

International
Labour
Organization

PRATICAL OPTIONS FOR
THE EXTENSION OF
SOCIAL PROTECTION
COVERAGE IN ZAMBIA
**SMALL SCALE
FARMERS**



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¹ Commissioned by the ILO Lusaka Country Office, 2015, *Practical Options for the Extension of Social Protection Coverage in Zambia: Small Scale Farmers*

² Commissioned by the ILO Lusaka Country Office, 2015, *Practical Options for Extension of Social Protection Coverage in Zambia: Domestic Workers*

³ Commissioned by the ILO Lusaka Country Office, 2015, *Practical Options for the Extension of Social Protection Coverage in Zambia: Casual Saw Mill Workers*

⁴ Commissioned by the ILO Lusaka Country Office, 2016, *MORE THAN BUSINESS ALONE: Extending and promoting social protection amongst MSMEs and informal workers in Zambia's building construction industry*

⁵ Commissioned by the ILO Lusaka Country Office, 2016, *Extension of Social Protection to Workers in the Economy in Zambia: Lessons Learnt from Field Research on Domestic Workers, Small Scale Farmers and Construction*

Acronyms and Abbreviations

AYE	Alliance of Youth Entrepreneurs
CBHI	Community Based Health Insurance
COMACO	Community Market for Conservation
CSO	Central Statistical Office
FGD	Focus Group Discussion
FISP	Farmer Input Support Programme
FRA	Food Reserve Agency
FSDZ	Financial Sector Deepening Zambia
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
IAPRI	Indaba Agricultural Policy Research Institute
ILO	International Labor Organization
MLSS	Ministry of Labor and Social Security
MoH	Ministry of Health
MT	Metric tons
SHI	Social Health Insurance
SNSP	Sixth National Strategic Plan
SPF	Social Protection Floors
UHC	Universal Health Coverage
ZDHS	Zambia Demographic and Health Survey
ZMW	Zambian Kwacha

Executive Summary

Agriculture in Zambia remains a major contributor to Zambia's economy, participating to 13 percent of the country's Gross Domestic Product (GDP)⁶. Over 80 percent of the rural population depends on agriculture-related activities for their livelihood⁷. However the vast majority of small scale farmers are excluded from any form of Social Protection and are highly vulnerable to health shocks. Given the large contribution of the agriculture workers to the economy of Zambia, the potential impact of improved working conditions on productivity, and especially provision of social health protection, is significant.

The Government of Zambia is planning to introduce a universal Social Health Insurance scheme to address obstacles to accessing quality health services as well as the funding gap of the health sector. The contributory and mandatory scheme will progressively cover the informal population, including small scale farmers. Extending social protection to the informal economy has proved a challenge in many developing countries. Ad-hoc studies looking at specificities of the country's main economic sectors are required to design appropriate mechanisms and measures to facilitate and encourage enrolment in the future Social Health Insurance scheme in various population groups.

The extension of Social Health Protection in Zambia to small scale farmers is particularly challenged by the high level of informality, low population density, distance between villages and houses and lack of infrastructure. This study looks at the possible strategies to establish linkages between the SHI scheme and existing rural agricultural organizations to deliver Social Health protection benefits in a cost effective way to small scale farmers. Strategies include partnership with out grower schemes and other agricultural organizations – such as ZNFU, FRA and cooperatives.

A study case on Community Market for Conservation (COMACO) shows the roles a rural organization could play to actively contribute to the provision of social protection to rural households. COMACO is a Zambian social out-grower scheme which work with more than 130,000 households (5.3% of the total population of Zambia). COMACO's direction and management team as well as COMACO supported farmers are showing a very strong interest in a possible partnership with the future SHI scheme. COMACO expressed willingness to assist in the enrolment process as well as to collect SHI contributions from the farmers at the time of the harvest purchase, through automatic deduction. COMACO is also considering to possibly subsidize at least part of the contributions for farmers complying with pre-defined conditions. This represents a first and unique opportunity to establish a cost-effective public-private partnership for the extension of Social Health Protection to a large group of workers in the informal economy. Conditions for replicating such partnership with other out grower schemes include willingness from the out-grower scheme to partner with the SHI Scheme to facilitate enrolment and contribution collection; understanding of the positive impact of social health protection on

⁶ Zambia Development Agency, 2014, Agro-processing sector profile

⁷ Republic of Zambia, 2011, Sixth National Development Plan 2011-2015

productivity; trust of the members towards the out-grower, and especially confidence that the contributions will be remitted to the SHI fund; contractual arrangement between the out-growers and the farmer and a minimum business scale and level of organizational formalization.

It is recommended to carry out similar studies with other out grower schemes such as the Cotton Association of Zambia and the Tobacco Association of Zambia to define feasibility and opportunity of a partnership. In addition and beyond out grower schemes, other strategies must be designed to provide SHI benefits to other small scale farmers. It is among other recommended to further explore the opportunity to develop partnership with the Zambia National Farmers Union and the Food Reserve Agency.

Last but not least, because compliance is likely to be a challenge, it is recommended to design and carry-out massive awareness campaigns in rural areas as well as to propose positive incentives measures to foster compliance with enrolment into the SHI scheme

Introduction

The right to Social Protection is a human right, which “ *along with promoting employment, [is] an economic and social necessity for development and progress, and [...] an important tool to prevent and reduce poverty, inequality, social exclusion and social insecurity, to promote equal opportunity and gender and racial equality, and to support the transition from informal to formal employment.*” “ *Social security systems act as automatic social and economic stabilizers, help stimulate aggregate demand in times of crisis and beyond, and help support a transition to a more sustainable economy*”⁸ therefore leading to sustainable long-term growth associated with social inclusion which helps overcome extreme poverty. The Social Protection Floors Recommendation, 2012 (No. 202) calls for the progressive implementation of comprehensive social protection systems, starting with the establishment of a basic set of social protection guarantees to all in need. It calls for access to essential health care and basic income security throughout the life cycle, as a first step toward achievement of higher level of protection. Essential health care – including maternal care – must meet the criteria of availability, accessibility, acceptability and quality.

The Social Security (Minimum Standards) Convention, 1952 (No. 102) is the flagship of all ILO Conventions on Social Security as it is the only international instrument that establishes worldwide-agreed minimum standards for all nine branches of social security. It defines the nine classical social security contingencies (medical care, sickness, old age, unemployment, employment injury, maternity, family, invalidity and survivors) and establishes a minimum set of qualitative and quantitative parameters including: definition of the contingency, persons protected, type and rate of benefit, length of the qualifying period, duration of benefit and waiting period. This Convention provides a benchmark for the progressive extension of comprehensive social security systems. The Convention 102 and the Recommendations 202 are yet to be ratified by Zambia.

Vulnerabilities in the agriculture sector and Social Protection

Small scale farmers are exposed to a large range of uncertainties such as changes in market prices, availability and prices of resources and inputs, seasonal cycles, droughts or floods, crop pests and diseases. These vulnerabilities are exacerbated by the imperfect and incomplete markets which lead farmers to engage into multiple and often low risk/low return activities to meet their economic needs. Most small scale farmers have limited resources and limited opportunities for protection against adverse stresses and shocks, which leads to high vulnerabilities. Vulnerabilities affect people’s welfare, directly by destroying assets and reducing human labor capacity which reduce productivity, investments and ultimately economic growth. Vulnerabilities also indirectly impact people’s welfare and their attempts to get out of poverty as the threat of shocks diverts assets from productive activities to those that reduce vulnerabilities.

⁸ ILO, 2012, Social Protection Floors Recommendation (No. 202)

Depending on the nature of the stress and resources available, people answer differently to stresses. Responses include removal of, resistance to, recovery from and relief from stress. These responses are usually classified within three broader livelihood strategies:

- ‘*Hanging-in*’, people undertake activities at a survival level through low risk and low return activities”
- ‘*Stepping-up*’, people undertake investments in higher risk/higher return activities ; and
- ‘*Stepping-out*’, people accumulate assets and engage in alternative higher return non-farm and often urban activities⁹.

Social protection and agricultural development policies must support the progression from hanging-in strategies to stepping-up and/or stepping-out strategies. Social protection as a risk management mechanism reduces insecurity and vulnerabilities and their negative effects on poverty and growth. Well designed and well implemented social protection policies have the potential to help rural small scale farmers expand their assets, increase productivity, protect from risks and adopt higher risk activities which would generate higher return. The graph below illustrates how social protection measures can lead to increased production and increased demand.

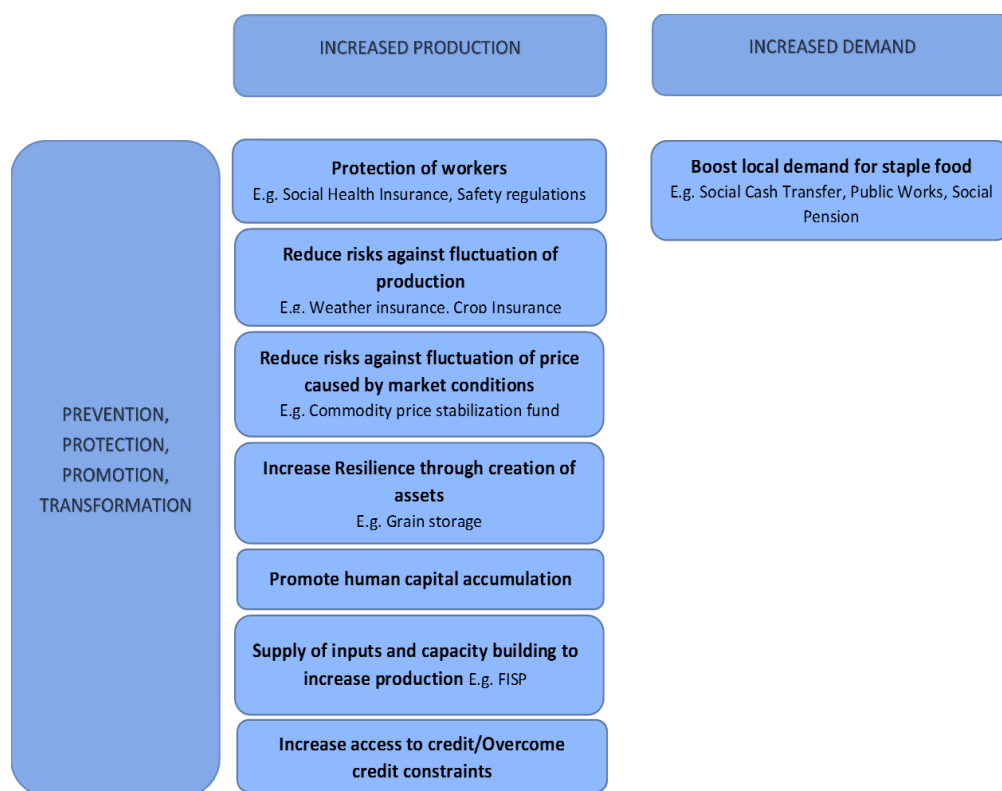


Figure 1: Links between Social Protection measures and increased production and demand¹⁰

⁹ Dorward A. and all, 2006, Promoting Agriculture for Social Protection or Social Protection for Agriculture: Strategic Policy and Research Issues, Discussion Paper (Future agricultures)

¹⁰ Source: author from Farrington J. Linking Agriculture and Social Protection: Conceptual framework, Overseas Development Institute

Zambia has a wide range of social protection interventions targeted at low capacity households. It includes social assistance and social insurance programmes as well as programmes to improve economic productivity. However most programmes are small and reach few people. The limited coordination across programmes further limits the impact of poverty reduction. The largest agriculture support programme is the Farmer input programme (FISP), which has been in implementation since 2002 to address the declining crop production resulting from succession of droughts and flood seasons. The FISP distributes subsidized seeds and fertilizers and provides training and agricultural advice to poor small scale farmers.

