

# **FINAL REPORT**

## **IMPLEMENTATION**

**OF**

### **AGRICULTURAL INPUTS SUBSIDY PROGRAMME 2007/08**

**Logistics Unit  
April 2008**

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## BACKGROUND

In 2007/2008, for the third consecutive year, the Government of Malawi, through the Ministry of Agriculture announced its intention to embark on a fertiliser subsidy programme. The mechanics of implementing the programme roughly followed the pattern of last year (2006/2007) namely:

- Selected farmers throughout the country received vouchers that could be exchanged for fertiliser and seed when surrendering the voucher plus a cash “top up”
- The Government issued a tender for the purchase of fertiliser to be made available to these farmers at ADMARC and SFFRFM unit markets
- In addition a number of known agriculture inputs retailers with rural outlets were authorised to accept the vouchers together with the cash “top up” in exchange for fertiliser (and/or seed) supplied by these retailers
- The successful tenderers for the supply of Government fertiliser had to deliver their quota to three SFFRFM regional depots.
- From there the fertiliser was ferried by contracted local transporters to the ADMARC/SFFRFM unit markets from whence it was distributed to farmers.
- The provision of seed to the farmers was the responsibility of recognised seed growers (six in number) who undertook to stock rural outlets at which the farmers could obtain the seed when surrendering the voucher plus a cash “top up”.

There were, however, a number of significant differences in the 2007/2008 implementation plan from that used in 2006/2007.

- The intention was to pre select beneficiaries before commencement of distribution of the inputs. This failed due to the late decision on district allocation. However, it was possible to indicate down to village level where the vouchers (issued in November) were to be distributed.
- The farmer’s contribution to the cost of the fertiliser provided was reduced from MK 950 per 50 kg bag (2006/07) to MK 900 per 50 kg bag (2007/2008)
- In order to redeem the seed voucher for a packet of maize seed (2kg hybrid) the farmer had to contribute a maximum of MK 90. This was a departure from 2006/07 when surrender of the seed voucher alone was sufficient for the farmer to access seed. The amount of “top up” varied and was therefore the cause of some confusion (and resentment).

- In an attempt to encourage expansion of private sector involvement in more remote rural area, the Government agreed to pay an incentive bonus in selected EPAs for NPK and urea vouchers surrendered from these EPAs. The amount paid was MK 100 or MK 200 on top of the district value of the voucher depending on the EPA.
- A further development was the introduction of flexi vouchers. These could be surrendered in exchange for a variety of seed types namely cotton, beans, Soya, groundnuts or maize.
- Finally, at the end of the programme (December/January) cotton chemical vouchers were introduced.

## **OUTCOME (EXECUTIVE SUMMARY)**

### ***Fertiliser***

3.276 million fertiliser vouchers (1.44 million NPK, 1.44 million Urea, 0.198 million D Compound, and 0.198 million CAN vouchers) were delivered into the districts in late November for distribution to farmers.

An unspecified number of fertiliser vouchers above the numbers quoted above were issued by the Government later in the programme.

Through the scheme, farmers paid MK 900 for a 50kg bag of fertiliser irrespective of the type of fertiliser or area in which it was purchased.

216,553 MTS of fertiliser were bought by farmers through the 2007 agricultural inputs project

The breakdown by type was NPK (90,872 MTS), Urea (102,103 MTS), D Compound (12,859 MTS) and CAN (10,718 MTS)

ADMARC and SFFRFM were responsible for selling 165,835 MTS of the fertiliser purchased by farmers through the scheme (76%)

The balance of 50,719 MTS (24%) was sold at a total cost of MK 3,434,069,380 through 8 private retailers authorised by Government to deal in vouchers.

ADMARC/SFFRFM voucher recovery expressed in MTS was 153,819 MTS leaving an unaccounted balance of 12,016 MTS----7%.

The known gross cost to Government of making 165,835 MTS of fertiliser available for sale through ADMARC and SFFRFM, exclusive of SFFRFM/ADMARC operational costs, was MK 13,555,878,022

Based on the sale of 165,835 MT, Government should be able to recover MK 2,985,030,000 through the ADMARC/SFFRFM sales to farmers.

### **Seed**

1.93 million maize seed vouchers were delivered into the districts in November for distribution to farmers.

In addition 988,000 flexible vouchers were delivered into the districts in November for distribution to farmers. These could be exchanged for seed covering cotton, beans, soya, groundnuts or maize.

Both types of vouchers carried a value of MK 400 when exchanged for seed.

In many cases farmers had to pay a “top up” for maize seed but this was not consistently applied

Six recognised seed breeders were authorised by Government to trade in vouchers in exchange for seed.

These six organisations through their traditional district selling partners made seed available at these outlets in the following packages;

Hybrid seed	2kgs (Pannar, Monsanto, Seed Co)
OPV seed	4kgs (Pannar, Seed Co, Demeter, Funwe, ASSMAG)

2,121,647 vouchers covering both types of vouchers were subsequently redeemed for maize seed at a cost of MK 848,658,800.

It is calculated that the maize seed made available to farmers through the scheme amounted to 2,944 MTS hybrid and 2,597 MTS OPV.

130,276 vouchers were redeemed for cotton seed through the scheme. The cotton pack was 3kgs.

11,890 flexible vouchers were redeemed for soya. The soya pack was 2kgs

In December/January 200,000 vouchers for cotton chemicals were authorised to be issued through the ADDs. These had a redemption value of MK 250.

The chemical packs on offer were for 25 ml and 200 ml requiring a “top up” by the farmer of MK 50 and MK 200 respectively.

131,850 vouchers in number were subsequently redeemed for cotton chemicals.

## **RECOMMENDATIONS FOR FUTURE PROJECTS**

### ***Fertiliser purchase***

Design of the fertiliser tender should place the responsibility of declaring the delivery schedule with the tenderer.

The amount to be purchased should take a realistic account of the quantities that may be purchased by the farmers through the private retailers.

Award of tender should be made within 14 days of submission to reduce price rise risk.

### ***Beneficiary selection***

District allocations of the quantities of fertiliser to be distributed should be made before mid August.

Beneficiary selection should be completed before the end of September.

### ***Voucher Printing and Distribution***

Printing of vouchers should be strictly limited to the numbers required to service the agreed programme

Better security measures are required--- bar coding should be considered.

Authority to disperse vouchers should be given immediately both beneficiary selection and voucher production for any specific district is complete

### ***Appointment of Transporters***

Transporters should be selected before the end of August

All appointed transporters should carry insurance cover for theft of cargo by employee or other persons.

# IMPLEMENTATION DETAILS

## GOVERNMENT FERTILISER PURCHASES

### Costs

On 25<sup>th</sup> April an advert appeared in the local press advising interested bidders that the bidding documents were available covering 170,000 MTS of fertiliser to be purchased for the forthcoming subsidy programme. Bids were scheduled for return on 24<sup>th</sup> May at which time there was a public opening in the Ministry of Agriculture.

