
FINAL REPORT
ON THE IMPLEMENTATION
OF
THE AGRICULTURAL INPUTS
SUBSIDY PROGRAMME
(2012-13)

LOGISTICS UNIT – MAY 2013

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BACKGROUND

In 2012, for the eighth consecutive year, the Government of Malawi, through the Ministry of Agriculture and Food Security (MoA & FS) announced its intention to embark on an agricultural inputs subsidy programme (AISP). The method of implementing the programme roughly followed the pattern of last year (2011/12).

However there were some significant changes from previous years. Both methodology and changes to same are listed below.

- The programme was increased from 1.4 million beneficiaries last year to initially target 1.5 million farmers this year. This required the distribution of 150,000 MTS of fertiliser.
- This target was subsequently increased to 1,544,400 raising the required fertiliser to 154,440 MTS.
- Selected farmers throughout the country were to receive fertiliser vouchers that could be exchanged for fertiliser when surrendering the voucher plus a cash contribution from the farmer. This was once more set at MK 500.00.
- Each selected farmer was to be given two vouchers. One was to be 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 were also to receive a maize seed voucher that could be exchanged for a maize seed package. This year the package content for hybrid was again set at 5kgs hybrid. That for open pollinated variety (OPV) was reduced from 10kgs last year to 8kgs this year. The redemption value of the voucher for the seed companies was increased from MK 1,815 to 2,650 MK. Once again, the seed companies could also apply a discretionary cash “top up”. This year this was not to not exceed MK150.00.
- The same selected farmers were also to receive a legume seed voucher that could be exchanged for a pack containing one of the following: beans, cow peas, pigeon peas, groundnuts or soya. All seed had to be certified.
- This year the size of the legume pack was declared to be 3kg for soya and 2kgs for all other legumes. The redemption value of the legume voucher was raised from MK 815 to MK 1,250.
- It is understood that the printing of the vouchers for the 2012 programme was again a joint exercise involving Ministry of Agriculture and Food Security (MoA & FS), facilitated by the Department for International development (DFID). As was the case last year, the voucher contained a number of security features thus considerably reducing the risk of the production of fake vouchers that had plagued previous years’ programmes. It is understood that the vouchers arrived prepacked and ready for distribution by the staff of the individual DADOs.
- The District Agricultural Development Officers of MoA, I & W.D. (DADOs), working with local community leaders, were responsible for the selection of the beneficiaries and the subsequent physical distribution of the vouchers. The Ministry HQ provided the district allocation figure.

- The Logistics Unit's role in the beneficiary selection and voucher distribution process consisted of updating the 2011 Farm Family registers from information supplied by the DADOs. This update was then printed in a format designed to assist in speeding up the beneficiary selection process. On completion of beneficiary selection by the DADOs, the Unit then produced the electronically generated Beneficiary Registers together with a village summary subsequently used by the DADOs in the distribution of the vouchers.
- The overall process of voucher printing, beneficiary selection and beneficiary register production was disrupted by the previously mentioned addition of 44,420 more beneficiaries in October/November causing late changes to the original district allocation figures.
- Regarding the supply of the required fertiliser, the Government initially issued a tender in March 2012 for the purchase of 90,000 MTS fertiliser. At a public opening on 8th May 2012, 51 bidders were accepted for consideration. However on 27th July 2012 the Government advised that the bid invitation had been cancelled and it was learned that the same bidders had been advised to collect fresh bid documents.
- The fresh documents covered the provision of 120,000 MTS of fertiliser
- On 16th August the fresh bids were opened publically and 47 bids were announced.
- On 14th September awards were made to 27 suppliers covering the total amount of 120,000 MTS
- The then required balance of 30,000 MTS was to be supplied by SFFRFM/ADMARC.
- With regard to the NPK, two formulae were listed in the tender; 23:21:0+4S and 23:10:5+6S+1.0Zn and tenderers were invited to bid for either.
- All contractors for the supply of Government fertiliser had to deliver their quota to the three SFFRFM regional depots.
- The fertiliser so provided was to be ferried by contracted local transporters to the ADMARC/SFFRFM unit markets (numbering over 1,200) from whence it was to be distributed to farmers in exchange for a voucher plus MK 500.
- The surrendered fertilizer vouchers together with the farmers' contribution (MK 500) were to be collected from the unit markets by ADMARC/ SFFRFM district officers. After initial sorting, the vouchers were to be forwarded to the Logistics Unit for final sorting and electronic recording. The farmers' contribution was to be transferred to the Government to offset the total cost of the project.
- The provision of seed (maize and legume) to the farmers was the responsibility of recognised seed growers (fifteen in number) who undertook to stock both ADMARC/SFFRFM unit markets and rural agri- dealer outlets with certified seed. The farmers could obtain the seed of their choice from these sales point on surrendering the voucher with the possible addition of a discretionary company "top up" that was not to exceed MK 150.
- The fifteen 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 to be subsequently submitted to the Government via the Logistics Unit for reimbursement at the previously reported cost of MK 2,650/maize voucher and MK 1,250/legume voucher.

