In Mozambique, theatre groups are regularly invited to the fairs to perform educational shows with messages relating to HIV/AIDS. Considering the agricultural focus of the fairs, however, it is surprising that no formal effort is made currently to promote agricultural extension messages at the fairs. At an informal level, much agricultural information is being exchanged: farmers learn about seed and inputs they previously may not have had access to; they discuss seed issues among themselves, with traders, and with company agents; and some might develop a better realisation of the value of seed. Similarly, informal traders gain knowledge from farmers and from company agents about local preferences and the range of inputs available through the formal sector. Through direct contact with farmers and informal traders, company agents also learn about local preferences and markets. At an informal level, there is thus an abundance of information being shared among the fair participants. But not all of this information is necessarily accurate; in some cases it is mere propaganda on the part of the vendors wanting to promote and sell their products. Although DDA staff members are aware that some of the propaganda information is inaccurate, at present there is no formal effort to provide accurate agricultural extension messages beyond the advice offered by individual DDA staff to individual farmers. As such agricultural input fairs are presently a missed opportunity for promoting accurate information about 'improved' agricultural technologies.

#### **5.2.5 Social protection**

Social protection mechanisms allow people to cope with adverse circumstances and enhance opportunities for poverty reduction, equity and growth. There exists a vast array of different mechanisms via which social protection can be provided, including agricultural programmes. In Mozambique, however, social protection is not yet on the agenda of the MoA, and agricultural staff members are, in general, not familiar with the rationale for, or the approaches to, social protection currently being promoted in other sectors or countries.

In Mozambique, there is increasing interest in social protection mechanisms to support those affected by HIV/AIDS and other vulnerable groups. At present, social protection is provided through the National Institute for Social Action (INAS)<sup>31</sup> within the Ministry of Women and Children. Another form of social protection is provided to those who have a Poverty Certificate (for which there is a complex registration and annual renewal process); these individuals receive a cash transfer of 80,000 Mts per month and are exempt from school fees, health fees, and other such payments. Hence, social protection systems already exist in Mozambique, and it is possible to explore the potential for linking such systems to voucher/fair interventions, in which those already targeted for social assistance might also become beneficiaries of agricultural input vouchers and fairs. Further data on the actual use of inputs provided through agricultural input fairs and their impacts on vulnerability and agricultural production are needed to consider the viability of using agricultural input vouchers as a social protection mechanism.

### **5.3 Options for the future development of agricultural input fairs and vouchers in Mozambique**

The analysis of the strengths, opportunities, weaknesses, and threats associated with agricultural input fairs and vouchers undertaken as part of the broader evaluation of the drought response programme offers a useful summary of some of the points presented in this report (and some are referred to in Section 6). Furthermore, it allows for a consideration of the different ways in which the voucher/fair approach might potentially be developed in future. There are certainly numerous

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<sup>31</sup> INAS works in the poorest parts of the country (Sofala, Inhambane, Zambézia and Tete) and targets those unable to work (mostly the elderly, but increasingly those with HIV/AIDS). Assistance takes the form of monthly food subsidies, construction materials, medicines and health education. It provides basic social services, constructs infrastructure, offers credit to small businesses, and promotes local initiatives in agricultural and charcoal production and fishing.

opportunities for building on existing strengths and addressing current weaknesses, but it is also necessary to look beyond the current voucher/fair approach and ponder the objective which it should be expected to fulfil. It is only when this aim is agreed that it becomes possible to prioritise which strengths and weaknesses (highlighted in Table 7) should be addressed. Various different potential objectives are outlined below.

**Table 7. Strengths, opportunities, weaknesses, and threats associated with agricultural input vouchers and fairs in Mozambique**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Seed fairs have enjoyed ample coverage in areas where they have been held.</li> <li>• Quantity of seeds available at agricultural input fairs is usually sufficient to meet farmers’ requirements.</li> <li>• Private individuals and associations are now developing and managing seed multiplication plots.</li> <li>• Diverse seed varieties available at the fairs.</li> <li>• Quality drought tolerant seeds of new varieties are being distributed.</li> <li>• Beneficiaries are able to choose from the seeds available.</li> <li>• Dissemination of information on HIV/AIDS at some seed fairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Seed companies complain of unfair competition due to logistical considerations.</li> <li>• Some low quality seeds are appearing at the fairs.</li> <li>• End use of seeds not easily verifiable—some beneficiaries are eating their seeds.</li> <li>• High seed prices.</li> <li>• Delays in the execution of fairs and in seed distribution.</li> <li>• Undue focus on seeds at the cost of other farming inputs.</li> <li>• High cost to seed companies leads to a decrease in company participation.</li> <li>• Poor information on the needs and wants of local farmers weakens companies’ response to the needs of farmers.</li> <li>• Difficulty of testing and assuring seed quality at the time of the fairs.</li> <li>• Lack of detailed needs assessment prior to decision-making.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Creation of rural-based markets for local and improved seed varieties.</li> <li>• Untapped potential for increasing knowledge of improved cultivation techniques among rural population via small training sessions around agricultural input fairs.</li> <li>• Distribution of a variety of farming inputs aside from seeds.</li> <li>• Increase dissemination of information on rural populations’ needs to seed suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of monitoring to verify end use of the seeds purchased.</li> <li>• High costs of formal sector seeds.</li> <li>• Seed companies reduce participation due to high costs.</li> <li>• High transportation costs to and from seed fairs in terms of time and money.</li> <li>• The supply of poorly adapted varieties through agricultural input fairs is a disincentive to the adoption of improved varieties by farmers.</li> <li>• Lack of information on appropriate seeds for the area increases seed suppliers’ transaction costs.</li> <li>• Attempts to exclude farmer seed sellers.</li> </ul>

Source: adapted from Austral Consultoria e Projectos Lda, 2005, p. 78

This section highlights five different objectives that the voucher/fair approach could potentially achieve. Each is briefly described, and Table 8 provides a summary overview.

