

FINAL REPORT

IMPLEMENTATION

OF

AGRICULTURAL INPUTS SUBSIDY PROGRAMME 2009/10

**Logistics Unit
April 2010**

TABLE OF CONTENTS

<i>BACKGROUND</i>	3
<i>OUTCOME (EXECUTIVE SUMMARY)</i>	4
FERTILISER.....	4
SEED	5
OVERALL COSTS	6
RECOMMENDATIONS FOR FUTURE PROJECTS	6
IMPLEMENTATION DETAILS	8
GOVERNMENT FERTILISER AVAILABILITY 2009/10	8
UPLIFTS TO SFFRFM/ADMARC UNIT MARKETS.....	15
BENEFICIARY SELECTION.....	18
VOUCHER PRINTING AND DISTRIBUTION.....	22
SALES OF INPUTS AND REDEMPTION OF VOUCHERS.....	23
<i>Fertiliser Sales</i>	25
<i>Seed Sales</i>	27
PROGRAMME COSTS	30
DONOR CONTRIBUTION	31

BACKGROUND

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

- The programme was to embrace 1.6 million farmers and required the distribution of 160,000 MTS of fertiliser.
- Selected farmers throughout the country received fertiliser vouchers that could be exchanged for fertiliser when surrendering the voucher plus a cash contribution of MK 500.00.
- Each selected farmer was given two vouchers. One was for a 50KG bag of NPK (base fertiliser), the other for a 50 kg bag of urea (to be used as top dressing).
- The same selected farmers also received a maize seed voucher that could be exchanged for a maize seed package (5kgs hybrid or 10kgs open pollinated variety (OPV). The redemption value of the voucher for the seed companies was 1,500 MK. This year, the seed companies could also apply a discretionary cash “top up” not exceeding MK100.00.
- The same selected farmers also received a legume seed voucher that could be exchanged for a pack containing one of the following: beans, cow peas, pigeon peas, groundnuts or soya.
- The pack size for the legumes varied. Certified bean and groundnut packs were to be 1kg. Soya, cow pea and pigeon pea packs were 1.2 kgs and tested bean and groundnut pack were 1.5 kgs. However the redemption value of the voucher was standard at MK 350
- The Ministry of Agriculture and Food Security (MoAFS) took responsibility for organising the printing and packing of all of the vouchers. The District Agricultural Development Officers of MoAFS (DADOs), working with local community leaders, were responsible for the selection of the beneficiaries and the subsequent distribution of the vouchers.. The Logistics Unit’s role in the beneficiary selection and voucher distribution process consisted of updating the Farm Family registers used by the DADOs when manually recording the beneficiary names during the selection process.. On completion of selection, the Unit then produced the electronically generated Beneficiary Registers used by the DADOs in the distribution of the vouchers.
- Regarding the supply of the required fertiliser, the Government issued a tender for the purchase of 100,000 MTS fertiliser. In the event, bids accepted totalled 76,998 MTS fertiliser. This amount was to be supplemented by carry forward

fertiliser from the previous year's subsidy programme to reach the required 160,000 MTS total

- The successful tenderers for the supply of Government fertiliser had to deliver their quota to three SFFRFM regional depots.
- The fertiliser so provided was ferried by contracted local transporters to the ADMARC/SFFRFM unit markets (numbering over 800) from whence it was to be distributed to farmers in exchange for a voucher plus MK 500.
- The provision of seed (maize and legume) 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.
- The eight seed growers then had the task of collecting the vouchers from all of the ADMARC/SFFRFM unit markets and rural agri- dealer outlets. The vouchers were subsequently submitted to the Government via the Logistics Unit for reimbursement at a cost of MK 1,500/maize voucher and MK 350/legume voucher.

There were some significant changes in the programme approach from 2008/09

- The farmer's contribution to the cost of the fertiliser provided was reduced from MK 800 per 50 kg bag (2008/09) to MK 500 per 50 kg bag (2009/2010)
- Unlike last year ,no vouchers were issued for fertiliser to be used in growing cash crops (cotton, tobacco, tea, coffee)
- Consequently no pesticides for such crops were provided through the programme.
- The seed companies had the option to request a maximum of MK 100 from the farmers on top of the maize seed voucher in exchange for the maize packet.
- The flexible vouchers circulated last year were discontinued and replaced with a voucher that could only be exchanged for legumes.

OUTCOME (EXECUTIVE SUMMARY)

Fertiliser

The staff of the Ministry of Agriculture and Food Security distributed 3.2 million fertiliser vouchers (1.6 million NPK, 1.6 million urea) to selected farmers in all the districts. Distribution of vouchers commenced on 31st October 2009 and was finally concluded in early January 2010.

52% of the selected farm families were in male headed households, 45% female headed and the remaining 3% unidentified in the selection process.

Through the scheme, farmers paid MK 500 for a 50kg bag of fertiliser irrespective of the type of fertiliser or area in which it was purchased.

Government provided a total of 161,074 MTS for distribution in the subsidy scheme. 84,076 MTS was available from carry forward stocks within SFFRFM and 76,998 MTS was from direct purchases during 2009.

Net cost of the 76,998 MTS new fertiliser commissioned in 2009 was MK 8,080,081,743

Of the carry forward stocks (84,076 MTS) it is understood that some 52,000 MTS had been the subject of a "Buy Back" deal with the banks. It is believed that the redemption cost of this was \$35 million but confirmation of this figure is required..

Although the initial plan had been to provide selected farmers with 50 kgs NPK as a base fertiliser and 50kgs urea as top dressing, in the event the supplies of both these fertilisers was insufficient to do this. Consequently some farmers received D compound and CAN as substitutes when exchanging their vouchers.

Based on uplifts, declared unit market carry forwards from 2008/09 and advised unit market surpluses on completion, 159,585.32 MTS of fertiliser were distributed through the 2009/10 agricultural inputs subsidy project

The breakdown by type was NPK 77,248.50 MTS, Urea 73,817.15 MTS, D Compound 2,803.20 MTS and CAN 6,681.45 MTS

A further breakdown of the above figures indicates ADMARC and SFFRFM were responsible for selling 140,839.50 MTS and 18,745.80 MTS respectively of the fertiliser purchased by farmers through the scheme

ADMARC/SFFRFM voucher recovery expressed in MTS was 161,508.75 MTS. The 1% difference between this figure and the figure arrived from uplifts etc is believed to be attributable to inaccuracies in the advised 2008/09 carry forward figures and declared surpluses in the unit markets.

The total number of fertiliser vouchers recovered was 3,230,175 against 3,200,000 issues indicating that there is still a problem, albeit small, with voucher security.

Seed

1.6 million Maize seed vouchers were distributed to farmers in the districts between early November and late December. These could be exchanged for 5kgs hybrid or 10kgs OPV maize seed.

1.6 million legume vouchers were distributed to farmers in the districts in November through December. These could be exchanged for seed covering beans, cow peas, pigeon peas, groundnuts or soya.

Maize seed vouchers carried a redemption value of MK 1,500 when exchanged for seed.

Legume vouchers carried a redemption value of MK 350

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 and ADMARC made seed available at these outlets in the following packages;

Hybrid maize seed	5kgs (Pannar, Monsanto, Seed Co, Seed Tech)
OPV maize seed	10kgs (Seed Co, Demeter, Funwe, Seed Tech,)
Tested bean seed	1.5kg (Seed Tech, Demeter, Funwe)
Tested groundnut seed	1.5kg (Seed Co, AISAM, NASFAM, Funwe)
Soya bean seed	1.2 kgs (Seed Co, Funwe)
Pigeon peas	1,2 kgs (Funwe)
Cow peas	1.2 kgs (Funwe)

It had been agreed that certified groundnut and bean seed would be packed in 1kg packets but it is understood no certified seed was made available

It is calculated that the maize seed made available to farmers through the scheme amounted to 7,619 MTS hybrid and 1,033 MTS OPV.

