

FINAL REPORT

IMPLEMENTATION

OF

AGRICULTURAL INPUTS SUBSIDY PROGRAMME 2008/09

**Logistics Unit
April 2009**

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BACKGROUND

In 2008/2009, for the fourth consecutive year, the Government of Malawi, through the Ministry of Agriculture announced its intention to embark on an agricultural inputs subsidy programme. The mechanics of implementing the programme roughly followed the pattern of last year (2007/2008). However there were some significant changes. Both methodology and changes are listed below.

- Selected farmers throughout the country received fertiliser vouchers that could be exchanged for fertiliser when surrendering the voucher plus a cash “top up” of MK 800.00
- Selected farmers also received a seed voucher that could be exchanged for a seed package. This year , unlike last year, no cash “top up” was required to redeem the voucher.
- As happened last year, flexi vouchers were also distributed to selected farmers. These could be surrendered in exchange for a variety of seed types namely cotton, beans, pigeon peas, groundnuts or maize.
- The Government issued a tender for the purchase of 170,000 MTS fertiliser to be made available to the selected farmers at ADMARC and SFFRFM unit markets.
- 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 in exchange for a voucher plus MK 800.
- The provision of seed to the farmers was the responsibility of recognised seed growers (eight in number) who undertook to stock both ADMARC/SFFRFM unit markets and rural agri- dealer outlets where the farmers could obtain the seed when surrendering the voucher.
- Once again towards the end of the programme (December/January) cotton chemical vouchers were introduced.

There were some significant changes in the programme approach from last year

- Unlike previous years, the Ministry of Agriculture HQ together with the District Agricultural Development Officers (DADOs) took responsibility for organising the printing, packing and distribution of all of the vouchers. The Logistics Unit’s role in the beneficiary selection and voucher distribution process was reduced to recording the beneficiary names provided by the DADOs and subsequently producing the Beneficiary Registers to be used in the distribution of the vouchers.

- The farmer's contribution to the cost of the fertiliser provided was reduced from MK 900 per 50 kg bag (2007/08) to MK 800 per 50 kg bag (2008/2009)
- Unlike previous years, no agriculture inputs retailers with rural outlets were authorised to accept the fertiliser vouchers in exchange for fertiliser supplied by these retailers

OUTCOME (EXECUTIVE SUMMARY)

Fertiliser

According to Ministry of Agriculture information, 3.926 million fertiliser vouchers (1.758 million NPK, 1.768 million Urea, 0.200 million D Compound, and 0.200 million CAN vouchers) were distributed to farmers in the districts between early November and late December

Reconciliation with the sales figures would indicate that a further 119,560 vouchers were in circulation..

Through the scheme, farmers paid MK 800 for a 50kg bag of fertiliser irrespective of the type of fertiliser or area in which it was purchased.

Government provided a total of 218,462 MTS for distribution in the subsidy scheme. 32,704 MTS was available through the "buy back" scheme and 185,758 MTS was from direct purchases during 2009.

Net cost of the above fertiliser was MK 36,751,153,959

Uplifts to the ADMARC/SFFRFM unit markets, small holder tea and coffee growers and the millennium village project amounted to 206,541 MTS leaving a balance of 11,921 MTS in the SFFRFM depots.

The Government also commissioned 24,500MTS of fertiliser for flood relief at a cost of MK 4,296,996,393. At time of publishing this was still in the SFFRFM depots

202,278 MTS of fertiliser were bought by farmers through the 2008/09 agricultural inputs project

The breakdown by type was NPK (90,577 MTS), Urea (91,732 MTS), D Compound (10,390 MTS) and CAN (9,579 MTS)

ADMARC and SFFRFM were responsible for selling 169,081 MTS and 33,197 MTS respectively of the fertiliser purchased by farmers through the scheme

ADMARC/SFFRFM voucher recovery expressed in MTS was 198,055 MTS leaving a small unaccounted balance of 4,223 MTS (2 %)

Seed

1.5 million maize seed vouchers were to be distributed to farmers in the districts between early November and late December.

In addition 1,000,000 flexible vouchers were to be distributed to farmers in the districts in November. These could be exchanged for seed covering cotton, beans, pigeon peas, groundnuts or maize.

Both types of vouchers carried a value of MK 680 when exchanged for seed.

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

These eight 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 (Seed Co, Demeter, Funwe, AISAM)
Cotton seed	5kgs (Cargill, Great Lakes)

It is calculated that the maize seed made available to farmers through the scheme amounted to 4,532 MTS hybrid and 833 MTS OPV.

8,536 vouchers were redeemed for cotton seed through the scheme.

Only 316 flexible vouchers were redeemed for other seeds (groundnuts, beans, pigeon peas

Government made available cotton chemical packs (two types) to be issued free to cotton growers through Cargill and Great Lakes

In December/January 200,000 vouchers for each type of cotton chemicals were authorised to be issued through the ADDs. These have a redemption value of MK 50 each.

The number of chemical cotton vouchers redeemed is unknown as redemption had not started when this final report was issued.

Overall Costs

The known costs of the subsidy programme, exclusive of ADMARC/SFFRFM/MoA HQ, bank charges and district operational costs etc was MK 39,827,998,362.

Based on the sale of 202,278 MT, Government should be able to recover MK 3,236,448,000 through the ADMARC/SFFRFM sales to farmers.

RECOMMENDATIONS FOR FUTURE PROJECTS

Fertiliser purchase

Design of the fertiliser tender should place the responsibility of declaring the delivery schedule with the tenderer. This would permit the introduction of a penalty clause should the supplier fail to meet the declared delivery dates

In the interests of expanding agro dealer activity in rural areas, consideration should be given to reintroducing private retailers as agents for subsidised fertiliser sales

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

Extension of contracts during the programme should be restricted to essential demands such as replacing quantities where suppliers fail to deliver.

Beneficiary selection

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

A formula should be developed that gives transparency to the method behind district allocations

Beneficiary selection should be completed before the end of September to ensure that commencement of sales dovetail with deliveries to markets .

Voucher Printing and Distribution

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

The printing of vouchers without district identification numbers should be discontinued as it opens up the programme to abuse.

Should printing of vouchers within Malawi be contemplated again, the need for the importation of high security paper is self evident

Appointment of Transporters

To avoid warehouse storage congestion, transporters should be selected before the end of August to ensure that uplifts to markets coincide with fertiliser arrivals at SFFRFM depots

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

ADMARC/SFFRFM Involvement

Adequate funding of ADMARC/SFFRFM operational costs should be in place before August to ensure unit markets are in readiness before August end.