OUTCOME (EXECUTIVE SUMMARY)

Beneficiary Selection

- Using the updated farm family data base for 2012, and working within the district allocation provided by the Ministry HQ in mid July, the staff of the various district agricultural development officers (DADOS), in conjunction with members of the local communities, selected the farm families intended to benefit through the 2012/2013 ASIP. The initial national target for selection was 1.5 million but in mid October Ministry HQ added 44,400 additional names to selected districts to make the beneficiary target for the 2012/13 programme 1,544,400.
- The selected names were eventually forwarded to the Logistics Unit. From this information was produced both the complete beneficiary list, the district beneficiary allocation registers and the village by village summary..
- 54% of the selected farm families were in male headed households, 44% female headed and the remaining 2% were unidentified gender wise during the selection process.

Inputs

Fertiliser

- Distribution of fertilizer vouchers to the district agricultural staff commenced on 10th October 2012 and was concluded in early November 2012. The district staff of the Ministry of Agriculture and Food Security were then charged with distributing 3,088,800 million fertiliser vouchers (1,544,400 NPK, 1,544,400 urea) to previously selected farmers in all the districts. Distribution to the beneficiaries was stated to have been concluded in early December.
- 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 combined total of 154,454.45 MTS NPK and Urea for distribution in the subsidy scheme. A small quantity of this was available from carry forward stocks from the previous year within SFFRFM and 154,439.90 MTS was from direct purchases during 2012.
- Once again, the shortage of forex and the difficulty of obtaining letters of credit considerably hindered the acquisition of fertilizer. The late placing of contracts for the initial 120,000 MTS fertiliser also caused problems. Ultimately, following a number of cancellations and adjustments of contracts, 126,430 MTS was delivered by commercial suppliers and 28,009.90 MTS by SFFRFM/ADMARC.
- Gross cost in US dollars of the 154,439.90 MTS new fertiliser purchased in 2012 was \$ 129,022,749. Required Malawi Government disbursements in Malawi Kwacha to meet this cost was calculated to total MK 43,620,017,579.

- The total uplifts from SFFRFM depots intended for the markets amounted to 154,454.45 MTS fertilizer consisting of 77,240.00 MTS NPK and 77,214.45 MTS Urea. Of this it is understood 608 MTS was lost/stolen in transit
- Based on uplifts, transit losses and advised unit market surpluses on completion, 153,846.20 MTS of fertiliser was distributed through the 2012/13 agricultural inputs subsidy project.
- The breakdown by type was NPK 76,948.60 MTS and Urea 76,897.60 MTS.
- A further breakdown of the above figures indicates ADMARC and SFFRFM were responsible for disposing of 131,425.05 MTS and 22,421.15 MTS respectively of the fertilizer available to farmers through the scheme
- ADMARC/SFFRFM voucher recovery expressed in MTS was 148,944.60 MTS. The total number of fertiliser vouchers recovered was 2,978,892 against 3,088,800 authorised to be issued.
- The percentage difference between calculated fertilizer distribution and voucher returns is 3.2% representing unaccounted for fertilizer.

Seed

- Simultaneously with the fertiliser vouchers, maize seed vouchers were distributed to farmers in the districts from 10th October. District agricultural staff state final distribution of seed vouchers took place in December. However some monitoring claim distribution of vouchers continued into January 2013. 1,544,400 vouchers were available for distribution. These could be exchanged for 5kgs hybrid or 8kgs OPV maize seed. Depending on the supplying company there may also have been a discretionary “top up” to be paid that was not to exceed MK 150
- Legume vouchers were distributed to farmers in the districts simultaneously with the maize seed vouchers. Again 1,544,400 vouchers were available. These could be exchanged for legume seed covering beans, cow peas, pigeon peas, groundnuts or soya. The legume package was 3kgs for soya and 2kgs for all other legumes.
- Maize seed vouchers carried a redemption value of MK 2,650 when submitted to the Government by the seed companies.
- Legume vouchers carried a redemption value of MK 1,250
- Fifteen seed breeders were authorised by Government to trade in vouchers in exchange for seed.
- These fifteen organisations through their own shops, traditional district selling partners and ADMARC/SFFRFM made seed available at the sales outlets. The companies and the products they supplied are listed below;
 - Hybrid maize seed 5kgs (Pannar, Monsanto, Seed Co, Seed Tech, Funwe, AISAM, Peacock)
 - OPV maize seed 8 kgs (Seed Co, Demeter, Funwe, Panthochi, Seed Tech, ASSMAG, CPM, Premium)
 - Tested bean seed (Demeter, Funwe, Monsanto, Premium, Seed Co, Seed Tech)

- Tested groundnut seed (Seed Co, Peacock, NASFAM, Funwe, Pannar, AISAM, Phindulani, Panthochi, ASSMAG, CPM, Demeter, Monsanto, Nema, Premium)
 - Soya bean seed (Seed Co, Funwe, Pannar, Demeter, CPM, Monsanto, Panthochi)
 - Pigeon peas (Funwe, Pindulani, Panthochi,)
 - Cow peas (Funwe)
- Seed companies and their agro dealers were permitted to charge the farmers a discretionary excess amount of up to MK 150 on surrender of the maize seed voucher. The application of this varied considerably from company to company. Some applied it in full on the hybrid but not on OPV. Some applied only a portion of it. Some did not apply it at all.