### 1. Emergency response to address lack of access to inputs

This is the objective that Mozambique agricultural input fairs and vouchers were originally designed to meet, based on an approach adapted by ICRISAT from the CRS model. While there appears to be a move towards addressing alternative, more developmental goals such as those outlined below, it is

also necessary to recognise and respond to a real emergency as and when one might occur. As an emergency response, voucher/fair approaches should aim to allow beneficiaries to access a broad range of inputs that may not necessarily be only agricultural. Provided that markets are functioning, cash might be considered as an alternative to vouchers to allow for greater choice on the part of beneficiaries.

## **2. Social protection mechanism for vulnerable farmers**

Although the concept of social protection is not yet familiar to those working in the agricultural sector, there is a need to recognise that some farmers are persistently vulnerable and may require long-term assistance to enable them to emerge from chronic poverty and food insecurity. The question of whether or not agricultural inputs are the most appropriate form of social protection has still to be determined. Evidence from the Malawi Starter Pack Scheme demonstrates that the poorest farmers are unable to realise the full potential of improved agricultural inputs (Longley, Coulter and Thompson, 1999). If input fairs and vouchers are to provide a social protection mechanism, then there is a need for careful targeting and considerably more choice in the types of inputs made available (that is, not only agricultural ones).

## **3. Promotion of rural trade and agricultural marketing**

Another option is for the current agricultural input fairs to evolve into 'development fairs' to promote rural trade in general and the marketing of agricultural products in particular. This implies that the fairs should not only provide an opportunity for farmers to purchase inputs, but also for them to sell their outputs, such as livestock and grain surpluses. This is already occurring to some extent, outside the perimeter of the fair itself, and the level of cash sales suggests that scope exists to promote rural markets. Under this objective, there should be as few restrictions as possible as to who can participate, either as vendors or buyers, but seed quality must be ensured. For greatest impact, other interventions to promote markets should also be implemented, including road building and enhanced transport infrastructure, improved storage facilities, credit to traders, and market information systems.

## **4. Promotion of the formal seed sector**

If the goal of the voucher/fair approach is to promote the seed sector (whether formal or informal), it is essential that this is based on an accurate understanding of farmers' seed preferences and requirements. The evidence available to date suggests that agricultural input fairs offer limited opportunities for achieving substantial increases in the sale of formal sector seed.<sup>32</sup> At the same time, the formal seed sector appears to be incapable of supplying enough beans and groundnuts to meet the demand from farmers, and the germination rates of the formal sector seed are often well below acceptable standards. This suggests that the performance of the formal seed sector itself should be improved before the sector is promoted. Agricultural input fairs and vouchers might be expected to promote commercial seed sales only after the formal seed sector is able to provide seed of appropriate varieties (that is, adapted to local ecologies and farmer preferences), at an acceptable quality, and at a price that farmers can afford. Meeting such conditions will require long-term structural changes to the seed system. Current attempts to promote the development of the informal seed sector (through enhanced production practices and marketing), however, merely risk formalising the informal sector and may prove to be counter-productive in the long term.

## **5. Promotion of crop and varietal diversity**

Considerable experience exists of seed fairs that aim to promote crop and varietal diversity, particularly in Latin America. Within Africa, such fairs have been implemented successfully, although the approach

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<sup>32</sup> For example, just five per cent of Panaar's seed sales are channelled through the fairs, and although approximately 20 per cent of seed agents' sales occur at fairs, the agents consider the agricultural input fairs to be very risky.

that has been documented does not allow farmers to access seed at the fairs, only to observe a range of varieties available from other farmers (Nathaniels and Mwijage, 2000). In this respect, the voucher/fair method offers the potential to adapt the approach of the varietal fairs that have been undertaken to date. Promoting agricultural diversity has the potential to strengthen local seed systems and increase resilience to drought and other disasters.

Based on the options outlined above, the table below illustrates the ways in which voucher/fair programmes should be designed if they are to meet specific objectives. The types of vendors, the kinds of inputs to be provided, and targeting mechanisms, among other things, would all be slightly different depending on the desired aim.

**Table 8. Future options for vouchers and agricultural fairs according to various objectives**

	<b>Emergency response to address lack of access to agricultural inputs</b>	<b>Social protection mechanism for vulnerable farmers</b>	<b>Promotion of rural trade and agricultural marketing</b>	<b>Promotion of commercial seed sector</b>	<b>Promotion of crop and varietal diversity</b>
<b>Types of vendors</b>	No restrictions on vendors or registration requirements	No restrictions on vendors or registration requirements	All types of local and non-local traders	Registered agricultural input traders	Local farmers and registered agricultural input traders
<b>Types of inputs/products</b>	Wide range of products and inputs (not only agricultural) to meet basic needs, such as foodstuffs, water containers, and clothes	Wide range of products and inputs (not only agricultural) to meet basic needs, such as foodstuffs, water containers, and clothes	Wide range of products and inputs (not only agricultural) to meet basic needs, such as foodstuffs, water containers, and clothes	Certified and registered classes of seed	Locally adapted crops and varieties, both from informal and formal seed sectors
<b>Targeting of beneficiaries</b>	Target those affected by crisis	Target most vulnerable farmers	All farmers	All farmers, especially commercial farmers	All farmers
<b>Contribution to cost of voucher or product</b>	No contribution	Small contribution	Larger contribution, leading to the phase out of vouchers altogether	Larger contribution, leading to the phase out of vouchers altogether. Or seed companies to provide small subsidy	Larger contribution, leading to the phase out of vouchers altogether. Or government and seed companies to provide small subsidy
<b>Level of information provision at fair</b>	Little need for information since products are familiar to people	Little need for information since products are familiar to people	Information provided on inputs or products that might be unfamiliar to farmers	Detailed information on varietal characteristics and appropriate advice on cultivation requirements	Detailed information on varietal characteristics and appropriate advice on cultivation requirements
<b>Source of seed</b>	Local farmers, traders, grain markets, and formal sector	Local farmers, traders, grain markets, and formal sector	Local farmers, traders, grain markets, and formal sector	Formal sector	Local farmers fields and formal seed sector, including agricultural research institutes.
<b>Seed quality control</b>	No need for formal control measures beyond the Fair Organising Committee and farmers' own assessment	No need for formal control measures beyond the Fair Organising Committee and farmers' own assessment	Formal control measures appropriate for both informal and formal sector seed	Formal control measures to guarantee seed quality	Formal control measures to guarantee seed quality

## 6. Conclusions: strengths and weaknesses of seed vouchers

This section summarises some of the key points from the Ethiopia and Mozambique experiences, together with insights from the broader literature on the use of agricultural input vouchers in relief interventions. It closes with a consideration of whether cash might be more appropriate than vouchers in certain circumstances.