Award letters were finally issued during the first week in August and these were as follows;

<b>INITIAL CONTRACT AWARDS</b>				
	<b>Kanengo SFFRFM</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	2,000.00		2,206,000.00
<i>Simama</i>	4,165.00	4,165.00		4,246,259.15
<i>Malawi Fertiliser Company</i>	3,000.00	2,000.00		2,736,000.00
<i>Export Trading Company</i>	3,300.00			1,784,640.00
<i>Farmers World</i>	4,700.00	2,000.00		3,676,900.00
<i>Nyiombo</i>	4,300.00	4,000.00	2,268.00	5,151,324.00
<i>Mulli Brothers</i>	3,916.35	8,416.35		6,748,735.95
<i>Transglobe Produce Exports</i>	3,500.00	2,500.00		3,412,816.90
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	5,000.00	7,500.00		6,835,000.00
<b>Total Kanengo (Lilongwe)</b>	<b>33,881.35</b>	<b>32,581.35</b>	<b>2,268.00</b>	<b>36,797,676.00</b>
	<b>Luwinga SFFRFM</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	3,000.00		2,790,000.00
<i>Simama</i>	4,170.00	4,170.00		4,461,232.80
<i>Farmers World</i>	2,400.00			1,356,000.00
<i>Nyiombo</i>	1,300.00	2,000.00	782.00	2,038,458.00
<i>Mulli Brothers</i>	6,737.00	2,437.00		5,158,940.00
<b>Total Luwinga (Mzuzu)</b>	<b>16,607.00</b>	<b>11,607</b>	<b>782.00</b>	<b>15,804,630.80</b>
	<b>SFFRFM Chirimba</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	3,000.00		2,689,000.00
<i>Simama</i>	4,165.00	4,165.00		4,168,456.95
<i>Rab Processors</i>	1,300.00	1,300.00		1,441,700.00
<i>Malawi Fertiliser Company</i>	4,000.00	0		2,160,000.00
<i>Export Trading Company</i>	4,656.65	1,300.00		3,172,189.82
<i>Farmers World</i>		3,000.00		1,632,000.00
<i>Nyiombo</i>	2,000.00	3,550.00		2,878,850.00
<i>Optichem</i>	5,000.00	0		2,690,000.00
<i>Mulli Brothers</i>	3,490.00	5,346.65		4,789,241.00
<i>Transglobe Produce Exports</i>	2,800.00	250.00		1,708,661.97
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	5,000.00	7,500.00		6,730,000.00
<b>Total Chirimba (Blantyre)</b>	<b>34,411.65</b>	<b>29,411.65</b>	<b>-</b>	<b>34,060,099.74</b>
<b>Total Tonnage (all depots) MTS</b>	<b>161,550.00</b>	<b>Total cost US\$</b>		<b>86,662,406.54</b>

Later, it was agreed that all of the fertiliser to be supplied by Farmers World, MFC and Agora plus the CAN awarded to Nyiombo for delivery in the Central Region (Kanengo SFFRFM) would in fact be distributed through the retail outlets of the firms in question. Consequently the amount and cost of the fertiliser to be delivered to the three SFFRFM depots was to be as follows.

<b>FINAL CONTRACT AWARDS</b>				
	<b>Kanengo SFFRFM</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	2,000.00		2,206,000.00
<i>Simama</i>	4,165.00	4,165.00		4,246,259.15
<i>Export Trading Company</i>	3,300.00			1,784,640.00
<i>Nyiombo</i>	4,300.00	4,000.00		4,316,700.00
<i>Mulli Brothers</i>	3,916.35	8,416.35		6,748,735.95
<i>Transglobe Produce Exports</i>	3,500.00	2,500.00		3,412,816.90
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	5,000.00	7,500.00		6,835,000.00
<b>Total Kanengo (Lilongwe)</b>	<b>26,181.35</b>	<b>28,581.35</b>	<b>-</b>	<b>29,550,152.00</b>
	<b>Luwinga SFFRFM</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	3,000.00		2,790,000.00
<i>Simama</i>	4,170.00	4,170.00		4,461,232.80
<i>Nyiombo</i>	1,300.00	2,000.00	782.00	2,038,458.00
<i>Mulli Brothers</i>	6,737.00	2,437.00		5,158,940.00
<b>Total Luwinga (Mzuzu)</b>	<b>14,207.00</b>	<b>11,607</b>	<b>782.00</b>	<b>14,448,630.80</b>
	<b>SFFRFM Chirimba</b>			
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	3,000.00		2,689,000.00
<i>Simama</i>	4,165.00	4,165.00		4,168,456.95
<i>Rab Processors</i>	1,300.00	1,300.00		1,441,700.00
<i>Export Trading Company</i>	4,656.65	1,300.00		3,172,189.82
<i>Nyiombo</i>	2,000.00	3,550.00		2,878,850.00
<i>Optichem</i>	5,000.00	0		2,690,000.00
<i>Mulli Brothers</i>	3,490.00	5,346.65		4,789,241.00
<i>Transglobe Produce Exports</i>	2,800.00	250.00		1,708,661.97
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	5,000.00	7,500.00		6,730,000.00
<b>Total Chirimba (Blantyre)</b>	<b>30,411.65</b>	<b>26,411.65</b>	<b>-</b>	<b>30,268,099.74</b>
<b>Total Tonnage (all depots) MTS</b>	<b>138,182.00</b>	<b>Total cost US\$</b>		<b>74,266,882.54</b>

However because of the failure of Simama to deliver on schedule, the Government terminated the vast majority of that company's award and rescheduled it amongst other companies. Consequently the actual tonnages delivered and the amounts paid were as follows:



<b>FINAL CONTRACT DELIVERIES</b>				
<b>Kanengo SFFRFM</b>				
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	2,000.00		2,206,000.00
<i>Simama</i>	1,281.10			673,384.59
<i>Export Trading Company</i>	3,292.95			1,780,827.36
<i>Nyiombo</i>	4,300.00	4,330.00		4,537,800.00
<i>Mulli Brothers</i>	3,916.33	8,416.35		6,748,724.91
<i>Transglobe Produce Exports</i>	4,218.50	2,500.00		3,886,100.65
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	7,165.00	11,335.00		10,440,126.76
<b>Total Kanengo (Lilongwe)</b>	<b>26,173.88</b>	<b>28,581.35</b>	<b>-</b>	<b>30,272,964.27</b>
<b>Luwinga SFFRFM</b>				
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	3,170.00	3,000.00		3,562,200.00
<i>Nyiombo</i>	1,300.00	6,170.00	782.00	4,832,358.00
<i>Mulli Brothers</i>	6,737.00	2,437.00		5,158,940.00
<i>SFFRFM</i>	3,000.00	0		1,825,690.14
<b>Total Luwinga (Mzuzu)</b>	<b>14,207.00</b>	<b>11,607.00</b>	<b>782.00</b>	<b>15,379,188.14</b>
<b>SFFRFM Chirimba</b>				
<b>Supplier</b>	<b>NPK</b>	<b>UREA</b>	<b>CAN</b>	<b>Total cost \$</b>
<i>Sealand</i>	2,000.00	3,000.00		2,689,000.00
<i>Rab Processors</i>	1,300.00	1,300.00		1,441,700.00
<i>Export Trading Company</i>	4,656.65	1,300.00		3,172,189.82
<i>Nyiombo</i>	2,000.00	5,550.00		4,218,850.00
<i>Optichem</i>	5,000.00	0		2,690,000.00
<i>Mulli Brothers</i>	3,490.00	5,346.65		4,789,241.00
<i>Transglobe Produce Exports</i>	2,800.00	250.00		1,708,661.97
<i>Smallholder Farmers Fertiliser Revolving Fund</i>	9,165.00	9,665.00		10,372,036.27
<b>Total Chirimba (Blantyre)</b>	<b>30,411.65</b>	<b>26,411.65</b>	<b>-</b>	<b>31,081,679.06</b>
<b>Total Tonnage (all depots) MTS</b>	<b>138,174.53</b>	<b>Total cost US\$</b>		<b>76,733,831.47</b>

It will be seen from the above figures that the failure of Simama to deliver on schedule resulted in the Government paying almost US\$ 2.5 million above the contract award amounts to obtain the replacement fertiliser.

### ***Fertiliser Delivery Schedules***

Because a number of suppliers had in-house stocks, immediately contracts were awarded in August fertiliser began to arrive at the SFFRFM depots. However, as is noted elsewhere, delays in the award of the transport contracts meant that uplifts to the unit markets could not commence until 8<sup>th</sup> October 2007. By that point, 41,818 MTS of fertiliser, 30% of the contracted deliveries, had already arrived at the SFFRFM depots. This amount, together with the existing carry over stocks of some 32,000 MTS being bought back from the Standard Bank, was causing considerable warehouse congestion,

particularly at Chirimba SFFRFM. Although commencement of uplifts to the unit markets provided some short term relief, the storage at the unit markets was soon saturated as sales were unable to commence because beneficiaries had not been identified. As a result suppliers with stocks in house were asked to suspend delivery to SFFRFM in order to give priority to offloading external transporters, thus avoiding demurrage charges.