It is calculated that the maize seed acquired by farmers through the surrender of vouchers amounted to 5,913.57 MTS hybrid and 2,668 MTS OPV.

The legume seed provided via vouchers amounted in total to 2,967.94 MTS. The breakdown by type is listed below

Legume	MTS
Beans	627.27
Cow peas	40.86
Groundnuts	1,893.73
Pigeon Peas	47.57
Soya	367.50

Overall Costs

The declared costs of the subsidy programme exclusive of Government operational costs is understood to be MK 51,571,717,830.

Based on 2,978,892 fertilizer vouchers redeemed the Government should be able to recover MK 1,489,446,000 through the ADMARC/SFFRFM sales to farmers.

RECOMMENDATIONS FOR FUTURE PROJECTS (2013-ONWARDS)

Beneficiary Selection and Voucher Distribution and Handling Process

Earlier preparation of annual farm family registers and more time spent in explaining to DADO staff about its general usefulness as a Ministry management tool is required.

There continues to be a need for more transparency regarding the method behind district allocations. This needs to be clearly defined.

District numbers once published should not be changed. This has happened each year in the past three years and delays progress.

Earlier completion of beneficiary selection would considerably improve the preparation of the delivery matrix for fertiliser (see transporter section below for a fuller explanation).

The demand that voter registration numbers be required for beneficiaries should be discontinued. It serves no useful purpose, was not universally applied, and places an unnecessary burden on the registering teams and input sales staff. Its existence also precludes the inclusion of certain categories (eg child headed households) that are meant specifically to be targeted.

If the use of paper vouchers is to continue then quicker distribution of these to the beneficiaries is essential. There have apparently been instances this year of vouchers being distributed to the beneficiaries as late as January.

Assuming the continuation of the use of paper vouchers, it is recommended that there be a new approach to handling these, particularly seed vouchers. At present the seed companies bring the vouchers into the logistics unit accompanied by an electronic copy covering the submission. Both are then checked before a payment to Treasury is recommended. It has transpired that vouchers are being stolen from within the Unit by persons unknown. As these have already been cut at the corner by the supplier and their details logged into the Logistics Unit's records, resubmission is not possible and therefore the stolen vouchers have no commercial value. The only cost to Government is that of police time taken up in pursuit of a theft of valueless items! To avoid the waste of police time in future, it is recommended that the seed vouchers be paid on the basis of the electronic information with a retention being withheld. The vouchers would then be submitted to the Unit once sales had ceased, reconciliation against payments and invoices made and the retention released when all satisfied.

A move towards E vouchers would be very welcome. This would have the advantages of taking the laborious task of voucher distribution out of the hands of the DADO staff, minimizing the possibility of vouchers going to the wrong person, providing real time information on how sales were proceeding and permit an early analysis of final figures for the programme immediately sales cease. At present final figures are not available until all vouchers are returned, generally in April/May

Provision and Handling of Inputs

If the government intends to continue the practice of contracting suppliers to purchase fertilizer, then it the continued belief of the Logistics Unit that the tender process requires to be revisited.

- a) There is a need for pre-qualification of those wishing to tender to eliminate 'brief case' companies who presently rely on established fertiliser companies within Malawi to supply their fertiliser and simply add a percentage on to the unit rate provided by their supplier.
- b) The bid validity period should be reduced to 30 days and awards made within that period. This should reduce price hedging and cut costs
- c) The practice of stipulating a delivery period in the bid document should be abandoned. In its place the bid documents should request bidders to indicate the delivery period required for the tonnage they supply. Failure to meet a supplier's own stipulated delivery period would then attract a penalty, to be indicated in the bidding document.
- d) The present payment process should be revisited. At the very least the process used for reimbursing seed suppliers should be adopted, thus permitting suppliers to be reimbursed in Malawi Kwacha at the current rate of exchange for the US dollar (the currency in which bids are submitted.) Consideration should be given to making at least a percentage of the payment in US dollars

Appointment of Transporters and Monitoring of Performance

- a) Again there is a need for a tightening of the tender process in respect to the appointment of transporters. This year after an open tender procedure, Government appointed 43 transporters. Some proved to have few or no vehicles, one at least was known to, and wanted by, the police and others had no experience in moving agricultural inputs. The result was that the Government experienced an irrecoverable loss of fertiliser for the first time in the past six years. A proper tender evaluation exercise where fixed assets, vehicle availability and financial cover are to be provided could have avoided much of this.
- b) The provision of a real time tracking system of vehicles delivering fertiliser to the markets is being proposed and would be very welcome. However, the present proposal to utilize ESOKO, a cell phone based system, demands that all markets have a cell phone and that the number be logged in advance into the system. This will require an early decision on market location, particularly those used by ADMARC and a more efficient and earlier manning of these markets by ADMARC personnel (including temporary staff) to ensure the system operates efficiently.
- c) On the same point, the Ministry in conjunction with ADMARC presently produces a delivery matrix that is made available at the commencement of fertiliser delivery to the markets. This is presumably based on historical information and invariably cannot be adhered to rigidly. However its presence is used as a guide stick by those monitoring the programme resulting frequently in unwarranted criticism when deviation from the plan takes place. A much more realistic approach would be to have the beneficiary list by village known earlier (see comment above) and have this list as the information from which the delivery matrix was developed.