The legume seed provided amounted in total to 1,550.92 MTS

As with the fertiliser vouchers the total number of maize seed vouchers recovered was greater than the number issued. Submitted maize vouchers totalled 1,627,139 against 1.6 million issued indicating that there is still a problem, albeit small, with voucher security.

Overall Costs

The declared costs of the subsidy programme, exclusive of bank charges, MoA HQ and district operational costs, voucher printing etc was understood to be MK 17,140,791,376.00

Based on the apparent sale of 161,508.75 MTS fertiliser Government should be able to recover MK 1,615,087,500.00 through the ADMARC/SFFRFM sales to farmers.

RECOMMENDATIONS FOR FUTURE PROJECTS

Much quicker decisions should be made on district beneficiary allocation to permit vouchers to be printed, packed and distributed in an orderly fashion and sales to be brought forward. Among other advantages this will prevent congestion at SFFRFM depots

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

The demand that voter registration numbers be required should be discontinued. It does little to assist in preventing fraud, was not universally applied, and places an unnecessary burden on the registering teams.

More transparency in voucher production and more attention to security indicators is required.

The use of a contingency item in the distribution lists for vouchers should be discouraged and vouchers should not be distributed in a piecemeal fashion.

Quicker decision on pack size for seed and on top up requirement is needed.

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

More attention should be paid to fertiliser contract awards to avoid giving contracts to non performers. Consideration should be given to restricting awards to Fertiliser Association members.

Earlier preparation of annual farm family registers and more time spent in explaining to DADO staff its general usefulness is required

Funding of post harvest silo protection should have a degree of priority.

There is a need for more elasticity in supply of fertiliser in order to ensure supply matches demand in districts. This could be provided by reopening fertiliser voucher trading to the commercial sector. Such an action would also be beneficial to small agro dealers.

In view of attempts to illegally recycle used vouchers, simple methods of ready identification of used coupons at the point of sale should be introduced. eg cut corners of vouchers , punch hole in vouchers etc

To reduce warehouse storage congestion, transporters should be selected earlier 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.

The present process of accessing donor provided funding requires to be revisited. Inability to access donor finance for whatever reason has resulted in the seed companies having to finance large areas of the seed programme for unacceptably long periods with a possible adverse effect on the price of seed.

IMPLEMENTATION DETAILS

Government Fertiliser Availability 2009/10

On 16th April 2009 the Ministry of Agriculture published an invitation to tender for 100,000 MTS of fertiliser for the forthcoming subsidy programme. Bids were scheduled to be returned on 1st June 2009 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 responsive bids received

COMPANY NAME	NPK (MTS)	PRICE/TON \$	Urea (MTS)	PRICE/TON \$	POINT OF DELIVERY
AGRICULTURE RESOURCES LIMITED	6,000.00	590.00	7,500.00	540.00	BLANTYRE
RAB PROCESSORS	3,000.00	608.00	3,000.00	538.00	BLANTYRE
NYIOMBO INVESTMENTS	10,000.00	652.00	20,000.00	625.00	BLANTYRE
LAKELAND LIMITED	3,000.00	688.00	3,000.00	543.00	BLANTYRE
OPTICHEM	7,000.00	698.00	9,000.00	600.00	BLANTYRE
MALAWI FERTILIZER CO.	8,000.00	715.00	8,000.00	574.00	BLANTYRE
ELVIS GENERAL DEALERS	10,000.00	720.00	10,000.00	670.00	BLANTYRE
CHIPHAKA DISTRIBUTORS	10,000.00	720.00	15,000.00	670.00	BLANTYRE
AGOLA	6,000.00	720.50	4,000.00	585.60	BLANTYRE
FARMERS WORLD	8,000.00	726.50	8,000.00	588.60	BLANTYRE
SEALAND INVESTMENT	16,000.00	730.00	20,000.00	581.00	BLANTYRE
ATC LIMITED	3,000.00	735.00	1,800.00	610.00	BLANTYRE
EXPORT TRADING	5,000.00	735.80	20,000.00	575.80	BLANTYRE
OMNIA	5,000.00	740.00	5,000.00	740.00	BLANTYRE
ROYAL PROCUREMENT & SUPPLIERS	6,500.00	752.00	8,500.00	601.00	BLANTYRE
TRANSGLOBE	10,000.00	760.00	4,000.00	670.00	BLANTYRE
MULLI BROTHERS	23,817.46	770.00	28,008.30	667.00	BLANTYRE
SFFRFM	20,000.00	774.00			BLANTYRE
GASOM	10,000.00	785.00	12,500.00	685.00	BLANTYRE
SIMAMA GENERAL DEALERS	9,000.00	855.00	6,000.00	675.00	BLANTYRE
COINTECK FERTILIZER CO	9,000.00	863.00	4,000.00	683.00	BLANTYRE
AGRICULTURE COMPANY LTD	10,000.00	1,225.00	2,000.00	972.00	BLANTYRE
MAPETO WHOLESALERS			28,000.30	740.00	BLANTYRE
HARDWARE SHOPPING CENTRE			3,000.00	780.00	BLANTYRE
KF TRADING HOUSE			12,500.00	1,195.00	BLANTYRE
AGRICULTURE RESOURCES LIMITED	6,500.00	599.00			LILONGWE
RAB PROCESSORS	3,000.00	618.00	3,000.00	548.00	LILONGWE
SIMAMA GENERAL DEALERS	6,000.00	886.00	4,000.00	680.00	LILONGWE
MALAWI FERTILIZER CO.	8,000.00	720.00	5,000.00	579.60	LILONGWE

OPTICHEM	7,000.00	723.00	1,500.00	610.00	LILONGWE
ATC LIMITED	3,000.00	725.00	600.00	620.00	LILONGWE
AGOLA	6,000.00	725.50	2,000.00	590.60	LILONGWE
SEALAND INVESTMENT	16,000.00	737.08	5,649.62	581.00	LILONGWE
FARMERS WORLD	8,000.00	731.50	8,000.00	593.60	LILONGWE
EXPORT TRADING	15,000.00	735.80	5,649.62	580.80	LILONGWE
ELVIS GENERAL DEALERS	10,000.00	740.00	10,000.00	690.00	LILONGWE
CHIPHAKA DISTRIBUTORS	10,000.00	740.00	5,649.62	680.00	LILONGWE
OMNIA	5,000.00	750.00	5,000.00	750.00	LILONGWE
NYIOMBO INVESTMENTS	1,000.00	757.00	5,649.62	630.00	LILONGWE
SHIRE LIMITED	5,000.00	755.00			LILONGWE
TRANSGLOBE	10,000.00	768.00	1,500.00	678.00	LILONGWE
MULLI BROTHERS	26,775.38	787.00	5,649.62	671.00	LILONGWE
SFFRFM	20,000.00	787.00			LILONGWE
GASOM	10,000.00	800.00	12,500.00	700.00	LILONGWE
COINTECK FERTILIZER CO	6,000.00	873.00	2,000.00	698.00	LILONGWE
AGRICULTURE COMPANY LTD	20,000.00	1,225.00	8,000.00	982.00	LILONGWE
LAKELAND LIMITED	2,000.00	678.00	2,000.00	563.00	MZUZU
RAB PROCESSORS	2,000.00	698.00	2,000.00	609.00	MZUZU
ATC LIMITED	1,000.00	735.00	600.00	630.00	MZUZU
ELVIS GENERAL DEALERS	5,000.00	745.00	5,000.00	690.00	MZUZU
MALAWI FERTILIZER CO.	8,000.00	745.00	3,000.00	604.56	MZUZU
CHIPHAKA DISTRIBUTORS	5,000.00	745.00	4,194.00	690.00	MZUZU
EXPORT TRADING	15,000.00	745.80	4,350.08	609.80	MZUZU
OPTICHEM	3,500.00	748.00	1,500.00	635.00	MZUZU
NYIOMBO INVESTMENTS	8,000.00	750.00	5,350.08	632.00	MZUZU
SEALAND INVESTMENT	11,407.16	750.00	4,350.08	685.00	MZUZU
FARMERS WORLD	6,000.00	756.50	1,300.00	618.60	MZUZU
MULLI BROTHERS	11,407.20	786.00	4,350.08	682.00	MZUZU
SIMAMA GENERAL DEALERS	3,000.00	890.00	2,000.00	697.00	MZUZU
COINTECK FERTILIZER CO	3,000.00	878.00	6,000.00	698.00	MZUZU