IMPLEMENTATION DETAILS

Government Fertiliser Purchases 2008/09

On 26th April 2008 the Ministry of Agriculture issued bidding documents to a number of bidders covering 170,000 MTS of fertiliser to be purchased for the forthcoming subsidy programme. Bids were scheduled for return on 6th June 2008 at which time there was a public opening in the Ministry of Agriculture. Bids had to be in lots indicating the amount that would be supplied to the intended destination depots of Blantyre (Chirimba SFFRFM), Lilongwe (Kanengo SFFRFM) and Mzuzu (Luwinga SFFRFM)

The following table gives a summary of the bids received

BIDDER	Commodity	Quantity (Mt)	Unit Price (\$)	Destination
Mlambe Limited		30,696.900	840.00	Blantyre
Agricultural Resources	CAN	1,300.000	886.00	Blantyre
	CAN	1,300.000	897.00	Lilongwe
	UREA	5,850.000	1,133.00	Blantyre
	UREA	5,850.000	1,144.00	Lilongwe
	NPK	5,750.000	1,758.00	Blantyre
	NPK	5,750.000	1,764.00	Lilongwe
MULLI BROTHERS	UREA	5,000.000	1,135.00	Blantyre
	UREA	5,000.000	1,140.00	Lilongwe
	UREA	9,700.000	1,090.00	Mzuzu
	NPK	1,300.000	1,590.00	Blantyre
	NPK	1,300.000	1,600.00	Lilongwe
	NPK	1,300.000	1,620.00	Mzuzu
SIMAMA	UREA	9,000.000	1,201.00	Blantyre
	UREA	9,000.000	1,221.00	Lilongwe
	UREA	6,000.000	1,221.00	Mzuzu
	NPK	6,000.000	1,221.00	Blantyre
	NPK	4,000.000	1,499.00	Lilongwe
	NPK	2,000.000	1,499.00	Mzuzu
Unit Administration	UREA	12,500.000	795.00	Blantyre
	NPK	2,500.000	1,195.00	Blantyre
ANBECO	UREA	12,500.000	950.00	Lilongwe/ Mzuzu
Pioneer Investments	UREA	12,500.000	850.00	Blantyre
Mtemadanga Distributors Ltd	UREA	6,500.000	801.00	Blantyre
	UREA	6,000.000	811.00	Lilongwe
	NPK	6,500.000	1,050.00	Blantyre
		6,000.000	1,060.00	Lilongwe
Progressive Procurement Partners	UREA	5,000.000	MK112,700.00	Blantyre

	UREA	5,000.000	MK114,100.00	Lilongwe
	NPK	5,000.000	MK154,000.00	Blantyre
	NPK	5,000.000	MK155,000.00	Lilongwe
MAPETO WHOLESALERS	UREA	25,000.000	680.00	
OMNIA FERTILISER LTD	NPK	2,000.000	1,350.00	Lilongwe
	CAN	2,000.000	900.00	Lilongwe
OPM General Dealers	UREA	2,000.000	895.00	
Agricultural & Inputs Suppliers		15,000.000	865.00	
AGORA	D COMP	1,300.000	1,445.00	Blantyre
	D COMP	1,700.000	1,456.00	Lilongwe
	CAN	1,000.000	880.00	Blantyre
	UREA	1,000.000	1,091.08	Blantyre
	NPK	2,000.000	1,437.00	Blantyre
COMMERCIAL TRADING	NPK	1,800.000	MK137,540.00	Blantyre
FARMERS WORLD	CAN	2,000.000	891.00	Lilongwe
	UREA	2,000.000	1,100.43	Lilongwe
	NPK	7,500.000	1,449.00	Lilongwe
OPTICHEM	D COMP	4,500.000	1,440.00	Lilongwe
	D COMP	6,132.000	1,435.00	Mzuzu
	NPK	5,000.000	1,420.00	Blantyre
MFC	UREA	2,750.000	1,090.92	Blantyre
	UREA	1,000.000	1,102.38	Lilongwe
	NPK	5,000.000	1,430.00	Blantyre
Malawi Investments Corporation	UREA	6,000.000	803.00	Blantyre
	UREA	6,500.000	813.00	Lilongwe
	UREA	12,437.000	828.00	Mzuzu
	NPK	6,000.000	1,070.00	Blantyre
	NPK	6,500.000	1,080.00	Lilongwe
	NPK	12,437.000	1,095.00	Mzuzu
SFFRFM	NPK	16,000.000	MK176,364.00	Blantyre
	NPK	16,000.000	MK208,740.00	Lilongwe
	UREA	5,000.000	MK134,616.00	Blantyre
	UREA	10,000.000	MK136,178.00	Lilongwe
	UREA	5,000.000	MK140,864.00	Mzuzu
RAB	CAN	2,400.000	901.00	Lilongwe
	UREA 1	3,000.000	1,128.00	Blantyre
	UREA 2	3,000.000	1,138.00	Blantyre
	UREA 1	10,000.000	1,138.00	Lilongwe
	UREA 2	10,000.000	1,148.0	Lilongwe

	NPK 1	2,000.000	1,578.60	Blantyre
	NPK 2	2,000.000	1,740.00	Blantyre
	NPK 1	3,000.000	1,578.60	Lilongwe
	NPK 2	3,000.000	1,750.00	Lilongwe
	NPK 3	1,300.000	1,760.00	Lilongwe
TRANSGLOBE	UREA	10,000.000	1,090.00	Blantyre
	UREA	10,000.000	1,100.00	Lilongwe
	NPK Granular -	1,500.000	1,435.00	Lilongwe
	NPK Granular -	2,500.000	1,450.00	Blantyre
	NPK - Blend	4,000.000	1,435.00	Blantyre
	NPK - Blend	3,000.000	1,450.00	Lilongwe
Consortium & Trade Group	UREA	5,000.000	998.95	Lilongwe
SEALAND	UREA	5,000.000	1,116.00	Blantyre
	UREA	5,000.000	1,134.00	Lilongwe
	UREA	5,000.000	1,143.00	Mzuzu
	NPK	2,500.000	1,475.00	Blantyre
	NPK	2,500.000	1,475.00	Lilongwe
NYIOMBO	UREA	14,000.000	1,099.00	Blantyre
	UREA	14,000.000	1,107.00	Lilongwe
	UREA	7,000.000	1,126.00	Mzuzu
	NPK	5,000.000	1,426.00	Blantyre
	NPK	5,000.000	1,434.00	Lilongwe
	NPK	5,000.000	1,453.00	Mzuzu
IVORY INVESTEMENTS	UREA	12,500.000	850.00	Lilongwe
AQUA TRADERS	UREA	12,500.000	850.00	Blantyre
Yianakkis general Import & Export	UREA	5,000.000	MK198,126.43	Blantyre
	UREA	5,000.000	MK202,958.78	Lilongwe
PACIFIC LTD	UREA	31,866.350	900.00	Lilongwe
EXPORT TRADING	UREA	6,500.000	1,125.00	Blantyre
	UREA	6,500.000	1,125.00	Lilongwe
	UREA	2,000.000	1,150.00	Mzuzu
	NPK	5,000.000	1,465.00	Blantyre
	NPK	6,500.000	1,455.00	Lilongwe

A multi organisation evaluation committee was then formed and met in Salima over the period 11th -14th June 2008 to consider the above. The committee was advised of the targets for the fertiliser to be delivered to each of the three SFFRFM depots and was made aware of the volume of fertiliser that would be available at the destination depots through existing “buy back” stocks (32,707 MTS) and direct supply by SFFRFM (52,000 MTS).

Consequently the committee's recommendation was to be based on supplying the amount required in each depot to ensure the buy back plus the SFFRFM allocation plus the committee recommendation provided the targeted amount. The tables below shows the amounts intended from each source.

