

**Press Release**

**11<sup>th</sup> June 2015**

**E-Voucher to cut down FISP costs and Improve Agriculture**

The Minister of Agriculture recently announced that Government will soon launch the electronic voucher (e-voucher) system. Government initially planned to implement the system in the 2013 fiscal year, but this did not materialize. It is hoped that this system would improve delivery and tracking of subsidized farming inputs for targeted farmers. This follows Cabinet's approval of the pilot electronic voucher system for the 2015/2016 and two key stakeholder indabas which discussed the new system.

The JCTR sees huge potential in the e-voucher as a mechanism to address some of Zambia's challenges in reducing the cost of living. It is noted in the 2015 budget speech for example that over three quarters of the agriculture budget goes towards FISP. This includes transportation and logistical costs to get inputs to farmers. These costs will be cut down with the e-voucher as government will partner with local based agro dealers to provide the necessary inputs and agricultural extension staff will spend less time on distributing inputs.

The cost-saving on FISP allows government to invest in diversifying agriculture production and outputs (research, training and development for sustainable agriculture i.e. organic agriculture and conservation agriculture) as well as improving accessibility to rural farming households amongst other things. This could significantly reduce the cost of agriculture production and consequently have a positive bearing on the cost of living. The JCTR **Basic Needs Basket** (BNB) for the month of May for an average family of five living in Lusaka records a minimal reduction in the cost of food items from **K1, 008.41 to K983.56 (2.5% decrease)**. These food costs could surely further be lowered if funds saved from using the e-voucher are used to improve productivity in agriculture hence increasing supply.

The cost of living for the month of May 2015 as calculated by JCTR's **Basic Needs Basket (BNB)** for an average family of five living in Lusaka was **K3, 677.28**. This shows a decrease of **K73.76** in the cost of living from the April 2015 basket of **K3, 759.04**. The downward trend in the basket could be attributed to a decrease in non-food items from **K2, 750.63** in April to **K2, 693.72** in May. However, in annual comparisons to May 2014 when the BNB stood at **K3, 636.46**, the cost of this year's (May 2015) Basic Needs Basket has increased by **K 40.82**. With most of the average Zambian wages falling below the BNB, *as noted in the 2012 Labor Force Survey*, managing the cost of food items remains a priority in addressing the overall cost of living.

The JCTR therefore urges the government to be vigilant in seeing the pilot of the E-voucher take off due to its envisaged positive impact on use of resources in the agriculture sector. In line with this the Centre recommends rigorous monitoring and evaluation to accompany this process in order to tease out possible loopholes and improve implementation. Key to this is the evaluation of the beneficiaries and setting of a clear agenda and target for what this programme intends to achieve which has been lacking somewhat in FISP.

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