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1. Introduction

In Lebanon, one of the main challenges currently facing farmers, particularly small farmers, is limited access to imported agricultural inputs due to sharp currency devaluation and drastically reduced liquidity. Therefore, one strategy to address the vulnerability of food-insecure farmers is to improve smallholders’ access to these inputs. To this end, this guidance note prepared by the Food and Agriculture Organization of the United Nations (FAO) office in Lebanon sets up voucher schemes to provide poor, vulnerable and food insecure farmers with access to the inputs (e.g. seeds, fertilizers and hand tools) they need to sustain their agricultural livelihoods.

A Voucher Scheme (VS) is a delivery mechanism that provides farmers with access to agricultural inputs and/or services. Beneficiaries are provided with a voucher that they can exchange for inputs at existing suppliers (shops/representative sales’ person) which have agreed to honor the vouchers. The registration of selected suppliers to the scheme is mandatory for the duration of the scheme, which usually lasts several weeks or several months.

Voucher schemes is a response to the current emergency situation in the country to address small-scale farmers’ weak purchasing power to buy quality agricultural inputs and essential items for the production. The schemes support farmers to maintain their production but also enhance their productivity by facilitating access to improved seeds, fertilizers, hand-tools, etc.

The purpose of this guidance note is to provide practitioners in Lebanon with main elements and information in the formulation and implementation of intervention using vouchers. For more information, refer to the FAO publication, used to prepare this guidance, at http://www.fao.org/3/aq418e/aq418e.pdf

2. Definitions:

**Voucher:** is a paper or electronic card that can be exchanged for goods or services.

**Cash voucher:** is a voucher that can be exchanged for various goods or services for the specific monetary value indicated on it.

**Commodity voucher:** is a voucher that can be exchanged for a fixed quantity of preselected commodities or services.

**Voucher scheme:** is a programme that provides people with access to goods (agricultural inputs) and/or services at preselected traders/suppliers or shops registered for the duration of the scheme.

**Conditional voucher programme:** is a voucher programme in which beneficiaries are required to fulfil a condition (such as attending a training) in order to receive vouchers.

3. Needs and market assessments, and selection of inputs

Voucher Schemes can be organized based on identified needs and on the analysis that they are the most appropriate instrument to meet those needs in a timely, efficient and effective manner. As VS interventions have an impact on local markets and economies, the main prerequisite is to assess/confirm that markets are functioning and that any inflationary effect will be minimal.

Accordingly, the quantitative and qualitative needs and gaps of the target population groups should be assessed involving the participation of potential beneficiaries and other key stakeholders capturing their preferences in terms of agricultural inputs, seeds varieties, livestock, assistance modalities, etc.

A market assessment could provide information regarding the capacity and willingness of local vendors to support the proposed voucher intervention, i.e. vendors’ capacity to supply inputs/services
in the required quantity, of the correct specifications, of satisfactory quality at prevailing market prices. This could be based on recent assessments of market accessibility and functionality, including current state and likely effects (if any) of voucher operations on prices, inflation, supply chains, availability of goods, etc. In case there is no available assessments, a rapid market survey should be launched to probe the market in terms of access, availability and quality.

Based on these assessments, the organization will select the agricultural inputs both in terms of quality and quantity, which will be needed during the voucher scheme. This selection should take into consideration

- the request of the affected population;
- suitability of inputs to the local conditions;
- beneficiaries’ familiarity with the inputs;
- price.

### 4. Beneficiaries Selection

Beneficiary targeting depends on the objective of the programme, e.g. if the programme aims to reach a particular group (such as women), raise agricultural productivity, support the poorest and most vulnerable members of a community, etc. Targeting should be carried out according to clear and transparent targeting criteria and should be equitable and fair to prevent potential tensions. It should also involve the local community and/or the local authorities to minimize the risk of elite capture.

The targeting criteria will depend on the purpose of voucher scheme. As the VS is set up to address vulnerability during the current crisis in Lebanon, targeting should ideally include all vulnerable farmers affected by the crisis. This could be difficult to apply as it can apply to a greater number of farmers than can be covered by the available budget. Therefore, the following criteria can be considered/adapted by each Organization for screening/ranking-weighting purposes (screened beneficiaries could be further ranked/weighed and for a more preferential selection):