When, in mid November 2007, the instruction was finally given to release the vouchers and thus commence selling, 68% (94,021 MTS) of the contracted fertiliser had been delivered to the depots. This together with the carry over stocks gave the Government access to some 127,000 MTS---- 75% of the then planned programme of 170,000 MTS,

At this point, it was clear that Simama was not going to deliver in time to play an effective part in the programme. The options were to leave the supply contracts as they were without replacing the Simama tonnage leaving the private sector to supply the balance or extend existing contracts to cover the missing tonnage. In mid December 2007, the Ministry opted for this alternative and spread the bulk of the 25,000 MTS initially placed with Simama among four other suppliers. Initially the extensions were intimated to be at the same rate as the original contracts but eventually rates for the extension were the subject of increases ranging from 6% for NPK (Kanengo) to 27% for Urea (Chirimba). These increases accounted for the additional cost of \$2.5 million Government had to pay above the original contract award.

## **SELECTION OF BENEFICIARIES**

### ***Programme***

Initially all parties were agreed that pre registration would take place. The method to be adopted was to be that used in previous similar exercises: namely the decision having been taken that the programme would be limited to 170,000 MTS, the Ministry would determine how much each district would receive from this amount. Districts would then be responsible for identifying beneficiaries up to the number provided by the Ministry. These names would be fed back to the Logistics Unit for entry in the farm family database and the preparation of voucher distribution registers. These registers, together with the relevant vouchers, would be forwarded to each district for distribution to the pre-determined beneficiaries. It was considered that this exercise would be contained within the following time frame

- District Allocation finalised by mid June
- Selection of beneficiaries by the district complete by mid August
- Preparation of distribution registers to commence mid July and complete September
- Voucher distribution to commence mid August and complete late October.

In the event, both the method and programme were subjected to considerable change.

The Ministry did make a district allocation covering the 170,000 MTS and issued this to Logistics Unit on June 21<sup>st</sup>. This is produced below

DISTRICT	NUMBER FOR MAIZE FERTILISER AND SEED VOUCHERS	NUMBER FOR TOBACCO FERTILISER VOUCHERS	NUMBER FOR DIRECTED MAIZE SEED VOUCHERS ONLY	NUMBER FOR FLEXIBLE VOUCHERS	NUMBER FOR SEED
Phalombe	39,137	2,500	31,890	-	-
Mulanje	62,203	600	57,863	-	-
Mangochi	69,958	5,400	-	105,024	-
Mwanza	13,755	80	4,673	-	-
Neno	16,462	120	7,448	-	-
Thyolo	68,326	1,100	59,760	-	-
Machinga	62,315	4,100	-	63,137	-
Blantyre	80,906	1,500	-	-	-
Zomba	74,118	8,000	-	95,901	-
Chiradzulu	42,091	1,700	16,199	-	-
Balaka	40,433	900	-	44,681	-
Nsanje	11,181	-	-	45,865	-
Chikwawa	15,808	-	-	80,105	-
Dedza	65,280	3,700	57,994	-	-
Dowa	65,701	20,600	52,208	-	-
Kasungu	80,617	26,480	50,451	-	-
Lilongwe	200,044	39,860	85,170	-	-
Mchinji	73,750	15,560	15,957	-	-
Ntcheu	70,334	3,840	40,021	-	-
Ntchisi	35,001	10,080	9,905	-	-
Salima	35,468	1,020	-	44,237	-
Nkhota kota	25,318	860	-	41,779	-
Chitipa	25,241	9,540	7,852	-	-
Karonga	20,173	-	-	32,132	-
Mzimba	150,000	31,080	5,953	-	-
Rumphi	34,400	11,180	2,126	-	-
Likoma	524	-	1,154	-	-
Nkhata bay	21,460	200	-	31,176	-
<b>Total</b>	<b>1,500,000</b>	<b>200,000</b>	<b>506,624</b>	<b>584,036</b>	

However, it emerged that the Ministry wished to breakdown this district allocation to village level. To achieve this, each district was being asked to prepare a complete list of all farm families by name, village, section and EPA.

During the last week in August, the Ministry did complete district summaries that provided farm family numbers down to village level. Based on this, Logistics Unit, using the above table, developed a pro rata voucher allocation schedule (numbers only) down to the same village level. Logistics Unit then issued letters and registration forms to all

districts with the request that beneficiary identification should commence using the village allocation schedule provided as a guide.

No sooner had this been done than a statement was issued by the Ministry indicating that a fresh verification exercise was underway. As a consequence the requests to the districts to go ahead with beneficiary identification were placed in abeyance.

The programme was now into the month of September and no beneficiary selection had commenced. On 26<sup>th</sup> September a meeting between Logistics Unit and senior Agricultural staff from the Ministry HQ was held. At this it was stated by the Ministry of Agriculture staff that the recent verification process had led to a reduction in the national farm family numbers, previously identified in the June exercise as 3,400,806. It was also claimed that all districts now had lists of farm families in electronic form. Consequently, a new district voucher allocation schedule (numbers only) down to village level could be compiled. It was also suggested by Agriculture that rather than go through the process of asking the districts to identify beneficiaries and return their names to the Logistics Unit for preparation of voucher distribution registers, vouchers should be sent to the districts, accompanied by new village level allocation schedules. The theory was that with the vouchers available and village allocation being known, selection of beneficiaries and distribution of vouchers could be carried out on the spot and the result notified retrospectively to the Ministry and Logistics Unit. By doing this, the ability to link the voucher to the individual by the registration number would be lost but in the interest of saving time it was considered that this had to be sacrificed.

In the event, closer scrutiny revealed that the claim that the districts had electronic versions of the farm family names was incorrect. At the date of the above meeting, only Mzuzu ADD had made such returns. Therefore, without the complete national picture, the Ministry was unable to establish the new total number of farm families and thus provide the new district allocations. The result of this was that not only could the districts not be advised as to how many beneficiaries they could register--- the vouchers could not be printed as the number required for each district remained unknown.

With time slipping away, the Logistics Unit took the electronic information available for Mzimba and worked on the possibility of importing this directly into the existing empty farm family database with a view to producing a complete farm family identification register containing all farm family names. This was formatted in a manner that would permit the districts to simply tick the names of the chosen beneficiaries once the district allocation was known.

Electronic data for other districts slowly became available and was all provided by end of October. This permitted the production of complete farm family national registers for the first time. This was an important step forward and the Ministry of Agriculture should ensure that this is maintained on an annual basis.

Meanwhile on 9<sup>th</sup> October, Ministry of Agriculture finally produced a new district voucher allocation for the fertiliser covering the 170,000 MTS programme. This was developed on a pro rata basis to provide the district voucher allocations for seed and flexible vouchers using the known national number of 2 million maize seed vouchers

and 1 million flexible seed vouchers. The resultant district allocation list is produced below