Depot	Fertiliser	Target	Buy back	SFFRFM	Purchases
Chirimba	NPK	30,697	9,704	16,000	4,992
	Urea	30,697	3,197	5,000	22,499
	D compound	1,300	418		882
	CAN	1,300	860		440
Kanengo	NPK	31,866	5,443	16,000	10,423
	Urea	31,866	856	10,000	21,011
	D compound	6,132	1,722		4,410
	CAN	6,132	0		6,132
Luwinga	NPK	12,437	4,239		8,198
	Urea	12,437	6,176	5,000	1,261
	D compound	2,568	218		2,350
	CAN	2,568	14		2,554
	Total	170,000	32,847	52,000	85,152

The deliberations of the evaluation committee resulted in the following recommendations being sent to the Ministry of Agriculture and Food Security

EVALUATION COMMITTEE RECOMMENDATION					
	SFFRFM Chirimba				
Supplier	NPK (target 4,992)	UREA (target 22,499)	D (target 882)	CAN (target 440)	Total cost \$
Optichem	1,300				1,846,000.00
Nyiombo	1,846	5,000			8,127,528.00
MFC	1,846	2,750			5,639,942.00
Transglobe		5,000			5,450,000.00
Agora		1,300	1,300	1,000	4,176,904.00
SFFRFM		5,000			4,740,000.00
Sealand		3,449			5,087,930.00
Total Chirimba	4,992	22,499	1,300	1,000	35,068,304.00
	SFFRFM Kanengo				
Supplier	NPK (target 10,423)	UREA (target 21,011)	D Target 4,410)	CAN (target 6,132)	Total cost \$
Omnia	2,000			3,066	5,459,400.00
Nyiombo	2,500	4,000			8,013,000.00
Transglobe	1,712	4,711			7,637,962.00

Export Trading	1,712	2,000			4,757,653.00
Farmers World	2,500	2,000		3,066	8,555,166.00
SFFRFM		7,000			6,713,000.00
MFC		1,300			1,433,094.00
Agora			1,700		2,475,200.00
Optichem			2,710		3,902,832.00
Total Kanengo	10,423	21,011	4,410	6,132	48,947,307.00
	SFFRFM Luwinga				
Supplier	NPK (target 8,198)	UREA (target 1,261)	D Target (2,350)	CAN (target 2,554)	Total cost \$
Mulli	1,300	1,261			3,562,900.00
Simama	2,000				2,998,000.00
Nyiombo	4,898				7,116,920.00
Optichem			2,350		3,466,324.00
Total Luwinga	8,198	1,261	2,350	0	17,144,144.00
Total Tonnage	23,614	44,771	8,060	7,132	101,159,755.00

On the 29th July 2008, the following awards were made by Government

	SFFRFM Chirimba				
Supplier	NPK	UREA	D Compound	CAN	Total cost \$
Optichem	1,300.00				1,846,000.00
Nyiombo	3,047.00	7,000.00			12,038,022.00
MFC	1,246.09	3,000.00			5,054,669.00
SFFRFM	9,206.10	2,000.00			13,329,976.00
Sealand	2,500.00	2,100.44			6,031,591.00
Mulli	2,000.00	4,099.00			7,832,365.00
Export trad	1,693.00	2,000.44			4,730,740.00
Agora		1,300.00	881.90	3,505.95	5,777,986.00
Pioneer		6,000.00			5,100,000.00
Total Chirimba	20,992.19	27,499.88	881.90	3,505.95	61,741,349.00
	SFFRFM Kanengo				
Supplier	NPK	UREA	D	CAN	Total cost \$

			Compound		
Nyiombo	4,000.00	7,000.00			13,485,000.00
Transglobe		2,000.60			2,200,660.00
Export Trad	2,000.00	2,000.00			5,180,000.00
Farmers Wrld	2,500.00	2,000.00		3,940.00	9,333,900.00
Simama	2,711.71				4,064,853.00
SFFRFM	11,711.71				17,216,214.00
Sealand	3,500.00	4,000.00			9,698,500.00
MFC		1,050.00			1,157,499.00
Pioneer		4,000.00			3,448,000.00
Mulli Brs		8,960.00			10,214,400.00
Agora			1,700.00		2,475,200.00
Optichem			5,067.86		7,297,718.00
Total Kanengo	26,423.42	31,010.60	6,767.86	3,940.00	85,771,944.00
	SFFRFM Luwinga				
Supplier	NPK	UREA	D Compound	CAN	Total cost \$
Simama	3,000.00				4,497,000.00
Nyiombo	5,197.18	2,500.00			10,366,503.00
Mulli Bros		1,261.39			1,456,900.00
Pioneer		2,500.00			2,185,000.00
Optichem			2,350.05		3,466,324.00
Total Luwinga	8,197.18	6,261.39	2,350.05		21,971,727.00
Total Tonnage	55,613	64,772	10,000	7,446	169,485,020

Although the actual awards were very different from the evaluation recommendations, it should be noted that the 52,000 MTS from SFFRFM originally factored into the supply equation was no longer part of the supply chain. Consequently the amount envisaged as being available for the subsidy programme was still only 170,678 MTS coming from 137,831 from the suppliers and 32,704 MTS from the “buy back”.

One significant departure from the evaluation recommendation was the decision to award 12,500 MTS urea to Pioneer . The evaluation committee had considered this company’s proposal to be an unresponsive bid because of the unrealistically low unit price submitted.

The anticipated depot delivery volumes arising from these awards is shown in the table below.

SFFRFM Chirimba	NPK	UREA	D Compound	CAN
Via Supplier	20,992.19	27,499.88	881.90	3,505.95
Buy Back Stocks	9,704.00	3,197.00	418.00	860.00

Total SR Tonnage	30,696.19	30,696.88	1,299.90	4,365.95
SFFRFM Kanengo	NPK	UREA	D Compound	CAN
Via Supplier	26,423.42	31,010.60	6,767.86	3,940.00
Buy Back Stocks	5,443.00	856.00	1,722.00	
Total CR Tonnage	31,866.42	31,866.60	8,489.86	3,940.00
SFFRFM Luwinga	NPK	UREA	D Compound	CAN
Via Supplier	8,197.18	6,261.39	2,350.05	
Buy Back Stocks	4,239.00	6,176.00	218.00	14.00
Total NR Tonnage	12,436.18	12,437.39	2,568.05	14.00
National Total	74,998.79	75,000.87	12,357.81	8,319.95

This was the position at the end of July 2008. At this point no district allocation had been published and no beneficiaries had been selected. Consequently what the demands would be on each depot was unknown. However, although there was a reasonable balance between urea and NPK in each depot, the same could not be said regarding CAN and D compound. All pre programme documents indicated that the programme was to cover 75,000 MTS each of NPK and Urea and 10,000 MTS each of CAN and D compound, Consequently the award meant that inadequate CAN had been commissioned.

On 29th September, 2008 the amount of fertiliser available to the programme was increased by the award of an additional 8,000 MTS to Transglobe, as shown below.

Depot	NPK (MTS)	Urea (MTS)
Kanengo	2,500	2,500
Chirimba	1,500	1,500
total	4,000	4,000

The position regarding availability of fertiliser to the subsidy programme changed yet again in early October when it was learned that the Pioneer contract for 12,500 MTS of urea had been terminated as a result of failure to deliver. Partly to compensate, the following extensions to existing contracts were made.