### 6.1 Needs assessment

In Ethiopia and Mozambique, existing early warning systems and emergency needs assessment mechanisms identify areas of vulnerability and food insecurity, which are then expressed in terms of the number of people affected. Rather than clearly defining the causes of food insecurity or the problems to be tackled, the next step in the assessment process tends to be a local-level verification of the number of households or people affected, which is then used to determine the type and quantity of seeds required. The question of whether or not seeds are appropriate, or whether the apparent seed need stems from a problem of availability or access is never asked. Instead, it is assumed that seeds are needed, and, in the case of SVFs, it is often assumed that the problem is one of a lack of access to seed. Without a proper needs assessment and problem analysis, there is the risk that the former ‘seeds and tools treadmill’ is simply being replaced by a seed vouchers and fairs treadmill. In other words, seed vouchers represent a slightly better way of addressing the wrong problem unless they are linked to adequate needs assessment procedures.

### 6.2 Implementation, security and evaluation

Both the methodologies used in implementing agricultural input voucher approaches and the capacity of staff to organise such programmes are constantly being improved and adapted. Given the difficulties in comparing different approaches (that is, voucher programmes with and without fairs) due to logistical or operational factors that affect implementation, but may not necessarily be related to the approach used, it is impossible to say whether one approach is better than the other. However, certain features of each approach are noted in the paragraphs that follow.

Although not evident in the case studies described here, the broader literature suggests that implementing agencies frequently retain too much control over voucher programmes, thus restricting choices available to farmers and often controlling prices. A distrust of market processes, together with a lack of confidence in beneficiaries to make sensible choices and the expectation that seed will be unavailable locally, regularly leads agencies to attempt to *implement* rather than *facilitate* voucher programmes (Bramel and Remington, 2005). Aspects of ‘implementation’ might include: prescriptions on the types of seed that can be exchanged (thus limiting choice); assisting vendors with procuring seed in preparation for the programme (instead of trusting them to be able to source seed for themselves); setting prices at which seed is to be exchanged (rather than leaving this to be negotiated by farmers and vendors); or advising farmers on how to spend their vouchers (as opposed to allowing them to decide for themselves).

Agricultural input fairs held as part of voucher programmes have been shown to offer an opportunity for awareness-raising on issues such as HIV/AIDS. In Western Uganda, for example, fairs provide a captive audience for puppet shows used to sensitise communities to corruption, human rights and domestic violence (van der Steeg et al., 2004). While such messages are clearly important, it is surprising that agricultural input fairs are not also being used to promote agricultural extension messages.

Since security is often a concern for those implementing such fairs, it is worth mentioning here that security has not been a problem to date at any of the fairs in Ethiopia or Mozambique, although police

officers are usually on hand in case of a disturbance. At the donor level, corruption is much less of a concern in Ethiopia than it is in other countries, yet cases of vouchers being exchanged for cash were reported in 2005. This was limited to a few areas, but there were some instances where the vendors in Ethiopia exchanged vouchers worth USD 9.38 for USD 4.69 (Agridev Consult, 2006). In the five years since the introduction of agricultural input vouchers in Mozambique, there have been no reports of known corruption from those interviewed, who agreed that the limited amount of time for the exchange of vouchers prevents their misuse. Yet simply because corruption has not been reported does not mean that it does not happen. Beneficiaries might use their vouchers to purchase tools or other inputs that can be sold later for cash. Existing monitoring mechanisms are very unlikely to unearth any evidence of corruption or malpractice.

Finally, as for monitoring and evaluation, there appears to be a lack of detailed, independent evaluations or impact assessments of voucher programmes. Both CARE and CRS are exceptions in this regard, and they were chosen for the case study precisely because monitoring and evaluation data were available. In general, monitoring information is often collected at the time of implementation, but there is little evidence that it is analysed or part of project reporting. Monitoring information to determine the end use of the inputs obtained through voucher programmes, however, is rarely collected.<sup>33</sup> Where detailed evaluations or impact assessments have been done, they tend to be undertaken or commissioned by the implementing agency, risking, therefore, a bias (even if only a perceived rather than an actual one) in the reporting of results. The advantage of such evaluations, though, is that the implementing agency is more likely to learn from the results and adapt its programming approach accordingly.

### 6.3 Timeliness

Two issues relating to timeliness need to be explored: (i) the time within which beneficiaries can exchange their vouchers (that is, their validity); and (ii) the timing of the overall voucher programme and of agricultural input fairs, in cases where they are held. Where voucher programmes involve agricultural input fairs, the vouchers are only valid for the day of the fair, and in the Ethiopia case described here, the time needed for voucher distribution was such that the time for voucher exchange was very limited. In programmes without fairs, the voucher could be valid for up to about two months (that is, throughout the planting period). Beneficiaries would have the greatest flexibility where vouchers are valid for longer, provided that they have a range of inputs to choose from in exchanging their vouchers. With regard to the CARE voucher programme in Ethiopia, although the vouchers were valid for a longer period, there were considerably fewer vendors to purchase from and less choice of varieties among the different crop types available. A comparison of three different approaches implemented in Zimbabwe (direct distribution, seed vouchers and fairs, and seed vouchers redeemable at retail shops) revealed no significant difference in timeliness of input delivery. Nonetheless, a higher proportion of seeds distributed through vouchers and fairs were planted, suggesting that the seed from fairs was more appropriate and/or of a higher quality than that procured through direct distribution or from vouchers/retail outlets (Rohrbach, Mashingaidze and Mudhara, 2005). While it is claimed that voucher approaches allow for the timely delivery of seed, this is not always the case; farmers complained that CARE's seed voucher programmes in Ethiopia have always run late (Agridev Consult, 2006).

