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Exorcising government inefficiency through e-systems

The use of electronic systems (e-systems) for enhancing the efficiency of public service delivery is gaining momentum in Zambia after the success of an electronically administered agricultural subsidy. E-systems have the potential to strengthen the country's fiscal position, both through enhancing tax collection and in allocating tax revenue where it is most needed.

As in many developing countries, public service delivery in Zambia is criticised for being logistically inefficient and financially wasteful. The emergence of e-systems, however, is slowly changing the government's capacity to provide services efficiently.

Policy context: over-reliance on agricultural subsidies

Since 2002, the Zambian government has been implementing a farming subsidy that provides subsidised seed and fertiliser to farmers with the aim of enhancing their production. Initially conceived as the Fertiliser Support Programme, it was designed to be a 3-year programme under which the subsidy was to decrease annually until targeted farmers completely graduate from the programme. The programme has, however, continued to run for 15 years now, with a redesign in the 2009–2010 agricultural season when it was reformed to become the current Farmer Input Support Programme (FISP).

Currently, the government is rolling out the FISP to cover as many farmers as possible through an e-voucher system. The e-voucher system allows farmers to purchase agricultural inputs with a version of a bank debit card loaded with the value of the subsidy they are entitled to. The introduction of e-vouchers in the delivery of farming inputs is premised on e-systems' efficiency and transparency.

Exorcising ghost farmers through e-vouchers

In the context of this policy, "ghost farmers" are non-farmers who were registered as farmers and receiving farming subsidies. Before rolling out the e-voucher system, the government piloted the system in 13 districts. In this process, the government identified 20,000 ghost farmers and subsequently removed them from the list of eligible farmers. At the [current subsidy](#) level of 70% for maize, this action saved K 5,600,000 (approximately

US \$560,000), a significant efficiency gain. With the e-system, the government can more easily target and monitor recipients of farming inputs, which reduces further improper subsidisation.



The importance of the FISP and e-systems in the future of Zambian agriculture is reflected by the fact that the FISP was allocated K 2.9bn (approximately US\$300 million) of the 2017 national budget. A million small farmers will be targeted with the e-voucher system. Finance Minister Felix Mutati emphasised in his budget speech the importance of the e-voucher system in reducing the waste from this subsidy.

E-systems for other government processes?

The removal of ghost farmers from the FISP eligibility register has revealed the logistical efficiency gains and financial savings offered by e-systems in the delivery of public goods. These benefits provide a justification for the extension of e-systems to other areas such as tax collection. For instance, a well-administered e-payments system would ease the discovery and reduction of tax evasion. Given Zambia's tight fiscal position and external debts, e-systems could be important for helping the country collect the revenue it needs.

The adoption of e-systems for government processes may not be simple, however. It is key that the e-systems work and facilitate processes, rather than complicate them. This success requires sustained investment in the technology and human capital needed to run the e-systems. One way to support the adoption of e-systems is to phase in their introduction, as opposed to abrupt adjustments, to allow an iterative learning process for all parties.

For a highly informal economy such as Zambia, a positive public perception of e-systems could ease their adoption as well. Information campaigns to improve citizens' understanding of the methods and benefits of such policies would be helpful in this regard by potentially supporting the formalisation of currently informal enterprises and reinforcing adherence to the e-systems.

A better fiscal position through precision taxing and spending

To the extent that the FISP policy success is generalisable across

sectors and public services, e-systems should be used elsewhere in the Zambian fiscal system. These methods can be applied to improve both tax collection and spending programmes—giving the government more revenue to put toward its obligations. The argument for e-systems is therefore not only enhancing logistical efficiency but also making the Zambian fiscal bucket less leaky.