DISTRICT	NUMBER FOR MAIZE FERTILISER AND SEED VOUCHERS	NUMBER FOR TOBACCO DIRECTED FERTILISER VOUCHERS	NUMBER FOR MAIZE SEED VOUCHERS ONLY	NUMBER FOR FLEXIBLE VOUCHERS
Phalombe	43,173	2,500	6,172	25,836
Mulanje	69,203	500	6,851	47,583
Mangochi	70,849	5,400	24,127	110,312
Mwanza	12,755	80	6,630	2,256
Neno	15,462	120	6,131	4,541
Thyolo	87,290	1,100	6,642	56,139
Machinga	62,315	4,100	19,468	59,074
Blantyre	69,015	1,500	13,125	6,387
Zomba	74,117	8,000	17,568	89,384
Chiradzulu	42,091	1,700	19,691	9,367
Balaka	40,433	900	8,754	39,595
Nsanje	11,181		972	42,556
Chikwawa	15,808		2,724	81,425
Dedza	65,280	3,700	34,355	50,781
Dowa	65,700	20,500	27,330	48,903
Kasungu	78,618	25,740	25,962	39,126
Lilongwe	173,044	39,700	77,448	50,471
Mchinji	63,750	15,580	58,198	652
Ntcheu	68,334	3,840	27,230	30,835
Ntchisi	30,000	10,080	20,609	3,305
Salima	35,465	1,020	3,664	36,504
Nkhota kota	25,318	860	10,650	46,597
Chitipa	23,240	9,540	14,901	3,455
Karonga	20,173	0	3,832	29,859
Mzimba	130,000	30,080	34,573	37,064
Rumphi	25,400	11,180	9,385	8,806
Likoma	524	0	185	1,271
Nkhata bay	21,460	200	2,618	25,916
Unallocated	60,000	2,000	10,000	12,000
<b>Total</b>	<b>1,500,000</b>	<b>200,000</b>	<b>500,000</b>	<b>1,000,000</b>

The printing of vouchers was then put in hand on 10<sup>th</sup> October.

With the Ministry's district fertiliser voucher allocation came a summary from each ADD giving village names and numbers of farm families in each village. From these summaries a voucher allocation schedule (numbers only) down to village level for each ADD was developed replacing the one previously prepared in the last week in August.

The task of printing and issuing the farm family identification registers referred to above was also underway. ADDs were advised of the availability of these and made

arrangements to collect both these and the village voucher allocations schedules advising how many people could be registered in each village.

Collection of such registers proceeded as follows

16 <sup>th</sup> October	Blantyre, Mwanza, Neno, Phalombe.
17 <sup>th</sup> October	Dedza, Salima, Nkhotakota, Thyolo, Ngabu, Chikwawa, Nkhata Bay, Likoma
19 <sup>th</sup> October	Karonga, Chitipa, Rumphi, Mzimba, Balaka
21 <sup>st</sup> October	Ntcheu
22 <sup>nd</sup> October	Mulanje, Chiradzulu
24 <sup>th</sup> October	Mangochi, Machinga, Zomba, Ntchisi, Mchinji, Dowa
3 <sup>rd</sup> November	Kasungu

With the provision of the registers and the village voucher allocations schedules, ADD staff were finally in the position to identify the intended beneficiaries.

Feed backs from some ADDs advised that there were a number of missing villages both in the beneficiary registers and the village allocations schedules. Efforts to accommodate these continued throughout November.

### ***Voucher Production***

Although the original bar chart indicated that there would be a three month period (June-August) for the design and production of vouchers, as stated above, voucher printing did not commence until 10<sup>th</sup> October. The Deputy Minister of Agriculture had approved the coupon design in July and tender documents were available at the end of August. However the subsequent delay was occasioned by the inability to determine what the district voucher allocation was to be.

When printing did get underway on 10<sup>th</sup> October, two printers were commissioned by the Government to produce the vouchers. Montfort Press was to print all the fertiliser vouchers and Design Printers was to turn out the seed vouchers. The time frame for the exercise was two weeks. Problems developed with Montfort resulting in the termination of its contract midway through production. The outstanding portion was given to Design Printers to complete.

However, many vouchers were available inside the two week contract period. Nevertheless, final authority to release to the vouchers was not given until mid November. Once the release was sanctioned, distribution to the DADOs went swiftly. By 29<sup>th</sup> November, the bulk of the vouchers were issued to the DADOs, with only the reprints from the printers being awaited.

## ***Additional Vouchers***

As previously stated the initial programme had been set at 170,000 MTS. The vouchers issued between 16<sup>th</sup> November and 29<sup>th</sup> November represented this 170,000 MTS and records were available indicating exactly how many were intended to be distributed in each village. However, on 10<sup>th</sup> December, the Logistics Unit learned of additional coupons being issued in Kasungu. From then on it was clear that many more fertiliser vouchers were being printed although what was not clear was how many additional were being printed, how they were being distributed and which EPA in each district was benefiting.

The inability to monitor the distribution of these additional coupons resulted in a number of problems arising detrimental to the smooth progress of the programme..

- A scheme had been instituted aimed at encouraging the private sector to venture into areas of Malawi previously lacking in such facilities. This scheme was based on paying an incentive bonus for NPK and urea vouchers surrendered from certain EPAs considered to be in outlying rural areas. However as it proved impossible to list where the additional vouchers had been distributed, the scheme could only be applied to the urea and NPK vouchers issued under the aegis of the initial 170,000 MTS programme. The private sector reluctantly agreed to forego the bonus for the additional vouchers but the inability to pay this may have had a negative effect on the availability of fertiliser in these outlying areas.
- Perhaps of greater significance is the inability to know what the total allocation of fertiliser was in any EPA or who received it. This will certainly have a negative impact on any monitoring and evaluation exercise.
- Finally lack of knowledge about serial numbers etc regarding the additional vouchers contributed to the ease with which fake vouchers could be circulated in the districts. The quantity of such vouchers is difficult to establish but the net effect was to cast doubt on the use of a simple voucher in future exercises.

To summarise on the additional vouchers, from the sales figures it is possible to deduce that some 4.32 million fertiliser voucher were in circulation. 3.4 million were printed in the original authorised print. Substantiation of the source of the additional 0.92 million has proved impossible, but there is evidence, based on payment vouchers, that the vast majority were paid for through Government. A full audit of the Government accounts related to the project would be required to finalise the figures and establish how many were authorised by Government and how many if any were fraudulently produced.

## TRANSPORT OF FERTILISER TO UNIT MARKETS

### *Selection of Transporters*

The appointment of transporters to move fertilizer to the unit markets was the subject of a tendering process through the Ministry of Agriculture's procurement office. The mechanics of doing this proved to be protracted and added to the problems of congestion at the SFFRFM depots. The history of the tendering process is laid out below

At the end of July 2007 the Logistics Unit provided the Ministry of Agriculture with a list of suitable transporters selected from those who had performed in last year's (2006/2007) subsidy programme. The list was accompanied by a bidding document designed to obtain tonne/km prices for fertilizer delivery to ADMARC/SFFRFM markets throughout the country. This was to be forwarded to the Central Office of Procurement requesting permission for single source procurement.

Little action on the above was taken until the end of August 2007 when the procurement section of the Ministry of Agriculture began work on producing a bidding document incorporating standard clauses required in Government procurement procedures.

This document was issued by the procurement section on 07/09/07 with a specified return date of 24/09/07

Evaluation of bids then took place. A list was compiled of transporters with suitable facilities and whose prices fell within an acceptable envelope. Standard national rates were developed and communicated to the listed transporters for acceptance. The rates in question were as follows:

22MK/tonne/km for all districts except Chitipa

25MK/tonne/km for Chitipa district

1800MK/tonne for all districts shunt (less than 30 kms)

All transporters on the list accepted and uplifts commenced on 8<sup>th</sup> October 2007.