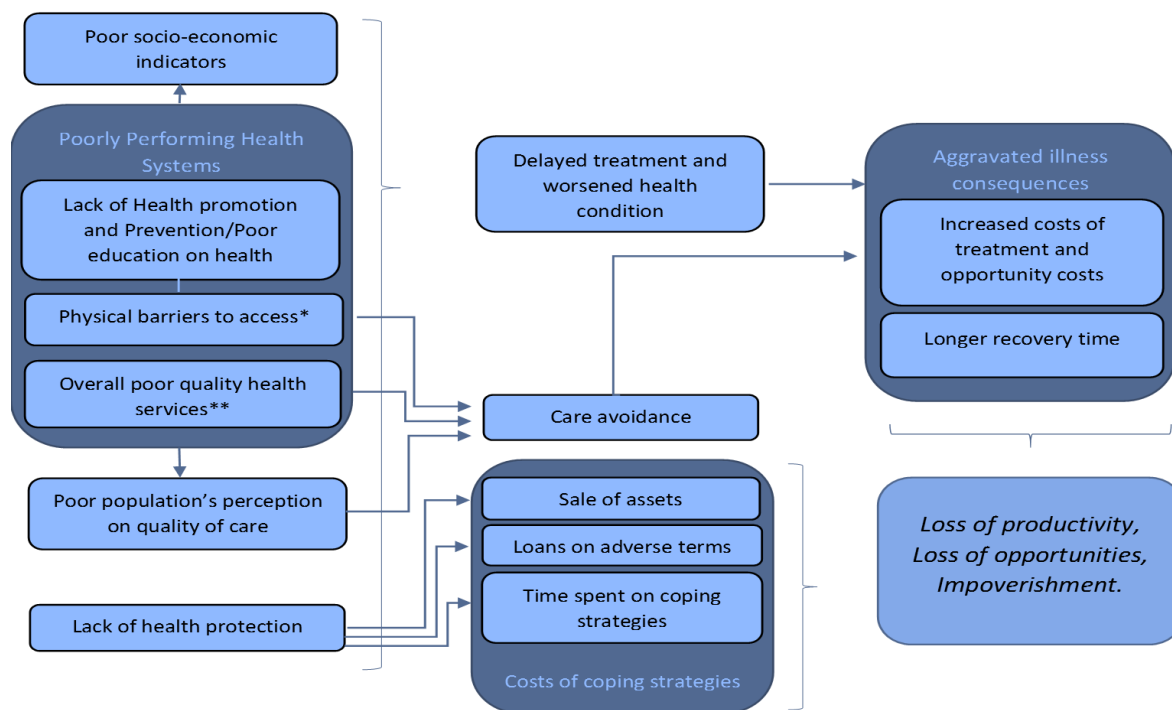
Social Health Protection

In Zambia as in many developing countries, small scale farmers are particularly vulnerable to health shocks. Majority of small scale farmers are working in the informal economy, and do not have access to social health protection mechanisms, which essentially target high income workers. Access to promotive, preventive, curative and rehabilitative health care is hindered by geographic and financial barriers as well as poor quality of services all together.

- Most scale farmers live long distance away from health facilities. This entails transportation costs and/or long walking time, the latter being not compatible with conditions of aggravated sickness or labor.
- Although provision of primary health care is “free of charge” at the point of service, drugs stock-outs are frequent, leading patients to buy prescribed medicines at private pharmacies at a high cost or to forgo treatment. At secondary and tertiary levels, most diagnosis services are paid out-of-pocket.
- The most often reported quality issues include stock outs of drugs and diagnostic tests, limited qualified health workforce, long waiting time and absence of triage.

The perception of poor quality services allied with the distance to reach facilities lead people to care and treatment avoidance and/or self-medication. The extent of this phenomenon will be documented by the results of the Zambia Household Health Expenditures and Utilization Survey.

Sickness and injuries directly entail productivity loss – through weakened labor force, days away from work or sales of productive assets to meet the cost of health care. It also indirectly impacts productivity by diverting resources from income generating activities to coping strategies. Lack of social health protection ultimately lead to impoverishment, loss of economic growth and increased poverty, as illustrated below.



* Lack of infrastructure resulting in distance to services, aggravated by limited transportation means and high costs
 ** Essentially drugs stock-outs, long waiting time, limited availability of skilled human resources for health

Figure 2: Effects of lack of social health protection and poor quality health services on loss of productivity and impoverishment

At the moment, there is no programme aiming at ensuring or facilitating access to health care for small scale farmers specifically. However, the Government of Zambia is planning to introduce a universal Social Health Insurance scheme, to complement the existing free of charge primary health care policy. In recognition of the need to move towards Universal Health Coverage and develop a sound and sustainable health care financing strategy, a mandatory and contributory Social Health Insurance (SHI) scheme has indeed been included in the 6th National Strategic Plan for 2011-2015, the National Strategic Plan for 2011-2015, the National Health Policy, the National Social Protection Policy and the Medium Term Expenditure Framework (2015-2017). The SHI underlying principles are equity, solidarity, fair-financing, efficiency and universality. The objective are (i) to provide improved access to quality health services to all citizens of Zambia on a timely manner and without financial hardship (ii) to mobilize equitable, efficient and sustainable financial resources for improving health systems performance and (iii) to pool risks and funds through creation of a single fund, contribute to reducing inequities, sustain social cohesion and build a healthy workforce, thus leading to improved economic growth.

The establishment of the Social Health Insurance Scheme is expected following the enactment of a Bill by the Parliament of the Government of Zambia (GRZ) and finalization of regulations. A two-phase approach has been identified as the design framework to reach universal coverage. In the Phase 1, public and private sector workers and their dependents, as well as the vulnerable will be covered. During this phase, the GRZ will gain experience and build capacities in managing

the fund, making it easier to then enroll the informal sector workers in Phase 2. Preparations for the launch have begun and follow a Project Plan to cover the major tasks. Within this Plan, the Ministry of Health started a process to develop solutions to cover workers in the informal economy.

Social Health Insurance is a preventive social protection measure which has the potential to participate in poverty reduction. SHI can reduce the impact of health shocks in both domestic and productive environments, by preventing the onset of health shocks (health promotion and prevention) and by mitigating their impact through pre-payment and cashless payment system – especially if transportation costs are to be covered in the medium term. It thus allows for a more rapid recovery from the negative impacts of diseases or injuries. In relation to the agriculture production environment, Social Health Insurance in Zambia could both reduce the loss of productive assets (sold to meet the cost of health expenditures), the loss of income due to missed working days (worsened by delays to seeking care, further aggravating health conditions) and the loss of productivity generally associated to poor health status. Building synergies between the agriculture sector and Social Health Protection has therefore a huge potential of increasing productivity in the agriculture sector and of contributing to improved livelihood.

There is no “one size fits all” when it comes to designing mechanisms to enroll and collect Social Health Protection contributions from the informal sector. In Zambia the informal sector is wide and encompasses a large variety of employment arrangements and socio-economic situation across the various economic sectors. Not all the industries present the same earnings and employment arrangements and patterns. Therefore specific mechanisms must be designed in order to meet the specificities of the main industries in the country and thus allow the informal economy workers to enroll into the Social Health Insurance, pay their contributions on time and retain benefits from the SHI benefits through regular contribution payment. At the same time, the Government of Zambia needs to design cost effective processes to register members and collect small contributions at a cost that will be reasonable in consideration of the amount of contributions collected.

Social Health Protection for small scale farmers

The extension of Social Health Protection in Zambia to the agriculture sector is particularly challenged by the high level of informality, low population density, distance between villages and houses and lack of infrastructure. Agriculture in Zambia remains a major contributor to Zambia’s economy, participating to 13 percent to the country’s Gross Domestic Product (GDP)¹¹. Over 80 percent of the rural population depends on agriculture-related activities for their livelihood¹². The agriculture, forestry and fishery industry employs 55.2 percent of the total employed population in Zambia. It is by far the industry employing the most workers. The sector is predominantly rural (92 percent) and 98.2 percent of agriculture, forestry and fishery industry workers are informally employed. This is the largest share among all industries and much above the national average of 88.6 percent¹³. Given the large contribution of the agriculture workers to the economy of Zambia, the potential impact of improved working conditions, and especially provision of social health protection on productivity is significant.

¹¹ Zambia Development Agency, 2014, Agro-processing sector profile, Zambia Development Agency, 2014

¹² Republic of Zambia, 2011, Sixth National Development Plan 2011-2015

¹³ Central Statistical Office, Zambia, 2012, Labor Force Survey

Objectives and Methodology

Objectives of the study

The general objective of the study is to design practical options to provide Social Health Insurance to small scale farmers in Zambia. The study provides an overview of the strategies to be explored to extend Social Health Insurance to small scale farmers and includes a case study on a possible partnership between the SHI scheme and large scale Zambian out grower scheme (COMACO). The case study informs on the roles a rural agricultural organization could play to actively participate in the provision of social protection benefits. It describes the possible practical modalities and mechanisms - related to registration, contribution collection and awareness rising - which could be implemented to provide Social Health Protection to a significant number of small scale farmers. Finally, it proposes ways forward to further explore strategies for extension of coverage to small scale farmers.

Methodology

The identification of possible strategies to extend Social Health Protection to small scale farmers in the informal economy was guided by literature review and semi guided discussion with key informants. Interviews were conducted with COMACO and three small scale out grower schemes managers, as well as with Indaba Agricultural Policy Research Institute (IAPRI), The Zambian National Farmers Union (ZNFU), the Food Reserve Agency (FRA) and Financial Sector Deepening Zambia (FSDZ). The Ministry of Agriculture was not available for meeting.

Based on the information collected, the study analyzed possible strategies to extend Social Health Insurance to the agriculture informal sector through groups enrolment. The study also looked at opportunities mobile money solutions could provide for extending coverage to households who are not part of any groups.

Another core focus of the research is the case study on an out grower scheme, Community Market for Conservation. The case study aims to assess the opportunity that a partnership with the SHI would provide to ensure Social Health Insurance coverage to the small scale farmers which are selling their production surplus to this out grower scheme. The focus on COMACO was essentially guided by the large number of small scale farmers which are contracted by COMACO. As of October 2015, COMACO is supporting and buying from about 130,000 households, which represents 820,000 individuals¹⁴ or 5.3% of the total population in Zambia¹⁵.

The terms of reference also initially targeted small scale out grower schemes supported by the ILO Yapasa programme. However these out-growers schemes were not available for further researches at the time of the study.

¹⁴ Based on the average family size of 6.3 (source: COMACO database)

¹⁵ Based on the total population size of 15,473,905 (source: Zambia Central Statistical Office, 2013, Population and Demographic projections 2011-2035).

The work has been conducted in close association with the Ministry of Health. The research started with a desk review of existing documentation on the agriculture sector in Zambia. The methodology combined secondary analysis of data on the agriculture industry and collection of primary data. Collection of primary data for the case study was done through focus group discussions and in-depth interviews with key informants. Twenty six focus group discussions were conducted. The details are provided in the table below:

Location	Category	# FDGs	# Participants
Eastern Province	COMACO farmers	16	130
	COMACO cooperatives	4	40
Central Province	Farmers belonging to clubs and cooperatives	4	32
	Farmers not belonging to any farmers organizations	2	16
TOTAL		26	218

Table 1: Location and number of focus group discussions and participants by province

Each focus group discussion gathered a maximum of 8 to 10 participants to allow for fruitful and open discussions. The discussion followed a pre tested FGD guide. The collection of primary data was done between the 28th of September and 15th of October. Data analysis was then carried out using a data consolidation matrix.

In-depth interviews of key informants were conducted with COMACO key decision makers and operational managers, including COMACO's CEO, Regional Coordinator, Extension Manager, Conservation Manager, Monitoring and Evaluation Manager, Cooperative Manager and Gender specialist.

Limitations

While the study provides sound information and recommendations on linking COMACO with the Social Health Insurance scheme to provide SHI coverage to COMACO supported farmers, the findings on individual farmers, small-scale contract farming and cooperatives cannot be generalized to the whole agriculture sector in Zambia. It however provides a sound basis for further studies, as proposed in the recommendations.

The findings and recommendations focus on self-employed small scale farmers and not on casual workers in the agriculture sector who may be employed by commercial or medium scale farmers on a per-need basis.

Findings

1. Overview of the Agriculture Sector in Zambia

1.1 Production and potential

Zambia is endowed with a large land resource base of 60 million hectares of arable land. Zambia has the potential for significantly increasing its agricultural outputs; currently, less than 15% of its arable land is cultivated. There are abundant water resources for irrigation and the country has 40 percent of the water in Central and Southern Africa¹⁶. The most important crops includes maize – the main cash crop and staple food in Zambia - sorghum, cassava and rice. Zambia also produces soya, peanuts, sunflower seeds, vegetables, flowers, tobacco, cotton, sugarcane, coffee, cattle, goats, pigs, poultry, milk and eggs. The graph in Appendix 2 illustrates the weight of the main crops for the year 2010 as well as livestock and fisheries production for the year 2009.

