



MRI AGRO

Area of Focus: Prepaid vouchers

How it works: MRI Agro, a large input supply company in Zambia, is currently pilot testing a prepaid voucher system for its primary product line of hybrid maize seed. The system is based on an electronic voucher or card that is provided to farmers after they prepay for the product. Each prepaid card has a unique scratch-off code number that is registered at point of purchase by the input retailer by submitting an SMS together with the farmer's national identification and cell phone numbers. The network then sends an SMS to the farmer validating the product purchased and projected date of delivery. When the seed is available, an SMS is sent to the farmer to notify them of the date and retailer location for pick-up. Upon presentation of their corresponding identification to the retailer, the products are released to the farmer. The platform and network for prepaid vouchers was developed, and is currently maintained, by a private third party IT solutions provider—Zoono (formerly Mobile Transactions Zambia Ltd.). All of the relevant actors (i.e., seed company, farmer, and input retailer) must establish an account with Zoono which enables them to track, administer, and manage their prepaid vouchers via the network. Input supply companies using Zoono are provided with 'real-time' reports on the prepaid products sold.

Technology used: SMS, electronic vouchers, networked database

Implementer/Funder: Implemented by Zoono and distributed by MRI Agro's network of agro-dealers.

Fees: There are no fees for farmers. Zoono transaction fees of approximately 1.5% are covered by MRI Agro.

Primary Markets: Zambia

Users: There are hundreds of registered users who have received vouchers from MRI Agro. Total sales during the pilot phase of the program were approximately USD\$15,000.

Business Model: MRI Agro is using prepaid vouchers as a means to promote and market their products. Farmers purchase the vouchers to ensure access to inputs when they need them and to benefit from discounts. Increased sales and improved efficiency and planning are the primary incentives for MRI Agro's use of prepaid vouchers. MRI Agro is now exploring the use of prepaid vouchers for other seed crops as well, including soybean where supply and demand is more volatile.

Impact: In Zambia, many farmers receive payment for their cash crops in June/July but few think about pre-ordering inputs for the upcoming maize season at that time. Therefore, seed demand is high just before planting (September-October) but availability of seed (especially high-yielding hybrid varieties) is often limited due to inefficient procurement planning and insufficient seed stocks. As an incentive to encourage farmers to prepay for seed and other inputs earlier in the year, MRI Agro offers a 10% discount to customers using prepaid vouchers. While the program's impact has not yet been determined, high farmer participation in the pilot suggests the continuation of the program will show a positive impact. MRI is now able to plan their procurement better and make logistical arrangements accordingly. Prepaid vouchers could also be used by companies engaged in outgrowing to facilitate access to inputs for their contract farmers.

For more information visit: www.mriseed.com/ and www.zoono.co.za/

Sources: Interviews with MRI Agro and Zoono in May 2012

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.