### *District deliveries*

The total tonnage moved into SFFRFM and ADMARC unit markets from the three SFFRFM depots was 168,567 MTS The average national cost of this movement was MK 4,232.02/MT (\$29.80/MT). The table below indicates the tonnages delivered per district to the ADMARC and SFFRFM unit markets and the cost/MT of doing so:

District	Tonnage	MK	MK/MT	\$/MT
Phalombe	4,870.65	21,540,892.68	4,422.59	31.15
Mulanje	7,217.70	23,162,055.19	3,209.06	22.60
Mangochi	7,493.90	63,415,077.58	8,462.23	59.59
Mwanza	1,356.50	3,837,422.60	2,828.91	19.92



Neno	1,501.00	4,585,237.15	3,054.79	21.51
Thyolo	8,299.55	20,443,849.75	2,463.25	17.35
Machinga	6,390.00	44,254,778.15	6,925.63	48.77
Zomba	7,591.95	19,959,138.78	2,628.99	18.51
Chiladzulu	4,443.50	9,589,251.00	2,158.04	15.20
Balaka	4,313.85	17,925,591.00	4,155.36	29.26
Nsanje	1,076.25	6,213,221.99	5,773.03	40.66
Chikwawa	2,038.50	7,337,306.30	3,599.37	25.35
Dedza	5,910.95	28,797,753.05	4,871.93	34.31
Dowa	8,770.55	20,909,491.70	2,384.06	16.79
Kasungu	10,673.10	51,907,579.71	4,863.40	34.25
Lilongwe	21,326.90	45,201,460.30	2,119.46	14.93
Mchinji	8,142.30	34,979,163.45	4,295.98	30.25
Ntcheu	7,414.00	55,747,740.40	7,519.25	52.95
Ntchisi	4,330.00	15,154,824.27	3,499.96	24.65
Salima	3,581.00	13,578,275.50	3,791.76	26.70
Nkhota Kota	2,631.00	18,516,153.70	7,037.69	49.56
Chitipa	3,651.00	47,026,593.54	12,880.47	90.71
Karonga	2,716.20	16,691,822.47	6,145.28	43.28
Mzimba	18,539.85	86,278,802.14	4,653.69	32.77
Rumphi	4,259.90	14,310,218.95	3,359.29	23.66
Likoma	52.3	451,788.75	8,638.41	60.83
Nkhata Bay	1,881.65	4,536,982.65	2,411.17	16.98
<b>TOTALS</b>	<b>168,567.30</b>	<b>713,380,832.00</b>	<b>4,232.02</b>	<b>29.80</b>

During the course of moving the fertiliser to the unit markets there were cases of theft by drivers involving some 502 MTS. On the instruction of Government, the cost of this lost cargo was never recovered. It is recommended that in future, the Government ensure all selected transporters carry adequate insurance to make recovery of the cost of such losses a simple and standard procedure.

In addition to the transport movements above, subsequent to the initial delivery into the districts, over and under provision in some unit markets resulted in the need to relocate stocks between markets. This exercise, conducted in December/January, was extremely expensive. 9,264 MTS was the subject of this relocation at a total cost of MK 67,980,973.82, namely MK 7,338.18/MT (\$51.68/MT). The following table provides the district breakdown of such movements

	TONNAGE	MK	MK/MT	\$/MT
Phalombe	45.00	771,234.75	17,138.55	120.69
Mulanje	215.00	1,607,940.50	7,478.79	52.67
Mangochi	1,649.00	12,027,558.50	7,293.85	51.37
Mwanza	332.00	1,179,980.50	3,554.16	25.03
Neno	33.00	118,867.70	3,602.05	25.37
Thyolo	374.50	4,238,567.64	11,317.94	79.70
Machinga	1,147.00	7,188,534.85	6,267.25	44.14
Blantyre	148.55	1,023,971.64	6,893.11	48.54
Zomba	430.00	2,890,952.75	6,723.15	47.35

<b>Chiladzulu</b>	75.00	638,835.75	8,517.81	59.98
<b>Balaka</b>	700.00	3,131,790.94	4,473.99	31.51
<b>Nsanje</b>	559.00	4,980,080.05	8,908.91	62.74
<b>Chikwawa</b>	150.80	976,681.15	6,476.67	45.61
<b>Dowa</b>	226.20	1,631,349.79	7,211.98	50.79
<b>Kasungu</b>	120.00	679,972.50	5,666.44	39.90
<b>Lilongwe</b>	570.00	4,367,076.25	7,661.54	53.95
<b>Mchinji</b>	60.00	826,683.00	13,778.05	97.03
<b>Ntcheu</b>	173.30	2,296,716.92	13,252.84	93.33
<b>Salima</b>	285.00	2,141,155.50	7,512.83	52.91
<b>Nkhota Kota</b>	15.00	249,711.00	16,647.40	117.24
<b>Chitipa</b>	809.00	9,074,827.89	11,217.34	79.00
<b>Karonga</b>	184.80	1,043,525.30	5,646.78	39.77
<b>Mzimba</b>	839.85	4,573,584.55	5,445.72	38.35
<b>Rumphu</b>	122.40	321,374.30	2,625.60	18.49
<b>Totals</b>	<b>9,264.40</b>	<b>67,980,973.72</b>	<b>7,338.18</b>	<b>51.68</b>

At the completion of the uplift exercise, a total of 4,852.14 MTS fertiliser was left in the SFFRFM depots. A table showing the breakdown is given below:

DEPOT	NPK	UREA	CAN	D	TOTAL
<b>CHIRIMBA</b>	0.69	17.67	680.35	189.89	888.60
<b>KANENGO</b>	691.40	16.20	32.50	1366.50	2,106.6
<b>LUWINGA</b>	1,589.70	263.90	1.70	1.65	1,856.95
<b>TOTAL</b>	2,281.79	297.77	714.55	193.41	4,852.14

When fertiliser sales closed, some fertiliser remained unsold in the unit markets. An exercise to retrieve this was mounted and 2,647 MTS were recovered at a cost of MK37,765,405. The table below indicates the amounts delivered to the three SFFRFM depots.

DEPOT	NPK	UREA	CAN	D	TOTAL
<b>CHIRIMBA</b>	52.75	171.55	157.85	221.85	604.00
<b>KANENGO</b>	124.70	154.40	73.65	344.15	696.90
<b>LUWINGA</b>	486.15	699.15	4.15	156.40	1,345.85

At date of going to press one invoice was awaited from Chitipa so the above figures may change.

## SALES OF FERTILISER

The principle established in 2006 whereby both the private sector and SFFRFM/ADMARC would be involved in the supply of fertiliser to farmers in exchange for coupons was further strengthened in 2007.

Retail outlets, together with SFFRFM/ADMARC unit markets, were once again authorised to sell 50 kg bags of all four types of fertiliser to the farmer at a cost of MK 900/bag in exchange for a voucher of the relevant type. The balance of the cost was reimbursed by submitting the vouchers to the Logistics Unit where the validity was checked and a recommendation for payment forwarded to the Ministry of Agriculture. Reimbursement of vouchers differed for each district and for each type of fertiliser. The following table sets out the voucher values:

District	VOUCHER VALUE IN MALAWI KWACHA			D
	NPK	Urea	CAN	
Phalombe	3220	3210	2240	3070
Mulanje	3210	3190	2230	3060
Mangochi	3330	3310	2320	3170
Mwanza	3170	3160	2200	3020
Neno	3190	3180	2220	3040
Thyolo	3170	3160	2200	3020
Machinga	3230	3220	2250	3080
Blantyre	3170	3150	2190	3020
Zomba	3170	3160	2200	3020
Chiradzulu	3170	3160	2200	3020
Balaka	3240	3220	2250	3090
Nsanje	3220	3210	2240	3070
Chikwawa	3180	3160	2200	3030
Dedza	3250	3250	2180	3160
Dowa	3230	3230	2160	3140
Kasungu	3300	3300	2210	3210
Lilongwe	3230	3230	2160	3130
Mchinji	3270	3270	2190	3180
Ntcheu	3300	3300	2210	3200
Ntchisi	3280	3280	2190	3180
Salima	3250	3250	2180	3160
Nkhotakota	3340	3340	2240	3240
Chitipa	3570	3400	2180	3560
Karonga	3490	3320	2130	3480
Mzimba	3420	3250	2080	3410

Rumphi	3390	3220	2050	3370
Nkhata Bay	3480	3310	2120	3470

In addition, in certain extension planning areas (EPAs) within the districts where private sector involvement had been limited in the previous year, it was agreed to pay the retailers an additional sum of either MK 100 or MK 200 per voucher depending based on last year's sales figures for each EPA. Sales started in mid November, immediately dispensing of vouchers by the DADOs to the farmers commenced. By the end of November all districts were trading in vouchers and sales continued until 22nd February.