Control at Point of Sale

- a) The proposed use of the ESOKO as a tracking media for controlling transport would be equally welcome as a means of controlling sales and stocks in unit markets. Presently retrospectively gathered information indicates that losses at the markets far outstrip transit losses. A tracking system that provided “real” time information on sales and stocks at each market would be very beneficial. Not only would it stop over-stocking but it would provide district market inspectors with a reconciliation tool with which to check market stocks on routine visits. However it would require total dedication by ADMARC/SFFRFM sales staff to ensure it worked properly.
- b) In connection with the seed sales the present system permits an optional “top up” payable by the farmer at point of sale. It is understood that a major objective of the seed programme is to provide the farmer with a wide a choice in seed variety. It is believed that the presence of an optional “top up” operates against this aim as the farmer is frequently influenced more by price than by the available seed varieties. Removal of the “top up” element would ensure a level playing field permitting the farmer to pick the variety of his choice without having to consider the economic consequences.

GOVERNMENT FERTILISER AVAILABILITY 2012/2013

In connection with the acquisition of fertilizer for the 2012 subsidy programme, the Ministry of Agriculture and Food Security initially issued an invitation to bid on 23/03/12. This was for 90,000 MTS consisting of 45,000 MTS urea and 45,000 MTS NPK (23:21:0:4S or 23:10:5+6S+1.0Zn).

Bids were duly returned and opened on 08/05/12. Results were as follows.

Name of Bidder	Type	Location	Qty (Mt)	Price (US\$)/ Mt
Universal Sales & Supplies	Urea	BT	5,000	910.00
	NPK	BT	5,000	920.00
Simama	Urea	BT	3,000	805.00
	Urea	LL	4,000	815.00
	Urea	MZ	3,000	840.00
	NPK	BT	3,000	810.00
	NPK	LL	4,000	820.00
	NPK	MZ	3,000	840.00
Export Trading	Urea	BT	9,000	782.80
	Urea	LL	9,000	782.80
	Urea	MZ	4,500	782.80

	NPK	BT	9,000	755.80
	NPK	LL	9,000	755.80
	NPK	MZ	4,500	755.80
SADC EPT Ltd	Urea	BT	4,000	925.00
Lords	Urea	MZ	1,000	1,150.00
	NPK	MZ	1,000	1,100.00
Mighty GD	Urea	BT	12,500	820.00
	NPK	BT	12,500	870.00
Steffor's Investment	Urea	BT	1,000	1,070.00
	Urea	LL	1,000	1,080.00
Boss Distributors	Urea	BT	4,700	888.29
Kayama Hardware	Urea	BT/LL	3,000	852.00
Parie	Urea	LL	4,600	896.73
Alena Group	Urea	BT	1,500	855.00
	Urea	LL	1,000	1,860.00
	NPK	BT	1,500	875.00
	NPK	LL	1,000	880.00
Farmers World	Urea	BT	5,500	894.43
	Urea	LL	6,000	899.73
	NPK	BT	7,000	840.38
	NPK	LL	7,000	850.38
Yafuka	Urea	BT	2,000	850.00
	Urea	LL	2,000	860.00
	Urea	MZ	1,000	880.00
	NPK	BT	2,000	950.00
	NPK	LL	2,000	960.00
	NPK	MZ	1,000	980.00
Mpatsa Trading	Urea	BT/LL/MZ	45,000	830.00
	NPK	BT/LL/MZ		
Krish Trading	Urea	LL/BT	7,000	795.00
	NPK	BT	2,000	830.00
Xelite	Urea	LL/BT	5,000	798.00
	NPK	BT	2,000	835.00
G Tech International	Urea	BT	5,000	790.00
	NPK	BT	2,500	795.00
Mpungulira Trading	Urea	BT	5,000	MK 319,000
	NPK	BT	5,000	MK 348,000
Mzati Investments	Urea	BT	5,000	1,050.00
	Urea	LL	5,000	1,060.00
	NPK	BT	5,000	1,000.00