Company	Chirimba (MTS)		Kanengo (MTS)	Luwinga (MTS)
	Urea	NPK	Urea	Urea
Agora	3,000			
Farmers World			3,000	
Sealand	1,000			4,500
Simama	2,000	1,500		
Mulli	1,000		1,000	
Total	7,000	1,500	4,000	4,500

During December and early January there was yet a further change in the amount of fertiliser available to the programme when various companies were awarded extensions to their existing contracts as shown below,

Company	Chirimba (MTS)		Kanengo (MTS)		Luwunga (MTS)		
	Urea	NPK	Urea	NPK	Urea	NPK	CAN
Mulli	3,000	1,000	3,000	1,000			1,698
Sealand	1,500		1,500		1,000	2,000	
Simama	200	2,000	500	2,500		500	
Nyiombo	1,000		2,000	300	2,000	700	
Farmers World			2,500	2,500	1,500	1,500	
Total	5,700	3,000	10,000	6,300	4,500	4,700	1,698

As a result of the above, during the course of the programme the following quantities were commissioned for the fertiliser subsidy programme through suppliers and “buy back”

SFFRFM Chirimba	NPK	UREA	D Compound	CAN
Via Supplier	26,992.19	35,699.88	881.9	3,505.95
Buy Back Stocks	9,704.00	3,197.00	418	860.00
Total SR Tonnage	36,696.19	38,896.88	1299.9	4,365.95
SFFRFM Kanengo	NPK	UREA	D Compound	CAN
Via Supplier	35,223.42	43,010.60	6,767.86	3,940.00
Buy Back Stocks	5,443.00	856.00	1,722.00	
Total CR Tonnage	40,666.42	43,866.6	8,489.86	3,940.00
SFFRFM Luwunga	NPK	UREA	D Compound	CAN
Via Supplier	12,897.18	12,761.39	2,350.05	1,698.00
Buy Back Stocks	4,239.00	6,176.00	218	14.00
Total NR Tonnage	17,136.18	18,937.39	2,568.05	1,712.00
National Total	94,498.79	101,700.87	12,357.81	10,017.95

A breakdown of actual delivery by company and cost incurred is given below

Supplier	SFFRFM Chirimba NPK	UREA	D Compound	CAN	Total cost \$
Optichem	1,300.00				1,846,000.00

Nyiombo	4,920.20	8,000.00			15,808,204.80
MFC	1,246.10	3,000.05			5,052,337.51
SFFRFM	9,206.10	2,000.00			13,329,976.20
Sealand	2,500.00	4,600.44			8,821,591.04
Mulli Brothers	3,000.00	8,104.20			13,968,267.00
Export Trad	1,693.00	2,000.00			4,730,245.00
Agora		4,300.30	1707.70	1,727.60	8,679,885.82
Transglobe	1,500.00	1,500.00			3,787,500.00
Simama	3,500.00	2,200.00			8,284,966.01
Farmers World	1904.75	2,001.00			4,922,885.88
Total Chirimba	30,770.15	37,705.99	1,707.70	1,727.60	89,231,859.26
	SFFRFM Kanengo				
Supplier	NPK	UREA	D Compound	CAN	Total cost \$
Nyiombo	4,300.00	9,000.00			16,129,200.00
Transglobe	2,500.00	4,534.55			8,611,176.50
Export Trad	2,000.00	2,000.00			5,160,000.00
Farmers World	3,095.30	5,497.80		3,940.04	14,045,609.39
Simama	5,207.50	500.05			8,664,320.56
SFFRFM	11,711.71				17,216,213.70
Sealand	3,500.00	5,499.90			11,399,386.60
MFC		1,062.80			1,171,609.46
Mulli Brothers	1,000.00	12,960.00			16,374,400.00
Agora			874.1	1,778.35	2,857,199.45
Optichem			5,067.10		7,296,624.00
Total Kanengo	33,314.51	41,055.10	5,941.20	5,718.39	108,925,739.66
	SFFRFM Luwinga				
Supplier	NPK	UREA	D Compound	CAN	Total cost \$
Simama	3,500.00				5,306,148.09
Nyiombo	4,024.00	4,500.00			10,913,872.00
Mulli Brothers		1,261.40		1,682.00	2,972,826.00
Farmers World	1,500.00	1,499.93			3,899,066.22
Sealand	2,000.00	5,500.00			9,592,500.00
Optichem			2,350.05		3,466,323.75
Total Luwinga	11,024.00	12,761.33	2,350.05	1,682.00	36,150,736.06

Total Tonnage	75,108.66	91,522.42	9,998.95	9,127.99	\$ 234,308,334.98
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As a result of the above deliveries the following quantities of subsidised fertiliser were available in total for uplift to the ADMARC unit markets in the districts. It will be noted that when a physical count of the “buy back” stocks was carried out, slight differences were discovered from the initial totals advised

SFFRFM Chirimba	NPK	UREA	D Compound	CAN
Via Supplier	30,770.15	37,705.99	1,707.70	1,727.60
Buy Back Stocks	9,704.47	3,197.21	418.10	860.25
Total SR Tonnage	40,474.62	40,903.20	2,125.8	2,587.85
SFFRFM Kanengo	NPK	UREA	D Compound	CAN
Via Supplier	33,314.51	41,055.10	5,941.20	5,718.39
Buy Back Stocks	5,442.93	855.75	1,721.70	
Total CR Tonnage	38,757.44	41,910.85	7,662.90	5,718.39
SFFRFM Luwinda	NPK	UREA	D Compound	CAN
Via Supplier	11,024.00	12,761.33	2,350.05	1,682.00
Buy Back Stocks	4,175.95	6,090.70	221.20	15.80
Total NR Tonnage	15,199.95	18,852.03	2,571.25	1,697.80
National Total	94,432.01	101,666.08	12,359.95	10,004.04

In addition to the above, in mid January 2009, the Ministry of Agriculture once again extended some of the existing contracts when 24,500 MTS of fertiliser were ordered in the name of flood relief. The details of this order are shown below

KANENGO			rate/tonne\$	Cost US \$
Supplier	Type	Tonnes		
Nyiombo	Urea	4,000.00	1,107.00	4,428,000.00
Mulli Brothers	NPK	500.00	1,600.00	800,000.00
	Urea	3,000.00	1,140.00	3,420,000.00
Transglobe Produce Exports	NPK	1,000.00	1,435.00	1,435,000.00
LUWINGA				
Nyiombo	Urea	4,260.00	1,126.00	4,796,760.00
Mulli Brothers	Urea	1,000.00	1,155.00	1,155,000.00
CHIRIMBA				
Nyiombo	Urea	1,740.00	1,099.00	1,912,260.00
Optichem	NPK	5,000.00	1,420.00	7,100,000.00
Transglobe	NPK	1,000.00	1,435.00	1,435,000.00
Mulli Brothers	NPK	1,000.00	1,590.00	1,590,000.00
	Urea	2,000.00	1,135.00	2,270,000.00
	Total Cost			

	(US\$)			\$30,342,020.00
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Subsidy Fertiliser Deliveries to SFFRFM Depots

The foregoing section details the history behind the quantity of fertiliser that was finally made available for distribution in connection with the subsidy programme. The fertiliser started to arrive in August 2008 and was finally all delivered in January 2009. The monthly rate of delivery (MTS) is recorded in the table produced below.