In the case of agricultural input fairs, what is important is to know when an agricultural input fair ought to be held in a specific area. CRS notes that if a fair is held too soon before the planting season, the

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<sup>33</sup> This is not surprising, as such information is rarely collected as part of direct input distribution programmes either, despite the existence of basic good practice guidelines such as those of the Sphere Project. Again, CRS is an exception: it has done an impressive amount of detailed monitoring, analysing, evaluating and reporting of SVF programmes.

seed could be lost due to selling, consumed as grain<sup>34</sup> or damaged by mould, whereas if the fair is held too late, the seeds cannot be sown for that planting season and the benefit is lost (Bramel, 2004). Yet, the same report describes how farmers make their planting decisions long before the fields are prepared, suggesting that seed fairs held in time for planting would likely still be late in terms of household decision-making on which areas and crops to plant (Bramel, 2004). Given the difficulties facing agencies in determining the optimal timing of an agricultural input fair, the best solution is to determine the timing in consultation with the farmers themselves. Table 7 notes that, in Mozambique, there were delays in implementing some of the fairs, although this could be due to operational factors and not necessarily because of the approach itself.

#### 6.4 Input prices

Where vouchers are exchanged through approved vendors at their normal shops or retail outlets, artificial price increases can theoretically be prevented by entering into a contract or agreement with the vendor not to inflate his/her prices. This appeared to work well in the case of the ICRC voucher programme in the West Bank,<sup>35</sup> but it was not effective in relation to CARE's seed voucher projects where there were relatively few vendors and massive demand for seed in the initial week of the project outstripped supply, resulting in price hikes. Where vouchers are exchanged at agricultural input fairs, prices tend to be between 10 and 20 per cent higher than normal market prices (Bramel and Remington, 2005)<sup>36</sup>. In the case of CARE's 2005 voucher project, seed prices were 30 per cent higher than grain prices (Agridev Consult, 2006).<sup>37</sup> The limited number of vendors prevented competitive pricing. By contrast, at some of the CRS seed fairs, beneficiaries did not have sufficient time to negotiate lower prices. Interestingly, the respective implementing agencies do not consider these price rises to be excessive, despite complaints from the beneficiaries. The CARE 2005 evaluation reports that 83 per cent of the beneficiaries said that the seed was very expensive, and that only 34 per cent were able to negotiate on prices. The CARE evaluators use the additional marketing costs incurred by the vendors (that is, transport and handling) to justify the high prices. Although a slightly higher cost might be justified because of seed handling and storage to prevent mixing of seed types or damage by moisture or pests, there is no reason why seed should incur higher transport costs than grain when it is being sold in the same market centres. Under normal market conditions, seed prices are always highest when demand is greatest (that is, at planting time). Consequently, one might assume that prices could be reduced by timing voucher interventions earlier in the season. However, the number and type of vendors also affect prices. For a fair of 500 beneficiaries, a ratio of 20–25 vendors (that is, one vendor to 20–25 farmers) is considered optimal to allow for competitive pricing (Bramel, 2004). The number of vendors in the 2005 CARE voucher project (one vendor to 1,080 farmers, and up to 3,264 in West Hararghe) (Agridev Consult, 2006) is thought to be much too few to allow for competitive pricing.

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<sup>34</sup> Given the importance of seed to farmers and the care that they normally take in their seed management practices, it is unlikely that the seed that is required for planting would be sold or consumed unless 'stolen' by a member of the household.

<sup>35</sup> E-mail from Marjukka Antila, (ICRC) to Cash Learning Project Discussion Forum, 23 November 2005.

<sup>36</sup> Prices can vary quite significantly across different fairs depending on the number and type of vendors present.

<sup>37</sup> One would assume that these percentages are comparing like with like, yet there is no mention of the subtle differences that may or may not exist between seed and grain in local markets. In some local markets, there is a distinction between local seed and grain, in which the seed may fetch a slightly higher price because it has been selected and 'cleaned', not because additional transport costs are involved.

## 6.5 Cost-efficiency and cost-effectiveness

Despite difficulties in calculating cost-effectiveness of voucher-based approaches,<sup>38</sup> Mburathi et al. (2004) and Makokha et al. (2004) have presented comparisons of different seed relief approaches used in Ethiopia and Eastern Kenya, as shown in Tables 9 and 10. Regrettably, although perhaps not surprisingly, the results do not paint a consistent or conclusive picture. In general, considerably more work needs to be done in determining the cost-effectiveness of voucher-based approaches.

Table 9 compares seed vouchers and fairs with two different approaches to DSD: procurement through local committees and procurement through national tender processes in Ethiopia. Unfortunately, no figures are given for the amount of seed provided to each household, but figures for the total number of hectares (theoretically) planted<sup>39</sup> can be used as a proxy (assuming that the seed types provided had roughly similar planting rates). The quantity of seed supplied per household was greatest for the vouchers (theoretically covering one hectare per household) and least for local procurement (0.25 hectares per household). Table 11 shows that seed vouchers and fairs are more expensive per household than both of the other approaches. The calculation of costs per hectare shows that national procurement was most expensive, with the voucher approach close behind. The expense of the voucher approach is explained largely by the costs of printing vouchers and awareness-raising. Since this was the first time that vouchers were used, a lot was invested in training and awareness-raising, and one would expect these costs to go down over time, as more staff and farmers become familiar with the approach. Nevertheless, the authors conclude that the advantages of seed vouchers and fairs—*vis-à-vis* utilisation, gender sensitivity, and capacity-building—are such that effort should be invested in developing the approach further. Although this conclusion appears to be contrary to the evidence presented in Table 9, some benefits are clearly difficult to quantify in monetary terms. To develop a more thorough analysis of costs and cost-effectiveness, it is necessary to include information on the end use of the seed (that is, whether or not it was planted) and possibly also on harvest output and other benefits to the farmer (such as acquisition of a new variety or input, and knowledge gained on new inputs).

**Table 9: Comparison of costs per beneficiary (USD)**

	Local committee-based procurement and distribution (Oromiya)	Seed vouchers and fairs (Amhara)	National tender through FAO in Ethiopia (Oromiya)
Number of households	68,000	2,000	11,501
Number of hectares	17,000	2,000	5,047.50
Total seed value	258,800	25,500	108,809
Transport costs	10,300	0	350
Training costs	0	2,000	0
Staff costs	3,529	2,972	4,840
Remaining	3,400	19,129	15,001
Total budget	276,029	49,601	129,000
Total cost per beneficiary	4.1	24.8	11.2
Total cost per hectare	16.2	24.8	25.6

Source: adapted from Mburathi et al., 2004, p. 60

<sup>38</sup> For example, due to differences in the scale of the programmes and the types of seeds provided, and problems with calculating dollar equivalents for less easily quantifiable aspects such as capacity-building.

