



**PARTICIPATION OF SMALL AND MEDIUM ENTREPRENEURS IN LOCAL
ECONOMIC DEVELOPMENT:**

ASSESSING FACTORS AFFECTING PARTICIPATION OF SMALL SCALE AGRO-
DEALERS IN THE SUPPLY CHAIN OF SUBSIDIZED AGRICULTURAL INPUTS
THROUGH THE ELECTRONIC VOUCHER SYSTEM IN KATETE DISTRICT OF ZAMBIA

Research Paper

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DECLARATION

Disclaimer:

This document represents part of the author's study programme while at the International Institute of Social Studies. The views stated therein are those of the author and not necessarily of the Institute.

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LIST OF ACRONYMS

CAADP:	Comprehensive Africa Agriculture Development Programme
COVID -19:	Coronavirus Disease 2019
DAC:	District Agricultural Committee
DACO:	District Agricultural Coordinator
DDCC:	District Development Coordinating Committee
ETG	Export Trading Group
FISP:	Farmer Input Support Programme
GDP:	Gross Domestic Product
GVC:	Global Value Chain
HIPC:	Heavily Indebted Poor Countries
IAPRI:	Indaba Agricultural Policy Research Institute
MOA:	Ministry of Agriculture
MSMEs:	Micro Small and Medium Enterprises
NAIP:	National Agriculture Investment Plan
OECD:	Organization for Economic Cooperation and Development
POS:	Point of Sale
PRSP:	Poverty Reduction Strategy Paper
RGVC:	Responsible Global Value Chain
SEDO:	Small Enterprise Development Organization
SID:	Small Industry Development
SNDP:	Seventh National Development Plan
SMEs:	Small and Medium Enterprises
SSA:	Sub-Saharan Africa
ZIAMIS:	Zambia Integrated Agriculture Management Information System

ABSTRACT

This study attempted to determine the extent to which the implementation of the electronic voucher Farmer Input Support Programme (FISP) scheme promoted the participation of agro-dealers and contributed to job creation in Katete district of Zambia. Using the framework of value chains, the study analysed the dynamics of agro-dealers' participation and agricultural productivity during the 2014/2015 to 2017/2018 implementation period. The e-voucher scheme which started as a pilot in few districts in 2014/2015 agriculture season was scaled up to the entire country in 2017/2018 farming season. Employing a qualitative phenomenological inquiry on a sample of 21 participants, the findings revealed that the scheme provided an opportunity for agro-dealer's participation in the supply chain of agricultural inputs. This made positive contribution towards growth of business for agro-dealers resulting into job creation.

Even though agro-dealers faced challenges such as limited internet connectivity, limited financial capacities, poor banking processes and suspected incidences of corruption, the e-voucher FISP scheme subsequently contributed to crop diversification by beneficiary farmers. It was evident through the findings that the market coupled with state's interventions can be a panacea for inclusion and equitable distribution of resources. The study therefore calls for increased state's involvement in the management of value chains to ensure equitable distribution of gains across all value chain players.

Keywords: Micro Small and Medium Enterprises, Agro-dealers, Participation, Entrepreneurship, value chains, Electronic voucher.

RELEVANCE TO DEVELOPMENT STUDIES

Many third world countries across the globe face challenges of providing an enabling environment that engages its citizens in economic productivity that contribute to economic growth and improvement of quality of life. With the wind of globalization sweeping through the globe, the world has become more connected in many ways. However, the process of globalization comes with advantages and disadvantages thereby creating losers and winners. The study makes a significant contribution on how issues of inclusion, inequality and poverty reduction can be handled in the age of globalization

This paper sought to illuminate the participation of SMEs in the framework of global value chains. The dominant literature on the scholarship of participation mainly focuses on the political economy and democracy. This paper makes a significant contribution and states that private sector growth through global value chains, offers a conducive environment for participation. It places emphasis that the state as an architect of global value chain should remain steadfast in facilitating and regulating the smooth flow, and ensuring that gains and benefits are equally distributed.

CHAPTER ONE

1.0 INTRODUCTION

It is widely accepted that Small and Medium Enterprises (SMEs) play a significant role to employment creation, Gross Domestic Products (GDP) and poverty reduction in both developed and developing countries. The SMEs who are key players in the private sector are engines to economic growth, sources of dynamism and creativity, innovation and flexibility (Haradag 2016: 23). In the Euro zone, SMEs accounts for 98.8% of non-financial businesses, 58% of total value added, and supply 66.8% of employment (Briozzo and Riportella, 2012 in; Haradag, 2016 :23). The Organization for Economic Cooperation and Development (OECD) outlook report (2005) notes that SMEs remain predominant in our economies, but their full potential especially towards job creation remains untapped. As economies move towards; liberalization, diminishing role of the public sector in economic activities, employment creation and improving the welfare of the citizens, the need for increased private sector involvement remains strong. Private sector participation in economic growth has been widely accepted as a panacea to job creation (Quack and Flynn, 2019).

However, there still remain a challenge of how best to ensure that the private sector promote the participation of multi-level key stakeholders and offer economic benefits to all. There are arguments that the concept of value chain has the potential to resolve this impasse and ensure that the private sector contribute meaningfully to job creation and distribute gains to different players in the value system (RGVC, 2016). Economic growth through increased private sector participation has been Zambia's approach to development since the early 1990s (SNDP, 2017). Agriculture has been the main economic strategic focus for poverty reduction.

Johnstson and Kilby (1975) in the National Agriculture Investment Plan (NAIP) of Zambia 2014 to 2018, observes that evidence from around the world shows that agrarian societies require high productivity if they are to achieve interrelated goals of rapid poverty reduction, food security, and broad-based income growth. As a way of accelerating this dynamic growth, the African Union came up with a robust Comprehensive Africa Agriculture Development Programm (CAADP). The CAADP focuses on improving food security, nutrition and increasing incomes in Africa's largely farming based economies like Zambia (NAIP, 2014). Most member countries including Zambia have since localized the programme and several initiatives, projects and strategies are being implemented.

In 2014, Zambia commenced the implementation of the electronic voucher system as a mode of supplying subsidized agricultural inputs to farmers. The scheme had a number of interrelated goals aimed at improving the welfare of farmers and other stakeholders supporting agricultural productivity. This study therefore attempted to assess the extent to which the introduction of the e-voucher FISP scheme in Zambia which uses the model of value chains encouraged the participation of agro-dealer and contributed to job creation and agricultural productivity. The findings show some positive outcomes of agro-dealers involvement in the scheme. However, agro dealers faced a number of challenges that were technical, political, social and cultural in nature.

1.1 Problem Area

Zambia has challenges of developing policies that create a conducive environment for the organization of SMEs and utilize their untapped potential to contribute to economic growth. Nolan and the OECD (2003:9) states that pro entrepreneurship policies have been proven to be crucial in the attainment of growth and diversity, helping the unemployed to generate jobs for themselves and poverty alleviation. Zambia is trying to reorganize the agriculture sector to maximize its potential of job creation in addition to the primary focus of food security. The SMEs are known for playing a vital role in the provision, distribution, production and consumption of goods and services. Over the years in most Sub-Saharan African (SSA) countries, agriculture has remained the main economic stay as it involves processes that create livelihood opportunities for many people. However, these SMEs face numerous challenges in getting grounds to the development processes due to poor political will, SME attitudes and generally poor business environment (Nuwagaba, 2015: 147).

In Zambia, the government introduced the use of e-voucher system in FISP with the aim of providing an enabling environment of agro-dealers to participate in the scheme. The driving force for key players in the e-voucher FISP scheme is the free market model through value chains. Therefore, liberalizing the agriculture sector would create an efficient and effective private sector market driven system that would stimulate production, regulate supplies and curb irregularities in the scheme (MoA, 2019). However for many countries in Southern Africa including Zambia, this has remained a dream in the pipeline (Barret and Mutambatsere, 2005; Chinsinga 2004 in; Chinsinga, 2011). Despite the programme providing an opportunity to SMEs to do business, their performance has not been up to desired expectation. This was evidenced by poor performance of agro-dealers under e-voucher in Zambia, thereby compromising the attainment of food security. The status quo forced the Zambian government to revert about 90 out of 116 districts to ordinary conventional FISP system as of the 2020/2021 agriculture season (MoA, 2020).

1.2 Statement of the Problem

The government of the Republic of Zambia through the Ministry of Agriculture (MoA) has been promoting the growth of the agriculture sector by providing subsidized farming inputs to small-scale farmers. During the 2014/2015 agricultural season, the government introduced the use of electronic voucher system under FISP as a mode of providing various subsidized agricultural inputs to small-scale farmers. During the period under consideration, Katete district had 26,869 small-scale farmers on e-voucher FISP which represented 2.69% of the beneficiaries in the country. The e-voucher FISP approach has been anchored on effective participation of agro-dealers who act as middlemen between the national input suppliers and small-scale farmers.

However, the main source of concern had been the low and decreasing number of agro-dealers participating in the e-voucher FISP scheme thereby negatively affecting job creation, agricultural productivity and the subsequent local economic development in Katete district of Zambia. The motivation to undertake this study was therefore to try and understand how the introduction of the scheme promoted the involvement of agro-dealers and limiting factors affecting small agro-dealers participation.

1.3 Justification and Relevance

The high unemployment rates in Zambia which currently stands at 11%, provides the thrust of undertaking a research on the participation of agro-dealers in e-voucher FISP system. In 2012 according to the Living Conditions Monitoring Survey, 24.1% of the total working age was economically inactive. It was also estimated that as of 2018, about 172 million people worldwide would be jobless. The study made a contribution towards job creation through private sector participation in economic growth particularly the growth of the small and medium entrepreneurship sector. Crucial to the acceleration in growth of the SME sector was the incorporation of the use of electronic tools for transactions. Digital business transactions have proven in the recent past to make a significant contribution towards job creation and economic growth. Hence, government programmes and interventions must be tailored towards engaging the inactive population into productive activities. However, there are impediment that hinder the acceleration of this growth (World Bank, 2020).

The study therefore, was an assessment on the extent to which the e-voucher FISP scheme encouraged the participation of agro-dealers in the supply chain and contributed to job creation and agriculture productivity in Zambia. The study was carried out to investigate the experiences agro-dealers had while participating in e-voucher FISP scheme in Katete district of Zambia from the inception of the programme in 2014 to date.

1.4 Research Objectives and Question

1.4.1 Main Objective

The main objective of the research study was to assess the extent to which the implementation of e-voucher FISP scheme promoted and supported the participation of agro-dealers in the supply chain of various subsidized agricultural inputs to small-scale farmer in Katete district of Zambia, and contributed to job creation and agricultural productivity.

1.4.2 Specific Objectives

The specific objectives of the research study were:

- To ascertain as to why the number of agro-dealers participation in the supply chain of various agricultural inputs under the e-voucher FISP scheme was low or reducing.
- To assess whether the e-voucher FISP scheme promoted participation of agro-dealers, growth/expansion of agribusiness and agriculture productivity.
- To investigate the farmer's experiences and perception of using the e-voucher system in accessing subsidized agriculture inputs from agro-dealers.

1.4.3 Research Question

The main research question was;

To what extent did the implementation of e-voucher FISP scheme promote and support the participation of agro-dealers in the supply chain of various subsidized agricultural inputs to small-scale farmers, and contribute to job creation and agricultural productivity?

1.4.4 Sub-Questions

The sub-questions of the research study were:

- Why was number of active agro-dealers participating on the e-voucher FISP scheme low or decreasing?
- How did the involvement of agro-dealers in the e-voucher FISP scheme of agricultural inputs promoted growth/expansion of agribusiness and agricultural productivity?
- What were the farmer's experiences and perceptions of using the e-voucher system in accessing subsidized agricultural inputs from agro-dealers?

CHAPTER TWO

2.0 LITERATURE REVIEW

Economic development models focusing on the mobilization of Small and Medium Enterprises are gaining momentum world over. In South Africa for instance, support for SMEs is an important policy issue and various strategies and programmes have been put in place aimed at SMEs growth and development through innovations (Padoan et al, 2010). The SMEs make a significant contribution to the GDP and are key in the improvement of income distribution and poverty reduction. Furthermore, SMEs plays a vital role in job creation, forward and backward linkages in industrial development, efficient and effective delivery of services, innovations, and wealth creation in both developed and developing countries (Pandya, 2012:426). Evidence show that in addition to boosting the country's GDP through employment creation and poverty reduction, the sector especially in the African context has been instrumental in the simplistic approach to the needs of the majority by offering affordable goods and services at reasonable terms and prices (Kauffmann, 2006 in Muriithi, 2017). Hence a vibrant, well-coordinated efficient and effective Micro Small and Medium Enterprise (MSMEs) sector has potential to spur economic growth. However, the question of how to mobilize MSMEs for effective participation in development processes still remains a huge challenge. There have been several initiatives by countries aimed at supporting SMEs to spur economic growth, but the outcomes have mostly not met the expectation (Ayygari et al, 2011).

Increased private sector participation for job creation and fair distribution of resources was one of the objectives of the e-voucher FISP scheme in Zambia since 2014/2015 agricultural season (MOA, 2019). This was premised on the basis that the participation of agro-dealers would contribute to the inclusion of the majority small scale agro-dealers that initially had no stake in the scheme. The existing literature on the support for SMEs has been organized in three categories. In order to put the subject matter of agro-dealers into perspective, the first part of literature reviews SMEs in Zambia. The Agro-dealers under study are a sub-category of SMEs. The second part present a review of SMEs in Global Value Chains. An understanding of the place of SMEs in Global Value Chain is key in this study as it is the anchor of the supply of agricultural inputs under the e-voucher scheme. The follow up section focuses on the experience of other countries implementing the e-voucher agriculture schemes.