Zambia's crop production is biased towards maize, the country's staple food. In the 2012/2013 farming season, Zambia produced 2,532,000 MT against a domestic consumption requirements of around 1,500,000 MT per annum¹⁷. The 2013/2014 season estimates show an increase to 3,350,000 MT in maize production, mainly due to the increase of areas planted to maize. Domestic production is largely meeting domestic, strategic reserve stocks and industrial needs. Maize production has dramatically increased over the years, and Zambia has recorded bumper harvest for the past three years. One of the key feature of the maize market is the active involvement of the Government of Zambia in maize price controls, maize market (through the Food Reserve Agency) and inputs distribution (through the Farmer Input Support Programme, FISP). The main producers are small scale farmers, which exposes production to weather related risks in case of drought or floods. On average, family labor accounts for 62 percent of the total cost of maize production in Zambia's small- and medium-scale farm sector.¹⁸

1.2 Agriculture workers

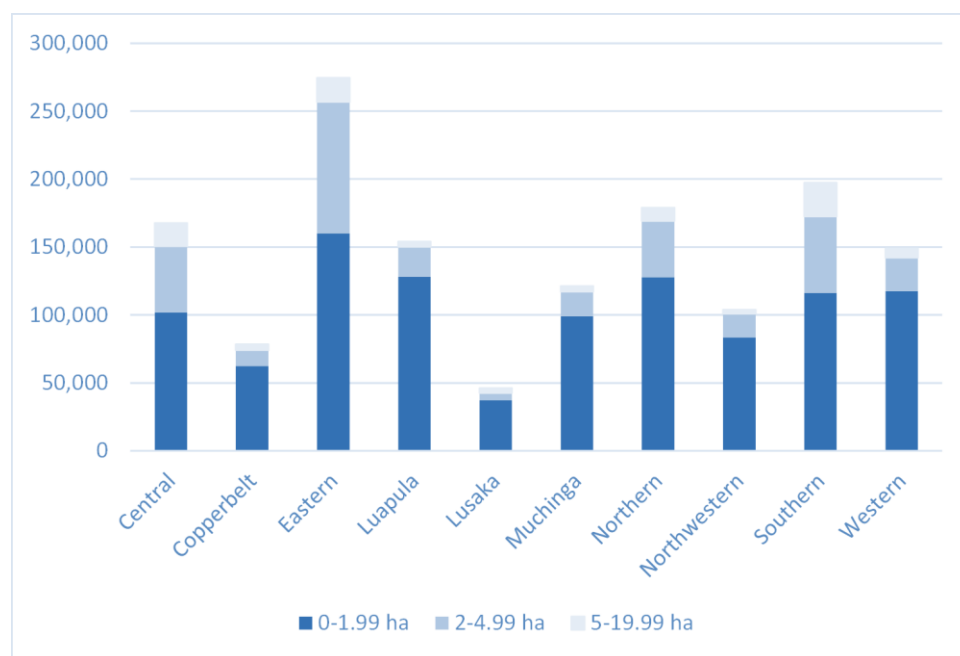
The agriculture, forestry and fishery industry employs 2,872,331 workers, which represents 55.2 percent of the total employed population in Zambia. The sector is predominantly rural (92%) and female (52%). Activities are concentrated in Eastern Province (19.9% of the total employed population in the agriculture, forestry and fishery industry), Luapula Province (12.3%), Southern Province (12.5%) and Northern Province (11.1%). The majority of workers are self-employed (53.8%) or unpaid family workers (41.6%). Only a minority are paid employees (4.5%). Ninety seven percent (representing 2,821,566) of agriculture, forestry and fishery industry workers are informally employed.

¹⁶ Bank of Zambia, www.boz.zm; website accessed on 11th of August, at 10:56 am

¹⁷ National Food Balance for Zambia for the 2013/2014 Agricultural Marketing Season

¹⁸ Burke W., Hichaambwa M., 2011 The Cost of Maize Production by Smallholder Farmers in Zambia, FRSP Working paper No. 50 (Zambia Food Security Research Project)

Zambian farmers are usually classified into two categories based on the cultivated land size: small-scale (less than 20 ha) and large-scale (more than or equal to 20 ha). Most small-scale farmers are subsistence producers of staple foods with occasional surplus. Only large-scale farmers produce various crops for the local and export markets. Small scale farmers are classified into three land-size based sub-categories: less than 2 ha, between 2 ha and 4.99 ha and between 5 ha and 19.99 ha. Out of the estimated 1.5 million small scale farms, 70.3% are less than 2 ha large¹⁹. As shown in the graph below, the largest concentration of small scale farmers is found in Eastern, Southern, Central and Northern Provinces.



Source: Crop forecast survey, 2015.

Figure 3: Number of farms per cultivated land size and by province

Finscope 2015²⁰ reveals that small scale farmers earn ZMW 856 on average. The study also indicates that 55.5 percent of farmers are totally excluded from any form of insurance, both formal (insurance companies) and informal (community funerals, community saving schemes). Thirty four percent are protected through community funeral and saving schemes, 9.9 percent belongs to saving schemes only, and 0.7 percent only are insured. Ninety three percent of farmers stated that lack of knowledge is their main barrier to insurance²¹.

Despite Zambia being a land abundant country, many small holders are land constrained. Fifty eight percent of small holders stated that there is no land unallocated in their villages. This is explained by the fact that settlements are concentrated in areas where infrastructure is available and that a significant share of land is occupied by water, national parks and Game Management Areas.²²

¹⁹ Crop Forecast Survey, 2015

²⁰ Bank of Zambia, 2015, Finscope

²¹ FSD Zambia, Financial Diaries, 2015, unpublished

²² Antony Chapoto & IAPRI Outreach Team, Facts about Zambia Agriculture Sector, Presentation at the Provincial Outreach Workshop, Luapula, December 5, 2014

1.3 The Government in the agriculture sector

The Government's vision is *"an efficient, competitive, sustainable and export led agriculture sector that assures food security and increased income by 2030"* with the goal to *"increase and diversify agriculture production and productivity so as to raise the share of its contribution to 20 percent of GDP"*²³. Allocations to the agricultural sector have been regularly increasing since 2012. From 6 percent in 2012, 9.3 percent of the total government budget was allocated to the agriculture sector in 2015²⁴ bringing Zambia close to the commitment of the Declaration of Maputo to spend 10 percent of government budget allocation to the agriculture sector. In 2015, 56.7 percent of this budget is allocated to the Farmer Input Support Programme (FISP) and to the Food Reserve Agency²⁵, which are the core strategies of the GRZ to achieve its mission.

The Zambia National Agriculture Investment Development Plan 2014-2018 priorities for the growth of the sector includes sustainable use of the natural resource base; agricultural production and productivity improvement, infrastructure and market access; food security and disaster management. It emphasizes the contribution of the private sector, which is seen as key in driving the agenda for Zambia's agricultural development.

The Farmer Input Support Programme (FISP), formerly the Fertilizer Support Program, was introduced in 2002 by the Government to provide subsidized fertilizers and improved maize seeds to small scale farmers. The FISP aims at increasing maize production, improving food security and fighting against rural poverty. The GRZ significantly scaled up the program from 48,000 metric tons in 2002 to 183,000 metric tons in the 2012/2013 farming season and markedly increased the level of subsidies from 50 percent in 2002 to 79 percent on 2013²⁶. The Government announced in September 2015 a significant scale-up of the FISP coverage from 500,000 to 1,000,000 beneficiaries. The Government is also pushing forward the extension of the e-vouchers, enabling the FISP beneficiaries to directly source their farming inputs from agro-dealers²⁷. However the financial sustainability as well as the impact of the FISP on poverty reduction is questioned as it does not reach the poorest farmers. Government expenditure on FISP is benefiting mostly the larger and relatively already well-off households with very little impact on yields and poverty reduction.²⁸

The Food Reserve Agency (FRA) is a body corporate created through the Food Reserve Act, Cap 225 of the Laws of Zambia. The FRA mission is to ensure national food security and facilitate

²³ Republic of Zambia, 2011, Sixth National Development Plan 2011-2015

²⁴ Common Market for Eastern and Southern Africa, Lusaka, Zambia, February 2015, Report of the Sixth joint meeting of ministers of agriculture environment and natural resources, Common Market for Eastern and Southern Africa, Lusaka, Zambia.

²⁵ PMRC, 2015, 2015 budget analysis implications of the national budget on Zambian economy; IAPRI, 2015, 2015 Zambia's agricultural budget analysis

²⁶ IAPRI, How can the Zambian government improve the targeting of the Farmer Input Support Program? Policy brief No. 59

²⁷ Speech for the official opening of 5th session of the 11th of the National Assembly, by his Excellency Mr. Edgar Chagwa Lungu, President of the Republic of Zambia on Friday 18th of September, 2015, Zambia.

²⁸ Burke W.J., Jayne T.S, Sitko N.J. 2012, Can the FISP more effectively achieve food production and poverty reduction goals? ; Mason N., Tembo S., 2014, Do input subsidies reduce poverty among smallholder farm households? Evidence from Zambia

market access for rural small scale farmers by maintaining a sustainable national strategic food reserve. The FRA also plays a role as a macro-economic stabilizer for food grown in the country, such as maize. In 2015, 22.8 percent of the government allocation to agriculture sector is allocated to the Food Reserve Agency²⁹, which represents 2.1 percent of the total government budget. The current 500,000 MT reserve is considered to be considerably more than what Zambia needs to cope with a major crisis³⁰.

1.4 Main Challenges of the Sector

The sector faces many challenges which adversely impact productive capacity and competitiveness. As highlighted in the Sixth National Strategic Plan, the core challenges of the sector include inadequate infrastructure and equipment, livestock diseases, overfishing, lack of access to credit, limited access to electricity and irrigation, poor road network and poor functioning agricultural markets. Investment and policy changes are needed for raising farmers' productive capacity and for improving the farmers' incentives for a sustained agricultural growth.

2. SHI Product Features and Required Adjustments for Extension of Coverage to Small Scale Farmers

This part presents the main features of the SHI product, and suggests to consider some adjustments or additional features which would encourage and facilitate the extension of social protection to small scale farmers.

2.1 Household Based Registration

Enrollment into the SHI scheme will be household based. The rationale of household enrolment is to limit adverse selection and to ensure coverage of all individuals within the household, including children and women who usually are the most vulnerable and the main consumers of health services.

The SHI draft Bill defined the household as “a person or a group of persons, related or unrelated, who live together and share common cooking and eating arrangements.” The number of beneficiaries is limited. “The benefits funded under the Social Health Insurance Fund shall be accessed by a (a) contributing member; (b) spouse; (c) children; and (d) other dependents, not exceeding four in number.” However, the definition is generous – there is no limitation in the number of children covered, be they biological or adopted. The definition shall therefore cover most family situations, including small scale farmers with large families.

²⁹ PRMC, 2014, The 2015 National Budget, Zambia, Infographic.

³⁰ IAPRI, 2014, Will Zambia run out of maize?

2.2 Contribution Rate

Given the quasi-impossibility to assess informal sector household's income on which to apply a fixed percentage, the Ministry of Health envisages to apply a flat rate per household working in the informal sector, including small scale farmers. The strategy is to determine an affordable amount of contribution based on the capacity to pay - and not on the actual costs of providing the SHI benefit package. This recognizes the absence of employer to co-share the contribution to the SHI scheme. This strategy supposes Government subsidies and/or cross-subsidization between formal and informal sector workers. The amount of the contribution is still to be determined. It must be informed by the informal sector's willingness and capacity to pay,³¹ the costing of the benefit package, a fiscal space analysis and an update of the existing SHI actuarial study to integrate the informal sector and the Vulnerable.

It is suggested to stratify contribution rates as per household size, and following the principle of "the larger the family, the lower the contribution per capita". A degressive rate per capita limits the risk of under declaration of individuals within the household. It also recognizes the fact that larger families tend to be poorer. CBHI schemes in Lao PDR and Cambodia applies this system. An illustration is provided in Appendix 3.

2.3 Frequency and Time of Payment

Although monthly salary deductions are to be applied to the formal public and private sector, the frequency of contributions payment in the informal sector is yet to be decided.

To facilitate and maximize compliance with contribution payment, the frequency and period of payment must be aligned to income patterns. Given the multiplicity of employment arrangements and income patterns existing in the various economic sectors, this supposes to adopt an industry-based approach and to design a combination of payment rules and mechanisms.

Timing is critical in seasonal agriculture, and interventions should support farmers to address vulnerabilities, and not put them under more financial pressure. In the case of small scale farmers, annual contributions at the time of production surplus sales seems to be the most appropriate design. Annual contribution presents the additional advantage of limiting administration costs, as compared to monthly contribution collection.

2.4 Incentives to Join

In a context where primary health care is free of charge for the patient, launching and implementing a mandatory and contributory scheme can face strong opposition from the population. However studies carried out in Zambia among the informal population show strong

³¹ This will be informed by the findings of the on-going Zambia Households Health Expenditures and Utilizations Survey, CSO-MoH

willingness to contribute to the scheme³². The core motivations are the expectations that the additional revenue from contributions will be channeled to health facilities to improve the quality of services provided to the patients. Expectations are specific and homogeneous across the country and the economic sectors. Priorities includes drugs availability, reduced waiting time, improved health workers' work ethics and in a lesser extend overall hygiene and cleanliness. Failure to bring significant changes to the health systems performances in the short term is likely to translate into very poor enrolment and poor compliance with contribution payment among informal workers, including small scale farmers. A major driver of enrolment will therefore be quick and visible changes in the provision of health services.

Improvement of the quality of services may not be sufficient though: the phenomenon of free-riders – enjoying improved services but not paying – cannot be excluded. To limit the risk, additional incentives to join must be designed. This could take the form of additional advantages (fast track at the clinic) or provision of additional goods and services to reward loyal members.