In addition , the following bids were received but were considered by the tender opening committee to be non responsive

FARM CHEM WHOLESALERS	12,500.00	650.00	6,000.00	625.00
ASTRO CHEMICALS	12,500.00	680.00	12,500.00	630.00
JF INVESTMENT	24,000.00	775.00	24,000.00	645.00
CHRISH TRADING			5,000.00	780.00

A multi organisation evaluation committee was then formed. Their undisclosed findings were passed to the Principal Secretary in the Ministry of Agriculture and Food Security shortly after the tender opening. . On 21st August, MoAFS announced that the following Government contract awards had been issued.

Supplier	type	Chirimba	\$/MT	Kanengo	\$/MT	Luwinga	\$/MT d
Mulli	Urea	6,690.00	667.00			852.00	682.00
	NPK	359.00	770.00	4,849.00	787.00	2,250.00	786.00
Simama	Urea	3,353.00	675.00			606.00	697.00
	NPK	1,000.00	875.00	3,041.00	886.00	1,000.00	890.00
Export Trading	Urea	3,500.00	575.80			500.00	609.80
	NPK			1,000.00	735.80	2,000.00	745.80
Farmers World	Urea	1,129.00	726.50			871.00	618.60
	NPK			1,000.00	731.50	4,000.00	756.50
Nyiombo	Urea					797.00	797.00
	NPK			4,703.00	757.00	500.00	500.00
SFFRFM	NPK	2,000.00	774.00	3,300.00	787.00		
Coin Tech	Urea	703.00	683.00	797.00	698.00		
	NPK	1,000.00	863.00	1,000.00	873.00	1,500.00	878.00
Farmchem	NPK	5,000.00	650.00				
Sealand	Urea	2,007.00	581.00				
	NPK	1,000.00	730.00	993.00	737.08	1,000.00	750.00
Astro Chemicals	NPK	5,000.00	660.00				
Transglobe	Urea	1,307.00	670.00	636.00	670.00		
	PK	1,055.00	760.00	2,000.00	768.00		
Admarc	Urea	2,100.00	1,245.51	335.00	1,245.51	265.00	1,245.51

A number of suppliers had stocks already in country. Consequently they were anxious to commence deliveries immediately in order to receive payment. However the volume of stocks already in the SFFRFM depots was so large that immediate reception of the fertiliser was not possible. Consequently it was agreed that stocks in the suppliers warehouses would be checked and 90% payment authorised for the agreed tonnages. The balance of 10% was to be paid when the fertiliser was uplifted from the suppliers' warehouse for forwarding to unit markets.

Meanwhile the volumes of fertiliser from 2008/2009 in the three SFFRFM depots were identified and the quantity finally agreed as being as follows

Depot	NPK	Urea	CAN	D	total
Chirimba	17,149.41	9,385.68	2,600.89	500.03	29,636.01
Kanengo	8,774.55	30,277.15	4,727.85	3,448.65	47,228.20
Luwinga	852.05	6,042.85	27.60	289.85	7,212.355
Totals	26,776.01	45,705.68	7,356.34	4,238.53	84,076.56

The anticipated volumes available in each region arising from the awards and the carry over fertiliser is shown in the table below.

Southern Region	NPK	UREA	CAN	D Compound
Via Supplier	16,414.00	20,789.00		
2008 carry forward	17,149.41	9,385.68	2,600.89	500.03

Total SR Tonnage	33,563.41	30,174.68	2,600.89	500.03
Central Region	NPK	UREA	CAN	D Compound
Via Supplier	21,886.00	971.00		
2008 carry forward	8,774.55	30,277.15	4,727.85	3,448.65
Total CR Tonnage	30,660.55	31,248.15	4,727.85	3,448.65
Northern Region	NPK	UREA	CAN	D Compound
Via Supplier	12,250.00	4,688.00		
2008 carry forward	852.05	6,042.85	27.60	289.85
Total NR Tonnage	13,102.05	10,730.85	27.60	289.85
National Total	77,326.01	72,123.68	7,356.34	4,238.53

With a declared programme of 1.6 million beneficiaries each to receive a 50kg bag of NPK and a 50 Kg bag of urea, 80,000 MTS of each fertiliser would be required. Clearly there was insufficient of each but there was the CAN and D compound available. The Ministry had previously advised (27th July) that it was intended that this be swapped for urea and NPK respectively.

Negotiations on the swap were prolonged but eventually in early October it was agreed that the swap would be carried out with SFFRFM and an agreement reached on the exchange rate for the quantities involved. . These were to be as follows.

	CAN	Urea swap		D compound	NPK swap
Bt	2,600.89	2,325.79	Bt	500.03	513.11
Ll	4,727.85	4,237.22	Ll	3,448.65	3,537.48
Mz	27.60	24.56	Mz	289.85	296.30
	7,356.34	6,587.57		4,238.53	4,346.89

With the publication of the initial district beneficiary list in mid September followed by a number of small additions throughout October, the 1.6 million national beneficiary programmes was now available at district level. As a result, with the exception of a small beneficiary contingency, it was now possible to equate regional demand with supply. Taking into account the NPK and urea that would arise from the swap the following was the position at the end of October when the programme distribution was officially launched

Southern Region	NPK	Requirement	UREA	Requirement
Via Supplier	16,414.00		20,789.00	
2008 carry forward	17,149.41		9,385.68	
swap	513.11		2,325.79	
Total SR Tonnage	34,076.52	36,639.25	32,500.47	36,639.25
Central Region	NPK		UREA	
Via Supplier	21,886.00		971.00	
2008 carry forward	8,774.55		30,277.15	
swap	3,537.48		4,237.22	
Total CR Tonnage	34,198.03	32,029.40	35,485.37	32,029.40

Northern Region	NPK		UREA	
Via Supplier	12,250.00		4,688.00	
2008 carry forward	852.05		6,042.85	
swap	296.30		24.56	
Total NR Tonnage	13,398.35	10,831.35	10,755.41	10,831.35
National Total	81,672.90	79,500.00	78,741.25	79,500.00

With agreement reached on the swap figures and only the 10,000 beneficiary contingency still to be allocated, representing 500 MTS, the project was seen to have an excess of NPK of some 1,673 MTS and a corresponding deficit of 1,259 MTS urea. The deficit gave no cause for concern as it was considered that it would be possible to swap the excess NPK for urea already believed to be available within SFFRFM.

Clearly there was also a need to rationalise between the regions. Where possible suppliers were requested to deliver to alternative depots, and transporters were subsequently commissioned to move any remaining excess fertiliser to a region reflecting a deficit. Despite this latter exercise it will be appreciated that there would remain an urea deficit in the Southern Region that would only be compensated when the swap arrangements were finally completed.