2.1 SMEs in Zambia

Recognition of the vital role played by SME sector in social economic development in Zambia can be traced as far back as the 1980s when the government enacted the Small Industry Development (SID) Act. This was in an effort to make the sector more orderly and effective and also to help SMEs have access to financial services. In 2002, the Small Enterprise Development Organization (SEDO) Act was enacted to enhance the implementation of the SID in order to make the SME sector more vibrant. (Nuagaba, 2015).

Most of the SMEs in Zambia are proprietors of small businesses and mostly 90% are categorized as informal and their operations are at small scale. These usually employ less than 10 people and 52 % of their activities are conducted in the rural parts of the country. The activities of SMEs are spread across a wide range of sectors but the agriculture sector accounts for the highest number of employment (Nuwagaba, 2015), and such SMEs are known as agro-dealers. Mostly SMEs are characterised by the low use of technology and mainly operating in less affluent markets. A similar study conducted in Kenya (Odame and Mwange, 2011) established that both formal and informal agro-dealers played a critical role in the implementation of the green revolution in agriculture programme. The green revolution was aimed at increasing agriculture productivity and increasing rural incomes through agro-dealers. Despite the legal and regulatory framework favouring the formal agro-dealers seed system, the informal system was the main source of seed distribution in the marginal areas. Initial indicators of the outcome of this initiative showed that agro-dealers benefited from the programme as sales increased and also enhanced linkage with the banks. This implies that regardless of whether these SMEs are in the formal or informal sector, investment in the SME subsector creates employment opportunities (Nuagaba, 2015)

2.2 SMEs in Global Value Chains

As the world gets more interconnected through the production and distribution of goods and services, it is imperative to understand how SMEs find their way in the equation. Value chain analysis can be helpful when considering players in the global economy as it helps to understand the distribution of benefits(Kaplinsky and Morris, 2001:14). Most industrialized developed economies, growth to some extent thrives through a well-managed and strengthened Small and Medium Enterprise sector (Mwika, 2018). Mwika further notes that economic globalization has had both negative and positive impacts on the activities of SMEs despite them being key drivers in economic growth. Kaplinsky and Morris (2001) observes that one of the main reasons that call for attention on global value chain in this era of rapid globalization is to analyse entry into global

markets which leads to growth and sustained incomes. One of the ways in which SMEs can get involved in the global value chains is through distribution of goods and services (Kaplinsky and Morris, 2001:97).

The other perspective of understanding the participation of agro-dealers on the e-voucher scheme is the issue of being in a position of power to drive processes. The understanding of SMEs participation in value chains can be better theorized from Meyer and Phillips argument of the centrality of state power in global value chains. The duo contend that the state remains central in regulative, facilitative and distributive forms of governance in Global Value Chains.

2.3 Experiences of Other Countries on E-voucher

The e-voucher agricultural subsidy programme which aims at improving efficiency in the provision of agriculture inputs is being implemented by many countries in Africa. A research conducted on a pilot programme of e-voucher in Mali, Chad, Guinea and Niger highlighted some of the key determining factors for the successful implementation of the programme. These factors included targeting, digital technological needs of the rural population and an efficient procurement system (Kane, 2019).

In Zimbabwe, the use of the e-voucher system in the provision of agricultural inputs reduced incidences of corruption and improved retailer's linkages with the farmers. Meanwhile in Malawi there was an improvement in output during the implementation of the e-voucher but faced challenges due to poor internet connectivity in some rural parts of the country. The experiences in Tanzania and Mozambique were not very different as both faced challenges during the implementation period. While Tanzania faced the challenge of targeting the right beneficiaries, Mozambique had issues with inclusiveness of beneficiaries (Kasoma,2018: p14).

In all these studies, tangible literature to determine whether the e-voucher initiative achieved the goal of creating jobs for agro-dealers is still missing. Therefore, this study focuses on the body of knowledge relating to agro-dealers in the agriculture sector by narrowing down on their ability to adjust to the initiative and take advantage of the enabling environment to conduct business with the farmers. Since the e-voucher initiative in agricultural input supply system is a two-way system, the beneficiary farmers' experiences are also important for assessment. The study makes a significant contribution to the literature on support towards the empowerment of SMEs for job creation, agriculture productivity and subsequent poverty reduction.

CHAPTER THREE

3.0 RESEARCH METHODS AND METHODOLOGY

3.1 Introduction

The research study used qualitative phenomenology approach in the data collection and analysis to develop the concepts of value chains, innovation and participation of agro-dealers in the e-voucher FISP scheme. The three concepts provided insights into the analysis of the strengths and weaknesses of the scheme. The study attempted to illuminate the social, cultural political, economic challenges faced by agro-dealers for them to be an effective link in the supply chain of agricultural inputs, grow their businesses and contribute to agricultural productivity. In this section, key steps that were undertaken throughout the research process have been elucidated. The main components included; information on the research area, sampling, data source location, data collection techniques, limitations of the study, the researcher's position and ethical issues.

3.2 Interpretive Phenomenological Analysis

The study used interpretive phenomenology analysis to get the experiences of the participants and their thoughts about the e-voucher schemes contribution towards job creation and agriculture productivity and the challenges faced. Interpretive Phenomenological analysis is used when investigating the rationale behind people's decisions and actions and how participants make sense of their experience. The interpretation of people's experiences of a phenomenon is influenced by their background (Adu, 2019). The analysis of job creation and agriculture productivity was assessed from three angles being; farmers, agro-dealers and officials in the Ministry of Agriculture at national, district and sub-district levels. Even though the ultimate jobs were to be realized through the agro-dealers, the study also included farmers and officers in the Ministry of Agriculture to gain more understanding of the phenomenon. Farmers who happen to be the buyers of the agricultural inputs provided information about their own experiences in trading with agro-dealers. Farmers shared about what they thought worked-out well and what did not work-out well and such narratives helped the researcher in establishing the challenges agro-dealers faced. Interpretive phenomenological analysis which places emphasis on interpretation of experiences based on one's background and world view was of primary importance of the study. The diversity of the understanding of the e-voucher scheme was not only from the three categories of farmers, agro-dealers and the Ministry of Agriculture officials, but within each category the people's interpretations greatly varied. There were factors such as education background, family

background that affected the understanding and experiences people had about the e-voucher FISP scheme.

3.3 Data Collection

The initial plan was to travel to Zambia for data collection and express permission by the school was granted. See appendix 1. However, due to the Coronavirus Disease 2019 (COVID -19) pandemic health travel restrictive measures that were in force at the time of the research, the researcher engaged a local research assistant to collect data in Katete district of Zambia. The field work commenced with the virtual training of the research assistant by the researcher, particularly on how to collect data. The main issues that were covered during the virtual training sessions was to ensure that the research assistants understood the information that was to be collected in order to guide further probing in an event where respondents were not giving the required information. The training also manage to regulate the research assistant's subjectivity. The e-voucher FISP scheme is a nationwide programme in Zambia that covers a significant portion of the national budget. Therefore, the research assistant that was engaged is a government employee in the Ministry of Community Development and Social Services with an in-depth understanding of the scheme. It was imperative to manage the possibility of subjectivities arising from this to avoid distortions of the information gathered for this study.

The research assessed the perceived change from the affected beneficiaries' point of view and reflection on how they experienced weaknesses and strengths of the initiative. The inquiry investigated whether the beneficiary farmers felt that there was an improvement in the way they accessed agricultural inputs, while on the part of the agro-dealers, they were assessed on the performance of their agribusinesses. Interviews and focus group discussion were employed to collect data as these two approaches provide precision to the custom built research objectives (O'leary, 2017). Therefore, semi-structured questionnaires were prepared and used to collect data from; small-scale farmers, participating agro-dealers, non-participating agro-dealers and government officials in the Ministry of Agriculture.

Before the commencement of the actual field work, an in-person field work protocol was obtained from the Institute of Social Studies University Institute Board in addition to the introductory letter. This was a commitment that the research would be conducted under strict adherence to COVID-19 regulatory measures to avoid putting the respondents and research assistant at risk. Further, the research assistant was oriented on the basic COVID-19 prevention measures as recommend by public health guidelines to reduce the spread of disease.

The semi-structured questionnaire was also translated from English language to the native language Chewa, to enable the various respondents express themselves well. The research assistant wrote the notes of all responses from the respondents while live audio recordings of the entire interview sessions were done concurrently. The information from audio records was subsequently transcribed thereby giving a rich source of accurate data for this study to complement the written notes during data analysis and interpretation.

3.3.1 Research Location

The research study was undertaken in Katete district of Zambia, which is one of the 116 districts the country has. It is situated between longitudes 31.450 and 32.300 East and latitudes 13.800 and 14.450 South.

The population size for Katete District stood at 160,985 according to the 2010 Central Statistics Office census, while in 2019 the Zambia Statistical Agency projected the population to be 204, 606. The main economic characteristics of the district is agriculture and it has 14 political wards. The respondents of this research study were drawn from Mkaika and Mpangwe wards as these two areas are mostly urban and that is where most agro-dealers are located. Meanwhile the small-scale farmers were drawn from Chimwa ward one of the rural part of the district where most beneficiary small-scale farmers are found. Katete district was chosen for the study as it is mostly rural and about 88% is predominantly a farming area (Katete district Integrated Development Plan, 2020). Further information on the geographical location of Katete district where the research study was conducted have been presented in figure 1.

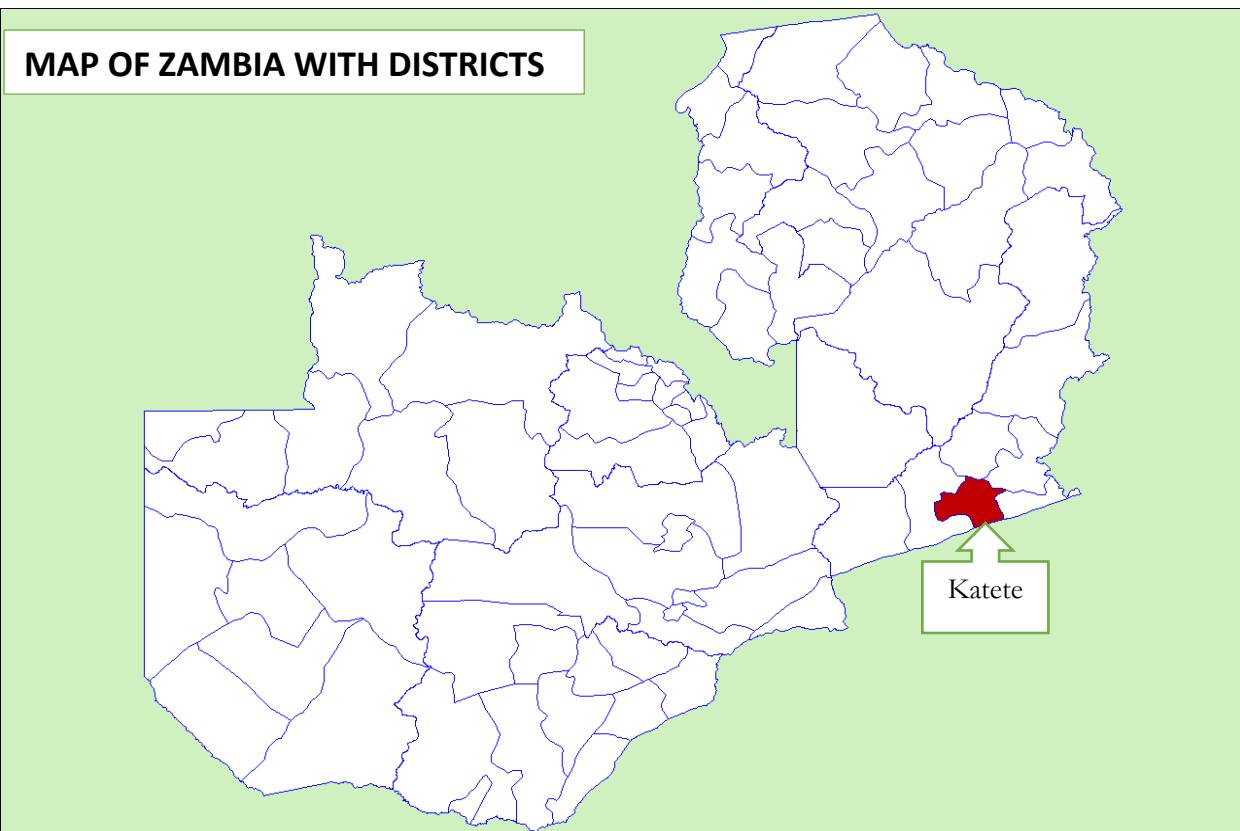


Figure 1: Location Map of Katete district in Zambia.

Source: https://en.wikipedia.org/w/index.php?title=Katete_District&oldid=1014896756

3.3.2 Sampling

The sample size of the study was 21 respondents; broken down into 8 agro-dealers, 10 small-scale farmers and 3 government officials in the Ministry of Agriculture that provided expert knowledge. Therefore, the research assistant collected data from the 21 respondents using the purposive snowball sampling method for easy accessibility. Using this method, the first respondent visited referred the research assistant to another respondent with similar experiences.

3.3.3 Primary Data

The study used primary data to analyse the outcomes of the e-voucher FISP scheme. The main sources of primary data were 8 agro-dealers of Katete district. For the purposes of making a comparison of the perceived changes in the implementation of e-voucher FISP scheme, the respondents included 4 agro-dealers who participated in e-voucher FISP scheme and 4 who did not participate in the same programme. An official list of agro-dealers that participated in the e-voucher FISP was obtained from the office of District Agricultural Coordinator in Katete district. The 4 agro-dealers who were actively involved in the e-voucher FISP provided primary data about their experiences participating on the scheme. While the agro-dealers who did not participate in

the e-voucher FISP provided vital information on why they did not consider participating in the programme despite the potential benefits and some general insight on their observations regarding how the programme was implemented. In addition, data was also obtained from 3 expert officials in the ministry of agriculture.