2.5 Incentives to Formalization

The existence of a dual contribution rate systems – where contribution from the informal sector will be less costly than those for a formal employee – introduces the risk of encouraging informal employment arrangements. This must be addressed by strengthened labor inspections as well as the provision of additional advantages for formal workers (funeral grant for instance). The formulation of additional advantages must be thoroughly thought through to avoid fostering inequities within the population. This risk is however limited in the case of small scale farmers, where opportunities for formal employment are scarce.

³² MoH, 2013 Informal Sector rapid Assessment; MoH-CSO, 2015, Zambia Household Health Expenditures and Utilizations Survey; Phe Goursat M., 2015 Research on strategies to extend Social Protection to domestic workers in Zambia; Phe Goursat M., 2015, Strategic options to provide Social Protection to the saw mill workers in Zambia.

3. Overview of Strategies to Extend Social Protection to the Small Scale Farmers in Zambia

This part of the report presents strategies to be explored to provide social protection to small scale farmers. The strategies explored focus on developing partnerships that allow group enrolment - such as linkages with out-grower schemes, the Food Reserve Agency, the Zambia National Farmers Unions, cooperatives and clubs as well as weather indexed insurance. It also looks at opportunities that mobile money could offer to provide SHI to households that are not part of any group. The analysis provides insights on opportunities and challenges the SHI scheme is likely to face in implementing these strategies. This analysis does not pretend to be exhaustive and must be informed by complementary in-depth researches.

3.1 Out Grower Schemes

Although contract farming is not a new concept, contract farming or out grower schemes have been developing rapidly in the past years, including in Africa. The Food and Agriculture Organization defines contract farming as “*agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products*” where “*the farmer agrees to provide agreed quantities of a specific agricultural product. These should meet the quality standards of the purchaser and be supplied at the time determined by the purchaser. In turn, the buyer commits to purchase the product.*” In some instances, the buyer also provides embedded services such as technical support, supply of farming inputs or provision of financial facility for the farmers to buy farming inputs, land preparation, transport and logistics etc. Contract farming benefits to the farmers in that it provides access to markets and guarantee to sell at a predetermined price. In most cases, it also facilitates access to the inputs necessary to the production and builds capacity on farming methods. In turn, the advantages of contract farming for the out grower are many: access to land, spreading of the risk of drought, disease and pest, deferred payment (against paying a salary to a worker), guarantee that the farmers will sell to them – allowing them to meet their engagements to the own buyers and to make the most of their manufacturing equipment. Various forms of farming contract exist³³: agreement can be established formally or informally, contracts may be engaged with individuals farmers or through farmers organization, be very specific or remain quite vague, be signed for one farming season only or for a longer term, be inclusive of embedded services or not.

The number of out grower schemes in Zambia is unknown but is said to be increasing rapidly. Out grower schemes in Zambia are predominantly small-scale but a few out grower schemes have reached a significant scale, buying from thousands farmers. COMACO, Tobacco Association of Zambia, the Cotton association of Zambia are amongst the largest Zambian out grower schemes.

³³ A typology has been established by Eaton and Sheperd, Eaton C. and A.W. Shepherd, “*Contract Farming: Partnerships for Growth*” FAO, Rome, 2001.

The table below summarizes the strengths, weaknesses, opportunities and challenges of a partnership between SHI and out-grower schemes.

Strengths	Weaknesses
<p>Out grower schemes are most of the time registered companies, with bank accounts</p> <p>Interest in having healthy and productive farmers to buy from – to meet their own contractual commitment with buyers.</p> <p>Processes and structures in place.</p> <p>Often, existence of a contractual basis between farmers and out-grower, setting the ground for possible deduction of contributions from farmers earnings</p>	<p>Business scale varies, but most are small scale.</p>
Opportunities	Threats
<p>Number of out-grower schemes and therefore farmers that could possibly be covered through a partnership between out-grower schemes and SHI.</p> <p>Existence of a few but large scale out-grower schemes</p>	<p>Risk of side selling from the farmers</p> <p>Administrative cost of dealing with a multitude of small out-grower schemes</p>

Table 2: SWOT analysis of a partnership between the SHI scheme and other grower schemes

The potential to cover a large number of farmers through partnering with large scale out-growers on a cost-effective manner do exist. However the extension of partnership with smaller schemes may entail higher administrative costs and complexity.

3.2 Zambia National Farmers Union

Zambia National Farmers Union (ZNFU) is a national membership based organization representing the agriculture industry countrywide. ZNFU's mission is to *“promoting and safeguarding the interest of members as individual farmers, corporations /companies’ purveyors and other organization involved in the business of agriculture in order to achieve sustainable agriculture, economic and social development”*. ZNFU's focuses on lobbying and advocacy, members’ services provision and support and information dissemination to members. Functions also include to facilitate and create *“institutional linkages by subscribing to any association or*

*body having objects or interests similar to or complimentary to those of the union*³⁴. ZNFU was founded in 1905, which makes it one of the oldest association in Zambia.

Historically representing large scale farmers only, the Union has progressively opened up. Members are now small and large scale farmers as well as agribusinesses. The member are categorized into district farmers' associations, commodity specialized associations, corporate farming businesses, the agribusiness chamber and association members. ZNFU membership size varies upon farming seasons earnings. In good years, ZNFU counts about 600,000 farmers - this number drops down to 300,000 in poor harvest seasons. As of today, half of the members (356,000) are from cotton associations, 150,000 from district farmers association and other from commodities associations. In addition ZNFU counts about 1,000 commercial farmers, 48 corporates (Zambeef, Sugar Company etc.) and 38 agribusiness farmers. The small holder farmers who are ZNFU members are usually participating to out grower schemes. They are not subsistence farmers who are too resources constrained to affiliate to ZNFU.

At the district level, ZNFU is organized in District Farmers Associations, to which small scale farmers directly affiliate. At lower level (usually at camp level) farmers are organized in Information centers – also called farmers groups. ZNFU counts 75 District farmers offices and 2,217 Information centers. Alternatively, farmers affiliate to commodities associations - dairy, tobacco, poultry, crocodile etc. - and become indirectly affiliated to ZNFU through this membership.

ZNFU is offering loan services to 25,000 small scale farmers through the Lima credit scheme. One of the key feature of the Lima credit scheme is the use of smart cards, which captures farmers' details as well as financial information. The FISP e-vouchers has been built on the Lima credit scheme's smart card. A weather indexed crop insurance has recently been added to the credit services.

ZNFU expressed interest in the Social Health Insurance scheme design and considers that ZNFU has the required organizational and technical structures to assist in the collection of SHI contributions. However, ZNFU would like to have evidence that the SHI scheme is operating on a cost effective manner and is improving the quality of services in public facilities before considering a partnership with the SHI scheme.

The table below summarizes the strengths, weaknesses, opportunities and challenges of a partnership between SHI and ZNFU.

³⁴ ZNFU website, www.znfu.zm.org, consulted on the 11th of October,2015 at 8:10

Strengths	Weaknesses
Well established and recognized association (since 1905)	Offices are only in 75 districts
Large membership	Smart cards are used only for Lima credit members
Large districts coverage	Membership drops considerably depending on the farming seasons outcomes.
Structures in place, from national level to grass root level	
Experience with smart cards system	
Members' trust	
No partisan association	
Opportunities	Threats
Number of small and medium scale farmers that could possibly be covered through a partnership between ZNFU and SHI.	Low confidence in the GRZ capacity to administrate the scheme on a cost efficient manner, and to improve the quality of care

Table 3: SWOT analysis of a partnership between the SHI and ZNFU

A partnership with ZNFU would offer an effective avenue to connect to a large number of small scale farmers, using structures and processes already in place to collect ZNFU membership fees. However, ZNFU must be convinced that the administration of the SHI Scheme will be centered on improving financial access to quality health services – therefore providing added-value to its members.

3.3 Food Reserve Agency

The Food Reserve Agency (FRA) is buying maize from about 220,000 small scale farmers in the ten provinces of Zambia. The FRA is operating through a relatively lean organizational structure with offices at central, regional and district level³⁵. During the FRA marketing season, the farmers - organized in cooperatives - bring their crops to one of the 1,200 satellite depots located at the community level. The crops are then transported and stored in FRA district depots. The farmers are usually paid within fourteen days. Timely payment is however challenged by the remoteness

³⁵ Twelve regional offices: one in each province, except in Southern and Eastern provinces, which are divided in two zones; 72 districts office (out of the 106 districts)

and the distance of places FRA is buying from, data collection (manual at the satellite depots) and delays in funds disbursements.

The table below summarizes the strengths, weaknesses, opportunities and challenges of a partnership between SHI and the Food Reserve Agency.

Strengths	Weaknesses
<p>Business scale: FRA is buying from 220,000 small scale farmers each year throughout the country</p> <p>Infrastructure throughout the country, from national to community level (with satellite depots)</p> <p>Information system in place (FRAMIS) with bottom-up data collection</p> <p>Fraud controls in place at the purchase place</p>	<p>Reported late purchase and payment of crops to farmers, leading some farmers to sell to other buyers</p> <p>Targeting of low income small holders is questioned</p>
Opportunities	Threats
<p>Opportunity to cover a large number of farmers</p> <p>FRA is a body corporate, which may facilitate establishment of a partnership with SHI</p> <p>Interest from FRA to further explore opportunities of partnership with the SHI scheme</p>	<p>Risk of side selling from the farmers</p> <p>The number of farmers FRA is buying from is dependent of Government's priorities and subject to political change.</p>

Table 4: SWOT analysis of a partnership between the SHI scheme and the Food Reserve Agency

The Food Reserve Agency is one strategy to be considered to reach out to individual farmers and for whom administrative costs to enroll and collect contributions from is likely to be high. It provides the opportunity to extend SHI coverage to a large number of farming households. The FRA expressed interest in a possible partnership with the future SHI scheme, which is worth to further explore.

3.4 Cooperatives and Clubs

The Ministry of Agriculture and Livestock defines the cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”. There are 33,818 cooperatives registered under various pieces of legislation in Zambia³⁶. The Department of Co-operative of the Ministry of Agriculture and Livestock is responsible for promoting the formation of cooperatives and strengthening their operations. Cooperatives varies by their level of formalization, membership size and services provided to its members.

The table below summarizes the strengths, weaknesses, opportunities and challenges of a partnership between SHI and cooperatives.

Strengths	Weaknesses
<p>Basic organizational structures are in place, they are usually registered, and own bank accounts</p> <p>Close to the farmers/community and therefore strong understanding of existing barriers to accessing health services and of SHI benefits on improving quality of services and health of the farmers</p>	<p>Membership size varies, but usually small scale.</p> <p>Reported irregular activities and services provided, according to funds available and members’ level of commitment. Majority of the cooperatives are only active when the FISP’s distribution of inputs is taking place and/or FRA’s marketing season is open.</p> <p>Sometimes, low trust level from farmers in financial management</p>
Opportunities	Threats
<p>Number of cooperatives and therefore number of farmers that could possibly be covered through a partnership between cooperatives and SHI.</p>	<p>Risk of side selling from the farmers</p> <p>Administrative cost of dealing with a multitude of small cooperatives</p> <p>Lack of resources make farmers mobilization a challenge</p>

Table 5: SWOT analysis of a partnership between the SHI scheme and cooperatives

³⁶ Ministry of agriculture’s website, www.agriculture.gov.zm, consulted on the 11th of October, 2015 at 9:22

In rural areas, farmers are sometimes also organized in clubs - mainly women clubs. Clubs are registered as association. They do not always buy crops from the farmers. They usually provide training on farming methods and facilitate the purchase of fertilizers and pesticides. They constitutes a forum for exchanging on farming experience.

Clubs are generally less formalized than cooperatives: they are often not registered, do not own bank accounts and the contributions of the members are often kept by the treasurer. The table below summarizes the strengths, weaknesses, opportunities and challenges of establishing linkages between the SHI scheme and clubs.

Strengths	Weaknesses
<p>Basic organizational structures are in place</p> <p>Close to the farmers/community and therefore strong understanding of existing barriers to accessing health services and of SHI benefits on improving quality of services and health of the farmers</p>	<p>Small scale.</p> <p>No affiliation to mother body</p> <p>Reported irregular activities, according to funds available and members level of commitment.</p> <p>Often, low trust level from farmers in financial management.</p> <p>Are not always registered and often do not own a bank account</p> <p>Most of them are not buying from the farmers</p>
Opportunities	Threats
<p>Connect to small scale farmers – most of them not connected to the market – through existing community organizations</p>	<p>Contribution collection mechanism, for those not selling their crops to the clubs.</p> <p>Administrative cost of dealing with a multitude of small clubs</p> <p>Lack of resources make farmers mobilization a challenge</p>

Table 6: SWOT analysis of a partnership between the SHI scheme and clubs

Clubs appear to offer a limited interest for providing Social Health Insurance to small scale farmers – due to their weak organizational capacity. Linking with cooperatives seem to hold better promises in term of coverage and cost efficiency, although deeper researches are required to further analyze the potential and the cost-effectiveness of this approach.