Uplifts to the ADMARC/SFFRFM unit markets commenced on 18th September and proceeded smoothly through the project. However by the end of December, because the agreed swap had not physically taken place, the transporters were actually uplifting urea that did not officially belong to the project and remained the property of SFFRFM. No concern was expressed about this with all parties believing that the position would be corrected when the physical swap took place

In the meantime concern was being expressed about the failure of two suppliers to deliver on time. The two companies were Astro Chemical and Farmchem who had each been awarded contracts for the supply of 5,000 MTS NPK despite their bids having been rejected at the tender opening as non responsive.

As a result of this non delivery, at the end of November, the two companies each had their contracts reduced to 500 MTS NPK. At the same time the Ministry requested members of the Fertiliser Association to meet the resultant 9,000 MTS deficit at a price of \$660/MT being the price applying to the previous award to Astro Chemicals. The Association agreed to meet this request but subsequently the Government advised that the following extensions had been awarded .

Company	Depot	NPK MTS	Price/MT
Nyiombo	Chirimba	6,000.00	660.00
Farmers World	Chirimba	1,000.00	660.00
Mulli	Chirimba	1,000.00	660.00
Coin Tech	Chirimba	1,000.00	660.00

As a result of this award coupled with the redirection of Farmers World and Transglobe contracts to provide much needed NPK in the Southern Region, the commissioned contracts now looked as follows

Supplier	type	Chirimba	\$/MT	Kanengo	\$/MT	Luwinda	\$/MT d
Mulli	Urea	6,690.00	667.00			852.00	682.00
	NPK	359.00	770.00	4,849.00	787.00	2,250.00	786.00
	NPK	1000.00	660.00				
Simama	Urea	3,353.00	675.00			606.00	697.00
	NPK	1,000.00	875.00	3,041.00	886.00	1,000.00	890.00
Export Trading	Urea	3,500.00	575.80			500.00	609.80
	NPK			1,000.00	735.80	2,000.00	745.80
Farmers World	Urea	1,129.00	726.50			871.00	618.60
	NPK	2,581.00	726.50	1,000.00	731.50	1,419.00	756.50
	NPK	1000.00	660.00				
Nyiombo	Urea					797.00	797.00
	NPK	6,000.00	660.00	4,703.00	757.00	500.00	500.00
SFFRFM	NPK	2,000.00	774.00	3,300.00	787.00		
Coin Tech	Urea	703.00	683.00	797.00	698.00		
	NPK	1,000.00	863.00	1,000.00	873.00	1,500.00	878.00
	NPK	1,000.00	660.00				
Farmchem	NPK	5,000.00	650.00				
Sealand	Urea	2,007.00	581.00				
	NPK	1,000.00	730.00	993.00	737.08	1,000.00	750.00
Astro Chemicals	NPK	5,000.00	660.00				
Transglobe	Urea	1,307.00	670.00	636.00	670.00		
	NPK	1,055.00	760.00	1,000.00	768.00		
		1,000.00	768.00				
Admarc	Urea	2,100.00	1,245.51	335.00	1,245.51	265.00	1,245.51

At this point in time (early December) the potential regional availability and demand was seen to be as follows

Depot		Carry Forward + swap	New Commission	Total	Requirement	Urea/NPK position
Southern	NPK	17,662.52	19,995.00	37,657.52	36,659.00	998.52
	Urea	15,082.47	20,789.00	35,871.47	36,659.00	- 787.53
Central	NPK	12,312.03	20,886.00	33,198.03	32,029.00	1,169.03
	Urea	30,261.27	1,768.00	32,029.27	32,029.00	0.27
Northern	NPK	1,148.35	9,669.00	10,817.35	10,831.00	-13.65
	Urea	6,949.51	3,891.00	10,840.51	10,831.00	9.51
National	NPK	31,122.90	50,550.00	81,672.90	79,519.00	2,153.90
	Urea	52,293.25	26,448.00	78,741.25	79,519.00	-777.75

As will be seen a further small allocation had been made from the contingency leaving only 9,615 beneficiaries to be allocated. This would require a further 481 MTS of both fertilisers to service. The overall surplus NPK was still 1,673 MTS NPK and the deficit for urea remained at 1,257 MTS. The understanding was that the urea deficit would be filled by using SFFRFM urea that could be swapped for excess Government NPK.

However in late December, the decision to swap last year's surplus D compound and CAN for NPK and urea respectively was rescinded. Instead, the MoAFS advised that the D compound was to be issued as a base dressing as an alternative to NPK. The CAN was to take the place of urea as a top dressing. Despite this decision there was still inadequate top dressing and an agreement was reached between the Ministry and SFFRFM to correct this by swapping 500.03 MTS D compound in Chirimba for 500 MTS urea.

The decision not to carry out the swap of D compound and CAN for NPK and urea altered the picture considerably as the uplifts had been going ahead on the basis that such a swap would take place. As a result, as illustrated in the table below, the programme had eaten into urea stocks that did not belong to it.

Depot		Carry forward only	New Commission	Total available	Final Uplift	Urea/NPK position
Southern	NPK	17,149.41	19,995.00	37,144.41	37,125.35	19.06
	Urea	13,256.68*	20,789.00	34,045.68	34,125.20	-79.52
Central	NPK	8,774.55	20,886.00	29,660.55	29,633.25	27.30
	Urea	26,024.05	1,768.00	27,792.05	28,820.55	-1,028.50
Northern	NPK	852.05	9,669.00	10,521.05	10,489.80	31.25
	Urea	6,924.95	3,891.00	10,815.95	10,871.40	-55.45
National	NPK	26,776.01	50,550.00	77,326.01	77,248.40	77.61
	Urea	46,205.68	26,448.00	72,653.68	73,817.15	-1,163.47

* contains 500 MTS urea acquired by swapping for D compound

With the declaration by the Ministry that the CAN and D compound were now to be issued as alternatives to NPK and Urea plus the final allocation to the districts in January of the 9,615 contingency, movement of the CAN and D compound to depots serving regions requiring base and top dressing had to take place. The final position at the completion of such movements and subsequent uplifts was as follows:

Depot		NPK	Urea	D compound	CAN
Chilimba	Total stocks	37,144.41	34,045.68	---	2,820.85
	Total Uplifts	37,125.35	34,125.20	---	2,820.85
	Balance	19.06	-79.52	---	---
Kanengo	Total stocks	29,660.55	27,792.05	3,448.65	4,425.89
	Total Uplifts	29,633.25	28,820.55	2,513.45	3,751.00
	Balance	27.30	-1,028.50	935.20	674.89
Luwinga	Total stocks	10,521.05	10,815.95	289.85	109.60
	Total Uplifts	10,459.80	10,841.40	289.85	109.60
	Balance	61.25	-25.45	----	---
National	Total stocks	77,326.01	72,653.68	3,738.50	7,356.34
	Total Uplifts	77,248.40	73,817.15	2,803.30	6,681.45
	Balance	107.61	-1,133.47	935.20	674.89

Uplifts to SFFRFM/ADMARC Unit Markets

The internal transport of the Government acquired fertiliser from the three SFFRFM depots to the ADMARC/SFFRFM unit markets was the subject of public tender. A tender notice appeared in the press on 13th July 2009 inviting tenders for the uplift of the subsidy fertiliser. The specified return date was 7th August 2009. This was subsequently extended to 14th August 2009.

73 bidders responded to this invitation. An evaluation committee considered the bids and forwarded an analysis to the Principal Secretary MoAFS, recommending 23 transporters and proposing the application of a unified rate for payment. This was to be 30MK/tonne/kilometer nationally with the exception of Chitipa where 32MK/toone/km was proposed. In addition a shunt rate of 3,000MK/tonne for trips of 30 KM and less was recommended.