Further, the study organized one focus group discussion that consisted of 10 small-scale farmers in Chimwa ward of Katete district. All these farmers were active beneficiaries of the e-voucher FISP as the final consumers of the subsidized agricultural inputs. The initiative could not be complete without such beneficiary farmers that made decisions to redeem subsidized agriculture inputs from agro-dealer of their choice. Therefore, it was imperative to understand and learn from their experiences as they transacted for agricultural inputs directly with agro-dealers.

3.3.4 Secondary Data

The study also included a review of secondary data from the relevant government documents and other publications from the Indaba Agricultural Policy Research Institute (IAPRI). Such secondary data obtained from documents in the Ministry of Agriculture and the IAPRI provided vital information for analysis of the strengths and weaknesses of the e-voucher FISP scheme with special focus on the impediments faced by agro-dealers during participation in the input supply chain.

3.4 Limitations of the Study

This study was undertaken during a period of political campaigns prior to the 2021 general election. Political parties were at the same time reaching out to citizens to give political manifestos. The research assistant had to take some time to explain that the data was for academic purposes. In order to get rid of any suspicion of political affiliation, before the commencement of the interviews, the research assistant was putting the researcher on direct phone call to confirm whether the data that was being collected was truly for academic purposes.

However, the study was devoid of non-verbal communication and responses from the respondents because data was collected by the research assistant as a third party.

This research was undertaken amidst tight COVID19 health restrictive measures, people were not freely meeting as the disease was highly contagious. This could have limited participants to express themselves freely and others did not feel comfortable speaking with masks. This was managed by giving participants freedom to choose to be interviewed physically or via phone.

Due to the same prevailing situation, the researcher restricted this research to a qualitative study as it was the most ideal approach. The researcher takes cognisant that the use of other approaches

could yield other additional valuable information that qualitative approach could be short of. Nevertheless, the researcher used strategies that would help to contribute to the validity of the findings such as triangulation of the data sources. Most importantly, saturation levels of responses on a particular phenomenon was reached. Having followed all these critical aspects of a qualitative study, the researcher is confident of the findings and the contribution this study makes.

3.5 Researcher's Positionality

Between 2011 and 2017, the principal researcher of this study worked as the District Planning Officer for Solwezi district. My main job responsibility was to facilitate the implementation of socioeconomic activities through the coordination of stakeholders. As such, I was the secretariat to the District Development Coordinating Committee (DDCC) and responsible for the consolidation of quarterly and annual reports from all government ministries in the district. This task gave me an opportunity to observe the trend in the performance of agro-dealers when the e-voucher FISP scheme was introduced. The reports under the Ministry of Agriculture indicated that few agro-dealers were participating in e-voucher FISP while others were dropping out of the scheme. During this research therefore, I tried by all means not to position myself as government worker but instead, as an academic researcher to ensure that the knowledge produced, meet the required standard. In doing so, I avoided giving any position on behalf of government on the issues surrounding the implementation of the e-voucher FISP scheme.

3.6 Ethical Issues

The research study observed ethical issues throughout the research process. First and foremost, the research assistant paid courtesy call to the office of the District Agriculture Coordinator before interviewing him and other officers in the Ministry of Agriculture within Katete district. The research assistant also got permission to visit the agro-dealers and farmers for interviews and data collection. Before organising a focus group discussion with farmers, the village group leaders were asked if the farmers could be interviewed. After a go ahead, a meeting was arranged at the school community centre. The venue was ideal as it was spacious enough for easy adherence to the COVID-19 health measures. Permission was also sought from all respondents for recording all the conversations that were considered. Anonymity of the respondents was adhered to as well.

The other aspect that was managed during field work was the respondent's expectations especially the agro-dealers and farmers. The participants wanted to find out if the researcher would use the findings to improve the e-voucher FISP scheme in Katete district as the scheme was on hold due to various reasons. Further, agro-dealers wanted to find out if the researcher could use the research findings to lobby Government of the Republic of Zambia to continue with the e-voucher FISP

scheme. After realising that the researcher was a government employee working in the Local Authorities, farmers wanted to know if the challenges they faced would be addressed. The respondents perceived the researcher to be powerful and in a position of influence to improve the administration of the e-voucher FISP. The research assistant explained explicitly that the objective of the study was purely academic while to other respondents, she would put the researcher on direct phone call for detailed clarifications.

CHAPTER FOUR

4.0 CONTEXTUALIZING E-VOUCHER FISP IN ZAMBIA

4.1 Introduction

This chapter present the factors that led to the introduction and implementation of the Farmer Input Support Programme in Zambia.

4.2 Background of Farmer Input Support Programme in Zambia

The initiative of providing subsidized agriculture inputs to farmers through FISP can be traced back to the year 2002 when Zambia drafted the Poverty Reduction Strategy Paper (PSRP) in order to qualify for Heavily Indebted Poor Countries (HIPC) donor support (Resnick and Manson, 2016). This support to small-scale farmers which was meant to be a temporal measure at programme inception has since been sustained due to its significant contribution to food security and its potential to stir other economic outcomes. The programme was established to contribute to four main goals being; improve households and national food security, improved incomes, easy accessibility to agricultural inputs by small scale farmers and building the capacity of the private sector to participate in the distribution of agricultural inputs. Above all, poverty reduction has been the ultimate goal of the FISP (Nicole et al, 2013). Since then, Zambia has had National Development Plans that spell out strategies to spur economic growth and the agricultural sector has been one of the priority sectors. FISP in Zambia has evolved from the ordinary Conventional FISP to now the e-voucher FISP scheme, all targeting small-scale farmers.

Agriculture being the main economic stay for Zambia, the FISP had objectives aimed at improving the welfare of farmers as well as other stakeholders in the provision of support services. The overall objective of FISP in Zambia has been to enhance improvement in the supply of agricultural inputs to small-scale farmers through sustainable private sector participation at affordable cost in order to increase household food security and incomes. The specific objectives include the following:

1. Reduce government direct engagement in the programme so as to expand markets for private sector suppliers and increase their involvement in the distribution of agricultural inputs to rural areas.
2. Improve access to agricultural inputs to small-scale farmers.
3. To create a competitive environment for enhanced transparency in the supply and distribution of subsidized agricultural inputs.

4. Ensure timely, effective and adequate supply of agricultural inputs to targeted small-scale farmers.
5. Facilitate the process of farmer organization, dissemination of knowledge and creation of other rural institution that contribute to the development of the agriculture sector (MoA, 2018).

As can be noted from the list above, the objectives are designed to deliver benefits not only to farmers but also other stakeholders. Objective number one was specifically intended to empower other stakeholders supporting agriculture productivity. It is under this objective that agro-dealers of every kind had to take advantage and participate in the supply chain of agriculture inputs.

4.2.1 Conventional FISP in Zambia

The Conventional FISP is a system by which the government of the Republic of Zambia provides selected subsidized agricultural inputs directly to the targeted small-scale farmers using the big national suppliers and local transporters at district levels, without the involvement of agro-dealers. This was the ordinary system that pioneered the provision and distribution of agricultural inputs to small-scale farmers in Zambia. The conventional FISP approach involves a number of processes bringing on board key players. The main players include the national suppliers, and local service providers such as; banks, seed warehouse managers and transporters. The first step involves recruitment of the national suppliers through the National Tender Board and later engagement of the local banks, local seed warehouse managers and local transporters in the target districts.

Once the national suppliers are selected, they are responsible for securing agricultural inputs locally or overseas, delivery to main hubs in districts and provide warehousing services. The local transporters including seed warehouse managers are also selected competitively through the district tender procedure to transport farm inputs from the warehouses to the beneficiary small-scale farmers in outlying areas (MoA, 2013).

Under the conventional FISP approach, farmers in respective cooperative societies are made to put their monetary contributions together to access agricultural inputs through cooperative societies and later share inputs among the members. The executive leaders of cooperatives make all the necessary arrangements to ensure that from the warehouses, agricultural inputs are delivered up to the farmers' households/farms. It is imperative to note that directly or indirectly, the government under this approach remains committed to covering the costs implications of all the processes until the farmers access the agricultural inputs at their households.

The Government of the Republic of Zambia realized that despite the major strides made in agricultural activities; such as increased out-grower schemes and bumper harvests, the private

sector involvement was still low. The government then started a gradual transition to liberalize the agriculture sector in order to allow for more involvement of the private sector in the provision of agricultural services (FISP manual, 2019), and this led to the introduction of the e-voucher FISP scheme.

4.3 Electronic Voucher FISP in Zambia

An e-voucher is an electronic system that uses a mobile delivery and tracking system to distribute products through private sector suppliers to targeted small-scale farmers (Kuteya et al., 2016 in, Kasoma, 2018). The introduction of the e-voucher scheme, is an innovative initiative to enable the agro-dealers transact with farmers. Dormward and Cirwa, 2011 in; Nalwimba, 2018:60 points out that the e-voucher scheme is hinged on innovation and adaptability as it introduced new security features and improved scale of agricultural inputs access. Being the era of e-governance, in 2014/2015 agricultural season, the government piloted the electronic e-voucher FISP in 13 districts of Zambia and scaled up the number of participating district in subsequent years. As part of the continued reforms under FISP, in 2017/2018 agricultural season the government decided to scale-up the implementation of e-voucher FISP for the disbursement of the farmers' support in all 116 districts of Zambia thereby targeting one million small-scale farmers.

In line with the aforementioned migration, the government introduced a centralized Zambia Integrated Agriculture Management Information System (ZIAMIS). For the smooth operation of the programme, the following key FISP players had been integrated on the ZIAMIS platform:

- **Agriculture Extension Officers:** These are officers in the Ministry of Agriculture involved in administrative works such as farmer registration on ZIAMIS, production of the FISP documents from ZIAMIS.
- **National Suppliers:** These are private registered companies that are selected through the National Tender Board to supply various high quality and technically recommended agricultural inputs such as; fertilizers, seeds, agro-chemicals, farm implements, spare parts and other necessary agricultural inputs. The companies may either be international, national producers of these items or distributors.
- **Beneficiary farmers:** These participate on FISP are registered small-scale farmers actively involved in cultivating up to 5.0 hectares of land. Such beneficiary farmers must have capacity to pay the required contribution (ZMW400.00) towards the subsidized agriculture inputs pack (FISP manual, 2018). For every agricultural season, each beneficiary farmer is

empowered with a total of ZMW2000.00 to redeem inputs from the registered FISP agro-dealers of their choice. These farmers are on the demand side of the agricultural inputs.

- **Agro-dealers:** These play the role of middlemen of supplying agricultural inputs between the National Suppliers and small-scale farmers. They are the registered agro-dealers by the Ministry of Agriculture who make their own arrangements to acquire the specified agricultural inputs from the National Suppliers and stock their local retail shops in close proximity to the farming settlements of the district.
- **Commercial Banks:** The Commercial banks are institutions where farmers deposit ZMW400.00 and government contribute ZMW1,700.00 worth farm input subsidy bringing the total to ZMW2,100.00 per agricultural input pack, that is ZMW100.00 inclusive for crop insurance.

4.3.1 Why the E-voucher Scheme

The conventional FISP approach yielded positive results on the pro-farmers specific objectives number 2, 4 and 5 as indicated on section 4.2 of chapter 4.0 on this paper. However, the conventional FISP approach did not contribute significantly to the achievement of objectives number 1 and 3 on section 4.2 of chapter 4.0 on this paper. Meaning, the private sector participation on conventional FISP was still very low. Only few big powerful agro-firms would win the government tenders to supply the subsidized agricultural inputs to the beneficiary farmers.

Arising from the aforementioned limitations of conventional FISP, the government introduced the e-voucher FISP scheme in 2014/2015 agriculture season to allow many players, especially small scale agro-dealers participate on the scheme for job creation and expansion of agribusiness.

The role of the government in the FISP e-voucher System implementation is streamlined to overseeing and monitoring the programme whilst the private sector manages key FISP processes on behalf of the Zambian government (MoA, 2018).

4.3.2 Advantages of E-voucher FISP

Unlike the ordinary conventional FISP approach, the implementation of the e-voucher FISP had been an innovative way of delivering agricultural inputs to small-scale farmers aimed at accelerating the achievement of the intended goals. The use of integrated agricultural management information system on the e-voucher FISP also has features that had possibilities of doing the following:

- **Centralize and integrate system with decentralized operations:** Making it easy to operate and monitor processes effectively in harmony at district, province and national levels.
- **Agricultural input marketing oriented approach:** The scheme is pro-farmer designed to ensure that the agriculture support objectives are mainstreamed in the input access processes. It promotes market competition and guarantees pricing efficiency and stabilization. In addition it encourages active private sector participation as the key players big and small are able to create and strengthen commercial partnerships which may go beyond the project lifespan.
- **Cost effectiveness:** The system could be used during multiple seasons thereby eliminating recurrent costs of printing. Service costs at the time of redeeming and payments are significantly reduced.
- **Increased reliability and efficiency:** The scheme was designed with a provision to integrate both the software and hardware thereby reducing critical failure points making it more reliable and efficient.
- **Increased accountability and transparency:** The multiple portals of access by agro-dealers, suppliers, service providers, districts, provinces and partners make the system more efficient and allow multiple checks and balances.
- **Enhanced security:** The e-voucher employs advanced encryption technologies to ensure that the cards are not duplicated and tampered with. Processes and procedures in the system reduces financial pilferage.
- **Adherence to standards:** Structured procurement process built to minimum standards to ensure that beneficiaries access quality agricultural inputs.