	NPK	LL	5,000	1,010.00
Paramount Holdings Ltd	Urea	BT	3,500	801.00
	Urea	LL	3,500	801.00
	Urea	MZ	1,500	801.00
	NPK	BT	3,500	801.00
	NPK	LL	3,500	801.00
	NPK	MZ	1,500	801.00
ADMARC	Urea	BT	10,000	975.00
	Urea	LL	5,000	985.00
	NPK	BT	10,000	948.00
	NPK	LL	5,000	958.00
Peakland Investments	Urea	BT	500	855.00
	Urea	LL	500	860.00
	NPK	BT	500	875.00
	NPK	LL	500	880.00
Masina Investments	Urea	BT	2,500	895.00
	NPK	LL	2,500	920.00
MFC	Urea	LL	2,500	899.00
	NPK	BT	5,000	840.00
	NPK	LL	5,000	852.00
Nyiombo	Urea	BT	20,250	805.00
	Urea	LL	18,450	810.00
	Urea	MZ	6,500	789.92
	NPK	BT	2,050	-
	NPK	LL	18,450	820.00
	NPK	MZ	6,300	825.00
Platinum Products	NPK	BT	4,000	MK 214,610
	NPK	LL	3,750	MK 217,135
Chemicals & Marketing	Urea	BT	4,000	955.00
	Urea	LL	4,000	965.00
	NPK	BT	4,000	955.00
	NPK	LL	4,000	965.00
	NPK 2	BT	4,000	895.00
	NPK 2	LL	4,000	905.00
ATC	Urea	BT	1,450	820.00
	Urea	LL	1,450	830.00
	Urea	MZ	600	850.00
	NPK	BT	4,950	800.00
	NPK	LL	4,950	810.00
	NPK	MZ	600	830.00
MEA Ltd	Urea	BT	5,000	880.00
	Urea	LL	5,000	880.00
	NPK	BT	5,000	880.00
	NPK	LL	5,000	890.00

Amajuba	Urea	BT	5,000	1,050.00
	Urea	LL	5,000	1,060.00
	NPK	BT	5,000	1,000.00
	NPK	LL	5,000	1,000.00
CTC Commercial Trading Company	Urea	BT	3,000	860.00
Rab Processors Ltd	Urea	BT	2,500	847.00
	Urea	LL	2,500	854.00
	NPK	BT	2,500	807.00
	NPK 2	BT	500	767.00
	NPK	LL	2,500	814.00
	NPK 2	LL	5,000	774.00
Nathanie Wholesalers	Urea	BT/LL	3,000	890.00
Farm Chem	Urea	BT	8,000	890.00
	NPK	BT	8,000	870.00
Sealand	Urea	BT	5,000	795.00
	Urea	LL	3,500	800.00
	Urea	MZ	4,500	800.00
	NPK	BT	12,000	785.00
	NPK	LL	12,000	790.00
	NPK	MZ	6,300	795.00
Mapeto Wholesalers	Urea	BT	10,000	915.00
	Urea	LL	10,000	925.00
	NPK	BT	10,000	895.00
	NPK	LL	10,000	905.03
Hardware Shopping Centre	Urea	BT	2,000	795.00
	Urea	LL	2,000	795.00
	NPK	BT	2,000	885.00
One Day Investment	Urea	LL	2,000	1,100.00
	NPK	LL	2,000	1,100.00
Optichem	NPK	BT	4,000	832.50
	NPK	MZ	4,000	892.50
	NPK 2	BT	8,000	810.00
	NPK 2	LL	5,500	847.32
	NPK 2	MZ	2,300	867.50
Shire Limited	Urea	BT	2,500	880.00
	Urea	LL	2,500	890.00
	NPK	BT	2,500	850.00
		LL	1,350	1,592.59
ZST Investments	Urea	LL	4,750	889.45
HMI of Lilongwe	Urea	LL	4,750	891.55
I Investments	Urea	LL	1,000	975.00
	NPK	LL	1,000	985.00

Options of Limbe	Urea	BT	2,000	897.00
	Urea	LL	2,000	897.00
Elvis Freight	Urea	BT	7,500	790.00
	NPK	BT	5,000	795.00
Green Valley Trading	NPK 2	BT	5,000	889.00
	NPK 2	LL	5,000	895.00
Astro Chem	Urea	LL	6,000	945.00
	NPK	LL	6,000	965.00
Mulli Brothers Ltd	Urea	BT	10,125	840.00
	Urea	LL	9,225	847.00
	Urea	MZ	3,150	852.00
	NPK	BT	10,125	810.00
	NPK	LL	9,225	814.83
	NPK	MZ	3,150	822.00
Transglobe Produce Exports	Urea	BT	10,000	875.00
	Urea	LL	10,000	885.00
	NPK	BT	10,000	875.00
	NPK	LL	10,000	885.00
Agora Limited	Urea	BT	2,500	909.43
	NPK	BT	5,000	860.00
	NPK	LL	5,000	870.00
World Commercial Enterprises	Urea		1,000	658.82
	NPK		600	676.47
	NPK 2		600	676.47

It is understood an evaluation was carried out by the Ministry's Internal Procurement Committee. This was never made public although copies were circulating privately. However on 27/07/12, MoA & FS announced that there would be a fresh tender and on 30th July it was learned that MoA & FS had called previous tenderers advising them they could collect fresh bid documents. This time the amount of fertilizer covered by the tender was 120,000 MTS consisting of 65,000 MTS urea and 55,000 MTS NPK (either 23:21:0:4S or 23:10:5:+6S+1.0Zn). Bids were duly opened on 16th August and the following were the submissions.