- be a farmer, with a minimum income share (more than %30) of the household income from farming;
- produce or willing to produce the project targeted crops/livestock (in case the project is supporting or addressing a specific crop/livestock);
- total household income (below USD 1,200 to pass the screening step, and each time is lower gets more weight for ranking);
- income per household member (below USD 240 to pass the screening step, and each time is lower gets more weight for ranking);
- share of food in expenditure (more than %35 to pass the screening step, and each time is higher gets more weight for ranking);  
- land ownership (maximum land size 20 dunums to pass the screening step, and each time is lower gets more weight for ranking; a minimum land of 1.5 dunums);
- private household assets ownership (more weight for less private assets owned);
- farm assets (related to farming including small van for transport, more weight for less farm assets owned);
- private household owned vehicles value (proxy indicator for farmer wealth, should be less than USD 15,000 if more than one car, and less than USD 10,000 if only one car is owned; and each time is lower gets more weight for ranking);
- demographics (female-headed households, individuals who live with elderly, and/or chronically sick people or disabled, young farmers, etc. get more weight for ranking);
- registration of the National Poverty Targeting Programme (get more weight for ranking when they are registered);
- ratio of the dwelling size to the number of household members (number of household members/room, get more weight when the ratio is higher).
5. Identification of potential suppliers

The organization could carry out a market assessment to identify potential suppliers who are willing to participate in the VS and meet the organization’ requirements. This identification of suppliers could be made through several actions, including:

1. Identify potential suppliers based on clear criteria such as – though not exhaustive:
   a. registered at the Ministry of Agriculture (MoA);
   b. be an importer/supplier;
   c. have the financial capacity and are willing to sell inputs on credit for a number of days determined by the organization;
   d. sells the agricultural inputs at discounted prices for the VS;
   e. sells varieties of seeds, fertilizers, tools, livestock, and other agricultural inputs which are commonly selected by the target communities;
   f. have minimum quantities available and have the capacity to restock, and ensure variety of items are available for redemption;
   g. located not far from targeted communities or willing to deliver agricultural inputs to distribution points close to the target communities thought their network;
   h. have good track-record with the organization or with other UN and International organizations;
   i. Others.

2. Visit all identified suppliers. During the visits, the organization should:
   a. appraise the stocks and explain the terms and conditions of input voucher schemes;
   b. collect information on prices of selected and approved inputs from which farmers can choose;
   c. inform about the value of the vouchers;
   d. inform about timeframe during which vouchers can be exchanged;
   e. inform about of the voucher exchange and the payment procedures (In the case of paper vouchers, suppliers should be informed about the deadline by which all redeemed vouchers must be submitted for payment).

3. Physically visit to the existing stock and inputs sampling if possible;

4. Get the willingness of suppliers to participate to the VS, cognizant of the fact that they would be paid later for the inputs exchanged.
6. Quality control of inputs

In order to achieve the objectives of VS, it is critical to ensure that the inputs available to beneficiaries meet certain minimum quality standards.

For seeds: The organization should prepare related specifications. Suppliers are often officially registered at the Ministry of Agriculture (MoA), however seeds are not yet certified by MoA. Registered suppliers should provide for each type of seeds included in the VS a quality certificate from a reputable related organization, phytosanitary certificate and import permit from MoA for the seeds that already meets the specifications.

For fertilizers: The organization should prepare related specifications. Suppliers are often officially registered at the Ministry of Agriculture (MoA), and fertilizers are registered at MoA. VS should support only registered fertilizers at MoA that meet the specifications, and accordingly, suppliers must provide the related registration certificate.

For tools: The organization should prepare related specifications and carry out simple and quick strength tests (i.e. bending tests) to check the most critical functional characteristics of the tools. VS should only work with registered at MoA suppliers.

For Livestock and livestock related products: Vouchers may include feed, veterinary drugs and hygiene kits. The organization should prepare related specifications. The organization shall ensure as well that feed is stored properly at the supplier’s facility and shall put specifications so that feeds are adequately composed to meet animal’s nutrient requirements.

FAO recommends the exclusion of pesticides from the supported agricultural inputs to discourage excessive pesticide use and to safeguard against potential safety and health risks for beneficiaries or farm workers if the pesticides are not applied properly.

7. Maximum prices and monitoring

As mentioned previously, prior to launching a Voucher Scheme it is essential to conduct a market analysis, which would reveal the current prices for the agricultural inputs that will be made available at the VS and prevent suppliers from using the VS to raise their prices.

At the exception of price hikes, which can happen during the long-duration voucher schemes, prices at the voucher schemes should reflect general market prices. If the duration of the VS is not long and payment is made in USD (not LBP), suppliers should not have major fluctuation. In addition, prices generally will be more competitive (i.e. lower) the greater the number of suppliers present at the agricultural input voucher scheme.

The organization could agree with the suppliers, especially if the selected suppliers for VS is limited, to set discounted maximum prices (compared to market prices) for the inputs made available for the VS. If a multitude of suppliers is selected and beneficiaries can choose between them, then suppliers will have to be competitive hence, there would be no need to fix the prices.
8. Designing the vouchers and minimizing the risk of counterfeiting

Based on the objectives of the VS, the budget, the context, the time, etc., the organization then select the appropriate voucher delivery mechanism (paper or electronic).