Eventually on 23rd September 2009, the Government through the Office of Public Procurement issued an acceptance list covering 26 transporters (23 from the evaluation plus an additional 3). The rates offered were as recommended by the evaluation committee

The list of accepted transporters and the depots from where to operate in is produced below.

SOUTHERN REGION

Chirimba	Feltons
Chirimba	Trademan
Chirimba	Freight & General Dealers
Chirimba	Road Transport Operators Association
Chirimba	I Investment
Chirimba	Salpha Enterprises

Chirimba	Far West Transport
Chirimba	Mulli Brothers
Chirimba	Simama Transport

CENTRAL REGION

Kanengo	Kapiliuta Transport
Kanengo	Kachere Agriculture Trading
Kanengo	Maer Transport
Kanengo	F & A Carriers
Kanengo	Mali - Ligomeka Transport
Kanengo	Local Transporters Association
Kanengo	Zingakake Transport
Kanengo	Pez General Dealers
Kanengo	Anala Transport
Kanengo	Agriculture Produce Transport
Kanengo	Kk Properties
Kanengo	Mzati Investments
Kanengo	Masina Investments
Kanengo	Mulli Brothers
Kanengo	Simama Transport

NORTHERN REGION

Luwingu	Chizamsoka Transport
Luwingu	Swank Haulage
Luwingu	Northern Region Transporters Association
Luwingu	Lunyina Haulage
Luwingu	Mulli Brothers
Luwingu	Simama Transport

Supply contracts for the fertiliser for the 2009/10 subsidy programme were awarded on 21st August. The SFFRFM depots were already filled with the carry over stocks from 2008/09. However, as noted above a list of transporters was not available until 23rd September. Consequently uplifts to release the pressure on the depots could only commence in late September (28th). Even when uplifts commenced these were of a limited nature. Transporters could only deliver to those unit markets where there was existing available space, as sales of fertiliser did not commence to the farmers until end of October. There is clearly a need for better coordination of these particular activities.

The following table indicates the level of uplifts that were finally delivered into the districts

District	NPK	D compound	Urea	CAN
Nsanje	804.95	-	850.00	15.00
Chikwawa	726.65	-	743.00	-
Thyolo	5,098.40	-	4,508.50	497.00
Mulanje	4,142.35	-	4,345.10	-
Phalombe	2,940.85	-	2,934.00	181.00
Blantyre	4,892.85	-	3,954.25	538.80
Zomba	4,336.00	-	4,544.70	329.00
Mwanza	805.85	-	876.50	-
Neno	728.95	-	495.00	20.00
Chiradzulu	2,466.25	-	2,147.20	254.00
Machinga	3,593.00	-	2,892.90	324.00
Mangochi	3,919.55	-	3,564.00	462.05
Balaka	2,669.70	-	2,270.05	200.00
Regional	37,125.35	-	34,125.20	2,820.85
Salima	1,629.85	115.00	1,473.80	345.00
Nkhota Kota	1,538.50	45.00	1,547.45	45.00
Ntchisi	1,750.80	149.95	1,714.05	244.95
Dedza	3,266.70	145.00	3,018.00	354.95
Lilongwe	6,998.00	751.00	6,783.35	1,278.80
Mchinji	3,509.65	130.00	3,515.45	90.00
Dowa	3,366.30	555.50	3,288.65	639.30
Kasungu	4,092.30	447.00	4,116.05	423.00
Ntcheu	3,511.25	175.00	3,393.75	330.00
Regional	29,663.35	2,513.45	28,850.55	3,751.00
Rumphi	1,387.60	75.35	1,438.10	26.00
Karonga	1,338.50	-	1,381.70	-
Chitipa	1,548.85	35.00	1,555.95	10.00
Nkhata Bay	880.35	20.00	854.95	10.00
Likoma	34.15	-	33.75	-
Mzimba	5,287.35	159.50	5,559.95	63.60
Regional	10,476.80	289.85	10,824.40	109.60
Grand Total	77,265.50	2,803.30	73,800.15	6,681.45

Losses in transit appear to have totalled 214.07 MTS Of this, the cost of 77.07 MTS was deducted from invoices due to the respective transporters. However 137.00MTS remain unaccounted for by the transporters concerned namely Far West 111.00 MTS and F&A Carriers (26 MTS). Consequently it has to be assumed Government will bear a loss of MK 472,000.00 unless this sum can be recovered from the relevant transporters.

The average cost /MT of delivering fertiliser from the appropriate SFFRFM depot to just over 800 ADMARC/SFFRFM selling points throughout the country was \$35.56/MT. The cost /MT in US \$ for the individual districts is given below

District	Cost (US\$)/MT
Balaka	37.21
Blantyre	23.77
Chikhwawa	30.24
Chiradzulu	22.11
Chitipa	116.72
Dedza	25.99
Dowa	19.09
Karonga	58.47
Kasungu	37.57
Lilongwe	21.00
Machinga	42.98
Mangochi	61.72
Mchinji	30.61
Mulanje	29.01
Mwanza	29.48
Mzimba	42.04
Neno	30.27
NkhataBay	24.05
Nkhotakota	60.31
Nsanje	45.72
Ntcheu	55.19
Ntchisi	28.78
Phalombe	33.86
Rumphi	27.40
Salima	27.20
Thyolo	28.57
Zomba	26.22

In addition to the initial uplift from SFFRFM depots to unit markets, it also proved necessary to relocate 2,030 MTS between markets. This is an extremely expensive exercise with the average cost being \$104.70/MT. Clearly such relocations should be avoided if possible.

Beneficiary Selection

The beneficiary selection exercise was executed in the following manner:

In mid June MoAFS agreed to update the 2008 farm family data base. Consequently, in late June, the Logistics Unit supplied all districts with an electronic copy of the 2008 farm family list and asked the DADOs to update it. This exercise lasted until first week in October before it was finally completed.

However as each district completed the update, an electronic edition of the update was provided to the Logistics Unit.

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 resultant complete district farm family was as follows:

District	2009 FF nos
Chitipa	57,925
Karonga	64,043
Rumphi	58,790
Likoma	2,105
Nkhata Bay	58,245
Mzimba	260,615
NR	501,723
Kasungu	331,368
Mchinji	167,229
Ntchisi	118,724
Dowa	246,324
Nkhota Kota	83,985
Salima	93,405
Lilongwe	473,937
Dedza	225,414
Ntcheu	153,414
CR	1,893,800
Balaka	109,698
Mangochi	270,448
Machinga	193,204
Zomba	218,852
Chiradzulu	102,137
Phalombe	97,095
Mulanje	183,154
Thyolo	191,794
Blantyre	169,518
Mwanza	27,870
Neno	32,712
Chikwawa	122,464
Nsanje	71,797
SR	1,790,743
National	4,186,266

On 15th September, MoAFS produced the following beneficiary district allocation list indicating the district allocation.

District	Total Number of beneficiaries
Chikhwawa	17,095
Nsanje	14,702
Chiradzulu	51,049
Mwanza	15,255
Neno*	16,726
Blantyre	92,238
Thyolo	99,188
Mulanje	73,699
Phalombe	60,025
Balaka	52,564
Mangochi	75,429
Machinga	64,469
Zomba	90,346
SR Total	722,785
Nkhotakota	31,437
Salima	36,800
Ntcheu	72,000
Dedza	66,386
Lilongwe	156,092
Dowa	70,282
Ntchisi	38,000
Mchinji	69,666
Kasungu	87,925
CR Total	628,588
Mzimba	102,200
Nkhatabay	23,356
Rumphi	28,160
Likoma	683
Chitipa	28,943
Karonga	25,285
NR Total	208,627
Unallocated	40,000
National Total	1,600,000

With the production of this allocation list, selection of beneficiaries could proceed. As soon as it had been confirmed, the corrected 2009 farm family register was re formatted to permit easy identification of beneficiaries. A hard copy of the reformatted register was issued containing columns that allowed the identity of a chosen beneficiary to be shown and information confirming sex and voter registration number to be entered,

The request on identification of sex was donor driven and the demand for voter registration numbers came from the MoAFS

An electronic copy of this reformatted farm family register was returned to the Logistics Unit. There it was condensed to produce a beneficiary register containing only the names and information relating to the selected farmers.