<sup>39</sup> It is not clear where the figures for the number of hectares comes from since no follow-up data on whether or not the seed was planted were collected. It is assumed that the hectareage was calculated according to the quantity of seed provided and optimal planting rates for different seed types.

Table 10 uses data from Kenya to compare a DSD project implemented by African Medical Research Foundation (AMREF) with SVF projects implemented by CRS in 2000 and 2001. The figures are derived from FAO (2002b) and data provided by the implementing NGOs. The price of seed was most expensive for DSD (USD 0.9 per kilogram) and varied for SVF (USD 0.6 per kilogram in 2000 and USD 0.3 per kilogram in 2001) due to market price variability and a shortage of grain combined with high demand in 2000. Costs of transportation and facilitation<sup>40</sup> were also comparatively high for DSD, rendering the total project costs per household for DSD at twice the level of SVF in 2000. In 2001, the difference was not as great,<sup>41</sup> but SVF still appears to be more cost-efficient, particularly when one considers the quantity of seed provided by SVF (31.5 kilograms per household) as compared to DSD (12 kilograms per household). Although the figures in Table 10 require further clarification, the data appear to show that SVF is more cost-efficient than DSD.

**Table 10. Summary of financial costs of DSD and SVF (Kenya)**

Description	Unit	Project OSRO/KEN/001/SWE		Project OSRO/KEN/101/UKE
		DSD	SVF	SVF
Implementing NGO		AMREF	CRS	CRS
Number of benefiting households	Number	6,217	8,027	30,278
Quantity of seed distributed	Kilogram	74,604	64,678	956,324
Costs of seed acquisition	USD	65,262	42,103	243,589
Costs of facilitation	USD	12,108	8,282	69,800
Costs of seed transportation	USD	8,530	0	0
Total costs	USD	85,900	50,385	313,389
Average price of seed	USD/kilogram	0.9	0.6	0.3
Average quantity of seed per household	Kilogram	12.0	8.0	31.5
Costs of seed per household	USD	10.5	5.2	8.0
Costs of transport and facilitation per household	USD	3.3	1.0	2.3
Total costs per household	USD	13.8	6.2	10.3

Source: Makokha et al., 2004, p. 63

## 6.6 The proceeds from agricultural input sales

Whether the money from the fairs remains in the hands of the communities and benefits local economies depends largely on the type of vendors (that is, farmers, local traders or non-local traders) and if the majority of the vendors come from the local area. Given the relatively small number of vendors in the CARE-Ethiopia programme, most of the profits will have ended up with those traders involved. In the case of the CRS fairs in Ethiopia, there were a relatively high number of farmer vendors and local traders, suggesting that most of the money from the fairs would have remained in the local communities. With regard to CRS seed fairs held in Eastern Kenya, it has been reported that 70 per cent of vendors are from local communities, thus ensuring that a large proportion of the funds remained in the beneficiary communities (Makokha et al., 2004, p. 59). In Mozambique, meanwhile, only about 30 per cent of the vendors come from local communities (Longley, Dominguez and Devji, 2005), implying that only a small proportion of the funds remain with beneficiary communities. Yet, viewed from a broader market perspective, the voucher approach is a considerable improvement on direct distribution, when, in some cases, much of the seed is purchased from neighbouring countries. Under

<sup>40</sup> It is not clear what 'facilitation' involved but presumably it included procurement and handling in the case of DSD, and voucher printing and distribution and information dissemination in the case of SVF. If this is the case, then it is not clear why facilitation costs for DSD were so high.

<sup>41</sup> This is largely due to increased SVF facilitation costs per household, which were more than double those of 2000. No reasons for the rise are given.

the present voucher systems in both Mozambique and Ethiopia, a significant proportion of the proceeds from the input sales remains in the country.<sup>42</sup> As such, the voucher approach is benefiting the national economy.

### 6.7 Vendor gains, market development and the role of women

Although it is the voucher recipients (farmers) who are normally referred to as the beneficiaries of voucher programmes, it would appear to be the vendors who actually profit the most. Data from the CARE-Ethiopia project suggests that the average vendor can gain as much as USD 7,000 in gross income through participating in a voucher project over a period of less than two months (see Section 4.5).<sup>43</sup> The average levels of gross sales revenue per vendor in the 2005 CARE seed voucher project was USD 4,260 in East Hararghe and USD 23,273 in West Hararghe (Agridev Consult, 2006). These figures are comparatively high and relate to the very small number of vendors as compared to beneficiaries. With more vendors, the overall profit of each vendor is less. Data from CRS seed fairs in Burundi, for example, reveal a maximum gross gain of approximately USD 1,650 and an average of around US\$ 160 (Table 14). Figures are not available for the ICRC voucher programme in the West Bank, but one of the staff involved in the project said that: ‘The shopkeepers made a killing with the deal: every month around 300–500 clients was something lucrative for them’.<sup>44</sup> Although the figures on vendors’ gains may appear to be very high, when compared to the cost of seed procured through direct seed distribution, the gains made by seed companies through DSD are even greater, given that the seed procured through formal channels for large-scale distribution is at least twice (and sometimes as much as six times) the cost of the local grain/seed typically supplied through voucher programmes. Indeed, a number of seed companies currently existing in Eastern and Southern Africa today have become established on the basis of relief seed procurement alone.<sup>45</sup> Such companies comprise a part of the ‘relief seed system’ that exists both at the national and international level, and is similar to that described for Ethiopia in Section 4.1. Given the potential gains available to vendors through voucher programmes, there is no reason why they could not also become part of a ‘relief inputs system’ that is based on vouchers rather than direct distribution.

The fact that the vendors who benefit from voucher sales include up to 30 per cent of women would appear to justify such a relief inputs system as far as NGOs are concerned: data from CRS-Burundi (see Table 11) clearly show that seed fairs enhance the gains of local male and female traders. The number of traders participating in the fairs increased from 2002 to 2003, as did the proportion of female traders.