Name of Bidder	Type	Location	Qty (Mt)	Price (US\$)/ Mt
Universal Sales & Supplies	Urea	BT	7,500	765.00
	NPK	BT	7,500	797.00
Simama	Urea	BT	6,000	836.00
	Urea	LL	6,000	837.00
	Urea	MZ	5,000	855.00
	NPK	BT	6,000	838.00

	NPK	LL	6,000	839.00
	NPK	MZ	5,000	855.00
Export Trading	Urea	BT	28,665	791.80
	Urea	LL	26,755	791.80
	Urea	MZ	9,580	791.80
	NPK	BT	7,000	844.00
	NPK	LL	7,000	853.00
	NPK	MZ	7,000	862.00
SADC EPT Ltd	Urea	BT	4,500	880.00
Lords	Urea	MZ	2,500	860.00
	NPK	MZ	2,500	860.00
Mighty GD	Urea	BT	12,500	820.00
	NPK	BT	12,500	845.00
Steffor's Investment	Urea	BT	2,500	855.00
	Urea	LL	2,500	945.00
Boss Distributors	Urea	BT	5,000	848.00
Tayama Hardware	Urea	BT	3,000	860.00
Parie	Urea	BT	4,500	849.00
Alena Group	Urea	BT	1,500	825.00
	Urea	LL	1,000	830.00
	NPK	BT	1,500	830.00
	NPK	LL	1,000	840.00
Farmers World	Urea	BT	5,000	814.00
	Urea	LL	5,000	824.00
	NPK	BT	5,000	814.00
	NPK	LL	5,000	824.00
Yafuka	Urea	BT	2,500	850.00
	Urea	LL	2,000	860.00
	Urea	MZ	1,000	880.00
	NPK	BT	2,500	850.00

	NPK	LL	2,000	880.00
	NPK	MZ	1,000	890.00
Mpatsa Trading	Urea	BT	5,000	880.00
	NPK	BT	5,000	880.00
Krish Trading	Urea	BT	6,500	785.00
	Urea	LL	6,000	795.00
	NPK	BT	1,000	825.00
	NPK	LL	1,000	835.00
Xelite	Urea	BT	6,500	788.00
	Urea	LL	6,000	798.00
	NPK	BT	1,000	825.00
	NPK	LL	1,000	835.00
G Tech International	Urea	BT	5,000	820.00
	NPK	BT	2,000	820.00
Mpungulira Trading	Urea	BT	10,000	850.00
	NPK	BT	10,000	865.00
Mzati Investments	Urea	BT	25,000	890.00
	Urea	LL	25,000	895.00
	Urea	MZ	9,000	900.00
	NPK	BT	20,000	985.00
	NPK	LL	20,000	985.00
	NPK	MZ	9,000	1,000.00
Paramount Holdings Ltd	Urea	BT	5,000	756.00
	Urea	LL	5,000	756.00
	Urea	MZ	5,000	756.00
	NPK	BT	3,000	828.00
	NPK	LL	3,000	828.00
	NPK	MZ	2,000	828.00
Peakland Investments	Urea	BT	500	825.00
	Urea	LL	500	830.00
	NPK	BT	500	830.00
	NPK	LL	500	840.00

Masina Investments	Urea	BT	2,500	845.00
	Urea	LL	2,500	855.00
	NPK	BT	2,500	875.00
	NPK	LL	2,500	885.00
MFC	Urea	BT	3,000	820.00
	Urea	LL	3,000	830.00
	NPK	BT	3,000	817.00
	NPK	LL	3,000	827.00
Nyiombo	Urea	BT	28,665	840.00
	Urea	LL	26,775	850.00
	Urea	MZ	9,580	860.00
	NPK	BT	1,500	860.00
	NPK	LL	12,000	870.00
	NPK	MZ	3,500	870.00
ATC	Urea	BT	3,100	825.00
	Urea	LL	3,100	835.00
	Urea	MZ	630	850.00
	NPK	BT	3,100	830.00
	NPK	LL	3,100	840.00
	NPK	MZ	630	855.00
MEA Ltd	Urea	LL	5,000	815.00
	Urea	MZ	5,000	825.00
	NPK	BT	3,000	820.00
	NPK	LL	3,000	830.00
Amajuba	Urea	BT	5,000	860.00
	Urea	LL	5,000	865.00
	NPK	BT		
	NPK	LL		
CTC Commercial Trading Company	Urea	BT	1,000	880.00
Rab Processors Ltd	Urea	BT	5,000	755.00
	Urea	LL	5,000	763.00
	NPK	BT	2,500	840.00
	NPK 2	BT	2,500	825.00