4.4 Framework of Analysis

The framework of analysis for this research study was based on poverty reduction through private sector growth-led model. Private sector as understood by Seyer (2005: 252) include; Transnational Corporations, successful local conglomerates and Small and Medium sized enterprises. It is a model which emphasises increased involvement of the private sector and reduced state involvement in economic growth.

The liberalization of the economy in Zambia started in 1991 and since then, there has been reduced state intervention and increased private sector involvement in economic growth (Sekwiat, 2000). As such, the development policies are shaped to suit this development framework. In the recent past, the agriculture sector has been undergoing reforms to ensure increased private sector

involvement for productivity and growth. In a bid to promote inclusive growth and agriculture productivity, a step further was taken in the agriculture sector by involving agro-dealers in the provision of subsidized agricultural inputs. Seyer (2005) notes that SMEs tend to be favoured by those that are concerned with development as these tend to be labour intensive and employ the majority of the poor especially where there are rare job opportunities. The distribution chain of subsidized agricultural inputs under conventional FISP that is before the incorporation of agro-dealers has been presented in figure 2 while the distribution chain of subsidized agriculture inputs under e-voucher FISP, after the incorporation of agro-dealers has been presented in figure 3. This study therefore, provides an assessment of the effectiveness of the initiative in delivering job creation and agriculture productivity.

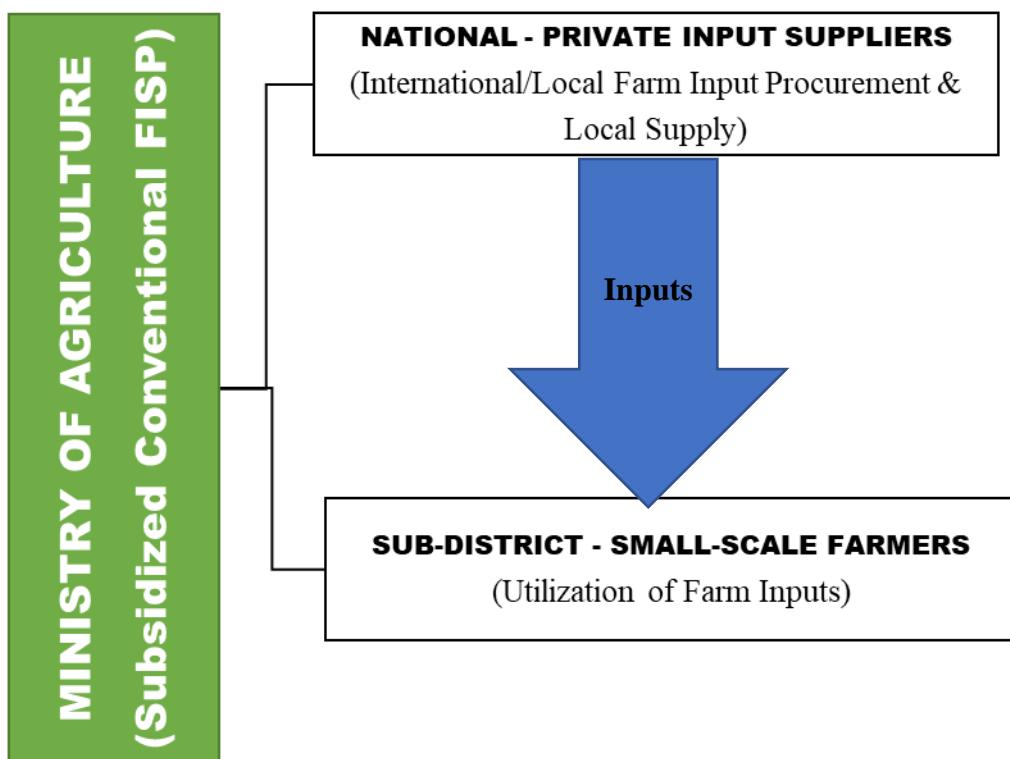


Figure 2: Agricultural Input Supply Chain before incorporating agro-dealers

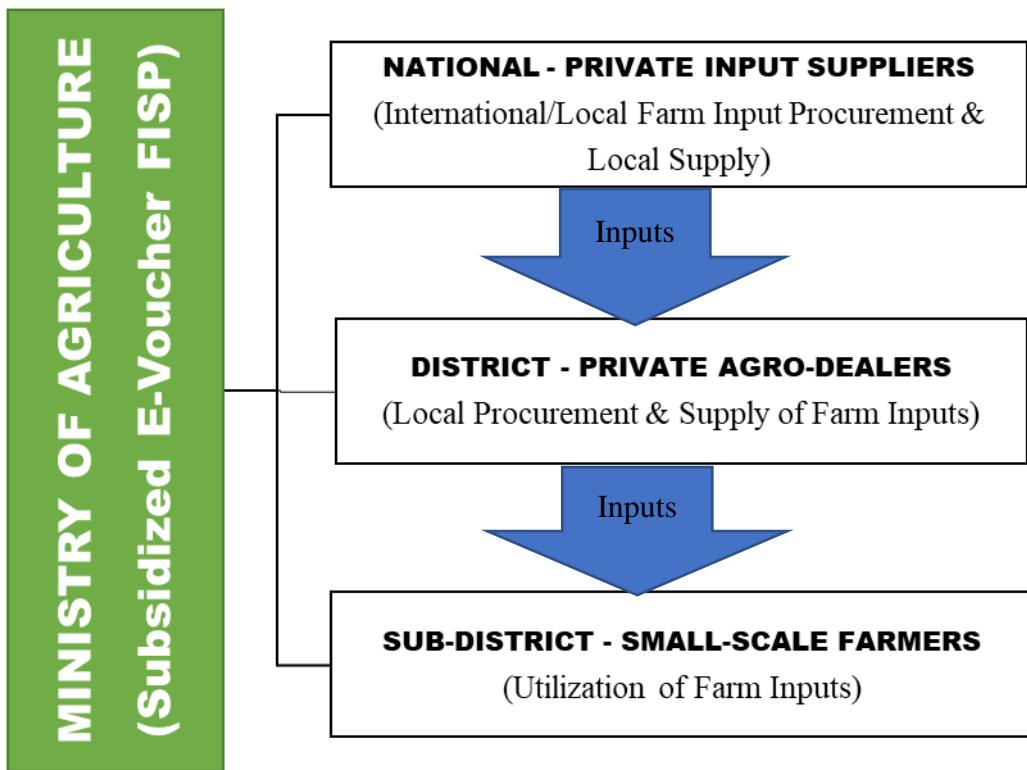


Figure 3: Agricultural Input Supply Chain after incorporating agro-dealers

4.4.1 Private Sector Growth Oriented

Many policy makers around the world are focusing on economic growth through private sector development. Further, job creation through promotion of Micro, Small and Medium Entrepreneurship can yield positive results for economic growth. However, this model is not without challenges as SMEs face various impediments to enable them adequately get involved in the development processes (Stein et al, 2013). Tharlow and Wobst (2006: 603) notes that while private sector growth oriented development can be good for developing countries, however shifts in the structure of growth can lead to poverty outcomes for different groups participating in the growth process. In most cases if not properly managed, the poor and vulnerable populations remain marginalized.

4.4.2 Small and Medium Entrepreneurs in Development

It is imperative to take cognisant that the agro-dealers who are the main focus of the study belong to Small and Medium Entrepreneur groups. These SMEs are usually family businesses or self-employed business people operating in formal, semi-formal and informal sector. The SMEs are heterogeneous, while some are traditional lifestyle entrepreneurs that are satisfied to remain small, others are dynamic, innovative, and growth oriented (Hallberg, 2000:1). There is also heterogeneity within the sub category of agro-dealers. The idea behind the introduction of the e-voucher scheme

and the involvement of agro-dealers was to empower and broaden their operations across the country. Zambia being an agrarian society, there are farmers in almost every part of the country. In as much as the government initiative targeted agro-dealers to participate in the provision and distribution of subsidized agriculture inputs, it was also an opportunity for agro-dealers to supply agriculture inputs even to the farmers that were not on the scheme, hence distributing their operations across the country. The scheme was intended to open up more opportunities for agro-dealers beyond the e-voucher FISP scheme. Hallberg argues that there are three factors that determine the distribution of firms in the economy. The three include; economies of scale, transaction costs and market structure. With the majority of the SMEs being small scale, it calls for governments to; address market failures that create cost disadvantages for SMEs, facilitate access to information and improve transactional efficiency in financial, product and input market relevant to SMEs, reconsider public policies that work against small firms and investment in public goods that enable open market access and build enterprise competitiveness. Hallberg noted that SMEs participate more fully in economic development in an organized market. He argues that for instance, there must be equal access to information by all participants if SMEs are to be effective.

4.4.3 Agro-dealers on E-Voucher FISP

Agro-dealers are simply the district and camp level merchants or SMEs that stock assorted agricultural inputs and equipment. They provide a critical link in the flow of agro-commodities from suppliers and manufactures to farmers. Under the e-voucher FISP, agro-dealers are at the point of sale of agriculture inputs and are required to sell to farmers only the approved items from recommended National Suppliers. A highly competitive selection criteria of eligible agro-dealers is employed at district lever and all application are scrutinized by the District Agricultural Committee (DAC). All successful agro-dealers are subsequently registered on the ZIAMIS platform by the office of the District Agricultural Coordinator (DACO). Once selected, agro-dealers stock their retail shops with agricultural inputs which are accessed from the registered FISP national suppliers (MoA, 2018). One critical aspect that agro-dealers must possess is the capacity to transact with the farmers through redeeming of voucher process. As such, eligible agro-dealers must have good internet connectivity, laptops, android phones, Point of Sale (POS) machines and redeeming applications for them to perform transactions under the e-voucher FISP.

The fact that e-voucher FISP scheme was opened up for the participation of all eligible agro-dealers, it serves as an incentive in as far as providing ready input market is concerned. Further, the number of beneficiary farmers on FISP in a particular district also determines the size of the market demand in a district. Katete district in particular had a total of 26,869 registered farmers

on FISP. Each of the FISP beneficiary farmers per agricultural season was worth ZMW2000.00, implying that the entire Katete district had money worth ZMW53,738,000.00 open to be accessed by agro-dealers. Therefore, the local agro-dealers were expected to take advantage of the ready market and transact with the beneficiary farmers. However, SMEs in general faced numerous impediments in their endeavours for their businesses to thrive. These factors affecting SMEs can be social, political, economic, cultural and institutional (Zamberi, 2012).

4.5 Conceptual Framework of Analysis

The research is underpinned on three (3) conceptual frameworks of analysis and these include:

- Participation,
- Entrepreneurship,
- Value chains.

The concept of value chain is analysed through Gerrefis who takes cognisant of power relations embedded in Global Value Chains. Value chains are characterized by a dominant party or parties that determine the nature of the value chain (Kaplinsky and Morris 2001:8).

The assumption is that, promotion of entrepreneurship through adaptation to innovation which is in this case the e-voucher system would enable agro-dealers participate in the value chain of supplying subsidized agricultural inputs on e-voucher FISP scheme. The active participation of agro-dealers in the supply chain of various agricultural inputs under the e-voucher FISP scheme would eventually lead to outcomes which include the following:

- Job creation,
- Agricultural productivity,
- Economic growth,
- Poverty reduction.

Further, the diagram on figure 4 shows how the participation of agro-dealers through the use and adoption of technology could create jobs.

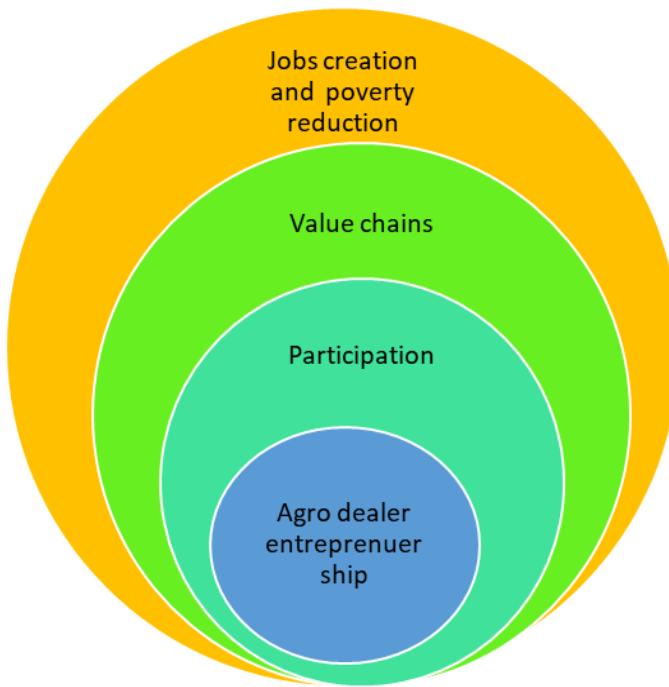


Figure 4: Conceptual Framework- authors construct 2021

4.5.1 Concept of Participation

The term participatory has been used in the development framework since the 1980s. It is understood that participatory approaches bring forth transformative development and empowers marginalized people (Hockey and Mohan, 2007). Participatory approaches emerged because of state failure and challenges associated with top-down modernization approaches. More radically, the main objective of participatory approaches is to ensure the transformation of the existing development practice, social relations, institutional setting practices, and capacity gaps that cause social exclusion. This view was useful in this research as the government was trying to reduce its involvement and increasing private sector participation in the running of the economy using the e-voucher FISP scheme. The participation of agro-dealers in the supply chain of agriculture inputs, would entail creating an opportunity for agro-dealers to be a part of the broader development initiative and consequently expand businesses.

Participatory approach further gained momentum to counter the practices in most poor countries that treated development as a technocratic process where development agents administered development rather than engaging and negotiating with subjects. The key emphasis of participatory approaches is inclusive development and fair distribution of resources (Oakley et al, 1991). Ordinarily under the conventional FISP, small scale agro-dealers had no role to play in the

distribution of subsidized agriculture inputs. The introduction and opening up of e-voucher FISP scheme to agro-dealers was an initiative aimed at giving equal opportunities to all.