Based on voucher returns from the retailers, district sales through the retailers were as follows

DISTRICT	NPK MTS	UREA MTS	D MTS	CAN MTS	TOTAL
Phalombe	2.50	97.35	-	-	99.85
Mulanje	152.15	468.65	-	-	620.80
Mangochi	662.00	849.65	66.20	89.25	1,667.10
Mwanza	172.55	211.35	2.35	2.85	389.10
Neno	50.15	49.75	-	-	99.90
Thyolo	870.95	1,717.30	23.35	29.75	2,641.35
Machinga	799.05	839.10	98.25	156.00	1,892.40
Blantyre	502.85	747.30	12.85	31.85	1,294.85
Zomba	773.05	1,021.25	124.70	143.95	2,062.95
Chiladzulu	191.50	392.15	4.55	6.75	594.95
Balaka	392.10	439.70	22.95	44.15	898.90
Nsanje	61.40	71.15	-	-	132.55
Chikwawa	42.15	42.25	-	-	84.40
<b>Regional Total</b>	<b>4,672.40</b>	<b>6,946.95</b>	<b>355.20</b>	<b>504.55</b>	<b>12,479.10</b>
Dedza	952.80	816.65	49.20	164.65	1,983.30
Dowa	1,444.20	1,405.65	452.55	532.00	3,834.40
Kasungu	2,711.00	2,661.00	900.55	692.60	6,965.15
Lilongwe	3,691.15	4,951.20	528.70	662.80	9,833.85
Mchinji	1,654.65	1,484.80	407.05	382.30	3,928.80
Ntcheu	667.95	678.20	65.05	81.50	1,492.70
Ntchisi	585.00	437.65	157.80	156.70	1,337.15
Salima	518.90	393.65	6.60	7.35	926.50
Nkhota Kota	310.70	264.80	15.30	17.45	608.25
<b>Regional Total</b>	<b>12,536.35</b>	<b>13,093.60</b>	<b>2,582.80</b>	<b>2,697.35</b>	<b>30,910.10</b>
Chitipa	221.40	67.25	29.90	5.20	323.75
Karonga	273.60	215.30	-	-	488.90
Mzimba	2,129.15	1,595.95	740.30	472.65	4,938.05
Rumphi	569.90	310.80	232.60	223.75	1,337.05
Nkhata Bay	108.10	129.30	4.05	0.25	241.70
<b>Regional Total</b>	<b>3,302.15</b>	<b>2,318.60</b>	<b>1,006.85</b>	<b>701.85</b>	<b>7,329.45</b>
<b>National Total</b>	<b>20,510.90</b>	<b>22,359.15</b>	<b>3,944.85</b>	<b>3,903.75</b>	<b>50,718.65</b>

The total cost of the voucher sales to Government was MK 3,434,069,380.00. Cost/MT to Government was therefore MK 67,708/MT (\$476.82).

Clearly the bulk of the fertiliser distributed through the fertiliser subsidy scheme went through the ADMARC and SFFRFM unit markets. These numbered xxx and xx respectively. As already advised the source of the fertiliser for these outlets was the Government purchased fertiliser listed previously. 169,669 MTS was uplifted from the depots, 600 MTS went to the Millennium Project, 502 MTS was reported as stolen, leaving 168,567 MTS being shipped into the ADMARC and SFFRFM unit markets from the three SFFRFM depots. There it was traded to the farmers in exchange for the relevant coupon and a payment of MK 900.

Of the 168,567 MTS delivered into the unit markets, stocks remaining at the end of the exercise totalled 2,732 MTS. Consequently it has to be assumed that 165,835 MTS were purchased through the unit markets. Coupon recovery for all types of fertilisers from ADMARC and SFFRFM totalled 3,076,371, representing trading covering 153,819 MTS of fertiliser, leaving an unaccounted shortfall of 12,016 MTS (7%). The district summary of calculated sales is given below:

ITEM	NPK	UREA	D COMPOUND	CAN	TOTAL
DISTRICT	Sales (Delivered - Balances)	Sales (Delivered - Balances)	Sales (Delivered - Balances)	Sales (Delivered - Balances)	Sales (Delivered - Balances)
Phalombe	2,035.00	2,575.65	124.00	136.00	4,870.65
Mulanje	3,619.00	3,542.80	27.50	27.50	7,216.80
Mangochi	3,779.05	3,185.40	187.50	168.85	7,320.80
Mwanza	674.50	678.00	0.20	2.00	1,354.70
Neno	787.00	691.25	4.75	4.45	1,487.45
Thyolo	4,123.40	4,044.80	54.85	67.80	8,290.85
Machinga	3,085.00	2,864.00	172.10	209.85	6,330.95
Blantyre	3,990.65	3,968.10	48.75	40.40	8,047.90
Zomba	3,253.95	3,727.10	279.05	280.30	7,540.40
Chiradzulu	2,005.50	2,295.30	70.20	66.20	4,437.20
Balaka	2,055.55	2,074.20	19.35	45.45	4,194.55
Nsanje	596.15	452.15	-	-	1,048.30
Chikwawa	859.80	1,082.25	-	-	1,942.05
	<b>30,864.55</b>	<b>31,181.00</b>	<b>988.25</b>	<b>1,048.80</b>	<b>64,082.60</b>
Dedza	2,174.00	3,422.40	152.30	129.70	5,878.40
Dowa	3,124.90	3,765.90	1,049.45	758.25	8,698.50
Kasungu	3,742.00	4,799.05	1,289.60	840.05	10,670.70
Lilongwe	8,337.70	10,295.05	1,885.45	782.50	21,300.70
Mchinji	2,627.30	4,060.00	826.00	629.00	8,142.30
Ntcheu	3,402.35	3,672.75	174.45	116.75	7,366.30
Ntchisi	1,319.00	2,004.55	465.95	322.50	4,112.00
Salima	1,562.85	1,785.75	78.45	60.00	3,487.05
Nkhota Kota	1,134.25	1,240.15	17.70	34.85	2,426.95
	<b>27,424.35</b>	<b>35,045.60</b>	<b>5,939.35</b>	<b>3,673.60</b>	<b>72,082.90</b>
Chitipa	1,327.60	1,315.30	371.65	428.00	3,442.55
Karonga	1,281.25	1,385.50	(6.15)	-	2,660.60
Mzimba	7,210.20	8,286.45	1,131.60	1,280.45	17,908.70
Rumphu	1,358.20	1,694.00	490.10	383.70	3,926.00
Nkhata Bay	868.85	810.40	(0.25)	-	1,679.00
Likoma	26.15	26.15	-	-	52.30
	<b>12,072.25</b>	<b>13,517.80</b>	<b>1,986.95</b>	<b>2,092.15</b>	<b>29,669.15</b>
<b>TOTALS</b>	<b>70,361.15</b>	<b>79,744.40</b>	<b>8,914.55</b>	<b>6,814.55</b>	<b>165,834.65</b>

## ***DISTRICT DISTRIBUTION OF FERTILISER***

The table below has been produced by combining the private sector sales with those of ADMARC and SFFRFM to give the total fertiliser made available in each district.