**Table 11: Burundi: value of seed sold at Kirundo seed fairs over three agricultural seasons**

Seed fair dates	Total value (USD)	Total traders (No.)	Female traders (%)	Gains/trader (USD)		
				Median	Average	Maximum
Jan. 02	51,557	346	17.92	48	149	1,634
Sept. 02	54,400	298	22.82	130	183	1,054
Jan.–Feb. 03	76,036	491	30.75	87	155	1,642
Total	181,993	1,135	24.76	n/a	160	1,654

Source: Walsh et al, 2004

<sup>42</sup> Although some of the inputs are imported (for instance, vegetable seed, Actellic, and some of the tools), Mozambican companies and traders benefit from the sales.

<sup>43</sup> The information needed to calculate net profit is unfortunately not available.

<sup>44</sup> E-mail correspondence, 23 November 2006.

<sup>45</sup> Personal communications with various seed companies.

Whether voucher programmes risk creating a relief seed system that represents only a marginal improvement on that established by direct distribution, or whether the use of vouchers actually supports sustainable market development is a very difficult question to answer and requires considerably more research than has been undertaken up to now. The Mozambique case study suggests that agricultural input fairs promote small-scale commercial activity at a local level, and the value of goods purchased for cash can be as high as the value of good bought with vouchers (Table 6, Section 5.2.3).<sup>46</sup>

In terms of commercial seed markets, the fairs help to strengthen the link between seed consumers (farmers) and formal sector seed suppliers, particularly when compared to direct seed distribution, in which the seed supplier deals only with the implementing agency and has no contact at all with the end user. With appropriate regulatory procedures and effective quality-control mechanisms, voucher systems have the potential to strengthen formal sector seed markets quite considerably, although the ‘unfair competition’ situation described in Section 5.2 has prevented this to date. In addition, until the quality of formal sector seed is improved, it is likely that ‘certified’ seed will ultimately disappoint farmers. Similarly, with appropriate operational mechanisms, voucher systems have the potential to strengthen more localised, informal seed markets that form part of the farmer seed system (Bramel and Remington, 2004). Yet it has also been argued that voucher systems can potentially weaken informal seed markets (Rorhbach, Mashingaidze and Mudhara, 2005), as described below.

### **6.8 Strengthening or weakening farmer seed systems?**

Evidence from Burundi suggests that farmer seed systems are ‘strengthened’ through seed vouchers in three ways: ‘by letting farmers strategise about which crops and varieties they should use in stress times; by letting farmers continue to access seed through traders they know and whose quality standards they know; and by supporting local seed traders who will continue to serve farmers, with or without seed fairs’ (Walsh et al., 2004, p. 75). However, whether these three mechanisms fortify farmer seed systems is debateable since each is already a part of farmer seed systems. Furthermore, although they may be *supported* through voucher programmes, there is no evidence to indicate that they are *strengthened* by such programmes. Indeed, the authors go on to recommend that increased resources need to be channelled to farmer seed systems, suggesting that vouchers and fairs alone are not sufficient to reinforce farmer seed systems.

It is also possible that seed vouchers are in fact weakening farmer seed systems by placing a monetary value on seed that would often be provided for free among neighbours and relatives. By putting a price on such transactions, farmers who have excess seed may prefer to wait until they can sell it to a trader who is taking part in a voucher programme, or participate themselves as a vendor in a seed fair, rather than giving it to those who might be in need. Moreover, the apparent aim on the part of CRS to promote farmer beneficiaries to seed vendors may lead to a situation in which farmers are producing seed for a ‘market’ (the seed fair) that, at least under current practice, depends on donor funding for it to happen. There is no hard evidence regarding whether vouchers strengthen or weaken farmer seed systems; both are theoretically possible. It largely depends on the way in which vouchers are programmed in relation to the way in which a specific farmer seed system is understood to function.

### **6.9 Commercial seed companies and the promotion of modern varieties**

The case of Mozambique clearly illustrates the problems involved when formal and informal seed and seed sellers participate in the same agricultural input fair. Yet, the ‘unfair competition’ situation is

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<sup>46</sup> The figures for cash purchases include only those purchases that take place within the fair enclosure. They would be considerably higher if all purchases that occur outside of the fair enclosure were taken into account.

thought to relate to fairs and not vouchers per se. If voucher programmes without fairs could be organised in such a way as to include informal sector seed traders as well as formal sector suppliers, where the latter had the opportunity and sufficient time to help beneficiaries understand why formal sector seed is more expensive than informal grain/seed, this would accord farmers a wider choice. However, in seed fairs organised by CRS across 15 different countries, the majority of seed vendors (71 per cent) were local traders, whereas the formal seed sector (stockists and seed companies providing modern varieties) accounted for less than one per cent of total vendors and was only present at fairs in seven countries (Bramel, 2004, p. 17). This partly relates to how well developed the formal seed sector is in each country. Documentation available for both Ethiopia (Bramel, 2004) and Burundi (Walsh et al., 2004) reported difficulties in attracting formal sector seed suppliers and MVs. In Burundi, there is no commercial seed sector for modern MVs, although informal sector traders said that they would be able to supply them if they were given the credit necessary to bring these varieties to the fairs. They added that these varieties should be offered at reduced prices in order to stimulate client interest (Walsh et al., 2004).

### **6.10 Impacts on livelihood assets**

Information on the impact of voucher programmes must relate to the objectives of the particular intervention in question, but these are often poorly defined, particularly when such programmes are repeated over several seasons. Table 12 is based on a meta analysis of CRS seed vouchers and fairs in Zimbabwe, Ethiopia and Gambia (Bramel and Remington, 2005). Certain points require further discussion. Although the table describes vouchers as a financial transfer, they are best regarded as an in-kind transfer. The 'seed fair premium' (that is, the fact that seed prices at fairs are often between 10 and 20 per cent above normal market prices) is presented as an advantage to seed sellers, which indeed it is; however, the analysis presented above suggests that vendors benefit disproportionately in comparison to the primary beneficiaries (farmers). The cash infusion into the community is only realised when vendors come from the local area, and while this tends to be the case with CRS interventions, it is not always so. Voucher programmes have a propensity to be more open and transparent than direct seed distribution, and the public nature of agricultural input fairs, together with the limited time frame, is thought to minimise the risks of corruption or voucher misuse. Malpractices can occur, though, as the Mozambique case study illustrates. In terms of human assets, the implementing agencies' knowledge and appreciation of farmer seed systems are enhanced. Farmers' knowledge of varieties is also enhanced, usually through informal discussions with other farmers or vendors, although it cannot be assumed that such information will be accurate (particularly if vendors are trying to persuade farmers to buy their seed). Traders' and seed stockists' knowledge of local varietal preferences is also increased through voucher programmes.