Participation has also been widely accepted as key element of tacking development challenges most poor countries are facing because of two broad schools of thoughts. The first school of thoughts perceives participation as key to the inclusion of human resource in development processes. Projects and programmes have higher chances of success if people participate during the planning, implementation, monitoring and evaluation. The second school of thoughts asserts that participation tackles the structural causes of poverty. The notion is that people are poor because they are excluded and have little or no influence upon the forces which affect their livelihoods Oakley et al (1991). Since the inception of FISP in 2002, agro-dealers were never involved in the supply and distribution of agricultural inputs to the farmers as contracts were only awarded to big and powerful firms. The use of the e-voucher system was an initiative to bring on board the previously excluded agro-dealers to participate in the programme.

It must be noted that discourses of participation are not singular coherent set of ideas but configurations of strategies that are constantly played out on shifting grounds (Faucault, 1991 in Cornwall & Coehlo, 2001), and is not a one size fits all context matters. To attain social change for marginalized people, effective participation requires enabling policies and legal frameworks, well-coordinated, articulate and knowledgeable social actors thus expanding access and influence of marginalized people (Cornwall & Coehlo, 2001). The participation of agro-dealers in the supply chain of agricultural inputs was to be accelerated by their entrepreneurial mind-set. As entrepreneurs, agro-dealers were to seize the opportunity that the government laid down.

4.5.2 Concept of Entrepreneurship

The concept of entrepreneurship emerged around the 1980s when Schumpeter linked the term to innovation. This thinking was closely linked to the mind-set. Entrepreneurs through innovation have been behind the introduction of novel ventures that have shaped development trajectories for many regions. To date entrepreneurs have taken a lead role in the development of new innovations such as computers, telecommunication gadgets and many other creativities. In the hope of facilitating economic growth, many nations have adopted policies that stimulate innovation of entrepreneurial firm (Nicolescu, 2012).

Davidson (2003) notes that even when there has been growing literature about the concept of entrepreneurship, there is still ambiguity around the definition of the concept of entrepreneurship which differ alongside dimensions. Some notable dimensions include; whether entrepreneurship should be defined in terms of disposition, behaviour, or outcomes, whether it is purely economic-

commercial domain or not for profit, whether it is small owner managed firm or any size and whether such aspects as purpose, growth, risk and innovation (Gartner, 1990; Hebert and Link, 1982, Kirzner, 1983 in, Davidson, 2003: 3). After collection of viewpoints from several authors, and for the purposes of providing clarity, Davidson argues that the concept of entrepreneurship should be understood as a societal phenomenon and as a scholarly domain. Entrepreneurship when understood as societal phenomenon implies the role it plays in the economic system which is about competitive behaviours that drives the market processes (Kirzner, 1973 in). Entrepreneurship makes a difference to the market system. It is about sellers who introduce new or improved products and competitive offers giving the buyers new alternatives to consider, and pushing the existing firms on the market to in turn improve their market offering. In simpler terms, entrepreneurship as a societal phenomenon is the introduction of the new economic activity that leads to changes at the market-place that eventually leads to effective and efficient utilization of resources.

The identification and recognition of opportunities is a multi-stage process that requires entrepreneurs to have social networks, possess some personal traits and prior knowledge as experiences of entrepreneurial alertness to business opportunities. The success of an entrepreneur calls for sensitivity to market needs and an ability to spot suboptimal deployment of resources to the satisfaction of the consumer.

Participation through entrepreneurship mind-set was key in the analysis of the study as it was the basis that would enable agro-dealers take part in the e-voucher FISP scheme. The main aims for the introduction of changes in the Farmer Input Support Programme were to enhance efficiency and effectiveness in the provision of agricultural inputs, growth of the agro-dealers' sector and the establishment of strong forward and backward linkages.

4.5.3 Concept of Value Chains

The concept of value chain simply entails a description of a whole range of activities involved to bring a product or a service to the consumer. Products and services undergo different phases of design, production, marketing and consumption and at each stage with chains of activities (Kaplinsky & Morris, 2001). Agro-dealers in the e-voucher FISP, are a crucial part in the supply chain of agricultural inputs. McCormick & Schmitz (2001) argues that there are several dimensions of value chains and one of it involves a group of human interactions governed by the market. In this case transactions take place between buyers and sellers at arm's length. Buyers simply place orders for a given quantity of a particular quality and size range. The analysis of value chain in this day and age of globalization is important as it helps to understand the distribution of gains along

the chain. The increased integration of the production of goods and services has not only created opportunities but has its own consequences along the way creating winners and losers. Much more daunting of this scenario is that some losers include those who have participated in the processes of integration. This therefore calls for robust intervention to manage modes of insertion into the global economy to ensure that the benefits are equally distributed (Kaplinsky & Morris, 2001). This analysis of value chains gives insight of the experiences of agro-dealers' participation in the e-voucher FISP scheme. The concept of value chain in the research study was used to analyse the flow of the main e-voucher FISP agricultural inputs being chemical fertilizers from the source of production overseas to the consumers in Zambia by the lead agro-firms such as Export Trading Group (ETG). It is imperative to note that Zambia's local production of fertilizer does not meet the current market demand. The strategy in the e-voucher FISP scheme has been engaging National Suppliers that have capacity to import into the country huge quantities of fertilizer from overseas to supply the targeted local small-scale farmers through agro-dealers.

4.6 Linkages of Concepts to the Study

The mode of supplying subsidized agriculture inputs by the Zambian government happens broadly in the frame of Global Value Chains. The major agriculture inputs being Urea and D-compound fertilizers, are imported from outside Zambia and later distributed to beneficiary farmers in the districts. In order to promote inclusive growth by spreading the gains of the e-voucher FISP scheme, the government provided an environment that could allow the participation of agro-dealers on the scheme. Under the ordinary Conventional FISP scheme, a few big firms were contracted by the government to supply subsidized agricultural inputs to the farmers. Later, the government changed from the Conventional FISP scheme to the e-voucher FISP scheme, which opened up the distribution of subsidized agricultural inputs to beneficiary farmers through the agro-dealers. The condition for participation of agro-dealers in e-voucher FISP scheme is to provide authentic evidence that they are registered entrepreneurs with the relevant authorities. This participation was taking place in the framework of the market distribution of goods and services.

4.7 Operationalization of the Framework

The main concepts of participation and value chain provided the framework of analysis for the assessment of the extent to which the involvement of agro-dealers on the e-voucher FISP scheme contributed to economic growth and poverty reduction. The assumption that was employed during the implementation of the e-voucher FISP scheme was on the basis that if agro-dealers who are entrepreneurs participate in the supply chain of the subsidized agricultural inputs, many jobs would be created and agricultural productivity increase as well. The study also focused on the possible

barriers that affected the participation of agro-dealers in the supply chain of subsidized agricultural inputs. Therefore, the analysis examined factors that affect the participation of agro-dealers in the e-voucher FISP scheme. The outcomes of the e-voucher FISP scheme was assessed through the participant's experiences on agriculture productivity and job creation during the implementation of the scheme.

4.7.1 Job Creation

The job creation process is of critical importance to societies and an assured means that guarantee peoples economic rights. For the purposes of this study, job creation was associated with concepts such as; earnings, wages, salaries, profits, employment, expansion of business and increased business networks. Fox et al (2008) notes that there is ambiguity in defining what really constitutes a job in the African context. First on average, 80 percent of the labour force is self-employed mostly involved in family businesses. The time spent on economic activities is not an individual's decision but a collective one. This is the case with agro-dealers. In most instances, family members are involved in the business and some without salary or wage attached to the jobs.

Despite the stable economic growth that most Sub-Saharan African countries experienced due to the policy shifts in the 1980s and 1990s that created macroeconomic stability and conditions for the expansion of domestic private sector, Africa still has the worst poverty reduction record. It is estimated that 46 million people live under less than 1Dollar per day. This could be due to the fact that creation of wage and salary jobs has remained sluggish (Fox et al, 2008).

4.7.2 Agricultural Productivity

Agricultural productivity is a term that can be understood from both natural science and social science perspective. In this study, agricultural productivity was examined from the social science point of view where it relates to the producer of farm commodities increasing the farm outputs. In this regard, a farmer is taken like a business firm who has a tendency of profit maximization behaviour (Debertin, 2012: 7). Assessing the low cost implications of accessing subsidized agricultural inputs, was the basis for the analysis of agricultural productivity because ideally the targeted farmers could increase farm output, assuming other factors are held constant.

CHAPTER FIVE

5.0 PRESENTATION OF FINDINGS AND ANALYSIS

5.1 Introduction

Using the concept of value chains, this chapter presents the research findings and analyses on the contribution of the e-voucher FISP scheme towards job creation and agriculture productivity. For easy analysis, data was organised into four themes (O'leary, 2017). These included participation, job creation, agriculture productivity and efficiency and effectiveness.

For the purposes of getting a clear understanding of job creation, agricultural productivity, and participation of agro-dealers on the e-voucher FISP scheme, the study used triangulation of data sources .The study collected primary data from three key sources on each of these thematic areas using the interview guide. Refer to appendix 2. The data sources included; agro-dealers that participated in the programme and agro-dealers that did not participate, the beneficiary farmers on the programme and the Ministry of Agriculture officials that facilitated the implementation of programme as presented on the list of informants in appendix 3. As advocated for by Lauri (2011), the essence of collecting data from the three sources was not only about providing in-depth insights about the e-voucher FISP scheme and its contribution to the growth of the economy, but also the reliability, validity and dependability of the findings.

5.2 Characteristics of Respondents

This section of the research paper, present the characteristics of the three categories of the respondents being the agriculture officials, agro-dealers and beneficiary farmers.

5.2.1 Ministry of Agriculture Officials

The study involved interviews with 3 government officials in the ministry of Agriculture. The respondents were drawn from three different levels of government that is national, district, and sub-district community level. The essence of interviewing officials was to get information from the duty bearers responsible for the implementation of the programme. Of the three respondents, one was male while two were females aged between 37 years to 58 years. Their period of service on their current positions ranged between 4 to 14 years. At national level, the key responsibilities of the respondent was to coordinate the implementation of agribusiness programmes under the ministry of agriculture. At district level the key responsibilities for the respondent were; departmental coordination in order to help farmers attain food security, increased household

income and improved nutrition. Meanwhile at community level, the role of the Agriculture Assistant was the provision of free advisory agricultural extension services to farmers.

The findings from the characteristics of the Ministry of Agriculture officials suggest that the foresight of agri-business tend to fade away at lower levels. As can be noted, the key responsibilities highlighted was agri-business at national and district levels while there was no mention of anything to do with agri-business at community level.

5.2.2 Agro-dealers

The key respondents for the study included 8 agro-dealers. These were in two categories being; 4 registered agro-dealers that participated on the e-voucher FISP in Katete district between 2016/2017 and 2018/2019 farming seasons and 4 who did not participate. The purpose of involving the two categories was to establish stages where agro-dealers could have faced challenges in taking part on the scheme. Both the participant agro-dealers and the non-participant agro-dealers presented information that was useful in understanding constraints encountered in e-voucher FISP. The other aim was to assess the extent to which information about the e-voucher FISP scheme was disseminated and factors that could have prevented others from participating in the scheme. The 4 agro-dealers who participated in the e-voucher FISP scheme included; males aged between 29 years to 38 years and their period of being in business was ranging from 5 years to 13 years. They all had some level of education with certificate, diploma and degree. Of the 4 respondents, 3 had family background of business while 1 had a mixed family background of farmers and civil servants.

The 4 agro-dealers that did not participate on the e-voucher FISP were also interviewed in Katete district. The respondents were 3 males and 1 female, all aged between 28 years to 51 years and their period of being in business was ranging from 6 years to 15 years. Their education levels were lower compared to those that participated in the scheme. Of the 4 non-participant agro-dealers, the highest level of their education attained was college certificate while for those that participated on the scheme, one of them had a bachelor's degree. This shows that education levels had some influence on the participation of agro-dealers in the e-voucher FISP scheme. The family background of the 4 agro-dealers that did not participate on the scheme was mixed type comprising of people from farming, civil service and business background.

5.2.3 Beneficiary Farmers

In order to get more insight about the efficiency and effectiveness of the programme and also factors affecting agro-dealers, the study carried out a focused group discussions where 10 small-

scale farmers were interviewed. Of these farmers, 7 were males while 3 were females all aged between 28 years to 62 years, and their period of being in farming was ranging from 6 years to 25 years. They all had low education levels of primary school and secondary schools. It can be noted from the sampled respondents that agriculture is an activity that is practiced across age groups and gender categories in the rural communities. The findings also revealed that most rural farmers have low literacy levels. When interviewed about what farmers thought about the e-voucher FISP scheme, they unanimously agreed that it involved some cumbersome processes and difficult to follow. Further, it was revealed that sometimes the un-suspecting farmers grouped themselves and surrendered their e-voucher cards/codes to group leaders who would subsequently visit the agro-dealer's shops usually at distant townships to redeem inputs on their behalf. From the consumer's point of view, the strategy created some level of dependence on the elite knowledgeable and powerful members of the farming communities. It is therefore imperative to put these aspects into consideration when introducing new innovations in important developmental programmes into the communities.

5.3 Assessment of Agro-dealers' Participation on the Scheme

This section assessed the extent to which the implementation of the e-voucher FISP scheme promoted and supported the participation of agro-dealers in the scheme. One of the main key objective of the e-voucher FISP scheme was to increase private sector involvement in the supply chain of agriculture inputs. In order to draw realistic conclusions for the study, information on participation of agro-dealers in the scheme was collected from agro-dealers and agriculture officials and their summary view-points have been presented in table 1.