	Aug	Sep	Oct	Nov	Dec	Jan	Total
NPK	5,168.85	11,029.75	20,665.46	14,764.80	16,636.06	6,843.75	75,108.66
Urea	18,551.45	19,911.34	15,149.26	13,572.36	19,480.94	4,857.07	91,522.42
D compound	841.65	2,174.45	690.05	3,488.15	3,136.55	5,941.20	9,998.95
CAN	-	-	3,886.05	1,190.10	2,264.14	1,787.70	9,127.99
Total	24,561.95	33,115.54	40,390.82	33,015.41	35,244.59	19,429.72	185,758.02

As noted later in this report, appointment of transporters only took place at the beginning of September and sales did not commence until November. By that time over 140,000 MTS had been made available for the programme and as a result all SFFRFM warehouses were facing saturation. Consequently alternative temporary warehousing had to be found for over 14,500 MTS in the Southern Region, 5,000 MTS in the Central Region and 3,500 MTS in the Northern Region.

Uplifts to SFFRFM/ADMARC Unit Markets

As noted above uplifts to the ADMARC and SFFRFM markets did not commence at the same time as the fertiliser deliveries into the SFFRFM depots, resulting in storage problems developing particularly in the Southern Region.

Although the Ministry of Agriculture and Food Security commenced considering the appointment of transporters to carry out the uplift in early July 2008, a restricted tender document requesting bids was only issued to 16 selected transporters in mid August. Return date was 29th August 2008. Letters of acceptance were eventually issued on 9th September.

Original transporters selected by the Ministry to carry out the uplifts are shown below.

DISTRICT/ RDP	Name of Transporter
NORTH	
Chitipa	Mulli Brothers, NRTA, Swank Haulage, Progressive Transport, Mwenera, Tuvwanaje
Karonga	Mulli Brothers, Lunyina, NRTA, Progressive Transport
Rumphi	NRTA, Mulli Brothers, Lunyina, Progressive and Tuvwanaje
Nkhata Bay	NRTA, Mulli Brothers, Lunyina, Progressive and Mwenera
Mzimba	Mulli, NRTA, Lunyina, Progressive, Swank, Mwenera and Fermak

CENTRE

Ntchisi	Mulli Bros, Transporters Assoc. of Mw, RTOA, EB Trucking, LTA, Fermak
Dowa	Mulli Bros, Transporters Assoc. of Mw, RTOA, EB Trucking, LTA, Fermak
Mchinji	Mulli Bros, Transporters Assoc. of Mw, RTOA, Salpha, LTA, and Fermak
Kasungu	Mulli Bros, Transporters Assoc. of Mw, RTOA, Salpha, LTA, Fermak, Kapiluta and Fayu
Salima	Mulli, RTOA, Kapiliuta, TAM and Fermak and EB Trucking
Nkhotakota	Mulli, RTOA, TAM, Fermak and Rashy Motors
Lilongwe	Mulli, TAM, RTOA, LTA, Salpha, Fermak, Pfuko, Alidere and Kapiliuta
Dedza	Mulli, TAM, RTOA, LTA, Fermak, Kapiliuta and FAYU
Ntcheu	Mulli, TAM, RTOA, LTA, Fermak, Rashy Motors

SOUTH

Balaka	Madna, Mulli, Salpha, RTOA,
Mangochi	Mulli, KC Freight, Madna, Rashy Motors, RTOA, Salpha,
Machinga	Mulli, KC Freight, Madna, Rashy Motors, RTOA, Salpha,
Zomba	Mulli, KC Freight, Madna, Rashy Motors, RTOA, Salpha,
Chiradzulu	Mulli, KC Freight, Madna, RTOA, Salpha,
Mwanza	KC Freight, RTOA,
Neno	KC Freight, RTOA,
Thyolo	Madna, Mulli, KC Freight, RTOA,
Phalombe	Madna, Mulli,
Mulanje	Madna, Mulli, KC Freight, RTOA,
Blantyre	Madna, Mulli, KC Freight, RTOA, Salpha
Chikwawa	Mulli, RTOA
Nsanje	Mulli, RTOA

The above list was subsequently increased by the Ministry to include the following transporters; Katondo General Brokers, T.R. Motors, K.K. Properties, Jacaranda Haulage, PEZ General Dealers, Far East Investment Ltd, Mico Transport and C O Mulwafu Transport.

Rates from transporters ranged from MK24/km to MK 35/km.

Following the appointment of the transporters, uplifts commenced on 11th September. However this could only proceed at a limited level as selection of beneficiaries had still to be carried out. Consequently sales could not start and unit markets were quickly saturated.

Sales eventually commenced at the beginning of November at which time it was possible to release the pressure on the SFFRFM depots by resuming full uplifts to the unit markets

The following table indicates the level of uplifts at district level

District	NPK	Urea	D compound	CAN	Total
Chitipa	1,761.20	1,716.25	463.95	531.35	4,472.75
Karonga	1,659.85	1,588.55	175.00	171.85	3,595.25
Rumphi	2,298.55	2,079.65	755.60	582.00	5,715.80
Likoma	33.00	36.00	-	-	69.00
Nkhata Bay	1,015.55	1,091.30	6.00	-	2,112.85
Mzimba	10,387.90	10,721.10	1,158.80	812.00	23,079.80
N.R. Total	17,156.05	17,232.85	2,559.35	2,097.20	39,045.45
Kasungu	5,138.70	5,243.30	1,324.00	1,306.30	13,012.30
Mchinji	3,427.30	3,629.05	870.05	796.00	8,722.40
Ntchisi	1,869.05	1,790.00	682.95	702.00	5,044.00
Dowa	3,946.55	4,039.95	1,196.90	1,072.95	10,256.35
Nkhotakota	1,641.85	1,530.00	48.55	43.00	3,263.40
Salima	2,166.40	2,025.85	45.00	72.00	4,309.25
Lilongwe	7,128.55	7,579.70	1,136.95	1,141.95	16,987.15
Dedza	3,790.35	3,715.90	266.50	272.50	8,045.25
Ntcheu	3,928.75	3,740.75	235.50	250.45	8,155.45
C.R. Total	33,037.50	33,294.50	5,806.40	5,657.15	77,795.55
Balaka	2,795.65	2,465.60	225.85	486.90	5,974.00
Mangochi	5,215.65	5,257.95	340.30	292.30	11,106.20
Machinga	4,348.30	4,497.10	543.00	798.00	10,186.40
Zomba	5,483.15	4,773.75	201.20	254.80	10,712.90
Chiradzulu	2,298.25	2,661.75	105.00	69.00	5,134.00
Phalombe	3,350.05	3,721.55	139.50	85.45	7,296.55
Mulanje	4,096.20	5,040.60	40.00	30.00	9,206.80
Thyolo	6,707.75	6,797.70	264.00	93.00	13,862.45
Blantyre	4,747.80	4,570.55	210.90	83.60	9,612.85
Mwanza	932.50	1,105.25	56.00	-	2,093.75
Neno	731.45	786.95	-	-	1,518.40
Chikwawa	879.00	613.20	-	-	1,492.20
Nsanje	719.90	783.95	-	-	1,503.85
S.R. Total	42,305.65	43,075.90	2,125.75	2,193.05	89,700.35
Total	92,499.20	93,603.25	10,491.50	9,947.40	206,541.35

The above table includes 820 MTS of fertiliser that was made available to the Millenium Village projects and therefore never went to ADMARC or SFFRFM unit markets

It will be noted that because of some imbalance in the amount of fertiliser delivered to the individual depots, there was a need for some inter depot transfers. In all these totalled 2,875 MTS at a cost of MK 42,045,643.