3.5 Micro finance institutions offering weather indexed insurance

The micro insurance sector is growing in Zambia. From a hundred lives insured in 2009, there is now over three millions policies holders in Zambia. However the market is essentially driven by imbedded credit-life insurance products and weather index insurance still only covers a limited number of policies. The micro insurance landscape survey 2014 report that 9,110 small scale farmers had subscribed for a weather index crop insurance in 2013 – this represents 0.2% of the total number of micro-insurance policies in Zambia. Weather index insurance are essentially provided by Focus Insurance and Mayfair. Distribution is ensured through partnership with NWK and ZNFU respectively. Premium - between 20 and 30 kwachas per farming season - are automatically deducted from the harvest purchase price. Coverage growth is limited by low awareness on insurance, limited benefits - as the products currently on offer are limited to insuring inputs - and voluntary enrolments. The two insurance companies are still in a learning process, experiencing low coverage and high claim ratio.

The table below presents the strengths, weaknesses, opportunities and challenges of partnering with micro finance institutions to bundle SHI benefits with weather indexed insurance policies.

Strengths	Weaknesses
Existing portfolio	Voluntary enrolment
Experience on distribution.	Low product value and visibility: weather index insurance offers limited benefits
Partnership already in place	Capacity on awareness raising still weak
	Low market penetration
	High claim ratio
Opportunities	Threats
Coverage of a medium size group	Low awareness on weather index insurance
Plan for scaling up coverage	Provision of weather index insurance may stop if claim ratio does not go down with the scaling up
Use of smart card (ZNFU)	Would add transaction costs with insurance companies (as compared to dealing with out growers directly)
	May duplicate efforts, as the SHI would acquire experience dealing with out growers scheme with COMACO

Table 7: SWOT analysis of a partnership between the SHI scheme and micro finance institutions of bundle health and agriculture insurance products

Distribution of weather indexed crop insurance is still in its infant stage and the market penetration remains low. At the moment, contracting micro finance institutions or insurance companies to distribute the SHI product along with agricultural insurance presents very few advantages. The existing weather indexed insurance distribution mechanism (i.e. ZNFU and out-grower schemes with premium deduction on harvest income) can be managed by the SHI scheme directly, similarly to what is being considered with COMACO.

3.6 Mobile Technology

Households that are not part of any group must also be provided access to simple enrolment and contribution payment mechanism. Mobile technology can contribute to addressing physical constraints to contribution payment and has the potential to considerably reduce the cost of servicing low-income clients. Ownership of phones is increasing in Zambia (66.4% of households nationally, 50% in rural areas³⁷) and mobile network operators (MNO) are progressively extending their geographic coverage. Airtel and MTN are the traditional MNOs in Zambia. The national telecommunication company Zamtel is planning to launch mobile money services in the coming months. The new comer in the market is Zoono, which operates on a slightly different mode: in addition to the standard money transfer through mobile phone, Zoono has established a network of kiosks in busy working and residential areas, where agents physically interact with Zoono clients. Zoono is becoming increasingly popular. One of the reason of its success seems to be the presence of agents, who reassure clients who are not confident and comfortable with the usual mobile money services, and/or don't own a phone.

Focus Group Discussions informed that channeling contributions through mobile phone is not the favored option among the interviewed farmers. The reasons invoked were “not owning a phone” or “not knowing how to do”. Most farmers had heard of mobile money and some are used to receive mobile money from their relatives living in town. However and despite low literacy level, the interviewed farmers stated they would like to learn how to use mobile money and are open to consider it as a possible option for payment of contribution.

Rural areas - where most of the small scale farmers live and work - is probably the most difficult market for telecommunications companies to develop mobile money solutions. It is however the areas which are the most in needs, as access to the standard banking system is almost impossible for those living in remote areas, and access to basic services implies long travelling time and high costs. The feasibility and opportunity assessment on Public-private partnership with mobile network operators to engage the informal sector population into Social Health Insurance in Zambia³⁸ shows that developing mobile money solution to collect the SHI contribution from the informal economy is technically feasible and at a reasonable cost. The assessment also shows a strong willingness from mobile network companies to develop a partnership with the future Social Health Insurance scheme. MNOS expressed interests in going beyond the contribution payment via mobile money and partner with SHI to also support registration and awareness campaigns.

³⁷ Central Statistical Office and Ministry of Health, Zambia Demographic and Health Survey, 2013-2014

³⁸ Goursat M, 2014 Public-private partnership with mobile network operators to engage the informal sector population into Social health insurance in Zambia: feasibility and opportunity assessment report, unpublished

The table below summarizes the strengths, weaknesses, opportunities and threats of using Mobile technologies to register and collect SHI contribution from small scale farmers.

Strengths	Weaknesses
Low cost	Network coverage is limited in rural areas
Simple technology required	Zoona kiosks not available in remote areas
Real time payment	
Low risk of frauds	
Opportunities	Threats
Increasing awareness and trust in mobile money	Low literacy level in rural areas
Increasing number of phones and coverage in the country	Knowledge on mobile money is very limited in rural areas
Strong interest from the three Mobile Network Operators active in Zambia	Limited ownership of phones in rural areas

Table 8: SWOT Analysis of developing mobile money solutions or enrolment and SHI contribution collection purpose

The use of mobile money for extension of Social Health Insurance purposes has been tested in a few developing countries. Mali, l'Union Technique de la Mutualité Malienne (UTM), the governing agency for the mutuelles has developed a partnership with Orange-Mali to collect premium payments from informal sector populations through mobile money. Nigeria's National Health Insurance Scheme (NHIS) is partnering with the mobile network provider MTN and with a mobile insurance services aggregator (Salt & Einstein MTS) to launch a new mobile health micro-insurance. In the region, the Kenya National Hospital Insurance Fund (NHIF) is using M-Pesa to collect premium contributions from workers in the informal sector.

Mobile money must be given consideration to facilitate contribution collection - essentially as an additional mechanism to those who may be excluded from any other system.

4. A Case Study on an Outgrower Scheme: Community Market for Conservation

4.1 What COMACO is

4.1.1 Mission and Approach

COMACO is a Zambian enterprise which aims at supporting subsistence farmers of the Luangwa Valley to raise crop productivity, diversify their production mix and access markets. The overall objective is to increase farmers' income, in the view of stopping poaching and land destruction as a complementary source of income. COMACO's model is based on contract farming. COMACO helps to connect these farmers, often in isolated places, to viable markets. Farmers are organized in producer groups and in legally registered cooperatives. They form the foundation of COMACO's supply chain. COMACO purchases the subsistence farmers production sur-plus above the market price, provided the farmers are compliant to pre-set conditions. The products - essentially rice, soya, honey and groundnuts - are then transformed into final products and sold on the local market. In addition, COMACO through the farmers support programme provide one-to-one, in-field information and training to the subsistence farmers on improved ways to promote food security, diversify income and to mitigate against the effects of climate extremes, pest problems, etc. COMACO also uses demonstration farms, field days and radio talk to educate and share experiences among farmers. COMACO farmers' network is made of about 130,000 farmers as of October 2015.

COMACO signs a contract with the farmer in which each farmer commits to comply with a set of farming and nature and wildlife conservation conditions. *"By incentivizing improved farm practices and technologies that keep soils fertile and productive, economic growth for both farmers and COMACO is proving possible without exerting destructive pressures on the land"*³⁹. These conditions are illustrated below.



Figure 4: COMACO's conditions to buy from farmers

³⁹ COMACO website, <http://itswild.org/impact/economic-sustainability/> accessed on 6th of October, 2015 at 15:21

COMACO's key achievements⁴⁰ include the following:

- Over 130,000 small farmers are compliant with conservation practices;
- For compliant farmers, yields of major food crops have doubled using sustainable agricultural practices;
- Women farmers have increased access to markets and personal income for home-based needs. They make for more than half of COMACO supported farmers;
- Over \$1.2 million were returned to farmers through commodity purchases in 2014 by COMACO;
- Household annual income has risen from less than \$100 to \$368;
- Over 1400 poachers have been transformed and have abandoned wildlife poaching as a livelihood.

4.1.2 Production and Distribution Chain

The COMACO distribution chain is organized in a mix of community and COMACO structures. At the lowest level, the farmers are organized in unregistered producer groups. Producer group does not exceed 15 to 20 members and is led by a Lead Farmer.

Each producer group belongs to a cooperative. Cooperatives are set up at the chiefdom level. There is usually one cooperative by chiefdom. The roles of the cooperatives are to store crops, to provide training to farmers on farming and entrepreneurship, to sensitize on environment smart farming methods and wildlife conservation, to link up with traditional community leaders and to ensure farmers are complying with agreed farming methods. COMACO is supporting the establishment of the cooperatives and builds capacity of the cooperative executive committee, in view of making the cooperatives fully autonomous in a few years' time.

Cooperatives are administered by an elected executive committee, which is made of ten members elected for a two to five years long mandate. Cooperatives executive committee members meet at least once a month. Members contribute an annual fee, which amount varies across cooperatives. The fees are administered by the treasurer, who records payments in a book and in most cases transfers the money to the cooperative's bank account.

After the harvest, farmers bring their crops to local depots, from where cooperatives organize transport to the COMACO Community Rural Trading Depot. From there and when a certain volume is reached, the crops are collected, transported and aggregated by COMACO in one of the regional trading centers. Products are manufactured in one of the three It's Wild Business Manufactures to supply supermarkets, essentially in urban areas. COMACO pays the farmers directly, not through the cooperatives, at the time of collection.

⁴⁰ Op. cit.

The graph 4 below illustrates COMACO production and distribution chain and the graph 5 depicts the links between COMACO and community structures.