Table 1: Agro-dealers' Participation on the scheme

Respondents	Respondents' View Points
Agro-dealers who participated on E-Voucher FISP and those who did not participate	<ul style="list-style-type: none"> Participation was limited due to inadequate flow of information. Poor internet connectivity and other technical issues negatively affected agro-dealers participation. Farmers associated all the failures of the e-voucher FISP scheme to agro-dealers, hence making them less competitive.
Agriculture Officials at national, district and community levels	<ul style="list-style-type: none"> Delayed release of upfront capital by the government coupled with limited banking facilities were the major barriers for participation.

5.3.1 Detailed Responses of Agro-dealers and Agriculture Officials

When the programme was introduced in Katete district, the starting point was information dissemination about the e-voucher FISP scheme to the general public. According to the findings of the study, there was an advertisement in print media and on television. The fact that the scheme was opened up to involve the agro-dealers, it was an attempt by government to ensure that agro-dealers participate and benefit from the gains of the e-voucher FISP scheme. It was a strategy for inclusion of small-scale entrepreneurs on the scheme that was initially dominated by large firms. While all agro-dealers that participated on the scheme indicated that they had access to information about the scheme, agro-dealers that did not participate on the scheme felt that information was not clear for them to take part in the programme. The non-participating agro-dealers learnt about the e-voucher FISP scheme from those that were already participating and it was too late for them to even apply. Agro-dealers that did not participate felt the programme was opened up to benefit some preferred people and not genuine for all. “It is like the programme was introduced to target some people, we felt like it was going to be a share waste of time to apply for something that you know you will not be selected. We just heard about it from our colleagues that there was such a scheme, we were wondering how they got to know about it, because we did not see that advert anywhere” (Field data, August 2021). Access to information is important in order to help people make informed decisions. The findings of the study shows that the dissemination of the information was not adequate as some agro-dealers did not have access to the information about the scheme. Therefore, the participation of agro-dealers in the scheme could have been hindered by poor access to information through formal advertisements. Hallberg (2000:1) notes that there must be equal access to information by all participants if SMEs are to be effective. Lack of access to reliable information can be a huge barrier for prospective businesses. It is based on information that entrepreneurs make informed decision. Muriithi (2017) observes that one of the major challenges that SMEs face across Africa is lack of reliable business information sometimes due to underdeveloped technological and communication infrastructure. The findings of this study therefore echo Muriithi (2017) calls for government support to ensure that SMEs have access to business information.

Further, agro-dealers participation was low, due to poor internet connectivity. It was difficult for agro-dealers to do business with electronic gadgets as the system would get very slow and even completely terminate transactions midway. This did not only halt the businesses of agro-dealers but also the farmers from the demand side. This scenario created a double-edged sword for SMEs as on one hand, the internet affected the smooth transactions while on the other hand, farmers perceived agro-dealers as just failing to provide the required products. This scenario makes most

small agro-dealers to be less competitive in the market place compared to big and well renowned agro-dealers.

Even though the study showed that there was good networking between various stakeholders, the major barriers to agro-dealers' participation still remain unresolved. Some agro-dealers that were shortlisted received trainings on capacity building yet not everyone attended the training. Agro-dealers faced setbacks with the banking sector. Systems were not up to date to allow for the smooth operations of the agro-dealers. Agro-dealers were losing much time and incurred losses as they had to travel long distances to access banks for account reconciliation, cash withdraws and completion of other online banking services.

From the officers' point of view, agro-dealers faced a number of challenges that consequently affected their performance. As revealed by officers, the most prominent challenges included government delayed release of funds, poor internet connectivity, and small capacity of banks to complete the bank-linked electronic transactions made famers to experience immense challenges to adapt to the use of electronic transactions. The officers believed that small-scale agro-dealers needed upfront capital to enable them stock enough agriculture commodities. But due to delayed release of funds most of the agro-dealers were unable to stock the required agricultural inputs in their retail shops. In anticipation that the government was going to pay the required funds, agro-dealers went ahead redeeming for inputs even when they had no inputs in stock and that created a situation where some farmers were not supplied agricultural inputs. Further, the study revealed that some agro-dealers had challenges in acquiring agricultural inputs from the FISP national suppliers during the implementation of e-voucher FISP scheme. This was mainly due to the limited financial capacity of agro-dealers to buy and stock adequate agricultural inputs on cash basis. This was coupled with delayed fund remittance by the government into the accounts of agro-dealers. On the other hand, it was revealed that the national suppliers were committed to providing inputs to agro-dealers but some agro-dealers were dishonest as they could not make the payments in accordance with the contractual obligation. The government helped in resolving this matter by adjusting the ZIAMIS application and asked the national suppliers to submit the list of agro-dealers that owed them. Subsequently, the money was directly remitted from the government to the national suppliers who eventually paid the difference to the agro-dealers.

Generally, the performance of agro-dealers that were participating in e-voucher FISP scheme was fair amidst these challenges. Agro-dealers performance and participation could have been enhanced if some of the identified constraints were resolved promptly.

The agro-dealer that participated in the scheme felt that the government was committed to ensuring the inclusion of agro-dealers in the e-voucher FISP scheme in order to distribute resources equally and boost their businesses. The participant agro-dealers stated that there was growth of their businesses through increased sales, increased customer clientele, and opening up of new outlets. However, the government did not proactively play an instrumental role to ensure that the constraints faced by every player was resolved, as action was only taken by government when large firms complained of delayed remittance of funds by agro-dealers. Seemingly, agro-dealers challenges were not attended to. When there were complaints from the national suppliers, the government moved in and paid them directly to enable them import more agricultural inputs into the country. In the same vein, it could have been very important to also enhance the capacity of agro-dealers by paying them promptly or addressing other challenges they faced in time.

The findings therefore suggest that opening up the e-voucher FISP scheme to enable the participation of SMEs was a step in the right direction, as a mechanism of inclusiveness in local economic development of the country. As the literature in chapter two suggests that the success of the introduction of new innovations depends to a larger extent on the environment within which it has to be implemented. As for the case of implementation of the e-voucher FISP scheme, the study showed that the environment was not very ideal for the implementation of the scheme. The poor internet connectivity, non-availabilities of banking facilities coupled with limited financial capacities of agro-dealers all contributed to the unfavourable business environment for agro-dealers. It was at this point where there was need for the government to step up and aid the agro-dealers and ensure that all the supporting facilities were put in place. Due to these hardships, those that could not stand withdrew from the scheme.

5.4 Contribution to Job Creation

This section examined the extent to which the implementation of the e-voucher FISP scheme contributed to job creation. The study tried to assess the officer's understanding of the objectives of the scheme and establish if duty bearers knew what the scheme was trying to achieve. The information helped to analyse the extent to which there was commitment at different levels of government towards the implementation of the scheme in order to achieve the set goals. Small scale agro-dealers who participated and those who did not participate in e-voucher FISP scheme were assessed on how they perceived the programme. The aim was to understand the agro-dealer's level of responsiveness towards innovations as the e-voucher FISP scheme was introduced in Zambia together with the use of electronics and mobile transactions. The study also captured the views of farmers on why the agro-dealers were involved in the programme and their performance.

Table 2 presents a summary overview of what different categories of respondents thought regarding the e-voucher FISP scheme's contribution towards job creation.

Table 2: Job Creation

Respondents	Respondents' View Points
Agriculture Officials at national, district and community levels	<ul style="list-style-type: none"> Officers at national and district levels understood the objectives of the scheme and that one of them was empowerment of small scale agro-dealers. However, at community level, the objective of small scale agro-dealership was not very well understood. In addition to job creation official's understanding of involving agro-dealers on the scheme was to reduce operational costs on the part of government.
Agro-dealers who Participated on E-Voucher FISP scheme	<ul style="list-style-type: none"> The scheme created an opportunity for business expansion. Businesses expanded for those that participated. The call for crop diversification meant more opportunities for agro-dealers businesses.
Agro-dealers who did not Participate on E-Voucher FISP scheme	<ul style="list-style-type: none"> The e-voucher FISP scheme was marred with corruption. Limited information for them to participate on the programme.
E-voucher FISP beneficiary farmers	<ul style="list-style-type: none"> Agro-dealers failed deliver to the expectation of farmers. The cost of acquiring farming inputs increased when agro-dealers were involved.

5.4.1 Detailed perspectives of respondents on the schemes contribution towards job creation for ago-dealers

From the duty bearers' point of view, the e-voucher FISP was a scheme that was introduced in order to provide an enabling environment to create jobs for agro-dealers. The findings at national and district levels revealed that officers had a clear understanding that one of the objectives of the scheme was to contribute to the capacity building of agro-dealers. There was consistency in the findings at national and district levels on the expected outcomes of the e-voucher FISP scheme with slight a variation at community level.

At national level, the respondent understood that the main objectives of the e-voucher FISP scheme were to; increase the supply of agriculture inputs to small-scale farmers, diversification of agricultural production as targeted small-scale farmers had wider choice of subsidized farm inputs

and to increase the private sector participation in order to create competition in the supply chain of agriculture inputs, thereby stabilizing the prices and creating jobs.

At district level, the respondent stated that the main objectives of the e-voucher FISP scheme were; creation of employment for agro-dealers, capacity building of transporters and agro-dealers, agriculture diversification among farmers so as to attain household food security and improved nutrition. The main purpose of involving agro-dealers was to enhance private sector participation in order to reduce operational cost by the government. In the conventional FISP scheme, government used to incur huge cost in transportation of subsidized agricultural inputs to farmers. The government strategy was to empower agro-dealers to open outlets close to farmers thereby reducing transportation costs both for farmers and government. The e-voucher FISP scheme was not only opened up to participation of SMEs, but also included training of agro-dealers on the use of Information Communication Technologies in business transactions.

At sub-district level, the main objectives of the e-voucher FISP scheme was to introduce real time electronic transactions. This was to bring transparency in the process of providing subsidized agricultural inputs to farmers by government and to enable farmers to follow processes easily. It was revealed that agro-dealers were involved to enhance transparency, efficiency and effectiveness of the e-voucher FISP scheme. It was noted that in the Conventional FISP scheme, most of the activities were done by government and the system was inefficient and marred with perceived corruption. The study revealed that despite the officers at community level undergoing some trainings in e-voucher FISP scheme, the goal of job creation for agro-dealers was not understood as one of the main objective of the scheme.

The study shows that to a larger extent, duty bearers who are agricultural officers at different levels of policy implementation had an understanding of the objectives of the e-voucher FISP scheme. However, the variations in the understanding of policy objectives at the aforementioned three levels tend to agree with Goodin (2008) analysis of policy and practice. He noted that at most often, a policy remains an ambitious aspiration of general rules envisioning administrators to apply those rules with minimum discretion. There are usually variations between policy intended outcomes and the implementation towards achieving those goals. At community level, the scheme had nothing much to do with the empowerment of agro-dealers. Focus was fairness, efficiency and effectiveness of the e-voucher FISP scheme. Agro-dealers who participated in the e-voucher FISP scheme were key informants of the study. The findings from this angle also confirmed that the scheme made positive contribution towards growth of business of agro-dealers consequently resulting in job creation. When agro-dealers were asked about the impression that the scheme

created when it was first introduced in the district by the government, it was clear from their responses that they understood that the scheme was an opportunity to expand business. One of the key respondents narrated:

“I was very excited when I saw the advert, it meant a lot for me, I realised that I had to stock my shop with a wide range of agricultural inputs, all those that farmers needed. I never used to stock my shop with enough agro-products, but when I saw that farmers were going to have electronic vouchers and will be able to redeem inputs of their choice, I knew I had to meet their demand. That in itself meant growth for my business but also for farmers themselves” (Field data, August 2021). This response by the agro-dealers typifies the behaviour of an entrepreneur. Cunningham et al (1991:45) refer to an entrepreneur as one who identifies and exploits an opportunity, develops a niche in the market or strategy to meet some needs.

Agro-dealers who participated also had a clear understanding of the objectives of the scheme. When they were asked of what they thought the objective of the scheme was, they mentioned that the scheme was introduced to promote crop diversification so as to help the farmers access a wide range of inputs easily and business opportunities for small-sale agro-dealers.

The study tried to probe on how generally the businesses performed during the period under review. From the information gathered from the agro-dealers who participated, it can be concluded that the scheme has potential to create jobs for SMEs. All the agro-dealers that took part on the scheme said that their businesses performed very well. They reported of increased quantities of stocks and sales coupled with increased profits and opening up new outlets. Others said the e-voucher FISP scheme enabled them to expand their business networks. “It was busy around that time when we were supplying to the farmers, my business network increased because I had connections with other big suppliers of various agricultural inputs. I am still in business today even when the programme was put on hold because I established a good forward and backward linkage for my business” (Field data, 2021)

In order to understand how well the information was disseminated to ensure equal opportunities for all, the study interviewed randomly selected agro-dealers who did not participate on the e-voucher FISP scheme. When they were asked if they knew about the scheme, they all said that they were aware of the scheme. However, all of them said that they learnt of the scheme very late and there was no chance for them to apply.

According to the experience respondents, such programmes would come to benefit some people and not everyone, and therefore it was discouraging for them to even apply for the opportunity. They also mentioned that they well understood the objectives of the programme but could not

attempt to participate as they thought that the system was not fair when it comes to the selection of agro-dealers to participate. They said that it was not surprising for them, to learn from their colleagues that they were participating in a programme they did not really know so very well. The respondents cited that there is usually suspected corruption that comes with such developmental programmes. Additionally from such a narrative, it is clear that suspicion of corrupt practices is one of the hindrance to participation. Corruption as it is widely known does not only affect businesses by allocation resources to non-productive actives such as bribery. The perception of corruption has the potential to exclude people from taking part in business. This is very true especially for entrepreneurs who have a tendency of seizing opportunities where costs outweighs benefits. The transparency International Corruption Index of 2007 show that corruption continues to negatively affect African government efforts to promote SMEs in Africa. In most cases, well designed plans and approaches to reduce poverty and spur economic growth are undermined by corrupt practices (Muriithi, 2017).