There were also some transit losses but the vast majority of these were recovered either by the transporter physically replacing the loss or by deductions being made from invoices due. Unrecovered losses amounted to 126 MTS valued at MK 15,813,215. The transporters where recovery is outstanding are listed below

Transporter	Amount MK
PTIA	37,772
TAM	6,419,067
TR Motors	7,080,334
Katondo	2,276,042
Total	15,813,215

The average cost /MT of delivering fertiliser to just over 800 ADMARC/SFFRFM selling points throughout the country was \$40.70/MT. The cost /MT in US \$ for the individual districts is given below

District	Cost (US\$)/MT
Balaka	35.11
Blantyre	17.36
Chikwawa	29.76
Chiradzulu	18.03
Chitipa	117.89
Dedza	30.28
Dowa	21.40
Karonga	45.73
Kasungu	39.21
Lilongwe	18.33
Machinga	59.35
Mangochi	76.73
Mchinji	35.90
Mulanje	35.05
Mwanza	34.04
Mzimba	42.27
Neno	36.17
NkhataBay	26.46
nkhotakota	61.94
Nsanje	50.88
Ntcheu	51.98
Ntchisi	29.52
Phalombe	48.57
Rumphi	23.86
Salima	27.06
Thyolo	28.93
Zomba	31.35

Voucher Printing and Distribution

In the previous subsidy projects the printing of the vouchers had been carried out by local printers following a selective tender process. However, it was appreciated that this year the enormous increase in the price of fertiliser had resulted in an equally enormous increase in the value of each voucher. Consequently the temptation to produce fraudulent vouchers had also soared.

As a result, the printing of the vouchers was the subject of much discussion right from the early stages of the project. Concern was expressed by all parties about the need for high quality security features in this year's vouchers and offers from various donors to pay for the purchase of security paper etc were on the table.

Commencement of the printing of the vouchers is dependent on the decision being made on district allocations as the vouchers are identified by district through the use of the district vehicle registration prefix. The initial decision on district allocation was finally made in mid September. At the task force meeting of 6th October, it was revealed that the printing of the vouchers was complete. It was also announced that distribution of the vouchers would be implemented by the DADOs.

As a consequence, the Logistics Unit had to deliver the completed beneficiary registers to the Ministry of Agriculture who carried these plus the vouchers to the respective districts. The DADOs then distributed the vouchers in accordance with the names in the registers. However it is believed that distributing agents(DADO staff) did not follow the original intention to ensure that each beneficiary received the same voucher number as the one appearing against his/her name in the register. As a result it will not be possible to say exactly who received or redeemed each voucher.

In addition, the total of 390,000 vouchers (NPK, urea, maize) listed as "unallocated" did not have any district specific prefix. These could therefore be issued or surrendered in any district thus further increasing the difficulties of tracing their origin. It would also appear that a larger number of "unallocated" vouchers were printed than the 390,000 shown in the initial beneficiary list. The total district numbers advised by the Ministry as being distributed indicate that a minimum of 900,000 "unallocated" vouchers were available for distribution.

A further twist in the voucher printing programme came on 8th November when it was announced that the original vouchers (believed to have been printed in the Government Print) were considered to be insecure and would therefore not be distributed in the Central and Northern Regions. Instead a voucher, understood to have been printed in RSA, was introduced containing enhanced security features.

Beneficiary Selection

The beneficiary selection exercise was executed in the following manner:

Initially, in late May, all districts were supplied with an electronic copy of the 2007 farm family list and asked to update it. DFID agreed to fund this exercise, but for a number of reasons funds were not made available until early August. However a number of districts commenced the exercise using their own funding . This was eventually reimbursed when a total of MK 80,358,814.00 was made available.

On completion of this exercise an electronic edition of the update was provided to the Logistics Unit by each district.

This was cleaned at the Unit and returned to the district with a request that the accuracy be confirmed.

District response to these requests varied but by the end of August, all districts had completed the update and a number had signed off on the Logistics Unit's request for confirmation of accuracy.

The Ministry of Agriculture produced the following beneficiary district allocation list on 12th September indicating the numbers to be selected for each category of voucher

District	NPK UREA MAIZE	TOBACCO	Flexible
Chitipa	25,259	8,541	14,238
Karonga	21,831	3,207	16,988
Rumphi	26,400	12,180	14,790
Likoma	640		595
Nkhata Bay	21,896	200	15,787
Mzimba	70,500	19,080	72,877
Kasungu	79,618	25,470	55,074
Mchinji	62,500	17,560	41,732
Ntchisi	30,000	14,080	25,138
Dowa	68,700	24,500	40,411
Nkhota Kota	24,784	714	20,602
Salima	34,500	1,102	24,080
Lilongwe	118,789	20,818	113,542
Dedza	65,050	5,039	51,573
Ntcheu	67,500	5,175	39,739
Balaka	40,841	2,819	27,446
Mangochi	50,088	4,920	64,896
Machinga	62,315	4,990	44,583
Zomba	74,387	8,510	54,066
Chiradzulu	55,359	4,596	25,482
Phalombe	71,273	5,784	25,795
Mulanje	69,093	978	54,121
Thyolo	88,302	2,942	49,437
Blantyre	83,661	5,565	40,370
Mwanza	21,802	875	10,211
Neno	12,868	355	8,609
Chikwawa	11,074		30,615

Nsanje	10,970		17,204
Unallocated	130,000		
Total	1,500,000	200,000	1,000,000

These numbers were broken down by the Logistics Unit to EPA level (and subsequently, to village level). Where possible this was done by using the village information provided by the districts for the 2009 farm family updating exercise. However 13 districts had not supplied village level data. Consequently, previous year's database information was used to provide the required village level breakdown required by the Ministry of Agriculture.

This information plus blank beneficiary registers printed to permit beneficiary names to be entered by village was circulated to the respective DADOs

By end of September all districts were in possession of this information and the selection of beneficiaries was underway. However many districts complained they were hampered by the lack of finance to carry out the beneficiary selection exercise

The information on beneficiary selection collected in the field was merged and recorded at district headquarters and conveyed to the Logistics Unit in electronic form.

At the Logistics Unit the information provided was further checked and cleaned to ensure that the total number of names agreed with the district allocations provided by the Ministry of Agriculture. Beneficiary distribution registers providing beneficiary names at village level were then printed.

These registers were delivered to the Subsidy secretariat at Ministry of Agriculture Headquarters as the secretariat was to be the body responsible for the eventual distribution of the vouchers.

The first of the completed beneficiary registers (Blantyre ADD) was delivered to the Ministry of Agriculture on 18th October and delivery of the final registers (Mzimba) took place on 6th December.

Points to Note

Although the districts were advised of the breakdown of the district allocation to EPA and village level, in almost all districts the allocations made by the DADOs when completing the beneficiary list differed from the information provided.

During the beneficiary selection process the Ministry of Agriculture advised some districts (Mzimba, Mangochi, Nkhotakota and Nsanje) of a number of additions to the original district allocation.