8.1. Value of the voucher

The organization will have to decide the value of the voucher. The organization should pay attention to two factors when choosing to set the values of the vouchers:

a) when the value of the voucher is too small, the relative costs of administration and printing increase;

b) when the value of the voucher is too big, beneficiaries may encounter problems if they want to redeem quantities of agricultural inputs of small value.

Accordingly, there should be a balance between the flexibility of the transactions and administrative costs. The organization should consider a minimum value that could be redeemed at the suppliers.

The value of the voucher should be denominated with the currency used (LBP or USD) and the text on the voucher should be written in Arabic.

The organization might decide to distribute the vouchers for a set same value for all beneficiaries of the scheme, or on a pro rata basis following for example, the land size, number of cows, etc. in case of pro rata distribution, it is recommended to set a maximum value of total vouchers distributed to beneficiaries in order to prevent that the project budget is consumed by the largest land / livestock / etc. holders and ensure a larger number of beneficiaries is targeted.

8.2. Design of the voucher

Vouchers can be collected in booklets containing various vouchers. Voucher booklets resemble a cheque book, where the first part of the voucher which is given to the farmer and redeemed at the suppliers is separated from the counterfoil or stub by a perforated line. The second part of the voucher counterfoil remains in the book, together with the hard cover. The second part is used by the organization for reconciliation.

Vouchers should be designed to include at least:

a) its value;

b) the logos of the participating partners;

c) a unique serial number (or serial number barcode);

d) a counterfeiting measure (hologram, watermark, void stickers, etc.);

e) the voucher’s redemption period.

The golden rule about vouchers: they should be simple and easy to understand. This means using large fonts, and colour-codes and symbols (where needed) that are familiar to the beneficiaries.
8.3. Measures against voucher counterfeiting

Vouchers in general and paper vouchers in particular must include and presents a number of anti-counterfeiting techniques available to reduce the likelihood of fraud. There are a number of measures to make counterfeiting and duplication of vouchers difficult. The effectiveness and cost of these techniques vary. Depending on the budget and the time available, the organization can select some or all of them:

- Printing vouchers on special paper (textured, coloured, watermarked, etc.) makes photocopying or reprinting difficult;
- Whenever possible, the vouchers should be printed far away from the location where the voucher scheme is implemented. This makes fraud involving anybody from the printing company more difficult;
- Fancy logos, holograms and/or void stickers should be used. The fancier the logo, holograms and void stickers, the more difficult it is to reproduce it;
- The suppliers involved in the VS must know how to recognize the features of the vouchers. This can be done in the preliminary training session;
- Implement a post-distribution monitoring system;
- Link the serial number of a voucher to a beneficiary. Lists are made available for the suppliers to cross-check the voucher number with the name of the beneficiaries who have to show their ID. Suppliers are requested to present a copy of the beneficiary ID when they submit their files for reconciliation and payment.

9. Training beneficiaries and suppliers

All stakeholders of voucher schemes have specific responsibilities related to the intervention. First, all stakeholders must understand the objectives and implementation of the VS. Therefore, beneficiaries and suppliers should be trained, and the organization should design and produce an information package for instructions on available inputs and procedures to follow during the redemption. The information pack should include at least:

- a) leaflet of instructions to be provided to every beneficiary;
- b) poster explaining the redeemable inputs and procedures to follow during the redemption of vouchers to be put in every selected supplier.
The organization should organize trainings on the use of vouchers for all beneficiaries and suppliers prior to the start of the programme. The training should aim to provide information and sensitize the stakeholders regarding where and what they can redeem with the vouchers to beneficiaries and to explain to the suppliers on how to recognize the authenticity of the vouchers, reconciliation and payment process.

More in particular,

Beneficiaries need to know the following at least:

- a) how voucher scheme will work and understand the voucher exchange process;
- b) what inputs will be provided and those that are excluded;
- c) which suppliers will participate;
- d) whether the prices of redeemable inputs are market prices or discounted prices;
- e) expiry date (validity) of the vouchers;
- f) basic rules that govern the intervention.

 Suppliers should be trained/briefed to ensure that they:

- a) are familiar with the inputs that can and cannot be offered at the voucher scheme;
- b) have enough time to accumulate stocks of the inputs in sufficient quantities so as to respond adequately to the needs of the beneficiaries redeeming vouchers;
- c) know the values of the vouchers the organization gives to the beneficiaries;
- d) are aware of the approximate number of beneficiaries involved in each target communities;
- e) know the duration of the VS, when it starts and when it ends and the time validity of the vouchers;
- f) are familiar with the vouchers counterfeiting papers and logos and able to recognize its authenticity;
- g) know the deadline for the submission of redeemed vouchers along with the suppliers’ invoice for the total value of vouchers exchanged;
- h) understand the rules and procedures governing the exchange of vouchers, reconciliation and payment;
- i) provide the needed records/information on the agricultural inputs redeemed by beneficiaries as requested by the organization;
- j) are aware of any quality controls to be undertaken by the organization and its partners, as the suppliers agree that they cannot offer other inputs than those listed in the signed agreement and with the requested quality, and that violation of this rule entails non-payment of their products and blacklisting for future voucher schemes.