For farmers, the objective of the e-voucher FISP scheme was to enhance transparency and promote crop diversification. They knew that the involvement of agro-dealers on the programme was for easy accessibility of agricultural inputs as they would access farm inputs within their localities. This shows that farmers too understood that the scheme would create opportunities for agro-dealers. The introduction of other cost centres such as transportation cost and also slow responses of systems coupled with agro-dealers inability to stock enough inputs led farmers to have a negative perception about the involvement of agro-dealers in the e-voucher scheme. Farmers lost trust in agro-dealers performance as all the shortcomings were lamped on them

5.5 Agriculture Productivity

Increased agriculture productivity at farm level is one critical deliverable of the e-voucher FISP scheme in Zambia. Other goals of farmer input support programme have to support increased food production. Therefore, the beneficiary farmers who are the final consumers of the services were interviewed through a focus group discussion, in order to understand the impression and experience they had in accessing agricultural inputs through the e-voucher FISP system. A brief summary of information and view-points of the beneficiary farmers has been presented in table 3.

Table 3: Farmers' Perspective on Productivity

Respondents	Respondents' View Points
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E-voucher FISP beneficiary farmers	<ul style="list-style-type: none"> • Improved crop diversification. • The cost of acquiring inputs increased. • Farmers experienced unnecessary time losses due to agro-dealers failure to stock enough inputs, this led to crop mismanagement and poor harvests
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5.5.1 Detailed Farmers' perspectives on agriculture productivity

In terms of cost implications, beneficiary farmers believed in affirmative that the cost of agriculture inputs under the e-voucher FISP scheme increased. The cost of farm inputs increased because of several factors of which one was an additional ZMW10.00 charge per 50 kg bag of input for transportation. This was an additional cost to the ZMW2,000.00 total cost of the subsidized pack of agriculture inputs on the voucher. The study revealed that the cost was further exacerbated by several trips that farmers made to agro-shops. Farmers frequented the agro-dealers shops more than necessary as most of the times, agro-dealers had inadequate stock of agriculture inputs or system failure. Some of the hidden real costs included; lodging, bus fares and food. Some farmers could not even collect agricultural inputs in that particular agriculture season. This consequently reduced the time spent on their farms doing cultivations. The study revealed that farmers found the e-voucher FISP scheme to be complicated. One of the key farmers narrated that, “the e-voucher FISP scheme complicated the process of accessing farm inputs because; it was a very difficult system and farmers do not want it unless other better methods, only few farmers collected agricultural inputs properly while many names of target beneficiary farmers missed out and kept on reducing every agriculture season from the official beneficiary list on the online system of the e-voucher FISP scheme” (Field data, August 2021). In addition, the farmers felt that the e-voucher FISP scheme was difficult and marred with incidences of suspected corruption where farmers were directed by some Ministry of Agriculture officials to visit preferred agro-dealers' outlets to redeem agriculture inputs, at the expense of open competition.

During the period of e-voucher FISP intervention, participating farmers recorded poor harvest as farmers received agricultural inputs very late, sometimes even received few inputs due to unavailability of stock in agro-dealers' retail shops. The study revealed that these inefficiencies affected farmers to manage their crops within the rain season as they applied inputs late on the fields and the inputs were not utilized effectively by crops leading to poor crop yields .

On the other hand, the programme scored on crop diversification in the focus group discussion of farmers. The respondents said that they were able to cultivate several crops other than maize as e-voucher FISP scheme gave farmers a free will to choose several other crop-seeds such as

sunflower, soybeans, groundnuts and beans. With the changing climatic weather patterns, where the rains are usually inconsistent, the e-voucher FISP scheme provided an alternative for farmers to choose agriculture inputs that could still perform well. This then improved food security and spread the risks in case of dry-spells. Unlike the Conventional FISP scheme, farmers were limited to cultivating only maize crop which is so highly dependent on rains. In an event of a drought, farmers would be negatively affected. With the introduction of the e-voucher FISP scheme, farmers had the freedom to choose agricultural inputs while adjusting and adapting to the current climatic conditions.

5.6 Efficiency and Effectiveness of the e-voucher scheme

In order to assess the efficiency and effectiveness of the programme, the three different respondents being agriculture officers, agro-dealers and farmers were asked on the processes that were involved in the transactions under the e-voucher FISP scheme. Information pertaining to the responses provided by agriculture officials, agro-dealers and farmers has been presented in table 4.

Table 4: Efficiency and Effectiveness

Respondents	Respondents' View Points
Agro-dealers who Participated on E-Voucher FISP scheme	<ul style="list-style-type: none"> Small agro-dealers had limited financial capacity to stock adequate inputs to compete with large agro-firms. Some agro-dealer's capacity expanded and participated in transnational trade. Inability to respond to market prices due to fixed pricing on software. Farmers faced challenges with electronic transactions that consequently affected agro-dealers performance. Government officials could not resolve issues that arose due to system failure.
Agriculture Officials at national, district and community levels	<ul style="list-style-type: none"> Only registered small agro-dealers were allowed to participate on the scheme. Some agro-dealers withdrew from the scheme due to Government delays to pay moneys on time. The scenario created an artificial supply of agricultural inputs leading desperation and increased cases of corruption.
E-voucher FISP beneficiary farmers	<ul style="list-style-type: none"> The scheme provided freedom of choice to individual farmers on the types of crop-seed to cultivate and other inputs. Sometimes visa cards were insufficiently funded affecting transactions with agro-dealers.

	<ul style="list-style-type: none"> • The ZIAMIS software introduced problems of farmer's name misplacement. • All the above highlighted negatively affected agro-dealers performance on the e-voucher FISP scheme
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5.6.1 Perspectives of Agriculture Officials, Agro-dealers and Farmers

The study revealed that there were no major challenges that agro-dealers faced when accessing inputs from the national suppliers. Agro-dealers made their own individual arrangements with national suppliers. Some agro-dealers would go into some agreements with national suppliers to access the agriculture inputs on credit. Some agro-dealers' capacity increased to the extent that they even started importing agricultural inputs from outside the Zambia but within Africa. However, some respondents stated that some national suppliers were hesitant to advance agro-dealers with agricultural inputs on credit because some agro-dealers were failing to fulfil the contractual obligations. In overall, the majority of agro-dealers had no problems. This then entails that the larger the capacity of firms, the smoother the transaction processes that take place.

Meanwhile, transaction processes between agro-dealers and beneficiary farmers were not as smooth as processes between agro-dealers and national suppliers. Farmers faced challenges in transacting using electronic VISA cards/codes. The system was time consuming and usually experienced system failure with the use of the electronic gadgets. One of the key agro-dealer narrated as follows: "In the subsequent season the government introduced the card-less online redeeming applications using laptops, phones which made transactions cumbersome, tedious and slow as it demanded for agro-dealers to search and select a particular agro-commodity from an already inputted variety catalogue with corresponding fixed prices. The fixed prices in the catalogue made it difficult for us to sell the agricultural inputs at the prevailing market prices as losses were eminent" (Field data, 2021).

Amidst the slow response to the system, farmers were desperately in need of the agricultural inputs as farming in Zambia is rain-fed. There is usually an ideal part of the rain season when crops are planted in order for them to receive adequate rain-water. The delays in the e-voucher systems brought desperation among the beneficiary farmers. Consequently, some agro-dealers and farmers started taking advantage of each other. Farmers could redeem agricultural inputs with several agro-dealers, more than the maximum value of money on the e-voucher VISA cards/account before the actual balances could reflect, thereby taking advantage of delayed bank reconciliations or poor internet connectivity. While some agro-dealers performed successful transactions but could not

deliver the agricultural inputs to the beneficiary farmers on the pretext of system failure. This created a backlog of unresolved e-voucher FISP cases to the extent that some cases were still going on even during the time of the study. Officials in the Ministry of Agriculture could not also resolve such issues promptly as they were outside their mandate. All monetary transactions were taking place within the private sector sphere, such that there was no way in which the Ministry of Agriculture officials could directly intervene as banks have their own processes and security systems. This is like an approach where firms in the market ought to take a lead role in the firm led-approach.

This revelation meant that the outcomes of the e-voucher FISP scheme were negatively affected, both on job creation and agricultural productivity. Coupled with the challenge of poor internet connectivity under the e-voucher FISP scheme, the cost of transportation of farm inputs was transferred to the farmers. One of the objectives of the e-voucher FISP scheme was for the government to reduce operational costs. In the ordinary Conventional FISP scheme, the government took care of transportation cost of agricultural inputs as the full consignment included the supply and transportation of agricultural inputs till they are delivered as close as possible to the household of the beneficiary farmers. However, in the e-voucher FISP, beneficiary farmers had to arrange for transportation of agricultural inputs at own cost. The scenario created a negative impression of the agro-dealers in the sight of beneficiary farmers who are the final consumers of the products as they lumped all input-related inconveniences on agro-dealers, but that was not the case as agro-dealers ended up factoring out any transportation costs of agricultural inputs.

When government was trying to reduce cost of agricultural inputs on one hand, but in actual sense the cost was passed on to the vulnerable small-scale farmers. Mosse (1994) notes that development policy usually tend to have two opposing views. “On one hand there is an instrumental view of policy as a rational problem solving, while on the other hand there is a critical view that sees policy as rationalizing discourses concealing hidden purposes of power.” Key to this understanding is the co-existence of different agendas and interest that determine success or failure of an intervention or effects of policy changes. As can be understood from the e-voucher FISP scheme, the question that easily arises is to why the government decided to cut on the transportation cost of the agricultural inputs at the same time when they opened up the e-voucher system to agro-dealers. If anything, considering that small-scale agro-dealers are less powerful compared to the national suppliers, they needed more support for the smooth implementation of the programme. Therefore, the playing field for agro-dealers was not levelled and fair enough. It is an open secret that in business, image building is key in the growth of a business. The fact that the introduction of agro-dealers also came with an extra cost of transportation, farmers’ perception of agro-dealers

business image was tarnished. Moreover, when all these misunderstandings emerged in the process, there was no mechanisms to dispose-off issues. One respondent stated, “There is a situation up to now where some farmers are still chasing after some agro-dealers for their inputs, while some agro-dealers are also fighting to make some beneficiary famers pay back who redeemed agriculture inputs in advance on insufficiently funded VISA cards/accounts” (Filed data, 2021).

5.7 Discussions

The e-voucher scheme provided a conducive environment for agro-dealer’s participation in the value chain of supplying subsidized agricultural inputs. Implementing the e-voucher FISP scheme by the Zambian government was an initiative to provide a fair playground for all players of the value chain. The conventional FISP was dominated by few big and powerful agro-firms that were responsible for all the processes from sourcing and delivering agricultural inputs to beneficiary farmers. The gains and profits of the processes accrued to the few powerful agro-firms. This scenario resonates with McComick and Schmirz (2001:21) who contend that larger firms in the value chains easily penetrate the market compared to small firms and unknown firms.

The state attempted to exercise its mandate to indirectly regulate the participation of players in the agricultural input supply value chain by providing a mechanism that allowed small-scale agro-dealers be involved. Under the old conventional FISP, the few big and powerful agro-firms dominated the business to the detriment of the less powerful agro-dealers. This tends to agree with Gerrefis (2018) analysis of global value chain that there are power relations embedded in value chains where the powerful tend to determine the flow of the value chain. Taking cognisant of the issues of power relations where the more powerful dominated and control the direction of the flow of the chain, the e-voucher FISP innovation of electronic transaction was introduced. Therefore, under the e-voucher FISP scheme, the Zambian government regulated the environment to accommodate the less powerful agro-dealers in the supply chain of agricultural input with. This was deliberate move to diffuse the power relations and distribute the benefits equally among the players.

The findings of the study shows that the dissemination of the information was not adequate as some agro-dealers did not have access to the information about the scheme. Therefore, the participation of agro-dealers in the scheme could have been hindered by poor access to information through the formal advertisements. Hallberg (2000:1) notes that there must be equal access to information by all participants if SMEs are to be effective. Lack of access to reliable information can be a huge barrier for prospective businesses. It is based on information that

entrepreneurs make informed decision. Muriithi (2017) observes that one of the major challenges that SMEs face across Africa is lack of reliable business information sometimes due to underdeveloped technological and communication infrastructure. The findings of this study therefore echo Muriithi (2017) calls for government support to ensure that SMEs have access to business information.

The e-voucher FISP scheme was an empowerment strategy for inclusion, job creation and wealth distribution strategy to the marginalized groups. Empowerment and inclusion of marginalized people are some of the key outcomes of participatory approaches. The findings of the study however, demonstrated an extended understanding of participatory approaches that has to do with the market. The dominant traditional participatory approaches mostly tackle structural causes of marginalization. The findings of the study presented new evidence that entrepreneurship coupled with innovations provide an environment for participation on the market space. Nicolescu (2012) argues that there is a relationship between entrepreneurial activity, innovation and the development of SMEs. He points out that the positive and quick response to innovations can be a critical determinant of firms' success on the market.

The production and distribution of goods and services thrives on the market space. The kind of structure that the market present is totally different from the democratic and political structures. Participation on the market space has been about the level of resource endowment, innovations and opportunities that entrepreneurs can use to their advantage. There are many players with different capabilities in the production and distribution of goods and services. Despite their limited capacities, SMEs have played critical roles at various stages in the chain of taking goods and services to the consumer. The study would recommend to extend McComick and Schmirz (2001) views about the importance of acquiring production capabilities. SMEs should be empowered to enhance their capabilities that are required for a particular activity they are involved in. The study analysed the participation of SMEs using electronic mobile transactions of agriculture inputs. Access to electronic gadgets, good internet facilities, access to banking facilities were some of the conditions that could have made them more capable and viable.