	NPK	LL	2,500	848.00
	NPK 2	LL	2,500	834.00
Nathanie Wholesalers	Urea	BT/LL	3,000	849.00
Farm Chem	Urea	BT	5,000	845.00
	NPK	BT	5,000	865.00
Sealand	Urea	BT	6,000	780.00
	Urea	LL	6,000	785.00
	Urea	MZ	3,000	805.00
	NPK	BT	6,000	825.00
	NPK	LL	6,000	832.00
	NPK	MZ	4,000	865.00
Mapeto Wholesalers	Urea	BT	10,000	915.00
	NPK	BT	10,000	895.00
Hardware Shopping Centre	Urea	BT	1,000	785.00
	Urea	LL	3,000	795.00
	NPK	BT	1,000	868.00
	NPK	LL	3,000	795.00
One Day Investment	Urea	LL	2,000	839.00
	NPK	LL	2,000	840.00
Optichem	NPK	BT	2,000	850.00
	NPK	LL	1,000	832.00
	NPK	MZ	1,000	865.00
	NPK 2	BT	13,000	795.00
	NPK 2	LL	2,000	817.00
	NPK 2	MZ	2,000	850.00
Shire Limited	Urea	BT	2,500	840.00
	Urea	LL	2,500	850.00
	NPK	BT	2,500	830.00
	NPK	LL	2,500	840.00
HMI of Lilongwe	Urea	BT	5,000	848.00
I Investments	Urea	BT	2,000	870.00

	Urea	LL	2,000	880.00
	Urea	MZ	1,000	885.00
	NPK	BT	2,000	860.00
	NPK	LL	2,000	875.00
	NPK	MZ	500	880.00
Options	Urea	BT	2,000	897.00
	Urea	LL	2,000	897.00
Elvis Freight	Urea	BT	7,000	820.00
	NPK	BT	5,000	825.00
Green Valley Trading	NPK 2	BT	5,000	875.00
	NPK 2	LL	8,000	885.00
Astro Chem	Urea	LL	5,000	855.00
	NPK	LL	5,000	885.00
Mulli Brothers Ltd	Urea	BT	10,000	795.00
	Urea	LL	10,000	800.00
	Urea	MZ	5,000	805.00
	NPK	BT	10,000	815.00
	NPK	LL	10,000	820.23
	NPK	MZ	5,000	823.99
Transglobe Produce Exports	Urea	BT	10,000	830.00
	Urea	LL	10,000	835.00
	NPK	BT	10,000	845.00
	NPK	LL	10,000	855.00
Agora Limited	Urea	BT	3,000	830.00
	Urea	LL	3,000	840.00
	NPK	BT	3,000	815.00
	NPK	LL	3,000	325.00
World Commercial Enterprises	Urea	BT	5,300	850.00
	Urea	LL	5,200	850.00
	Urea	MZ	5,200	850.00
	NPK	BT	5,300	820.00
	NPK	LL	5,200	820.00
	NPK	MZ	5,200	820.00

From the 51 organisations who submitted in May, only 4 failed to provide a bid in August. These were ADMARC, Platinum Products, ZST Investments and Chemical and Marketing. However unit prices from the remaining 47 changed radically from the previous proposals with firms apparently taking advantage of the knowledge learned from the previous tender opening to alter their unit prices up or down.

Meanwhile, prior to a public announcement of the award of any contracts, it was learned that ADMARC and SFFRFM had been awarded 10,000 MTS and 20,000 MTS fertilizer respectively. With 120,000 MTS covered by the tender this was the 30,000 MTS required to make up the 150,000 MTS required by the programme at that point. The award was apparently to be divided as follows:

Organisation	Chirimba	Kanengo
ADMARC	5,000 MTS NPK	
ADMARC	5,000 MTS urea	
SFFRFM	5,000 MTS NPK	10,000 MTS NPK
SFFRFM		5,000 MTS urea

Eventually , on 14th September, successful commercial bidders were advised of the following awards. The amounts are expressed in metric tones

NPK

Supplier	Blantyre	Lilongwe	Mzuzu
Sealand	500.00	500.00	500.00
Export Trading Company	6,000.00	3,000.00	1,000.00
RAB processors	665.00	500.00	
Paramount		755.00	1,000.00
Nyiombo	4,000.00	6,500.00	2,000.00
Krish Trading	500.00	500.00	
I Investment		500.00	500.00
Simama		500.00	1,000.00
Farmers world	500.00	1,000.00	
MEA		1,000.00	580.00
Xelite strips	500.00	500.00	
MFC	500.00	1,000.00	
ATC		500.00	500.00
Shire		500.00	
Astro Chemical		1,000.00	
Optichem	9,000.00	1,500.00	1,500.00
Transglobe		500.00	
Yafuka		500.00	500.00
Agora	500.00	1,000.00	
Lords			500.00
Farmchem	1,000.00		
Total	23,665.00	21,755.00	9,580.00