After checking on the accuracy of the numbers, three copies of this register were printed and forwarded to the coordinating unit at the MoAFS. The registers were accompanied by summary sheets indicating the number of vouchers to be distributed in each village and giving the relevant registration numbers of the vouchers. The production of beneficiary registers and summary lists began in mid October and was completed in the first week of November.

However there was a need to produce small supplementary beneficiary registers between November and early January this being the period during which the MoAFS made the final allocation of the 40,000 unallocated shown in the table above.

As a result of these supplementary allocations the final district registration was as follows

District	Total Number of beneficiaries	Male headed Households	Female headed Households	Unknown
Chikhwawa	18,895	13,437	5,092	366
Nsanje	14,702	9,745	4,625	332
Chiradzulu	52,964	15,124	36,178	1,662
Mwanza	15,600	7,152	8,098	350
Neno*	17,573	8,036	8,667	870
Blantyre	94,233	38,917	54,786	530
Thyolo	101,685	38,981	61,082	1,622
Mulanje	76,533	37,031	37,814	1,688
Phalombe	60,379	27,747	32,119	513
Balaka	53,285	25,368	27,828	89
Mangochi	75,825	33,397	41,757	671
Machinga	64,819	24,055	31,475	9,289
Zomba	91,511	37,100	53,094	1,317
SR Total	738,004	316,090	402,615	19,299
Nkhotakota	31,437	20,631	9,450	1,356
Salima	36,800	21,874	14,334	592
Ntcheu	73,000	40,294	31,594	1,112
Dedza	67,386	30,601	36,551	234
Lilongwe	161,211	100,814	54,211	6,186
Dowa	72,722	48,973	22,175	1,574
Ntchisi	40,465	23,153	13,828	3,484
Mchinji	70,131	48,101	21,547	483
Kasungu	90,345	55,840	27,479	7,026
CR Total	643,497	390,281	231,169	22,047

Mzimba	107,727	66,648	38,761	2,318
Nkhatabay	23,956	7,371	15,863	722
Rumphi	29,465	18,013	11,147	305
Likoma	683	302	379	2
Chitipa	30,383	21,682	8,013	688
Karonga	26,285	18,771	7,508	6
NR Total	218,499	132,787	81,671	4,041
National Total	1,600,000	839,158	715,455	45,387

The percentage breakdown of male to female headed households is shown in the table below

Region	Male Headed Households	Female headed Households	Unknown
Southern	43%	55%	2%
Central	61%	36%	3%
Northern	61%	37%	2%
National	52%	45%	3%

Regarding the Ministry demand that voter registration numbers should be required at the time of selection of beneficiaries, this was a controversial measure attracting criticism from various sections of the community. It is also doubtful if it contributed to the efficiency of the selection process and the subsequent redemption of vouchers. An analysis of the beneficiary selection registers indicates that a number of beneficiaries were included in the registers without registration numbers and a number of beneficiaries clearly provided voter registration numbers that were not theirs being a duplicate of numbers provided by others. Approximately 1% of the names in the beneficiary selection registers fell into these categories.

The task of physically distributing the vouchers to the beneficiaries fell to the MoAFS staff. The distribution of the main bulk of the vouchers began with the Mulanje vouchers at the end of October and continued in the rest of the country through to the last week in November. The small supplementary issues of the 40,000 continued until the first week in January.

Voucher Printing and Distribution

As has been the case in past programmes, 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.

The MoAFS, citing the need for secrecy to avoid fraudulent reproduction, concealed most of the information about the printing of the vouchers.

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. As indicated above, the initial decision on district allocation was finally made in mid September. At the task force meeting of 21st October, it was revealed that the printing of the vouchers was underway.

At the task force meeting of 28th October, it was announced that the official launch of the programme would be on the following day and sales would commence on 31st October with Mulanje being the first district. At this point the design of the voucher had not been disclosed.

The printing of the vouchers did not appear to be without problems. The design for the vouchers issued in the Southern region, both for fertiliser and seed was replaced with a more complex design for the vouchers subsequently issued in the Central and the Northern region. The Southern region vouchers were guillotined to separate them and this was not particularly well executed. This resulted in the individual voucher being of varying size with part of the previous voucher appearing on the next in line. This was corrected with the printing of the Central and Northern region vouchers, these being perforated.

The numbering also varied in quality with the numbers on some vouchers having been machine run, in other instances the numbers had been stamped.

In general more attention requires to be paid to the printing of the vouchers.

Sales of Inputs and Redemption of Vouchers

Once again no private retailers were involved in the sale of fertiliser through the voucher scheme. Initially the MoAFS had indicated that retailers would be included as had been the case in 2007/08. Working towards this, a team consisting of a Department for International Development (DFID) representative, a member from the MoAFS coordinating unit and a representative from FAM had developed a district chart indicating the level of reimbursement for vouchers redeemed by private retailers. However on 16th September, the MoAFS announced that private sector participation in the sale of fertiliser, was to be restricted to the twelve firms who had been awarded contracts and whatever was sold over their counters was to be part of their overall award. It was soon clear that no supplier wished to operate as retailers under these conditions. As a result the only organizations involved in accepting fertilizer vouchers were once more ADMARC and SFFRFM

The private sectors involvement in the direct sale of subsidy products to the farmers was again to be limited to the various seed companies for the maize seed and legume vouchers.

Sales for the subsidised products commenced on 31st October in Mulanje in the southern Region. On 14th November 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 31st January in the South and continued until 7th February in the Central and Northern regions.

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 2009. Fertiliser vouchers from ADMARC/SFFRFM began to flow in from 24th November. Submission of vouchers for both seed and fertiliser was basically complete before the end of March.

There is evidence that some vouchers, both for fertiliser and seed, may have been printed illegally. There were police reports during the distribution of inputs that indicated a limited number of malpractices having taken place..

In support of this, when the vouchers were submitted to the Logistics Unit, in all categories of vouchers, duplicate numbers were found. There were also a number of vouchers in circulation where the registration number was in excess of the highest number of registered beneficiary. The extent of this problem is difficult to quantify by district as the vouchers when submitted from ADMARC often cross district boundaries. However it would appear that there were more vouchers in circulation than had been distributed by the MoAFS. The table below outlines the problem.

Fertiliser Vouchers	Distributed	submitted	Excess over allocation	Nos Under allocation
Southern Region	1,476,008	1,506,516	30,508	
Central Region	1,286,994	1,290,657	3,663	
Northern Region	436,998	433,002		3,996
Nationally	3,200,000	3,230,175	30,175	

Maize Seed Vouchers	Distributed	submitted	Excess over allocation	Nos Under allocation
Southern Region	738,004	806,935	68,931	
Central Region	643,497	629,182		14,765
Northern Region	218,499	191,022		27,477
Nationally	1,600,000	1,627,139	27,139	

There were also cases where fertiliser vouchers previously presented at a sales outlet were recycled and resulted in goods being supplied despite the voucher having been clearly stamped by ADMARC/SFFRFM as used. To prevent such malpractices it is recommended that in addition to the outlet supply stamp on the reverse of the voucher, the voucher be suitably defaced at the first point of collection after the sales outlet eg ADMARC district HQ. Such action could be cutting the corner of the voucher or punching a hole in the voucher. Such action would deter a crooked sales assistant from accepting recycled vouchers as he/she would be aware that the collector would immediately recognise the malpractice.