<b>DISTRICT</b>	<b>NPK</b>	<b>UREA</b>	<b>D</b>	<b>CAN</b>	<b>TOTAL</b>
Phalombe	2,037.50	2,673.00	124.00	136.00	4,970.50
Mulanje	3,771.15	4,011.45	27.50	27.50	7,837.60
Mangochi	4,441.05	4,035.05	253.70	258.10	8,987.90
Mwanza	847.05	889.35	2.55	4.85	1,743.80
Neno	837.15	741.00	4.75	4.45	1,587.35
Thyolo	4,994.35	5,762.10	78.20	97.55	10,932.20
Machinga	3,884.05	3,703.10	270.35	365.85	8,223.35
Blantyre	4,493.50	4,715.40	61.60	72.25	9,342.75
Zomba	4,027.00	4,748.35	403.75	424.25	9,603.35
Chiladzulu	2,197.00	2,687.45	74.75	72.95	5,032.15
Balaka	2,447.65	2,513.90	42.30	89.60	5,093.45
Nsanje	657.55	523.30	-	-	1,180.85
Chikwawa	901.95	1,124.50	-	-	2,026.45
<b>Regional Total</b>	<b>35,536.95</b>	<b>38,127.95</b>	<b>1,343.45</b>	<b>1,553.35</b>	<b>76,561.70</b>
Dedza	3,126.80	4,239.05	201.50	294.35	7,861.70
Dowa	4,569.10	5,171.55	1,502.00	1,290.25	12,532.90
Kasungu	6,453.00	7,460.05	2,190.15	1,532.65	17,635.85
Lilongwe	12,028.85	15,246.25	2,414.15	1,445.30	31,134.55
Mchinji	4,281.95	5,544.80	1,233.05	1,011.30	12,071.10
Ntcheu	4,070.30	4,350.95	239.50	198.25	8,859.00
Ntchisi	1,904.00	2,442.20	623.75	479.20	5,449.15
Salima	2,081.75	2,179.40	85.05	67.35	4,413.55
Nkhota Kota	1,444.95	1,504.95	33.00	52.30	3,035.20
<b>Regional Total</b>	<b>39,960.70</b>	<b>48,139.20</b>	<b>8,522.15</b>	<b>6,370.95</b>	<b>102,993.00</b>
Chitipa	1,549.00	1,382.55	401.55	433.20	3,766.30
Karonga	1,554.85	1,600.80	- 6.15	-	3,149.50
Mzimba	9,339.35	9,882.40	1,871.90	1,753.10	22,846.75
Rumphi	1,928.10	2,004.80	722.70	607.45	5,263.05
Nkhata Bay	1,003.10	965.85	3.80	0.25	1,973.00
<b>Regional Total</b>	<b>15,374.40</b>	<b>15,836.40</b>	<b>2,993.80</b>	<b>2,794.00</b>	<b>36,998.60</b>
<b>National Total</b>	<b>90,872.05</b>	<b>102,103.55</b>	<b>12,859.40</b>	<b>10,718.30</b>	<b>216,553.30</b>

## ***DISTRIBUTION OF MAIZE SEED***

Six growers of maize seed took part in the provision of maize seed through the subsidised inputs programme. These were Monsanto, Pannar, Seed Co, ASSMAG, Funwe and Demeter. The last three were suppliers of OPV only, Pannar and Seed Co supplied both hybrid and OPV. Monsanto dealt only in hybrid.

All hybrid maize was in 2kg packs. OPV was traded in 4kg packs.

Maize seed dealer outlets available to the farmers were unrestricted, being at the discretion of the seed supplier. As a result, the three major players in the Malawi maize seed frame used a mixture of the major agro-dealers (Farmers World, RAB etc), general wholesalers (Chipuku), statutory bodied (SFFRFM/ADMARC) and well organised small agro-dealers as distributors. Demeter, having a relationship with Farmers World, dealt exclusively through the Agora and Farmers world network and Funwe used a mixture of small agro-dealers and RAB Processors outlets. ASSSMAG traded 100% through ADMARC

It will be recalled that this year saw the introduction of flexible vouchers that could be exchanged for any of the following seeds: maize, cotton, groundnuts, soya, beans  
The exchange value of all seed related vouchers was set at MK 400. When these were exchanged for OPV maize it involved a straight trade of one voucher, one packet of 4kg OPV seed. However when hybrid was involved in general a “top up” from the farmer was required to obtain the 2kg pack. This varied between sales outlets but was set at a maximum of MK 900.

According to the voucher redemption count of both “maize only” and flexible vouchers, a total of 2,944 tonnes of hybrid and 2,597 tonnes of OPV were distributed through the scheme.

The district breakdown by voucher of the “maize only” voucher is shown in the table below.

<b>SOUTHERN REGION</b>	<b>AVAILABLE VOUCHERS</b>	<b>OPV SUPPLIED</b>	<b>HYBRID SUPPLIED</b>	<b>UNREDEEMED VOUCHERS</b>
Phalombe	49,345	9,101	26,023	14,221
Mulanje	76,054	2,359	51,973	21,722
Mangochi	94,976	21,337	51,303	22,336
Mwanza	19,385	898	10,930	7,557
Neno	21,593	412	11,348	9,833
Thyolo	93,932	4,342	53,030	36,560
Machinga	81,783	22,443	37,426	21,914
Blantyre	82,140	1,542	37,247	43,351
Zomba	91,685	1,257	27,306	63,122
Chiladzulu	61,782	1,067	26,693	34,022
Balaka	49,187	223	30,348	18,616
Nsanje	12,153	1,770	5,972	4,411
Chikwawa	18,532	2,252	11,173	5,107
<b>Southern Region Totals</b>	<b>752,547</b>	<b>69,003</b>	<b>380,772</b>	<b>302,772</b>
<b>Central Region</b>				
Dedza	99,635	44,277	51,982	3,377
Dowa	93,030	44,357	45,268	3,406
Kasungu	104,580	40,518	60,333	3,730
Lilongwe	260,492	115,566	141,468	3,459
Mchinji	121,948	43,065	75,291	3,593
Ntcheu	95,564	27,429	64,658	3,478
Ntchisi	50,609	15,951	31,279	3,380
Salima	39,129	9,563	25,990	3,577
Nkhotakota	35,968	10,257	22,078	3,634
<b>Central Region Total</b>	<b>900,955</b>	<b>350,980</b>	<b>518,344</b>	<b>31,631</b>

<b>Northern Region</b>				
<b>Chitipa</b>	38,141	7,442	30,351	348
<b>Karonga</b>	24,005	5,384	18,049	572
<b>Mzimba</b>	164,573	25,714	138,287	572
<b>Rumphi</b>	34,785	5,564	29,015	206
<b>Nkhatabay</b>	24,078	6,188	17,555	335
<b>Likoma</b>	709	219	435	55
<b>Northern Region Total</b>	<b>286,291</b>	<b>50,511</b>	<b>233,692</b>	<b>2,088</b>
<b>NATIONAL TOTAL</b>	<b>1,939,793</b>	<b>470,494</b>	<b>1,132,808</b>	<b>336,491</b>

Redemption of flexi vouchers when analysed found that farmers used them for either maize or cotton with some interest being shown in soya seed. The soya seed pack was 2kgs and that for cotton was 3kgs. Both the soya and the cotton pack could be obtained in exchange for a flexible seed voucher with no “top up” from the farmer being necessary

The following table provides the district breakdown by voucher of the “flexi” voucher showing the produce supplied