In Mangochi there was some resistance by traditional leaders to accepting the vouchers. This resulted in under registration in that district. Also Phalombe and Machinga district did not fully utilise the allocation for flexible coupons while in Salima an administrative error resulted in over registration in that category

As a consequence districts eventually produced lists covering the number of beneficiaries shown in the following table

District	NPK UREA MAIZE	TOBACCO	Flexible	Additional NPK/Urea only
Chitipa	25,259	8,541	14,238	
Karonga	21,831	3,207	16,988	
Rumphi	26,400	12,180	14,790	
Likoma	640		595	
Nkhata Bay	21,895	200	15,786	
Mzimba	93,500	19,080	72,877	
Kasungu	79,618	25,470	55,074	
Mchinji	62,500	17,560	41,732	
Ntchisi	30,000	14,080	25,138	
Dowa	68,700	24,500	40,411	
Nkhota Kota	24,784	715	20,602	3,000
Salima	34,500	1,102	25,675	
Lilongwe	118,789	20,818	113,542	
Dedza	65,050	5,039	51,573	
Ntcheu	67,500	5,175	39,739	
Balaka	40,841	2,820	27,446	
Mangochi	71,088	4,920	64,896	
Machinga	60,207	4,657	42,351	
Zomba	74,387	8,510	54,066	
Chiradzulu	55,359	4,596	25,482	
Phalombe	71,273	5,784	22,788	
Mulanje	69,093	978	54,120	
Thyolo	88,302	2,942	49,437	
Blantyre	83,661	5,565	40,370	
Mwanza	21,802	875	10,211	
Neno	12,868	355	8,609	
Chikwawa	11,074		30,615	
Nsanje	11,060		17,204	314
Unallocated	84,705	331	3,645	
Total	1,500,000	200,000	1,000,000	3,314

In general the registration process as implemented by the DADOs remained true to the total numbers indicated as being that allocated to their district for the particular category, although as previously noted, allocations within the district varied quite considerably from the guidelines provided by the Ministry through the Logistics Unit.

However the registration process took a new twist in mid December when the Ministry indicated that additional vouchers were to be distributed in the districts. This allocation

amounted to a further 118,471 each of NPK and Urea vouchers and 68,486 maize vouchers.

Then in early January the Ministry advised that there had been a further issue of vouchers resulting in the table below

District	New NPK/Urea allocation	New Maize allocation	Additional NPK/Urea names	Addition maize names
Chitipa	29,950	25,869	4,691	610
Karonga	33,872	22,291	12,041	460
Rumphi	33,731	30,650	7,331	4,250
Likoma	2,261	680	1,619	38
Nkhata Bay	30,147	22,566	8,252	671
Mzimba	190,421	96,840	96,921	3,340

Kasungu	101,109	82,528	21,491	2,910
Mchinji	71,201	63,200	8,701	700
Ntchisi	36,081	30,900	6,081	900
Dowa	77,991	70,910	9,291	2,210
Nkhotakota	37,535	28,454	12,751	3,670
Salima	40,761	36,180	6,261	1,680
Lilongwe	141,010	124,429	22,221	5,640
Dedza	70,781	66,800	5,731	1,750
Ntcheu	74,851	68,270	7,351	770
Balaka	46,969	40,911	6,128	70
Mangochi	78,778	71,178	7,690	90
Machinga	74,447	63,455	14,240	3,248
Zomba	87,328	74,497	12,941	110
Chiradzulu	60,242	55,559	4,883	200
Phalombe	75,676	71,704	4,403	431
Mulanje	84,155	73,153	15,062	4,060
Thyolo	123,014	118,022	34,712	29,720
Blantyre	89,125	83,741	5,464	80
Mwanza	22,146	21,832	344	30
Neno	16,918	16,918	4,050	4,050
Chikwawa	11,812	11,184	738	110
Nsanje	11,374	11,060	404	90
Total	1,753,686	1,500,000	341,793	71,888

This further issue meant that 338,391 NPK, 338,391 Urea and 84,705 maize vouchers had been issued to beneficiaries other than those whose names were in the beneficiary registers. It has not proved possible to identify the channels through which these coupons were distributed or the identity of those who received them.

In addition 11,000 Urea coupons were made available for issue to smallholder tea growers in Mulanje/Thyolo and 4,000 vouchers each of NPK and Urea went to the Northern Region for issue to smallholder coffee growers.

Redemption of Vouchers, Sales and Stock balances In Markets

A considerable departure from the procedure of previous years' subsidy programmes was the exclusion of private retailers as agents for the sale of fertiliser through the voucher scheme. Initially the various work plans for the 2008/2009 subsidy programme had included private retailers and as late as mid October 2008 contracts had been issued to selected retailers. However these were withdrawn and on 6th November 2008 an announcement was made that the agents for sales of fertiliser through the subsidy scheme would be ADMARC and SFFRFM only. The private sectors involvement in the direct sale of subsidy products to the farmers was to be limited to the various seed companies for the maize seed and flexible vouchers.

Sales for the subsidised products commenced on 3rd November 2008 in the southern Region. At the same time an independent monitoring service was commissioned using DFID funding. The monitors (Mulli Brothers) were responsible for producing a weekly report to the Logistics Unit that covered fertiliser arrivals and sales for each of the unit markets opened by SFFRFM and ADMARC. Sales ceased on 6th February in the South and Central and continues until 1st February in the Northern region.

Vouchers arising from sales had to be returned to the Logistics Unit for recording and, in the case of seed, reimbursing. The first vouchers (seed) were returned to the Logistics Unit on 6th November 2008. However no fertiliser vouchers from either ADMARC or SFFRFM were received until the first week in December at which point over 160,000 MTS fertiliser had already been sold. Vouchers for both seed and fertiliser continued to be submitted until the last week in April

Fertiliser Sales

Set out below are tables indicating the level of presumed sales by district It is arrived at by reducing the uplifts taken into the district by the balances ADMARC has declared as being left in the district. SFFRFM sold all available stocks in their unit markets. It should be noted that the uplift of ADMARC balances in the Northern region and southern region have yet to be confirmed as physical uplift had not been completed at date of issuing this final report.

The uplift figures for Thyolo, Mulanje and the Northern Region (except Mzimba district) have been credited with the fertiliser provided to the smallholder tea and coffee growers. It is believed that the vouchers given to them (19,000 in number) were surrendered to SFFRFM

District	Uplifts	ADMARC declared balances	Sales
Chitipa	4,472.75	283.00	4,189.75
Karonga	3,595.25	370.70	3,224.55
Rumphi	5,715.80	466.90	5,248.90
Likoma	69.00		69.00
Nkhata Bay	2,112.85	275.20	1,837.65
Mzimba	23,079.80	977.80	22,102.00

Kasungu	13,012.30		13,012.30
Mchinji	8,602.40		8,602.40
Ntchisi	5,044.00		5,044.00
Dowa	10,256.35	5.00	10,251.35
Nkhotakota	3,263.40	20.55	3,242.85
Salima	4,309.25		4,309.25
Lilongwe	16,987.15	11.35	16,975.80
Dedza	8,045.25	11.65	8,033.60
Ntcheu	8,155.45	103.85	8,051.60
Balaka	5,974.00	156.80	5,817.20
Mangochi	11,106.20	448.10	10,658.10
Machinga	10,186.40	92.80	10,093.60
Zomba	10,012.90	113.75	9,899.15
Chiradzulu	5,134.00	16.10	5,117.90
Phalombe	7,296.55	21.20	,275.35
Mulanje	9,206.80	17.40	9,189.40
Thyolo	13,862.45	5.35	13,857.10
Blantyre	9,612.85	7.60	9,605.25
Mwanza	2,093.75	11.20	2,082.55
Neno	1,518.40	11.20	1,507.20
Chikwawa	1,492.20	8.01	1,484.19
Nsanje	1,503.85	8.00	1,495.85
Total	205,721.35	3,443.51	202,277.84