Fertiliser Sales

Set out below are tables indicating the level of presumed sales by district? It is arrived at by reducing the deliveries into the district by the balances ADMARC and SFFRFM have declared as being left in the district.. It also takes into consideration a small balance of 2008/09 stock amounting to 579.80 MTS that ADMARC had in the Northern and Southern Regions

District	Available (bags)	Balances (bags)	Sales (bags)
Nsanje	33,649	-	33,649
Chikwawa	29,393	-	29,393
Thyolo	202,088	8	202,080
Mulanje	169,749	-	169,749
Phalombe	121,117	-	121,117
Blantyre	188,416	-	188,416
Zomba	184,716	-	184,716
Mwanza	33,647	-	33,647
Neno	24,879	-	24,879
Chiradzulu	97,364	-	97,364
Machinga	136,220	-	136,220
Mangochi	159,405	-	159,405
Balaka	102,819	-	102,819
Regional	1,483,462	8	1,483,454
Salima	71,273	-	71,273
Nkhota Kota	63,519	-	63,519
Ntchisi	77,195	-	77,195
Dedza	135,693	4	135,689
Lilongwe	316,223	701	315,522
Mchinji	144,902	200	144,702
Dowa	156,995	691	156,304
Kasungu	181,671	922	180,749
Ntcheu	148,424	820	147,604
Regional	1,295,895	3,338	1,292,557
Rumphi	59,710	578	59,132
Karonga	54,561	44	54,517
Chitipa	62,996	12,581	50,415
Nkhata Bay	36,643	-	36,643
Likoma	1,358	147	1,211
Mzimba	222,501	8,723	213,778
Regional	437,769	22,074	415,695
Grand Total	3,217,126	25,420	3,191,706

The split between SFFRFM and ADMARC on the above sales figure is as follows

District	SFFRFM			ADMARC		
	Available bags	Balance bags	Sales bags	Available bags	Balance bags	Sales bags
Nsanje				33,649	-	33,649
Chikwawa				29,393	-	29,393
Thyolo	25,620		25,620	176,468	8	176,460
Mulanje	32,900		32,900	136,849	-	136,849
Phalombe	14,717		14,717	106,400	-	106,400
Blantyre	38,178		38,178	150,238	-	150,238
Zomba	15,160		15,160	169,556	-	169,556
Mwanza	9,720		9,720	23,927	-	23,927
Neno				24,879	-	24,879
Chiradzulu				97,364	-	97,364
Machinga	29,680		29,680	106,540	-	106,540
Mangochi	28,061		28,061	131,344	-	131,344
Balaka	14,660		14,660	88,159	-	88,159
Regional	208,696	-	208,696	1,274,766	8	1,274,758
Salima	5,160		5,160	66,113	-	66,113
Nkhota Kota				63,519	-	63,519
Ntchisi	3,900		3,900	73,295	-	73,295
Dedza	6,860		6,860	128,833	4	128,829
Lilongwe	17,118	274	16,844	299,105	427	298,678
Mchinji	18,393		18,393	126,509	200	126,309
Dowa	9,260		9,260	147,735	691	147,044
Kasungu	15,580	104	15,476	166,091	818	165,273
Ntcheu	16,479		16,479	131,945	820	131,125
Regional	92,750	378	92,372	1,203,145	2,960	1,200,185
Rumphi	12,751		12,751	46,959	578	46,381
Karonga	6,360		6,360	48,201	44	48,157
Chitipa	12,380	12,050	330	50,616	531	50,085
Nkhata Bay	4,800		4,800	31,843	-	31,843
Likoma				1,358	147	1,211
Mzimba	56,457	6,850	49,607	166,044	1,873	164,171
Regional	92,748	18,900	73,848	345,021	3,174	341,847
Grand Total	394,194	19,278	374,916	2,822,932	6,142	2,816,790

As advised above during the course of the sales period, an independent monitor (Mulli Brothers) was appointed by DFID to provide weekly reports on fertiliser stocks and sales in all unit markets operated by SFFRFM and ADMARC throughout the country. This exercise proved invaluable in providing an independent report between the occasionally

conflicting reports on uplifts provided by the Logistics Unit and sales being reported by SFFRFM/ADMARC. The final sales figure (15th February 2010) provided by the independent monitor reported that 3,175,309 bags had been sold nationally , a difference of 0.5% from the sales figure calculated above.

Attempts to compare fertiliser sales against fertiliser voucher returns on a district basis proved of little meaning as already noted. the vouchers when submitted from ADMARC often cross district boundaries.

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

ADMARC	Sales	Vouchers Recovered
Southern	1,274,758	1,297,990
Central	1,200,185	1,200,095
North	341,847	339,959
Total	2,816,790	2,838,044

SFFRFM	Sales	Vouchers Recovered
Southern	208,696	208,256
Central	92,372	90,562
North	73,848	93,043
Total	374,916	391,8610

The differences between alleged sales and vouchers recovered could be attributed to inaccurate information on 2008/09 carry forwards within unit markets and reported balances at conclusion of the 2009/10 sales period. For instance the surplus reported by SFFRFM in the Northern region was in excess of 1,000 MTS but to date only just over 25 MTS has been retrieved.

Seed Sales

The system of providing improved maize seed to farmers through the subsidy programme and the subsequent redemption of the vouchers was entirely different from the fertiliser.. Seed companies who took part in the maize seed scheme (Seed Co, Pannar, Monsanto, Demeter, Funwe, Seed Tech) stocked outlets with packets of seed which were either 5kgs hybrid or 10kgs OPV. The outlets ranged from private agro dealers to the seed companies own shops to ADMARC unit markets. The farmer surrendered his maize voucher for seed of his/her choice. Each seed company had the right to impose an optional “top up” not exceeding MK 100. Some companies applied the “top up” option, others did not. Each seed company was responsible for collecting the vouchers from the outlets and submitting these to the Logistics Unit for recording

and reimbursement at the rate of MK 1500/voucher. The following table shows the result of this exercise

DISTRICT	Maize Target	Vouchers redeemed	% redeemed
Nsanje	14,702	12,234	83%
Chikwawa	18,895	20,638	109%
Thyolo	101,685	123,693	122%
Mulanje	76,533	90,282	118%
Phalombe	60,379	57,259	95%
Blantyre	94,233	121,538	129%
Zomba	91,511	86,540	95%
Mwanza	15,600	15,193	97%
Neno	17,573	17,008	97%
Chiradzulu	52,964	52,035	98%
Machinga	64,819	66,733	103%
Mangochi	75,825	73,706	97%
Balaka	53,285	54,274	102%
TOTAL FOR SOUTH	738,004	791,133	107%
Salima	36,800	32,120	87%
Nkhotakota	31,437	29,072	92%
Ntchisi	40,465	39,886	99%
Dedza	67,386	68,358	101%
Lilongwe	161,211	164,365	102%
Mchinji	70,131	69,446	99%
Dowa	72,722	73,784	101%
Kasungu	90,345	86,022	95%
Ntcheu	73,000	67,920	93%
TOTAL FOR CENTRAL	643,497	630,972	98%
Rumphi	29,465	26,460	90%
Karonga	26,285	24,736	94%
Chitipa	30,383	22,802	75%
Nkhata Bay	23,956	22,952	96%
Likoma	683	40	6%
Mzimba	107,727	94,976	88%
TOTAL FOR NORTH	218,499	191,965	88%
NATIONAL	1,600,000	1,614,070	101%

The above represents the number of maize vouchers that were accepted by the Logistics Unit and recommended to Government for payment. However there were also a number of vouchers submitted the registration numbers of which were outside of the range of vouchers allocated to the particular district. It was interpreted that such

vouchers were forgeries that could have been recognised at the sales outlet. These were therefore rejected by the Unit. However it is most likely that they had been traded for seed. The number of such maize vouchers totalled 21,001.