**Table 12: the impact of SVF on farm family assets**

Asset	Impact
Physical	<ul style="list-style-type: none"> <li>• Households obtained seed in time for planting</li> <li>• Beneficiaries had a choice of crop, variety, quantity, and quality of seed</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Financial transfer to those receiving vouchers</li> <li>• Increased profit for seed sellers due to the seed fair premium</li> <li>• Knock-on effect of cash infusion into community</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Communities participated in planning and implementation via seed fair committees</li> <li>• Open, transparent and public process increased confidence</li> <li>• Strengthened relationships between seed sellers and farmers</li> </ul>
Human	<ul style="list-style-type: none"> <li>• Enhanced knowledge of different seed systems, their strengths and opportunities for integration</li> <li>• Enhanced knowledge of different crops, varietal preference and seed quality</li> <li>• Seed fair interventions can be exploited in relation to dissemination of information, education and communication on seed, agriculture and other matters like HIV/AIDS</li> </ul>
Natural	<ul style="list-style-type: none"> <li>• Increased genetic diversity by providing farmers with crop and variety choice<sup>47</sup></li> </ul>

Source: Bramel and Remington, 2005, p. 7.

### 6.11 Linking relief and development

The Mozambique case study illustrates the range of relief and developmental objectives that agricultural input voucher/fair programmes can potentially fulfil, but also underscores the need to be clear about the specific aims of particular interventions so that the appropriate implementation modalities can be incorporated into the programme design. As such, voucher programmes are inherently flexible, yet this flexibility may also result in a confused approach without a clear understanding of the problem and how it can best be addressed.

### 6.12 Vouchers versus cash

Although vouchers are commonly compared to direct input distribution, comparisons with cash interventions are less common. Would it be more effective to give people cash than vouchers? If one of the arguments in favour of vouchers over direct distribution is that they allow greater choice, then the greatest choice can only be realised through cash. Certain prerequisites mean that cash programmes may not be possible in all contexts, but it is more often the perceptions and fears of donors or implementing agencies that prevent cash-based programmes rather than the actual environment (Ali et al., 2005). Prerequisites for cash-based responses include:

- a functioning market, that is, traders who have the financial capacity to supply goods from other areas; sufficient security to allow goods to be transported from other areas; and the availability of essential products at local markets;
- beneficiary access to shops/markets (freedom of movement); and
- a functional banking, money transfer or postal system via which payments can be made to beneficiaries.<sup>48</sup>

<sup>47</sup> One should note that seed vouchers and fairs will not increase agro-biodiversity without an explicit emphasis on this (van der Steeg et al., 2004). In Kenya, in 2005, 25,000 0.5 kilogramme packets of seed of new varieties were exchanged for vouchers at seed fairs (CRS/Kenya, 2005).

<sup>48</sup> Adapted from e-mail contribution to Cash Learning Project Discussion Forum from Marjukka Antila (ICRC), 21 November 2005.

If these prerequisites are in place, cash programmes might be more appropriate where voucher schemes are not functioning properly, efficiently or effectively. For example, if vouchers are widely sold for cash at discounted prices, clearly cash distributions would be more suitable. This occurred to a small degree during CARE's 2005 seed voucher project, and is perhaps more likely in voucher programmes implemented on a repeated basis where traders and beneficiaries 'get wise' to alternative ways in which vouchers might be used. In situations where either the overall implementation costs of a voucher project are high, or where the cost of the input exchanged for a voucher is much higher than that of the same input sold in a normal shop or market, cash-based programming should be considered. Yet, there is no guarantee that prices would not be inflated following a cash distribution. Still, it would be easier to monitor price inflation in voucher-based programmes since vouchers can only be exchanged through approved traders. However, whether it is possible to prevent price inflation is debateable. Finally, where the administrative and logistical costs of setting up and running a voucher programme (especially one involving fairs) are very high, it might be more cost-effective to consider cash instead.

Perhaps the most convincing argument in favour of cash programming over vouchers is that the benefits of cash are more widely spread, as compared to voucher schemes in which the vast majority of the gains end up in the hands of a limited number of 'approved' vendors. With cash programmes, there is no need to limit the number of vendors or the types of inputs or services that can be purchased. For example, cash can be used to purchase goods from neighbours, small-scale traders, or larger traders, to pay for school fees or to meet health costs, to hire labour, to pay off debts, or to invest in social networks or capital assets, such as livestock. As such, those who receive money from the beneficiaries include both poorer and better-off members of the community as well as public service providers. If the aim is to promote a certain sector (for example, the formal seed sector) or particular types of markets (for instance, commercial seed markets) over the longer term, though, vouchers are more appropriate because it is possible to restrict their exchange to resources within the chosen sector. Considerably more research is required to determine the relative cost-effectiveness and benefits of voucher programmes as compared to cash projects.

## 7. Lessons learned

In this final chapter, the lessons that emerge from the previous chapter are set out and categorised according to the stages of the project cycle: needs assessment; implementation; and measuring impact. The evidence presented shows that voucher-based programmes are able to offer beneficiaries a choice of agricultural inputs, provided that the implementing agency does not attempt to control the process or limit the types of inputs available. To date, most agricultural voucher programmes in the relief sector have focused on seed, but there is no reason why a range of other agricultural inputs (such as fertiliser, tools, livestock, and veterinary goods) cannot also be supplied. Experience in voucher approaches that include these other inputs is increasing. Ultimately, however, the choice of inputs available through voucher programmes will likely be limited by the need for a clear sectoral focus (that is, agriculture or food security) on the part of implementing agencies and donors. Yet within this sectoral focus, voucher approaches can satisfy various different goals depending on the way in which a programme is designed and implemented. To make an impact, it is necessary to be very clear about the aims of the programme from the start. If a specific voucher programme continues over time, it is likely that the objectives will change. A needs assessment is crucial in ensuring that the programme is appropriate in terms of addressing actual needs. Greater attention also must be paid to impact assessment to determine the extent to which vouchers can meet certain aims and how they should be implemented to have the greatest impact. Considerably more work needs to be done to ensure that the prices at which vouchers are exchanged are on a par with local market prices.