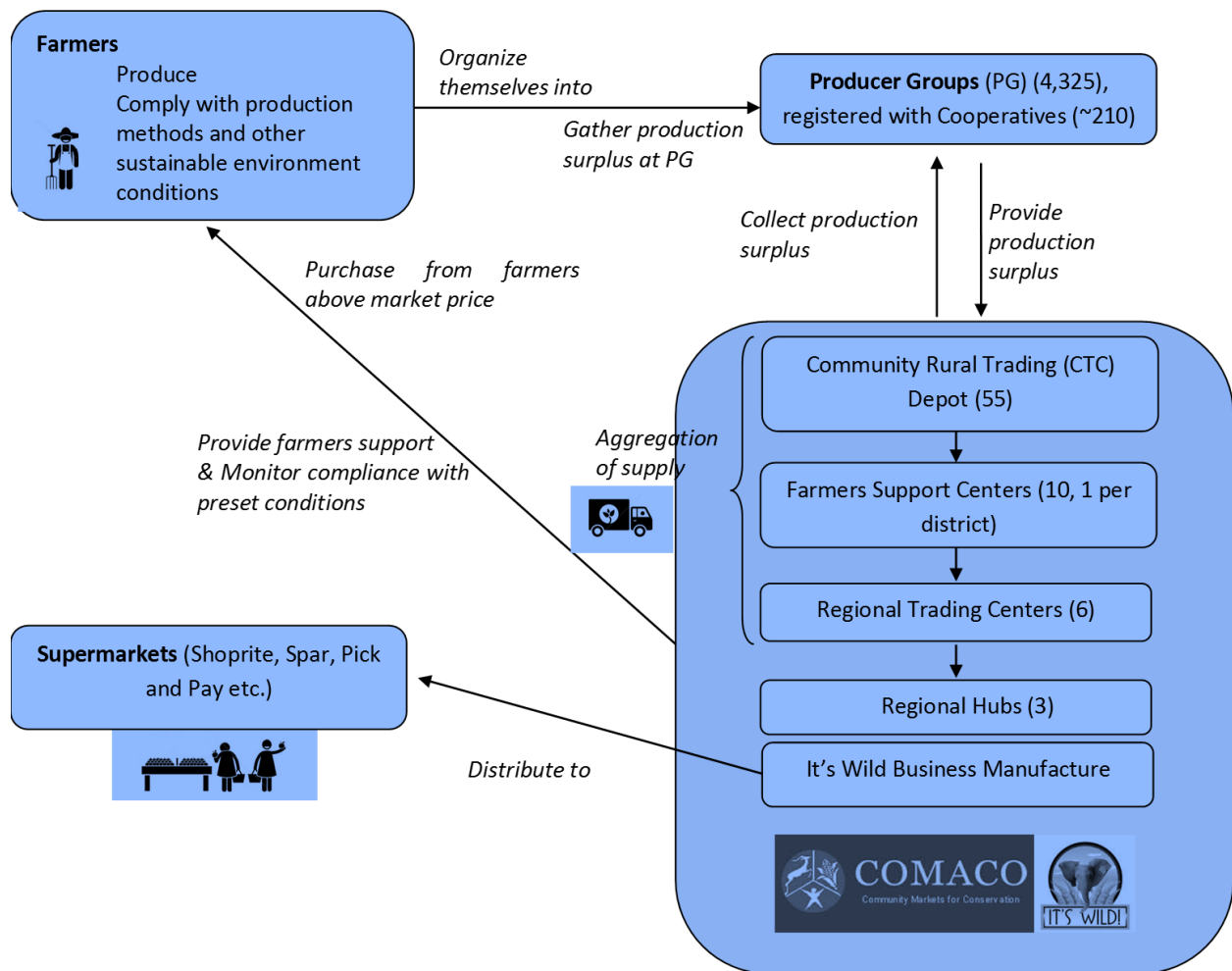


Figure 5: COMACO farmers support and access to market model

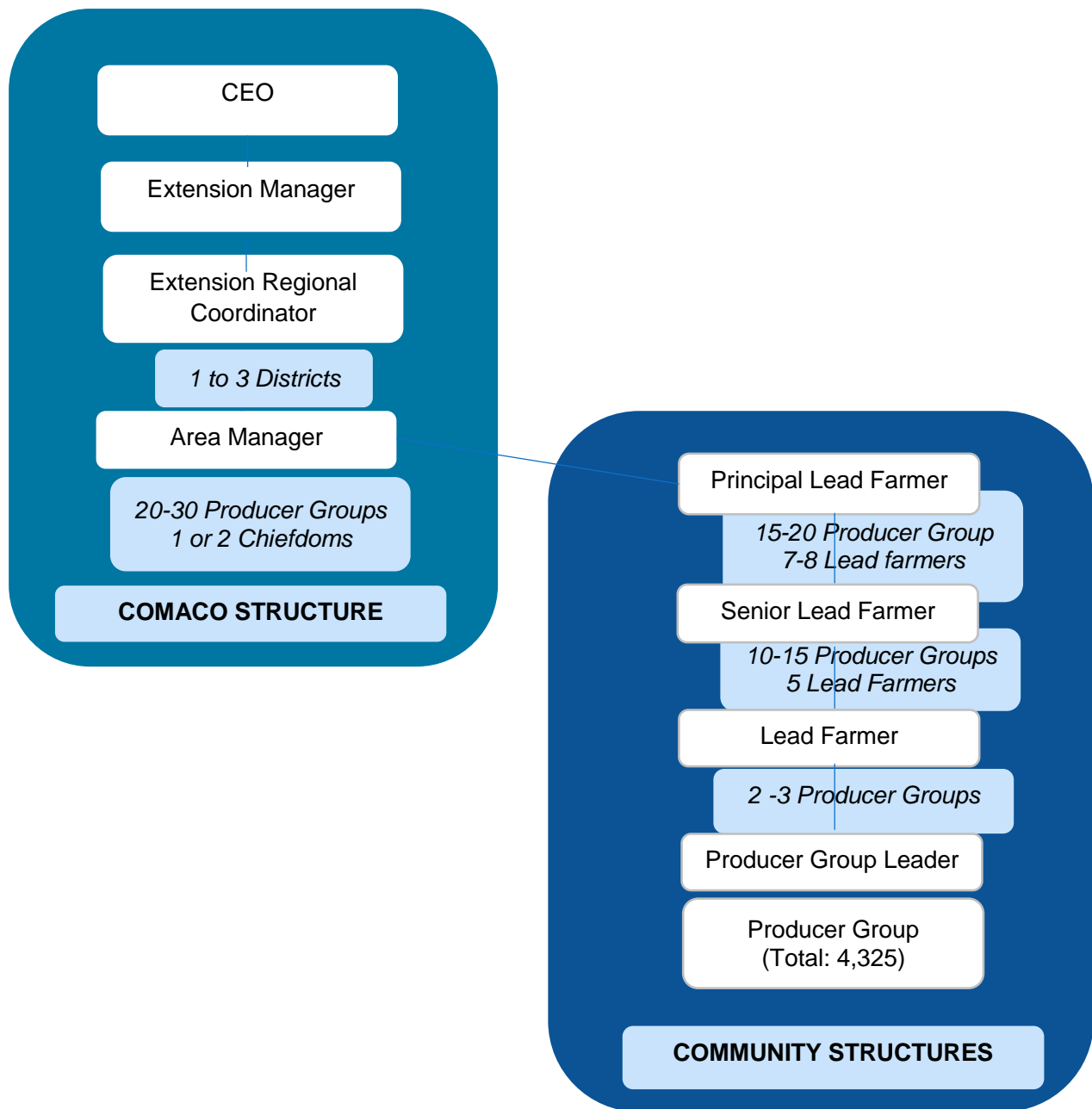


Figure 6: Organizational set-up of COMACO and Community structures

The basis of the community structures are the producer groups, led by a lead farmers. COMACO supported the establishment of additional positions (senior lead farmer and principal lead farmer) to improve the coordination and monitoring of the areas where they operate. On COMACO's side, operations are coordinated and supervised by area managers, answerable to extension regional coordinator and extension manager.

4.2 COMACO supported farmers

Selected socio demographic data

COMACO operates in all nine districts surrounding Luangwa Valley. As of October 2015, COMACO is contracting about 130,000 farmers, which represents 820,000 individuals⁴¹ or 5.3% of the total population in Zambia⁴². Most small scale farmers engage in full time farming. Some are sometimes engaged into multiple economic activities which are predominantly in small scale activities in the informal economy. These activities also tend to have a heavy dependence on family labour and make little use of capital.

Fifty two percent of COMACO supported farmers are female. The average age of interviewed farmers is 43, and ranging from 20 to 76 years old. Most of them have only completed Grade 5. The average family size is 6.2, which is higher than the national average family size in rural areas (5.4⁴³).

Land size cultivated

On average, farmers own 0.83 Hectares. As illustrated in the graph below, 67 percent of farmers cultivate less than 1 ha and a quarter owns between 1 and 2 ha⁴⁴. In other words, 92 percent of COMACO supported farmers own less than 2 ha, which is above the national average (70.3%)

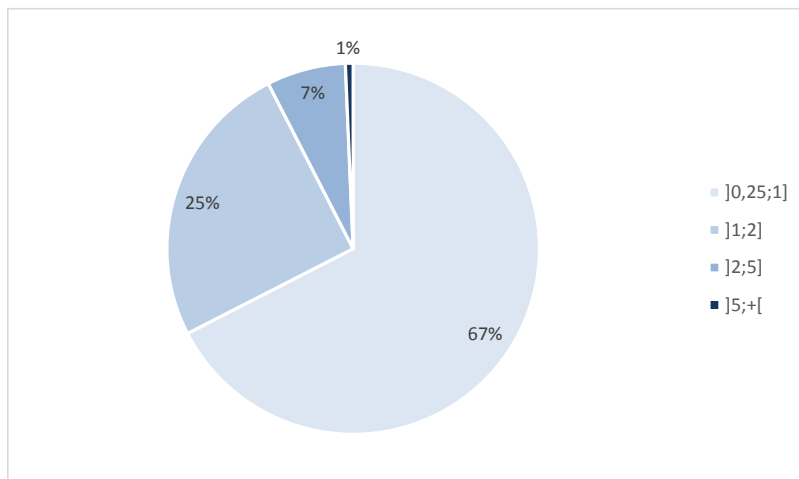


Figure 7: Repartition of cultivated land size among COMACO supported farmers, 2015

⁴¹ Based on the average family size of 6.3 (source: COMACO database)

⁴² Based on the total population size of 15,473,905 (source: Zambia Central Statistical Office, 2013, Population and Demographic projections 2011-2035)

⁴³ Central Statistical Office of Zambia, 2015, Zambia Demographic and Health Survey, 2013-2014

⁴⁴ COMACO post-harvest survey, 2013/2014 farming season, sample: 8.912 households

- Income level and seasonality

On average, COMACO supported farmers earned USD 368 in the 2013/2014 farming season⁴⁵. This average is almost equal to the average earnings in the 2012/2013 farming season (USD 362). The two past farming seasons are acknowledged as particularly poor, due to a combination of droughts and short but intense floods which ravaged the crops. Most farmers had a very small surplus in the 2013/2014 farming season: 39 percent of the farmers earned less than ZMW 100 and 43% earned between 100 and ZMW 500.⁴⁶

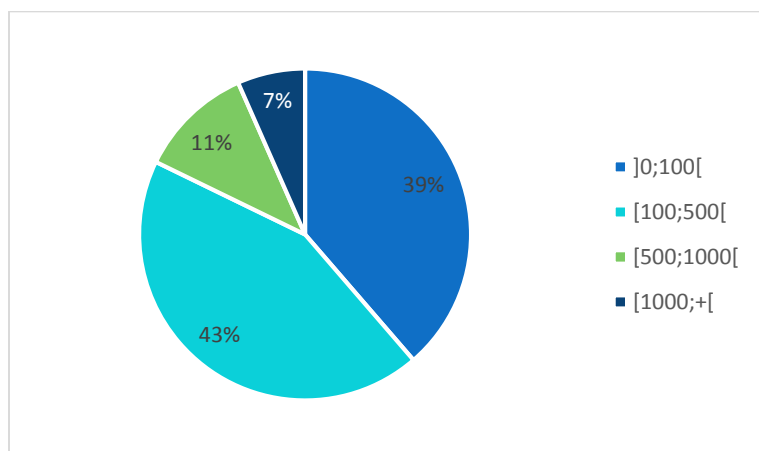


Figure 8: Repartition of COMACO supported farmers' earnings in the 2013/2014 farming season

All farmers cultivate maize, the staple food in Zambia, and most of them cultivate a mix of rice, soya, groundnuts, cassava, vegetables, cotton, and sunflower seeds on a rotating basis. Some also have livestock, mainly poultry and are practicing beekeeping. The period where most farmers get most of their annual earnings goes from June to August. The lean period usually goes from October to March. Unlike most of the small scale farmers in Zambia, COMACO supported farmers do not face high expenditures related to purchase of fertilizers and other agricultural inputs as they are either provided by COMACO (seeds) or self-produced (compost).⁴⁷ The graph below illustrates the seasonality of harvest and incomes. The green color corresponds to income period, while orange and red colors indicate decreasing income and absence of cash respectively.

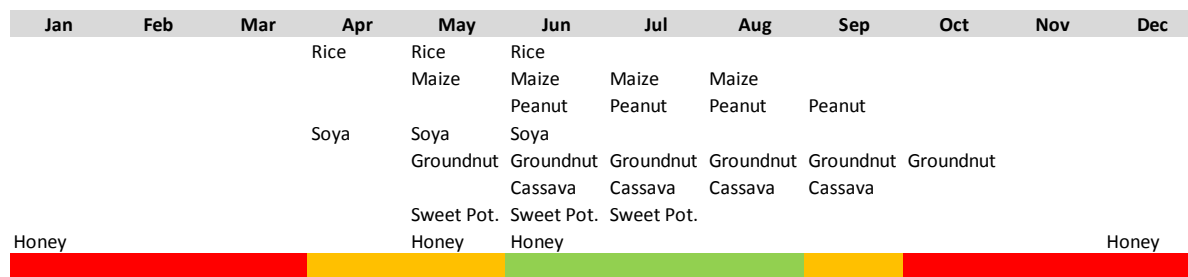


Figure 9: Harvest periods of the main crops cultivated by COMACO supported farmers

⁴⁵ Op.cit

⁴⁶ COMACO post-harvest survey, 2013/2014 farming season, sample: 8,912

⁴⁷ Focus Group Discussions

While the vast majority of farmers are selling their crops to COMACO, it happens that some sell part or totality of their harvest to other out-growers schemes, to “briefcase business man” or to the Food Reserve Agency. The Food Reserve Agency buys at above the market price, and sometimes late in the year – end of September or October. Briefcase business man are known to take advantage of the farmers’ dire needs for cash to buy at a low price. When the farmers’ preference is going to COMACO, they may have to sell to other buyers depending on their financial situation.

4.3 COMACO farmers interests in SHI and willingness to contribute

4.3.1 Obstacles to accessing health services

The core objective of the SHI scheme is to enable access to quality health services on a timely manner and without financial constraints. Most small scale farmers live in rural areas, often far away from a health center. The table below summarizes the challenges farmers reported facing when seeking for medical treatment (left column). These obstacles are illustrated by farmers’ quotes (right column). They are representatives of what has been recorded throughout the twenty focus group discussions.