Consequently, it is estimated that the subsidy exercise resulted in a total of 1,033 MTS of OPV and 7,619 MTS of hybrid maize being made available to farmers through the project

In addition to the maize vouchers, each farmer also received a legume voucher. These could be exchanged for a pack containing one of the following: beans, cow peas, pigeon peas, groundnuts or soya.

The pack size for the legumes varied. Certified bean and groundnut packs were to be 1kg. Soya, cow pea and pigeon pea packs were 1.2 kgs and tested bean and groundnut pack were 1.5 kgs. In the event, there was no certified seed and the choice of legume was very much limited to what was available in each area

Again the participating company was responsible for collecting the vouchers from the outlets and submitting these to the Logistics Unit for recording and reimbursement. This time at the rate of MK 350/voucher. Organisations supplying legume seed were Seed Co, Demeter, Funwe, AISAM and NASFAM. The following table shows the redemption success of this exercise.

DISTRICT	Vouchers Allocated	redeemed Vouchers	% redeemed
Nsanje	14,702	9	0%
Chikwawa	18,895	455	2%
Thyolo	101,685	87,163	86%
Mulanje	76,533	37,839	49%
Phalombe	60,379	40,127	66%
Blantyre	94,233	78,182	83%
Zomba	91,511	47,013	51%
Mwanza	15,600	9,495	61%
Neno	17,573	11,085	63%
Chiradzulu	52,964	43,009	81%
Machinga	64,819	42,472	66%
Mangochi	75,825	37,465	49%
Balaka	53,285	34,918	66%
TOTAL FOR SOUTH	738,004	469,231	64%
Salima	36,800	21,554	59%
Nkhotakota	31,437	14,486	46%
Ntchisi	40,465	35,212	87%
Dedza	67,386	57,039	85%
Lilongwe	161,211	141,265	88%
Mchinji	70,131	36,421	52%
Dowa	72,722	66,438	91%

Kasungu	90,345	81,090	90%
Ntcheu	73,000	62,270	85%
TOTAL FOR CENTRAL	643,497	515,773	80%
Rumphi	29,465	19,491	66%
Karonga	26,285	10,961	42%
Chitipa	30,383	18,572	61%
Nkhata Bay	23,956	20,003	83%
Likoma	683	38	6%
Mzimba	107,727	88,668	82%
TOTAL FOR NORTH	218,499	157,734	72%
NATIONAL	1,600,000	1,142,738	71%

The amount of legume seed distributed through the programme is estimated to be as follows

Legume	MTS
Cow pea	6.44
Pigeon pea	1.34
Bean	341.39
Groundnut	556.79
Soya	644.96
Total	1,550.92

Programme Costs

Expenditure incurred in the project was handled in various ways. The invoices for all fertiliser purchases (with the exception of that supplied by ADMARC), and internal transport costs came through the Logistics Unit for checking and were then passed to Ministry of Agriculture for payment.

Payments for seed voucher reimbursement were checked by the Logistics Unit and forwarded to Ministry of Finance for payment.

The cost of ADMARC fertiliser was met directly by Government but the payment information was shared with the Logistics Unit.

There was also the cost of repurchasing the 2008 "Buy Back" stocks and the operational costs for ADMARC and SFFRFM. These were met directly by Government. The cost of the "Buy Back" was believed to be US\$35 million and the amounts made available to ADMARC and SFFRFM are understood to have been MK 195 million and MK 150 million respectively

Payments for voucher printing and operational costs for the Ministry of Agriculture operational expenditure were met directly by the Ministry and are unknown to the Logistics Unit. Consequently these do not appear in the table below.

Logistics Unit operational costs were paid directly by the Unit from funds provided to the Government by DFID.

A radical change in policy by the Government from previous years was the decision to only reimburse the fertiliser suppliers at a fixed rate of 141.3073MK/US\$. Tenders had been submitted in US dollars and converted at the time of evaluation to Malawi kwachas using the rate quoted above.. Contracts were then issued in Malawi kwacha and the rate for reimbursement fixed at the rate pertaining at the time of evaluation. This was contrary to previous years when the suppliers submitted invoices as the fertiliser was delivered and had been reimbursed at the selling rate pertaining at the date of invoice submission. It is understood that the fertiliser suppliers are still negotiating with Government on this issue

The following table reflects the identified costs known to the Logistics Unit.

Known Inputs Subsidy Programme Costs (MK)

Legume voucher returns	399,958,300.00
Seed voucher returns	2,421,105,350.00
Fertiliser supplier costs	8,080,081,743.00
Transport Costs*	894,270,873.00
Logistics Unit operational costs**	30,375,110.00
Total known costs through Logistics Unit (sub total)	11,825,791,376.00
Fertiliser "Buy back" costs from 2008/09 (to be confirmed)	4,970,000,000.00
ADMARC operational costs(advised by Government)	195,000,000.00
SFFRFM operational costs (advised by Government)	150,000,000.00
Total declared costs	17,140,791,376.00

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

** Logistics Unit costs do not include technical assistance involvement

Unknown Inputs Subsidy Programme Costs

Ministry HQ and district operational costs	??????
Voucher Production costs	??????
Balance of retrieval costs from unit markets	??????
Bank Charges on 2008/2009 "buy back" stocks	??????

Donor Contribution

External financing of parts of the programme was initially intended to be for the following amounts from the following sources;

Donor	Item	Amount
Irish Aid	seed	Euros 1,500,000.00
Norwegian Government	seed	NK 15,000,000.00
DFID	seed	£3,500,000.00
EU	seed	Euros 3,000,000.00
DFID	Logistics Unit operations	£170,000.00
IFPRI	Technical assistance Logistics Unit	£50,000.00

This would have resulted in fully funding of the Logistics Unit but would have resulted in considerable underfunding of the seed programme. Recognising this the Irish Aid and the DFID pledges for seed were raised to Euros 3.2 million and £3.8 million pounds respectively

In the event, the Logistics Unit has been fully funded. However the seed programme would require MK 2,821,063,250.00 to fully fund it. At the date of going to print it is understood that the donor finance that has been made available for this programme is as follows

Donor	Pledged	Provided	Balance expected
Irish Aid	EC 3,200,000	EC 3,200,000	nil
Norwegian Government	NK 15,000,000	nil	Awaiting production of Government audit for 2007/08
DFID	£3,800,000	£2,000,000	End of April
EU	EC 3,000,000	nil	MK 513,446,400 (80%) End of April. Balance after audit

In the meantime, Government has paid out MK 1,913,411,300.00 for the seed programme using the donor funding that has been provided (approximately MK 1.2 billion) with the balance being met from its own resources However more than MK900 million is still owed to the seed companies with some invoices being outstanding for over three months. The need for the seed companies to carry such a financial burden could have a detrimental effect on the price of seed to farmers.

Two other major areas that are known to have attracted donor finance were the funding of the independent monitoring service provided by Mulli Brothers and the provision of financial assistance to Farmers Union of Malawi for reporting services totalling in all £79,530. Funds for these activities came from DFID.

In addition to the above involvement it is understood that DFID funding was made available for peripheral activities connected with the programme. These included financing weather insurance (£323,000) and funds for market development interventions (£70,000).

There may be other areas of donor involvement in connection with the programme but these are presently unknown to the Logistics Unit.