Attempts to compare sales against voucher returns on a district basis proved pointless for the following reasons . Non prefixed vouchers could be traded in any district . In addition there were movements of fertiliser between markets that meant the amounts available for sale could differ from the theoretical figures produced above

However, on a regional basis, separating the figures for ADMARC from SFFRFM reveals the following

ADMARC	Uplifts	ADMARC declared balances	Sales	Vouchers Recovered (MTS)
Southern	75,898.40	917.51	74,980.89	70,863.00
Central	66,410.40	152.40	66,258.00	64,441.80
North	30,215.70	2,373.60	27,842.10	28,790.45
Total	172,524.50	3,443.51	169,080.99	164,095.25

SFFRFM	Uplifts	Sales	Vouchers Recovered (MTS)
Southern	13,101.95	13,101.95	11,814.05
Central	11,185.15	11,185.15	12,852.70
North	8,909.75	8,909.75	9,292.85
Total	33,196.85	33,196.85	33,959.60

Such differences as there were between total sales and total voucher returns occurred in ADMARC markets and these only amounted to 4,223 MTS , namely 2% of total sales.

Seed Sales

The system of providing improved seed to farmers through the subsidy programme and the subsequent redemption of the vouchers was entirely different from the fertiliser. The seed was free to the farmer. Seed companies who took part in the scheme (seed Co, Pannar, Monsanto, AISAM, Demeter, Funwe) stocked outlets with packets of seed which were either 2kgs hybrid or 4kgs OPV. The outlets ranged from private agro dealers to the seed companies own shops to ADMARC/SFFRFM unit markets. The farmer surrendered his maize voucher for seed of his/her choice. The seed companies were then responsible for collecting the vouchers from the outlets and submitting these to the Logistics Unit for recording and reimbursement at the rate of MK 680/voucher. The following table shows the result of this exercise.

District	Maize Vouchers allocated	Maize Vouchers redeemed
Chitipa	25,869	32,901
Karonga	22,291	28,049
Rumphi	30,650	26,100
Likoma	680	659
Nkhata Bay	22,566	15,818
Mzimba	96,840	125,808
Kasungu	82,528	74,875
Mchinji	63,200	66,473
Ntchisi	30,900	33,174

Dowa	70,910	76,643
Nkhotakota	28,454	31,077
Salima	36,180	36,938
Lilongwe	124,429	126,163
Dedza	66,800	81,716
Ntcheu	68,270	57,380
Balaka	40,911	45,291
Mangochi	71,178	63,400
Machinga	63,455	62,447
Zomba	74,497	83,272
Chiradzulu	55,559	60,482
Phalombe	71,704	71,546
Mulanje	73,153	78,809
Thyolo	118,022	136,120
Blantyre	83,741	87,879
Mwanza	21,832	21,698
Neno	16,918	13,111
Chikwawa	11,184	11,750
Nsanje	11,060	11,750
Total	1,500,000	1,561,329

In addition to the maize vouchers that were given to farmers who received fertiliser vouchers, 1 million flexible vouchers were to be available for issue. These could be redeemed by farmers for seed of their choice from a basket comprising maize seed (hybrid and OPV), cotton seed, bean seed, pigeon peas. The following table shows the redemption success of this exercise

District	Flexible Vouchers Allocated	Flexible Vouchers redeemed
Chitipa	14,238	11,328
Karonga	16,988	12,683
Rumphi	14,790	11,801
Likoma	595	535
Nkhata Bay	15,787	12,287
Mzimba	72,877	61,052

Kasungu	55,074	44,734
Mchinji	41,732	54,244
Ntchisi	25,138	22,822
Dowa	40,411	48,178

Nkhotakota	20,602	21,096
Salima	24,080	25,346
Lilongwe	113,542	172,907
Dedza	51,573	44,495
Ntcheu	39,739	28,406
Balaka	27,446	17,363
Mangochi	64,896	64,301
Machinga	44,583	34,363
Zomba	54,066	52,129
Chiradzulu	25,482	25,515
Phalombe	25,795	24,912
Mulanje	54,121	59,626
Thyolo	49,437	47,130
Blantyre	40,370	43,134
Mwanza	10,211	23,062
Neno	8,609	7,481
Chikwawa	30,615	30,207
Nsanje	17,204	15,473
Total	1,000,000	1,016,610

Although the flexible vouchers permitted freedom of choice of seed., the vast majority of the vouchers were redeemed for maize seed. The emphasis was much more on hybrid than in previous years with 4,532 MTS of hybrid being selected against 833 MTS OPV.

Records indicate that only 8,852 were redeemed for other seeds. The table below gives the breakdown.

Cotton	8,536
Beans	86
Groundnuts	9
Pigeon peas	221

As in the case of the fertiliser vouchers, little benefit can be derived from a comparison of the apparent district allocation with the district redemption because of the non prefixed vouchers that can be surrendered in any district. However it would seem that more seed vouchers were in circulation than those that the ministry of Agriculture advised as having been printed resulting in 103% redemption of the seed vouchers

Programme Costs

Expenditure incurred in the project was handled in various ways. The invoices for all fertiliser purchases, seed voucher reimbursement and internal transport costs came through the Logistics Unit for checking and was then passed to Government (Ministry of Agriculture or Treasury) for payment. Payment for voucher printing, operational costs

for ADMARC/SFFRFM and the Ministry of Agriculture operational expenditure was met directly by the Ministry and are unknown to the Logistics Unit. There was also the cost of repurchasing the 2007. Logistics Unit operational costs were paid directly by the Unit from funds provided to the Government by DFID. The following table reflects this situation

Known Inputs Subsidy Programme Costs

Flexible voucher returns	726,577,966.00
Seed voucher returns	1,013,566,700.00
Fertiliser "Buy back" costs from 2007/08	3,482,982,390.00
Fertiliser supplier costs	33,268,171,569.00
Transport Costs*	1,293,749,348.00
Logistics Unit operational costs	33,868,647.00
Computers for ADMARC	9,081,742.00
Total known costs	39,827,998,362.00

*The transport costs listed are incomplete as they do not include all the costs of retrieving the surplus fertiliser from the unit markets.

In addition to the above costs, as previously indicated Government arranged the purchase of 24,500 MTS of "flood relief" fertiliser at a cost of MK 4,296,996,393.

The sum of MK 80,358,814 provided by DFID to fund the updating of the 2007 farm family data is not included in the above as it is considered that this is a standard exercise that should not be debited against the programme.

Unknown Inputs Subsidy Programme Costs

Operations costs SFFRFM/ADMARC	??????
Ministry HQ and district operational costs	??????
Voucher Production costs	??????
Balance of retrieval costs from unit markets	??????
Cotton chemical voucher redemption	??????
Bank Charges on 2007/2008 "buy back" stocks	??????

At the date of publishing this report a number of presented invoices remain unpaid. These are summarised below

Fertiliser	2,867,209,263.7
Cotton vouchers	4,170,440.00
Maize vouchers	240,203,980.00
Transporters	80,286,470.44
Total	3,191,870,154.10