<p>Interviewed small scale farmers reported the distance to the facility as a main barrier to accessing health care. The cost of transport and/or the absence of transportation means lead most people to delay seeking care or to avoid care.</p>	<p><i>“When you are sick, walking to the clinic is too painful. When the money is finished, you will find yourself just waiting at home, knowing that you will have to go somewhere else to buy the drugs anyway”</i></p> <p><i>“I took my child to the health facility, he was critically ill, however I was referred to higher level of care but I did not have transport money to take my child to the referred hospital.”</i></p> <p><i>“At times we are chased because we have taken the child late at the clinic.”</i></p>
<p>Delaying seeking care or avoiding care is also nourished by the poor perception farmers have of the quality of care they will receive.</p>	
<p>Once at the facility, patients usually queue for long hours before being attended to. Interviewed farmers complained about the absence of triage of patients in a critical condition, leading to deaths at the facility.</p>	<p><i>“You come at 7:00, only to be attended to in the afternoon”</i></p> <p><i>“Nurses don’t care, they don’t look at priorities, You may have someone very sick in the queue, but they drink their tea”</i></p> <p><i>“People just dies in the queue”</i></p>

<p>Health workers attitude is also questioned. Farmers stated feeling hurt by the way health workers are addressing them</p>	<p><i>“You are sick and you also come with your sick children, they tell you “you come as you are a football team” and they only attend to one of you”</i></p> <p><i>“During labor, they slap you, they say you must push harder, they say you are delaying, and then they leave you to deliver on your own. Because of that we prefer to deliver at home”.</i></p>
<p>Drugs are reported to be in short supply. Farmers stated to be given pain killers only and a prescription of other medicines for them <i>“to go and buy”</i>. In rural areas, reaching the nearest pharmacy/drug shop requires using public or private transport, which implies additional cost that most cannot afford.</p>	<p><i>“Usually there is no drugs, they just give you a slip to go and buy”</i></p> <p><i>“Most of the time we don't have the money. If we borrow, it is at a 50% interest rate, we don't do that, we just sit and die”</i></p> <p><i>“The nearest pharmacy is 40 km away. It is very expensive to go there.” “If someone travels there for business, he buys [prescribed drugs] for us, but you would find it is too late by the time he comes back with the drugs”</i></p>

It has been consistently reported that *“people are dying in the queues”*. This finding is consistent with the findings of the Informal Sector rapid assessment⁴⁸ and the Study on strategies to expand Social Protection to domestic workers⁴⁹. Most obstacles to accessing health care are intertwined. The poor perception patients have of the quality of care (long queues, poor work ethics, drugs shortage) linked to financial constraints and geographic challenge to reach the clinic lead sick people to wait up to the point that medical care are absolutely needed before seeking for medical attention. This is often too late, resulting into deaths at health facilities. Further studies are required to determine the extent of the situation, understand the specific causes of deaths and identify solutions.

4.3.2. Interests for SHI and willingness to contribute

The vast majority of interviewed farmers stated that the introduction of the Social Health Insurance will be a *“welcome move”*. They expect their financial contributions to participate in the improvement of the quality of health services, and specifically increase drugs availability and reduce waiting time.

It is commonly agreed that informal workers in developing countries are usually able and willing to contribute about 2.5 to 3 percent of their earnings towards Social Health Insurance. Although there is not yet consensus, the SHI may apply a contribution rate of 5 percent on formal workers’

⁴⁸ Ministry of Health, Government of Zambia, 2013, Informal Sector Rapid assessment, unpublished

⁴⁹ Phe Goursat, M, 2015, Strategies for the expansion of social health protection to domestic workers in Zambia

earnings, equally shared between employer (2.5%) and employee (2.5%). Therefore, in order to assess willingness to pay for SHI among the COMACO supported farmers, a rate of 2.5% was applied on the average earnings of the farming season 2013-2014 (USD 368) and rounded to ZMW 100. Participants were asked individually whether they would be willing and capable of contribute this amount towards Social Health Insurance. Eighty eight percent of the interviewed farmers answered positively and stated they would be willing to contribute this amount as long as the quality of care increases in Government clinics⁵⁰.

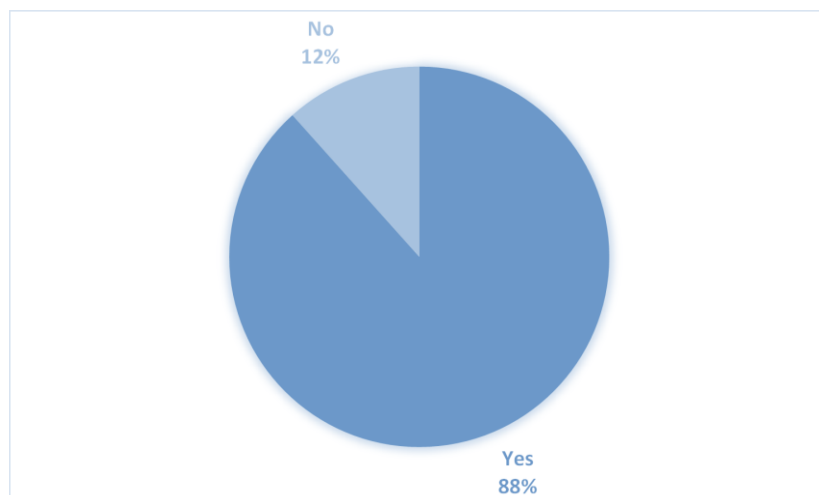


Figure 10: COMACO's supported small scale farmers; willingness to contribute ZMW 100 to the SHI scheme (household coverage, annual contribution)

4.4 COMACO interests to partner with the SHI scheme

COMACO expressed a strong interest towards a partnership with the Social Health Insurance Scheme. COMACO sees the SHI benefits as complementary to their efforts to get farmers out of the poverty trap and to foster productivity, leading to earnings increase.

COMACO is considering partnership at several levels:

- Assistance in the enrolment process, through mobilization of the COMACO team and community structures. COMACO could also make their tablets available to assist in the enrolment process. COMACO staff is skilled in the use of Internet's connected tablets to collect field data.
- Collection of contribution, by automatic deduction from the farmers' harvest earnings, once a year.
- Partial subsidization of the contribution for selected farmers, as a reward for good compliance with the pre-set conditions in their contractual arrangements.

⁵⁰ The interviewed persons (through FGDs and In-Depth-Interviews) were carefully informed on the fact that no decision has been made on the contribution amount and that the study was an exercise to assess their capacity and willingness to contribute towards Social health insurance.

4.5 Preferred registration and contribution collection mechanisms

4.5.1 Registration

The registration process involves the collection of basic personal identity, taking photos and distributing the membership cards. The tasks involved are not complicated but require time and consistency when collecting the data and pictures. A good registration mechanism is a system that is cost-efficient for both the SHI Scheme and the people who want to be enrolled.

	Door to Door	Cooperatives through the community structures	Ad-hoc the Meetings	Village Headman
Proposed mechanisms	An agent (volunteer or paid) goes from door to door to register households	Cooperative collects information from the farmers of the producer groups they are supervising through the community leaders in place	Farmers living in a specified location are called for a meeting in a central place. Data and photo are collected after provision of essential information on SHI benefit package and procedures	Headman calls the farmers at his place, collect data and picture and transfer to the cooperative
Advantages	No cost for the households Direct interaction with each household	Fully rely on existing community structures No cost for the households Direct interaction with each household	Cost effective Provision of information on SHI to a large group at once Reasonable travel cost for the farmers if in a central place	Association of the local leader in the process Reasonable distance to the leader's house in most cases
Inconvenient	Prohibitive cost due to the time required and distance to cover Agent may have to go several time until the person is found at the house	Prohibitive cost if done on a door to door basis	Will not reach those who could not attend the meeting	Risk of work overload, risk of delays and loss of information

Table 9: Advantages and Inconvenient of enrolment mechanisms suggested by the COMACO supported farmers during Focus Group Discussions Zambia, October 2015

Implementation costs must be kept to a minimum level so that the largest share of SHI contributions is allocated to the improvement of quality of health services. At the same time, the procedures in place and the financial cost to be enrolled must not be a deterrent for people to register.

The interviewed farmers suggested four possible mechanisms: Door to door registration; using community and cooperatives structures; organizing ad-hoc village meeting; and registration through the village headman. The table below summarizes each proposed mechanism and advantages and inconvenient for each.

4.5.2 Contribution collection

Most interviewed farmers stated that COMACO should collect the contribution, at the time of harvest payment, through automatic deduction. This is consistent with what is proposed by COMACO's CEO and management team.

This option presents several advantages:

- Low cost: COMACO collects on the behalf of the SHI Scheme and the SHI scheme remunerates COMACO with a percentage of the collected premium to cater for the expenses borne by COMACO
- Large scale: such partnership with COMACO would allow to collect SHI contributions from 130,000 households, i.e. 5.3% of the total population of Zambia
- Trusted mechanism: Farmers are very confident that COMACO will remit their contributions to the SHI scheme.
- Right timing: de facto contributions will be collected at the time farmers have access to their farming earnings, once a year, between June and August.

Other suggestions included collection by the headman or payment at the health centers or at schools. Most farmers were opposed to these suggestions because of the travel time involved or by lack of confidence. When suggested, the option of paying through mobile money was considered a possible solution, even though not the favorite one. Many of the interviewed persons do not own a phone or have limited access to the network due to poor coverage. Some are used to receive money through mobile money solutions (Airtel, MTN or Zoono) but most have not sent money or made payment themselves using these same mechanisms.

4.6 SWOT Analysis

The table below presents the strengths, weaknesses, opportunities and threats of a partnership between the SHI scheme and COMACO related to the enrolment and contributions collection from COMACO supported farmers.

Strengths	Weaknesses
Well established company, with a social mission	COMACO extension is limited by its lack of financial capital
Well organized and operational community structures, with strong connection to local leadership	Cooperatives are not yet fully autonomous, and still require COMACO's support
Strong farmers confidence in COMACO's management	
Existence of a contractual basis with farmers	
Interest in having healthy and productive farmers to buy from – to meet their own contractual commitment with buyers.	
Willingness from both COMACO and the farmers to operate automatic deductions from harvest earnings	
Willingness from COMACO to mobilize its structures and network to participate in the enrolment of farmers with the SHI	
Opportunities	Threats
Large number of contracted small scale farmers, who could possibly be covered through a partnership with SHI	Risk of side selling from the farmers
Possible subsidization of contributions for compliant farmers by COMACO	Financial sustainability of the Farmers support programme

Table 10: SWOT analysis of a partnership between COMACO and the SHI scheme

The essential conditions for a partnership are in place. COMACO – as well as the farmers - expressed a strong willingness to establish linkages with the SHI scheme so that its existing structures enables farmers often living in remote places to benefit from SHI coverage. There is

with COMACO a unique opportunity to provide Social Health Protection to a large number of households engaged into small scale farming, on a cost effective manner.

Replicability of COMACO model to other out-grower schemes

The conditions for replicability to other out grower schemes include the following:

- Willingness from the out-grower scheme to partner with the SHI Scheme to facilitate enrolment and contribution collection;
- Understanding of the positive impact of social health protection on productivity, and therefore a vision that contributing to SHI is not a cost but an investment;
- Trust of the members towards the out-grower, and especially confidence that the contributions will be remitted to the SHI fund;
- Contractual arrangement between the out-growers and the farmers, which limits side-selling, and therefore enable to maximize collection of contributions by the out-grower;
- Scale of the business: partnering with too small out-grower schemes would entails high administrative costs;
- A minimum of formalization: official registration, bank account, regular audits etc.
- Affordable commission fees.

Recommendations

1. Strategies to Provide SHI Coverage to Small Scale Farmers in Zambia

Recommendation#1. Select a few but large scale rural agricultural organizations to partner with in order to deliver social health protection benefits to small scale farmers.

It is suggested to prioritize the development of partnership with agricultural organizations that have reached a significant scale and have mechanisms for service delivery in place. Selected organizations include the following:

- COMACO and two or three other large out grower schemes (see recommendation #2), as pilot partnerships, to be replicated to other schemes in the medium-term if proven successful
- Zambia National Farmers Union
- The Food Reserve Agency

Recommendation #2. Conduct an opportunity assessment on partnership with selected out-growers schemes in Zambia.

Opportunities to develop partnership with out-grower schemes – other than COMACO - must be explored through ad-hoc assessments. The assessments should determine the potential of coverage in terms of membership (number of out-grower schemes and contracted farmers, geographic coverage). It should inform on out grower organizational arrangements, willingness to partnership with SHI and farmers' contributory capacity and should propose operational mechanisms to link the SHI scheme to selected out-grower schemes. It is recommended to focus first on the main out-growers schemes in the country such as the Tobacco Association of Zambia, the Cotton association of Zambia and Zambia Sugar Ltd.

Recommendation #3. Further explore opportunities to partner with FRA and ZNFU

It is recommended to engage further dialogue with the Food Reserve Agency and with the Zambia National Farmers Union to explore possibility of partnership with the SHI scheme with regards to farmers' enrolment, collection of contributions, as well as to determine conditions and procedures to avoid duplication of enrolment. The main strategy should be to bundle Social health insurance to the FRA package and ZNFU membership fees. This dialogue could be initiated through a workshop. The workshop would also serve to inform ZNFU and FRA on the mechanisms proposed to guarantee transparent use of resources, to limit administration expenditures as well as to introduce the proposed measures to bring significant changes towards improvement of the quality of care in health facilities.

Recommendation #4. Consider Mobile money as a complementary contribution collection mechanisms and engage formally with MNOs.