### 7.1 The requirement for needs assessments and clear objectives

Needs assessments must be based on a clear definition of the problem(s) to be addressed and should discern what type of input or assistance is most appropriate in tackling the problems and/or their causes. Current approaches to needs assessments in the food security or agricultural sector tend to assume that a seed intervention is necessary and then merely attempt to determine the quantity of seed required rather than asking whether a seed intervention is appropriate. Although it is unlikely to change, a sectoral focus prevents a thorough and open needs assessment since it is assumed from the outset that inputs conventionally associated with that sector will be needed. Various agricultural needs assessment methodologies and diagnostic tools have been designed and tested, and, in the case of Mozambique, are being partially implemented (Longley et al., 2002). These must be implemented as part of broader emergency needs assessment mechanisms. Significantly more effort is required in this respect, and it is encouraging that CRS and CIAT are working to strengthen agricultural assessment capacity in Africa.<sup>49</sup>

### 7.2 Management and implementation issues

Voucher programming is inherently flexible and can be designed and implemented in various different ways to fulfil numerous different relief or developmental objectives. This emphasises the need to be very clear about the specific goals of the programme and the problems to be addressed. If the aim of a voucher programme is to allow farmers affected by disaster easy access to agricultural inputs, then it should be designed in such a way as to ensure that a selection of locally appropriate inputs are available in good time, at reasonable prices and within a suitable distance. If the aim is to increase the resilience of agricultural systems to future shocks through enhancing the diversity of cropping and livestock systems, then greater emphasis should be placed on ensuring that high quality inputs are made available in good time. Where improved agricultural technologies are made available through voucher programmes, these should be appropriate for local conditions and emphasis must be put on

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<sup>49</sup> Personal communication with Tom Remington, (Catholic Relief Services, Nairobi, March, 2006).

awareness-raising and providing accurate information on the technologies so that farmers will be encouraged to test them for themselves. If the aim is to promote commercialisation within a particular sector (for example, the formal seed sector), then particular attention should be paid to quality control and pricing within the voucher programme, combined with broader efforts to strengthen the sector in question. If the aim is to strengthen rural markets more broadly, then voucher programmes should be implemented in conjunction with apposite interventions such as road construction, enhanced transport infrastructure, improved storage facilities, credit to traders, and market information systems.

This report has compared approaches with and without agricultural input fairs, and there exist myriad subtly different ways in which each can be implemented. Regardless of the particular implementation mechanism adopted, efforts to ensure security, prevent corruption and minimise the risk of voucher misuse are necessary. It is also essential to take steps to prevent a situation in which the price of the good exchanged for vouchers is artificially higher than normal market prices, or where a small number of vendors are exploiting massive gains to the detriment of the voucher holders. Such steps might include the involvement of as many vendors as possible, a longer voucher validity period, or staggering voucher validity periods to allow recipients more time to choose inputs and negotiate prices. CRS experience suggests that a ratio of between 20 and 25 vendors per 500 beneficiaries will ensure product choice and competitive prices. Contracts with the vendors, along with price monitoring, may also help to ensure that prices are not artificially inflated. Despite these efforts, however, the price of inputs available through voucher programmes tends to be between 10 and 30 per cent higher than normal market prices. More detailed analysis is required to determine whether such a price increase should be considered acceptable or not.

### **7.3 Measuring impacts**

Greater attention must be given to monitoring, evaluation and impact assessment. Donors should insist that detailed monitoring and evaluation data are thoroughly analysed and reported, and independent impact assessments should be supported. Additional research is needed to gauge whether voucher programmes strengthen markets in sustainable ways. Opinion is currently divided as to whether seed vouchers support or weaken farmer seed systems. Finally, further data are required to ascertain accurately the cost-effectiveness and cost-efficiency of voucher programmes.

## **Annex 1. Regulations concerning the registration of vendors at fairs in Mozambique**

Translation of the letter from the Seed Department to Provincial Agricultural Services, Seed Company of Mozambique Ltd and Pannar.

Subject: Seed Fair Interventions

Date: 25 April 2005

In recent years, we have verified that there is an abnormal movement of informal traders within seed fairs, selling grain as if it were seed, side by side with seed companies.

This situation is a big concern, because it compromises the objective of the seed fairs, and it is impossible to apply any mechanisms of control to this type of activity and it goes against some of the norms put in place for the seed sector.

The following recommendations are given to improve this situation and provide a better quality of service for these interventions in future:

- a) Any vendor who wants to sell seed must be registered as a seed producer/distributor.
- b) This registration is to occur within the Ministry of Commerce. In accordance with the certification procedures a vendor must also possess the 'alvara' (tax reference) according to the type of business they wish to operate (seed or any other input).
- c) Once they have this 'alvara', they have to go to the Ministry of Agriculture and register as a seed vendor.
- d) As for vendors wanting to participate as producers (either on their own or as subcontractors) or distributors, it will be necessary for them to have facilities to clean, treat, weigh and pack the seeds and weigh the seed and pack.
- e) Seed should be of known origin, from local producers or private sector bodies that receive assistance from seed technicians through the DDAs. Commercialisation should be oriented towards producers that have been previously identified through the DDA, and assisted during the production season to acquire the product in one specific zone.
- f) Local producers are an integral part of the local seed production system. Their participation in the seed fair should be approved by the DDA and registered in the database of the Seed Department so that it can be controlled during the seed fairs.
- g) All participants should be selected in advance via testing of the seed that will be sold at the fair.
- h) Quality control for the formal seed companies that acquire 'seed' from the small producers specifically relates to crops such as groundnut and beans.

Kindest regards,

Head of the Seed Department.

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