Any other stakeholder involved in the intervention should be aware of all the above, besides being trained on how best to conduct its related responsibilities. For example, vouchers distributing partners should be, in addition, provided with a brief introduction of funding sources, the project objectives and trained about distribution procedures and the grievance / feedback mechanism put in place by the organization.
10. Post-distribution monitoring and evaluation

Post voucher distribution monitoring visits must be conducted during all the implementation phases (both for beneficiaries and suppliers) using ideally digital solutions like ODK (Open Data Kit) or KoBo forms to ease collection and analysis of data. The organization will develop the related monitoring plan including sampling, collection and analysis tools.

The monitoring and evaluation processes could address, at least, the following:

**Relevance:** Was the VS perceived as relevant by the beneficiaries to the problem being addressed?

**Selection of beneficiaries:** Did the selection process reach the beneficiaries that were targeted by the design of the VS? Were there a participation of the local communities and/or authorities in developing criteria for targeting and selection? Were there any special targeting of women or youth?

**Voucher delivery:** Did the selected farmers get the right number of vouchers that they should get for the right amount? Were there any obstacles preventing or inhibiting beneficiaries from collecting and redeeming the vouchers?

**Communication:** Is sufficient information given to beneficiaries and other relevant stakeholders? Does the information provided to beneficiaries cover all the key points described above?

**Timeliness:** Have the vouchers been distributed to beneficiaries on time? Have the vouchers been redeemed by beneficiaries on time?

**Quantity and quality of inputs:** Were farmers able to redeem the vouchers for what they were looking for? Were there a mechanism in place for agricultural inputs available at VS quality control? Where the selected inputs responsive to the beneficiaries needs?

**Prices and markets:** Prices should be monitored during the whole period of the voucher scheme. Is there enough staff to monitor prices of the agricultural inputs exchanged through vouchers? Is there a mechanism to ensure that the prices were not raised by the suppliers? Has the VS affected local market prices?

**Reconciliation and Payments:** Were there any issues in the reconciliation process of the vouchers? Did suppliers receive payments on time?

**Impact on suppliers:** Did the suppliers have enough stock to respond to the farmers’ demands? Were they able to re-stock in due time? Did the VS create any problems/conflicts at the level of the suppliers’ relation with other farmers/buyers? Did the VS have any impact on the supply of agricultural inputs to other distributors? Did the VS help in enlarging the suppliers customers base?

**Do no harm and feedback mechanism:** Does the VS have mechanisms in place to ensure that it does not provoke unintended negative externalities? Is feedback actively sought from communities? Is this feedback used to adapt/adjust the VS?

**Impact of VS:** Were there any change in agricultural productivity, access to agricultural inputs, agricultural productivity, yields? adoption of new technologies? Leverage ratio of the vouchers?
11. Feedback / Grievance mechanism

The organization should set up a feedback / grievance mechanism (for beneficiaries and suppliers). The developed mechanism must be well informed to the stakeholders at the beginning of the voucher scheme.

11.1. Collection of feedbacks/complaints

Dedicated Hotline, email address, complaint boxes should be set up to receive feedbacks and comments from communities and suppliers on VS implementation. Complaints boxes must be established in each supplier site to collect feedbacks from all stakeholders.

The organization could collect data as well through interviews, and as part of the post-distribution monitoring exercise:

- At exit of the voucher distribution to assess if due process has been followed, if the selection mechanism was clear and transparent and if trainings were sufficient?
- After a "x" number of weeks or months, at community level, to assess if beneficiaries have already redeemed the vouchers, if yes on what, if there were any problems during the exchange of vouchers, if there was any problem with the selected suppliers, if access was easy, etc.
- Suppliers, to assess if there is any problem with beneficiaries coming to redeem vouchers, any problem with restocking, if prices have changed, if payments are regular, etc.

11.2. Handling of feedbacks / complaints

All collected feedbacks/complaints must be kept confidential. The beneficiaries reserve the right to stay anonymous. However, other information relating to locations or details of the incidents must be collected in order to enable the organization to take any necessary preventive or corrective actions.

All the actions taken to address the collected feedbacks/complaints must be informed directly to the complainant, if they are known otherwise published in the communities.