While mobile money cannot and should not be the main way of collection contributions, especially in rural and remote locations, it must be considered as a complementary mechanism for those it

may remain the most convenient and lowest cost solution. It may also be consider to channel money from an aggregator (out grower schemes, cooperatives, FRA etc.) to the SHI scheme. Following the opportunity assessment report “Public-private partnership with mobile network operators to engage the informal sector population into Social health insurance”, it is recommended to engage more formally with Mobile network operators. A first step should be to sign a Non-Disclosure Agreement with each MNO to get relevant data on coverage areas and adapt the coverage strategy accordingly. Once the Bill is passed, negotiations should start on conditions of remunerations and responsibilities. Then the following steps include the signature of an agreement with the MNOs, the development of the mobile interface as well as large scale advertisement and consumer’s education campaigns in partnership with the MNOs. Possible areas of partnership to be funded through Corporate Social Responsibility must be explored.

Recommendation #5. Explore possible incentives to foster compliance.

The vast majority of small scale farmers work in the informal economy. De facto, small scale farmers cannot be covered through automatic enrolment procedures– as the formal sector will be – which will may negatively affect compliance rate. Ways of motivating enrolment– rather than sanctioning contribution avoidance – must be designed specifically to address rural population’s expectations and needs. Improvement of the quality of health care - and specifically long waiting time and unavailability of drugs - is the starting point, and must begin shortly after the launch of the SHI scheme. It may however not be sufficient, especially if primary health care remains free of charge for those not contributing, as they will be enjoying improved quality of care up to the district level, without making financial contribution to the scheme. Mechanisms to be explored include specific benefits for the contributing members at the point of service, such as fast track at the facilities and incentives to increase village coverage – for instance in form of goods or services which would benefit to the entire village as long as a certain coverage rate is reached.

Recommendation #6. Determine the amount of contributions for the informal sector and conduct actuarial analysis to determine the cost of the extension of coverage to the informal sector (poor and non-poor)

The amount of contribution must be informed by the informal sector’s willingness and capacity to pay, but also by the extent of cross-subsidization possible between the formal and informal sector and the fiscal space for Government’s subsidies. The existing SHI actuarial study must be revised to determine the cost of the extension to the informal sector (poor and non-poor).

Recommendation #7. Conduct a feasibility and costing study on the integration of transport vouchers within the SHI benefit package.

Physical access to health services is constrained by long distance to health facilities, limited availability of transportation means and high travel costs. Social Health Insurance will not comprehensively address financial barriers if transportation costs are not integrated in the benefit package. It is therefore suggested to carry-out a study to assess the technical, financial and institutional feasibility of providing transportation vouchers to insured members – or specific categories of members (pregnant women, children under five etc.). The study should also inform on the complementary investments required in the health systems to bring services closer to the population.

Recommendation #8. Develop synergies with the National Pension Scheme and Workers Compensation Fund.

The other Social Security institutions, namely NAPSA and WCFCB are also willing to extend benefits coverage to small scale farmers. On the benefits side, it is recommended to give consideration to a unique package of social security benefits which would be made accessible upon payment of a unique contribution. Provided the amount of contribution remains affordable, the mix of short-term and long-term benefits would make the package more attractive.

On the provision side, the development of a single window approach – where information and services related to social security benefits are delivered at one place – is a cost effective way of bringing social security benefits close to the community. It is recommended to explore this as a complementary strategy for registration and contribution collection.

Recommendation #9. Invest in intensive national awareness campaign

It is recommended to finalize the SHI communication strategy and start developing materials and procedures to raise awareness on the up-coming introduction of the SHI scheme. The national campaign must use a mix of media to maximize chances of reaching the small scale farmers in rural areas. It is recommended to implement education programme targeting specific market segments – here the small scale farmers, rather than investing only on mass awareness through Medias. Messages or talk shows broadcasted through local radios should be an element of the campaign, but it should not be limited to these. It is recommended to build on the trust and leadership of local leaders to spread information of SHI benefits through village meetings, using testimonial marketing. Local leaders should be empowered through specific capacity building (through a training of trainers) and provision of basic communication materials.

2. Recommendations on Operationalization of a Partnership between COMACO and the SHI Scheme as regards to Enrolment and Collection Contribution.

Recommendation #10. Organize SHI members' enrolment through village meetings

It is recommended to consider ad-hoc village meetings, with the support of community and COMACO structures, to enroll COMACO supported farmers into the SHI Scheme. Each cooperative covering about hundred members, meeting could be organized at the cooperative level. It is recommended that the SHI team organizes village meetings with the help of the local leaders and the cooperative executive committees. The role of the local leader and the cooperative executive committee would be to inform on the meeting date, place and object and to guarantee the best attendance possible. COMACO areas managers could assist the SHI team in the collection of data and pictures. The presence of the local leader and cooperative executive committee is also a guarantee that members are properly identified. The details of the local leader who is attesting of the members' identity should also be captured. The meeting will serve as a sensitization event as well, before the actual enrolment process takes place.

Recommendation #11. Use mobile enrolment stations

It is recommended that enrolment is done using mobile enrolment stations, equipped with the necessary hardware to collect basic data, pictures and biometric information of the household's

members. Ideally enrolment stations will be using tablets, connected through the Internet to the SHI IT system. Zambia is experienced in such process. It has been successfully tested as large scale with the Zambia Household Health Expenditures and Utilizations Survey for instance. Comaco is also regularly using tablets for data collection purpose. It is recommended that membership cards be printed on the spot and handed over with a leaflet containing basic information on benefit package and conditions to access health services. Mobile enrolment offices are successfully used by the Government of India for the RSBY programme.⁵¹

Recommendation #12. Collect contribution through COMACO's deduction from crops' earnings

It is recommended that SHI contributions are collected by COMACO through automatic deductions at the time COMACO purchases the farmers' crops. The collection of contribution should be done once a year only and during the peak earnings period, i.e. from June to August. An annual contribution payment will not only meet farmers' financial capacity to contribute but also cut down on administrative costs, as compared to monthly or quarterly payment.

⁵¹ Rashtriya Swasthya Bima Yojana (RSBY) is a health insurance scheme for families living under the Poverty line in India. It is managed by the Ministry of Labour and Employment, Government of India. Implementation is carried-out by contracted insurance companies. AS part of their contractual duties, the insurance companies in charge of enrolling members who are on the official poverty list. Enrolment is done using mobile enrolment offices, where household members' data, photograph taking and printing of the card are done on the spot, upon payment of registration fees by the member.

Conclusion

The formalization of the economy is coming to the fore of international attention with the adoption of ILO Recommendations No. 204 “*Transition from the Informal to the Formal Economy*” in June 2015. Although the Social Health Insurance scheme is to be extended to the informal sector in phase two only, there is already strong commitment from the Ministry of Health to start developing appropriate and cost effective mechanisms to ensure that the largest possible share of the informal workers will not be left behind. Given the large contribution of the agriculture sector – essentially made of small scale farmers – to the economy of the country, important productivity gains are to be made through the provision of social health protection to small scale farmers. Starting with large out grower schemes is an important and promising first step to improve health conditions and productivity in the informal economy. The research also highlights that it is essential to develop a set of mechanisms which will complement each other for reaching a large number of small scale farmers. This implies that coordination tools must be developed to avoid duplication of enrolments. The design of the SHI Information System will play a key role in that area. Last but not least, the SHI scheme will have to address the transportation issue in the short or medium run – through the provision of transport means and transportation vouchers – if the SHI scheme is to effectively reduce financial barriers to accessing health services.

The efforts to expand social health protection must be coordinated within a broader social protection framework, combining supply side measures aiming at reducing risks associated with fluctuations in production and price and with government strategies to develop the agriculture sector, including measures to increase resilience through creation of assets such as improved storage and improved infrastructure. Comprehensive Social Protection framework offering protection, prevention and promotion measures will ultimately contribute to the graduation of low-capacity households from high vulnerability to shocks and high levels of poverty to increased resilience, increased ownership of productive assets and subsequent improved livelihoods.

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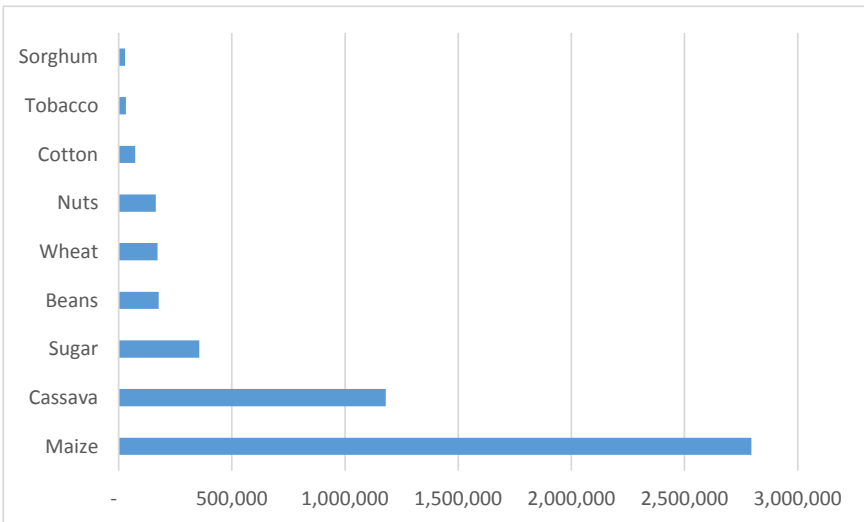
Appendixes

APPENDIX 1. LIST OF KEY INFORMANTS

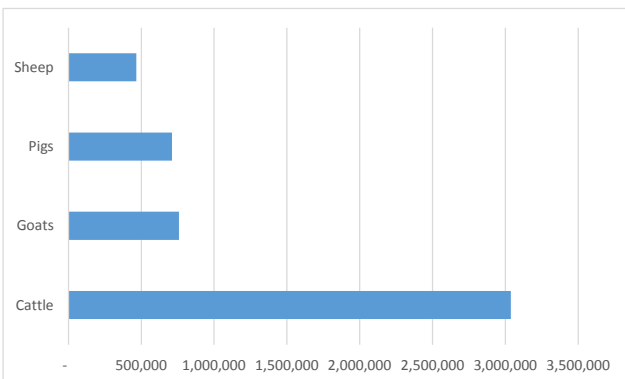
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Mr. Nemiah Tembo	COMACO, Conservation Manager	097 794 6465 ntembo@itswild.org
Mrs. Gertude Nyirenda	COMACO, Monitoring and Evaluation Manager	097 465 2237 gnyirenda@itswild.org
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Mr. Coillard Hamusimbi	ZNFU, Outreach Manager	097 978 7078 hamusimbi@znfu.org.zm
Mr Lemmy Manje	FSD Zambia, Micro insurance Coordinator	096 587 1465 Lemmy_manje@msn.com
Mr Mwansa Chamatete	FRA, Food Reserve and Marketing Manager	097 778 0766 mcchamatete@fra.org.zm
Mr David Contact: Stephanie Angomwile	Stewards Globe, Out grower Manager, Lusaka	095 588 8534, 096 588 8534 sangomwile@stewardsglobe.com, sangomwile@yahoo.co.uk
Mapulanga Clement	Manyika, Outgrower manager, Chongwe	096 871 1511
Mr Sammy Harry Williey	Palabana Fisheries, Outgrower manager, Chongwe	0977822030; sammywilliey@yahoo.com
Aubrey Chibumba Muyeke	Zaft, Out grower Manager, and former NAPSA CEO	096 594 6150 amchibumba@gmail.com

Table 11: List of key informants

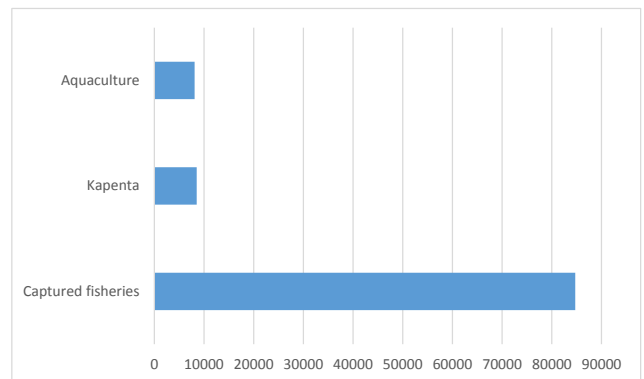
APPENDIX 2. CROP, LIVESTOCK AND FISHERIES PRODUCTION IN 2009 AND 2010 IN ZAMBIA



Crop production in metric tons, 2010, Source: SNDP, 2011-2015



Livestock production, 2009, Source: SNDP, 2011-2015



Fisheries production in metric tons, 2009, Source: SNDP, 2011-2015

Figure 11: Crop, Livestock and Fisheries Production in 2009 and 2010

APPENDIX 3. ILLUSTRATION OF FAMILY SIZE BASED CONTRIBUTION

Family Size -	Contribution per month per household (riels)	Estimated equivalent contribution per month per capita (riels)
1	2,500	2,500
[2;4]	5,500	1,375
[5;7]	7,500	1,071
[8;+]	9,000	1,000

Table 12: Illustration of family size based premium rate applied to SKY CBHI insured members in the district of Takeo, Cambodia in 2011

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