<b>SOUTHERN REGION</b>	<b>AVAILABLE VOUCHERS</b>	<b>OPV SUPPLIED</b>	<b>HYBRID SUPPLIED</b>	<b>COTTON SUPPLIED</b>	<b>SOYA SUPPLIED</b>	<b>UNREDEEMED VOUCHERS</b>
<b>Phalombe</b>	25,836	2,534	10,266	85		12,951
<b>Mulanje</b>	47,583	9,441	17,089	21		21,032
<b>Mangochi</b>	110,312	6,474	38,986	5,842		59,010
<b>Mwanza</b>	2,256	125	553			1,578
<b>Neno</b>	4,541	310	1,514	773		1,944
<b>Thyolo</b>	56,139	1,177	23,137	155		31,670
<b>Machinga</b>	59,074	193	24,990	2,175		31,716
<b>Blantyre</b>	6,387	82	3,391	258		2,656
<b>Zomba</b>	89,384	1,417	16,464	11,699		59,804
<b>Chiladzulu</b>	9,367	53	4,416	407		4,491
<b>Balaka</b>	39,595	92	7,437	14,714		17,352
<b>Nsanje</b>	42,556	678	7,991	10,888		22,999
<b>Chikwawa</b>	81,425	1,443	13,911	50,591		15,480
<b>Southern Region Totals</b>	<b>574,455</b>	<b>24,019</b>	<b>170,145</b>	<b>97,608</b>		<b>282,683</b>
<b>Central Region</b>						
<b>Dedza</b>	50,781	19,080	28,652	1,489	1,530	30
<b>Dowa</b>	48,903	22,907	24,626	720	637	13
<b>Kasungu</b>	39,126	18,456	18,356	0	2,294	20
<b>Lilongwe</b>	50,471	24,071	22,296		3,971	133
<b>Mchinji</b>	652	113	392			147
<b>Ntcheu</b>	30,835	22,518	7,154	1,128		35
<b>Ntchisi</b>	3,305	1735	36	69	1,402	63
<b>Salima</b>	36,504	7,398	9,611	19,258		237
<b>Nkhota Kota</b>	46,597	29,184	9,728	7,662		23
<b>Central region totals</b>	<b>307,174</b>	<b>145,462</b>	<b>120,851</b>	<b>30,326</b>	<b>9,834</b>	<b>701</b>
<b>Northern Region</b>						
<b>Chitipa</b>	3,455	139	2,252			1,064
<b>Karonga</b>	29,859	390	11,717	2,219		15,533
<b>Mzimba</b>	37,064	1,646	15,971		2,056	17,391
<b>Rumphi</b>	8,806	641	3,355			4,810
<b>Nkhata Bay</b>	26,916	5,813	14,652			6,451



<b>Likoma</b>	1,271	771	440			60
<b>Northern Regional Total</b>	<b>107,371</b>	<b>9,400</b>	<b>48,387</b>	<b>2,219</b>	<b>2,056</b>	<b>45,309</b>
<b>National Total</b>	<b>989,000</b>	<b>178,881</b>	<b>339,383</b>	<b>130,153</b>	<b>11,890</b>	<b>328,693</b>

Vouchers for cotton chemicals were made available in late December-early January. It is understood that 200,000 such vouchers with an exchange value of MK 250 were issued. These were issued directly by ADD staff and it has not proved possible to discover how many were issued in which district. However recovery totalled 131,850 vouchers and was as follows:

<b>DISTRICT</b>	<b>NUMBERS REDEEMED</b>
Phalombe	158
Mangochi	4,557
Neno	2,180
Machinga	3,197
	0
Zomba	5,887
Balaka	19,417
Nsanje	7,646
Chikwawa	77,625
	0
Dedza	1,148
Dowa	189
Kasungu	95
Ntcheu	1,363
Ntchisi	527
Salima	3,455
Nkhotkota	1,943
Karonga	2,461

## **COSTS**

Numerous tables could be produced covering the costs incurred in the implementation of the programme but it is trusted that the major cost information is provided in the following:

### ***Programme Costs (MK)***

Seed voucher redemption	641,329,200
Flexible voucher redemption	264,150,000
Cotton chemical voucher redemption	32,962,500
Fertiliser Voucher redemption	3,434,069,380
Government Fertiliser contracts	10,864,686,468
Transport costs to and within unit markets	801,317,975
Recovery costs from unit markets	38,074,647
Known Voucher printing costs*	12,864,807

Known SFFRFM operational costs**	195,918,860
Logistics costs met through Government ***	26,335,948
Rebagging costs (SFFRFM)	1,873,185
<b>Total cost</b>	<b>MK 16,313,582,970</b>

\* These are the printing and transport costs for the vouchers issued through Logistics Unit plus a limited number of additional vouchers printed on behalf of Government direct. However it is known that there were additional vouchers printed the cost of which was never certified by the Logistics Unit and is therefore not included.

\*\* Cheques amounting to MK 195,917,860 were passed to SFFRFM to meet the operational costs. However there was no similar transaction for ADMARC whose operational costs are not known and therefore not included.

\*\*\* From funds made available by DFID, the Ministry of Agriculture financed the Logistics Unit's running costs to the tune of MK26, 335,948. However this was only part of the Logistics Unit costs, including monitoring, the total of which is shown below.

### ***Logistics Unit Costs (MK)***

Logistics Unit HQ	28,455,090
LU SFFRFM depot staffing	3,872,851
Beneficiary registration	3,412,181
Voucher control staff	10,044,480
Monitoring ADMARC/SFFRFM sales	13,303,925
<b>Total cost</b>	<b>59,088,527</b>

The following table provided the cost/MT of supplying and delivering the various fertilisers to the three SFFRFM depots including stocks inherited through the "buy back" scheme. These latter have been priced at a standard cost of \$450/MT.

<b>GOVERNMENT FERTILISER COSTS/DEPOT</b>	<b>TONNES</b>	<b>TOTAL COST MK</b>	<b>AVERAGE COST /MT</b>
<b>Chirimba</b>			
NPK	30,895.14	2,355,474,337	76,240.93
Urea	31,861.82	2,421,105,280.61	75,987.66
D	1,400.09	88,835,710.50	63,450.00
CAN	1,887.05	119,733,322.50	63,450.00

<b>Kanengo</b>			
NPK	28,323.98	2,162,197,343.41	76,338.05
Urea	35,681.35	2,713,235,697.18	76,040.72
D	7,650.00	485,392,500.00	63,450.00
CAN	3,800.00	241,110,000.00	63,450.00
<b>Luwinga</b>			
NPK	14,207.00	1,162,318,740.42	81,813.80
Urea	14,607.00	1,163,315,444.59	79,640.96
D	2,170.45	137,715,052.50	63,450.00
CAN	2,082.00	123,251,060.31	59,198.40

By applying the above MT costs to the total tonnes sold in the ADMARC/SFFRFM depots the cost of providing the fertiliser for ADMARC/SFFRFM sales would be:

### ***ADMARC/SFFRFM SALES***

	<b>NPK</b>	<b>UREA</b>	<b>D</b>	<b>CAN</b>
	<b>Total sales MT</b>	<b>Total sales MT</b>	<b>Total sales MT</b>	<b>Total sales MT</b>
<b>SR Regional Total</b>	30,684.55	31,181.00	988.25	1,048.80
<b>CR Regional Total</b>	27,424.35	35,045.60	5,939.35	3,673.60
<b>NR Regional Total</b>	12,072.25	13,517.80	1,986.95	2,092.15
<b>National Total</b>	70,361.15	79,744.40	8,914.55	6,814.55

### ***ADMARC/SFFRFM FERTILISER COSTS***

	<b>NPK COSTS</b>	<b>UREA COSTS</b>	<b>D COSTS</b>	<b>CAN COSTS</b>
<b>SR Regional Total</b>	2,339,418,628	2,369,371,226	62,704,462	66,546,360
<b>CR Regional Total</b>	2,093,521,401	2,664,892,656	376,851,757	233,089,920
<b>NR Regional Total</b>	987,676,647	1,076,570,569	126,071,977	123,851,932
<b>National Total</b>	<b>5,420,616,677</b>	<b>6,110,834,452</b>	<b>565,628,197</b>	<b>423,488,212</b>

Gross cost of sales of 165,853 MTS fertiliser through ADMARC/SFFRFM markets (exclusive of ADMARC operational costs) would be as follows-

Fertiliser costs	MK 12,520,567,540
Operational cost funds to SFFRFM	MK 195,917,860
Transport from SFFRFM depots to unit markets, including moving CAN between depots and relocating between markets where necessary	MK 801,317,975
Recovering surplus fertiliser from markets	<u>MK 38,074,647</u>

Costs (exclusive of ADMARC operational costs)	MK	13,555,878,022
Average gross cost/MT of sales by ADMARC/SFFRFM (exclusive of ADMARC operational costs)	MK	81,734
Cost/MT paid by farmer to Government	<u>MK</u>	<u>18,000</u>
Net average cost/MT of sales by ADMARC/SFFRFM (Exclusive of ADMARC operational costs)	MK	63,734