Even though the cost of doing agriculture increased due to delayed processing of transactions, crop diversification was enhanced as farmers had choices of planting a wide variety of crops thereby spreading and cushioning potential risks that may be encountered. Beneficiary farmers were able to choose their preferred crops and other agricultural inputs that could be well adapt to adverse weather conditions.

Despite the positive strides scored, the e-voucher FISP scheme was generally characterised by teething problems such as; delayed synchronization of electronic bank transactions, delayed remittance of funds by government, misplacement of farmers' names on electronic software, perceived incidences of corruption, shortage of agricultural inputs and poor internet connectivity to effect real time transactions.

It is evident that there was poor adoption of the new e-voucher innovation by both agro-dealers and beneficiary farmers which could have resulted in the e-voucher FISP scheme being inefficient and ineffective. This resonates with Wejnert (2002) who notes that characteristics of innovators such as familiarity, social networks and cultural values modulates the adoption of innovations.

It was clearly revealed that suspicions of corrupt practices was one of the hindrance to participation. Corruption as it is widely known does not only affect businesses by allocation resources to non-productive activities such as bribery. The perception of corruption has the potential to exclude people from taking part in business. This is very true especially for entrepreneurs who have a tendency of seizing opportunities where benefits outweighs costs. The transparency International Corruption Index of 2007 show that corruption continues to negatively affect African government efforts to promote SMEs in Africa. In most cases, well designed plans and approaches to reduce poverty and spur economic growth are undermined by corrupt practices (Muriithi, 2017).

These highlighted bottlenecks resulted into limited agro-dealer's participation on the FISP scheme as well as untimely crop management practices by farmers consequently leading to poor harvest. From the findings, it is imperative to note that e-voucher FISP scheme, a typical model of a neoliberal private sector led approach had its own strengths and weaknesses. There is still need for increased state intervention to facilitate the management of issues that may not be addressed by the private sector. The private sector driven by the market may not provide regulatory mechanisms to deal with shortfalls such as inequalities that may be created due to unequal power relations. If left unchecked, the system has potential to widen the poverty gap between the rich and the poor. Meyer and Phillips (2017) in their article on outsourcing governance, states and the politics of a global value chain notes that, states as architects of value chains need to take a lead role in facilitating the smooth flow of value chains. This should also imply that the state should take a lead role in protecting the less powerful and ensure a fair playing ground for all. Literature shows that the majority of SMEs in developing countries, Zambia inclusive are in the informal sector and their activities are based in the remotes parts of the country. Major strides were recorded by the e-voucher FISP scheme as can be attested by those that participated in the scheme. However,

challenges agro-dealers faced needed aggressive approach by the state to make the business environment more conducive for agro-dealer's participation.

CHAPTER SIX

6.0 CONCLUSION

This study endeavoured to explain how through the e-voucher FISP scheme the SMEs referred to as agro-dealer in Zambia had an opportunity to participate in the global value chain of supplying agricultural inputs to farmers.

By and large, the study revealed that the move of opening up e-voucher FISP scheme to key players by the government of Zambia was a huge step in the right direction of encouraging agro-dealers to participate and benefit from the gains in the supply chain of subsidized agricultural inputs. The participation of agro-dealers on the scheme was accelerated by the use of the e-voucher innovation which effected transactions using electronic codes. Coupled with the entrepreneurial mind-set of seizing an opportunity, agro-dealers were able to be involved in the broad development initiative. From this study, it was evident that the state deliberately exercised its mandate to encourage the participation of eligible agro-dealers in the supply chain of agricultural inputs as opposed to being dominated by big agro-firms.

However, poor internet connectivity, inadequate banking facilities together with limited financial capacities of agro-dealers contributed to the unfavourable business environment for effective participation of agro-dealers in the e-voucher scheme. These challenges were exacerbated by the state's inability to respond promptly to the issues that affected agro-dealer.

Slow response to adjust to the use of electronic innovative ways of transactions by both farmers and agro-dealers limited the potential of agro-dealers potential to yield maximum benefits from the scheme.

Ensuring participation of all players in the value chain especially small scale agro-dealers can be a complex process. It was noted that the introduction of the electronic transaction innovation was not the only critical requirement that was needed effective participation of small agro-dealers. Inadequate flow of information, high perception of corruption index, limited banking facilities and delayed release of funds by the government were other compounding factors that limited agro-dealers. Strategies aimed at uplifting vulnerable but viable groups such as small scale agro-dealers, need to be multi-dimensional cutting across all these issues. For instance Mrva and Stachova (2014) demonstrate how setting up consulting development centres could support the growth of SMEs through knowledge transfer.

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APPENDICES

Appendix 1: COVID-19 Protocols

<p>International Institute of Social Studies</p>	<p>Date 23 July 2021</p> <p>Subject Field work</p>
<p>Page 1</p> <p>Department Teaching and Learning Support Team (TLST) T +31 70 4260 658</p> <p>Visiting address International Institute of Social Studies Kortenaerkade 12 2518 AW The Hague</p> <p>Postal address P.O.Box 29776 2502 LT The Hague The Netherlands T +31 70 4260 460 E tlst@i ss.nl W www.iss.nl</p>	<p>TO WHOM IT MAY CONCERN</p> <p>This is to certify that Ms Banda, Adraida from Zambia is enrolled at this Institute's Master of Arts Programme in Development Studies 2020/2021, which is being held from 3 August 2020 until 17th of December 2021.</p> <p>The Institute of Social Studies offers a full time MA Programme. Ms Banda, Adraida is officially registered as a full-time participant in the ISS MA Programme in Development Studies with the Major Governance and Development Policy.</p> <p>Ms Banda, Adraida is travelling for Fieldwork to Zambia from July till August 2021 in order to collect data for the Research Paper, which she has to hand in by 10th of November 2021 and which is part of her MA study programme.</p> <p>The topic of her research is: Participation Of Small And Medium Entrepreneurs In Local Economic Development In The Digital Era - Assessing Factors Hindering Participation Of Small And Medium Entrepreneurs In The Supply Chain Of Subsidized Agricultural Inputs Through The Electronic Voucher System In Katete District Of Zambia</p> <p>All assistance you may give Ms Banda, Adraida will be highly appreciated.</p> <p>Yours sincerely,</p> <p> Susan Staal Int'l national Teaching & ttfu at :mt port_Team (TLST) Social Studies</p> <p> Erasmus</p> <p>Erasmus University Rotterdam</p> <p></p>

Appendix 2: Interview Guide

Respondents	Research Questions and General Information Collected
Agriculture Officials at national, district and community levels	<p>General Information:</p> <p>Age.....</p> <p>Gender.....</p> <p>Current job position.....</p> <p>Period on this job.....</p> <p>Key responsibilities.....</p> <p>Questions:</p> <p>What is the main objective(s) of the e-voucher FISP scheme?</p> <p>How is the supply of subsidized farm inputs under the e-voucher FISP scheme supposed to operate?</p> <p>What was the main purpose of involving agro-dealers in the e-voucher FISP scheme for the supply of subsidized farm inputs to farmers?</p> <p>How would you rate the performance of agro-dealers that were participating in e-voucher FISP scheme?</p> <p>What challenges were experienced in dealing with agro-dealers participating on the e-voucher FISP scheme?</p> <p>Do you think there were challenges that agro-dealers faced in acquiring farm inputs from the FISP national suppliers during the implementation of e-voucher FISP scheme?</p> <p>Do you think there were challenges that farmers faced in accessing farm inputs from agro-dealers during the implementation of e-voucher FISP scheme?</p> <p>Did the government face any challenges in meeting payments of agro-dealers in voucher FISP scheme?</p> <p>What recommendations would you suggest to further improve the e-voucher FISP scheme in order to promote and ease up business for SMEs?</p>
Agro-dealers who participated on E-Voucher FISP scheme	<p>General Information:</p> <p>Age.....</p> <p>Gender.....</p> <p>Education background.....</p> <p>Period of being in agribusiness.....</p> <p>Family background (e.g. farmers, business, civil servants etc.).....</p> <p>Questions:</p>

	<p>As one of the participant on e-voucher FISP, how did you get to know about this scheme?</p> <p>What was your first impression when the government introduced the e-voucher FISP scheme?</p> <p>What do you think was the objectives of the e-voucher FISP scheme? (i.e. understanding why the scheme was set up in that way and what it meant for agro-dealers).</p> <p>How was the process of accessing the required farm inputs from the FISP national suppliers to your retail shops?</p> <p>What was your experiences with the relevant stakeholders in the e-voucher FISP scheme? (i.e. DACOs office, DCs office, participating banks etc.).</p> <p>What was your experiences with the electronic (ZIAMIS) input redeeming processes in the e-voucher FISP scheme? (i.e. gadgets, redeeming software, internet connectivity etc.).</p> <p>How did you perform the transactions with the target farmers on e-vouchers FISP scheme?</p> <p>How long were you taking to supply farm inputs to farmers on e-voucher FISP after completing the transactions on the redeeming application?</p> <p>Were you able to supply all the required farm inputs to the target farmers under the e-voucher FISP scheme?</p> <p>Did the government paid your dues in time when you supplied farm inputs to target farmers on e-voucher FISP?</p> <p>How was the performance of your business from the time you started participating on the e-voucher FISP scheme? (i.e. in relation to; profits, customer base, recruitment of workers, opening new outlets etc.).</p> <p>Did you receive any trainings from the Ministry of Agriculture or relevant NGOs to prepare you to participate in the e-voucher FISP scheme?</p> <p>Is there any other sort of incentive/support/help that you received to make it easy for you to participate in the e-voucher FISP scheme? (if YES, probe further on the type of support or incentive and the provider).</p> <p>What general challenges did you face while participating in the e-voucher FISP scheme?</p> <p>How did you manage to overcome the challenges faced under the e-voucher FISP scheme?</p>
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	<p>To what extent do you think the government was committed to boosting the businesses of agro-dealers under the e-voucher FISP scheme?</p> <p>What recommendations would you suggest to further improve the e-voucher FISP scheme in order to promote and ease up business for SMEs like you?</p>
Agro-dealers who did not Participate on E-Voucher FISP scheme	<p>General Information:</p> <p>Age.....</p> <p>Gender.....</p> <p>Education background.....</p> <p>Period of being in agribusiness.....</p> <p>Questions:</p> <p>Do you know about the e-voucher FISP scheme which allows agro-dealers to participate in the supply of subsidized farm inputs to farmers?</p> <p>If yes, did you understand the objective of e-voucher FISP scheme? (i.e. reasons the scheme was set up and what that means for agro-dealers).</p> <p>Did you apply to the office of the District Agricultural Coordinator to participate in the e-voucher FISP scheme?</p> <p>If YES, do you know reasons why your application was considered?</p> <p>If NO, share the reasons why you did not apply to participate in the e-voucher FISP scheme.</p> <p>To what extent do you think government was committed to boosting the businesses of those agro-dealers under the e-voucher FISP scheme?</p> <p>What recommendations would you suggest to further improve the e-voucher FISP scheme in order to promote and ease up business for SMEs like you?</p>
E-voucher FISP beneficiary farmers	<p>General Information:</p> <p>Age.....</p> <p>Gender.....</p> <p>Education background.....</p> <p>Period of being in farming.....</p> <p>Questions:</p> <p>What has been your experiences in accessing farming inputs with the agro-dealers under e-voucher FISP?</p> <p>Do you think the e-voucher FISP scheme improved or delayed the delivery time of farm inputs to the district and subsequently household?</p>

	<p>Do you think the e-voucher FISP scheme increased or reduced the cost of farm inputs?</p> <p>If it increased, explain how?</p> <p>If it reduced, explain how?</p> <p>Do you think the e-voucher FISP scheme simplified or complicated the process of accessing farm inputs?</p> <p>If it simplified, explain how?</p> <p>If it complicated, explain how?</p> <p>How was the harvest during the period when you were accessing inputs from agro-dealers under e-voucher FISP?</p> <p>Where you able to cultivate several crops other than maize as e-voucher FISP gave farmers a free will to choice of farming inputs?</p> <p>What do you think was the objectives of the e-voucher FISP scheme?</p> <p>What recommendations would you suggest to improve the performance of agro-dealers in the e-voucher FISP scheme?</p>
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Appendix 3: List of Informants

Name	Occupation	Gender	Age (Years)
Nalwimba Nkumbu	Ag/ Director Agribusiness	Female	37
Mr. Ngalamila	District Agriculture Coordinator	Male	58
Kuscilia Kaalonga	Agriculture Assistant	Female	40
NWK enterprises limited	Sales Manager	Male	36
Omnia Fertilizers Zambia	Sales Manager	Male	38
Unnamed Agro-dealer	Sales Manager	Male	29
Unnamed Agro-dealer	Sales Manager	Male	31
Unnamed Agro-dealer	Sales Manager	Male	36
Unnamed Agro-dealer	Sales Manager	Female	37
Unnamed Agro-dealer	Sales Manager	Male	28
Unnamed Agro-dealer	Sales Manager	Male	51
Stephen Zulu	Farmer	Male	34
James Ackson Zulu	Farmer	Male	57
Wilson Daka	Farmer	Male	37
Andifani Daka	Farmer	Male	49

Gertrude Zulu	Farmer	Female	54
Patricia Banda	Farmer	Female	41
Virginia Banda	Farmer	Female	29
Maxwell Mvula	Farmer	Male	28
Luciano Njobvu	Farmer	Male	61
Sylvester Phiri	Farmer	Male	62