Urea

Supplier	Blantyre	Lilongwe	Mzuzu
Sealand	500.00	500.00	500.00
Export Trading Company	6,000.00	4,500.00	3,000.00
RAB processors	1,000.00	500.00	
Paramount	500.00	500.00	500.00
Nyiombo	1,665.00	3,000.00	1,580.00
Krish Trading	4,000.00	3,755.00	
I Investment	500.00	500.00	
Simama	2,000.00	2,000.00	2,500.00
Farmers world	2,000.00	1,500.00	
Hardware Shopping	1,000.00	2,000.00	
PARIE		500.00	
MEA		500.00	500.00
HMI		500.00	
Mzati	500.00	500.00	
Options	500.00	500.00	
Xelite strips	2,500.00	2,000.00	
MFC	2,000.00	500.00	
Boss	500.00		
Farmchem	1,000.00		
ATC	500.00	500.00	500.00
Shire	500.00	500.00	
Astro Chemical		500.00	
Transglobe	500.00	500.00	
Yafuka	500.00	500.00	
Lords			500.00
Agora	500.00	500.00	
TOTAL	28,665.00	26,755.00	9,580.00

The unit rates accepted for all suppliers, Including ADMARC and SFFRFM, and the total cost of the award, all expressed in MK, are shown in the table below

NPK

	Rate/MT	Rate/MT	Rate/MT	
Supplier	Blantyre	Lilongwe	Mzuzu	Total Contract MK
Sealand	229,803.67	231,753.52	240,945.66	351,251,425.00
Export Trading Company	235,096.12	237,603.06	240,110.01	2,363,495,910.00
RAB processors	229,803.67	232,310.62		268,974,750.55
Paramount		230,639.32	230,639.32	404,772,006.60
Nyiombo	239,552.91	242,338.41	242,338.41	3,018,088,125.00
Krish Trading	229,803.67	232,589.17		231,196,420.00
I Investment		243,731.16	245,123.91	244,427,535.00
Simama		233,703.37	238,160.16	355,011,845.00
Farmers world	226,739.62	229,525.12		342,894,930.00
MEA		228,410.92	231,196.42	362,504,843.00
Xelite strips	229,803.67	232,589.17		231,196,420.00

MFC	227,575.27	230,360.77		344,148,405.00
ATC		233,981.92	238,160.16	236,071,040.00
Shire		233,981.92		116,990,960.00
Astro Chemical		246,516.66		246,516,660.00
Optichem	221,447.17	227,575.27	236,767.42	2,689,538,565.00
Transglobe		238,160.16		119,080,080.00
Yafuka		245,123.91	247,909.41	246,516,660.00
Agora	227,018.17	229,803.67		343,312,755.00
Lords			239,552.91	119,776,455.00
Farmchem	240,945.66			240,945,660.00
SFFRFM	242,338.50	243,731.25		3,649,005,000.00
ADMARC	243,731.20			1,218,656,000.00
TOTAL				MK 17,744,372,450.15

Urea

	Rate/MT	Rate/MT	Rate/MT	
Supplier	Blantyre	Lilongwe	Mzuzu	Total Contract MK
Sealand	217,268.92	218,661.67	224,232.67	330,081,630.00
Export Trading Company	220,555.81	220,555.81	220,555.81	2,977,503,435.00
RAB processors	210,305.17	212,533.57		316,571,955.00
Paramount	210,583.72	210,583.72	210,583.72	315,875,580.00
Nyiombo	233,981.92	236,767.42	239,552.91	1,478,375,754.60
Krish Trading	218,661.67	221,447.17		1,706,180,803.35
I Investment	242,338.41	245,123.91		243,731,160.00
Simama	232,867.72	233,146.27	238,160.16	1,527,428,380.00
Farmers world	226,739.62	229,525.12		797,766,920.00
Hardware Shopping	218,661.67	221,447.17		661,556,010.00
PARIE		236,488.87		118,244,435.00
MEA		227,018.17	229,803.67	228,410,920.00
HMI		236,210.32		118,105,160.00
Mzati	247,909.41	249,302.16		248,605,785.00
Options	249,859.26	249,859.26		249,859,260.00
Xelite strips	219,497.32	222,282.82		993,308,940.00
MFC	228,410.92	231,196.42		572,420,050.00
Boss	236,210.32			118,105,160.00
Farmchem	235,374.67			235,374,670.00
ATC	229,803.67	232,589.17	236,767.42	349,580,130.00
Shire	233,981.92	236,767.42		235,374,670.00
Astro Chemical		238,160.16		119,080,080.00
Transglobe	231,196.42	232,589.17		231,892,795.00
Yafuka	236,767.42	239,552.91		238,160,165.00
Lords			239,552.91	119,776,455.00
Agora	231,196.42	233,981.92		232,589,170.00
SFFRFM		236,767.50		1,183,837,500.00
ADMARC	247,030.80			1,235,369,000.00
TOTAL				MK 17,183,165,972.95

However, simultaneously with the announcement of the awards, the Malawi Kwacha was devalued and controls over its value against the dollar were removed. Consequently although the bid documents had intimated that both evaluation of bids and payments for fertilizer would be executed in Malawi kwacha using the official rate of exchange at date of tender opening, this was soon recognized as being unworkable. It was clear that a solution for payment would have to be based on the dollar rates initially included by the suppliers in their bid documents. The table below indicates the US\$ rates submitted and the total cost in US\$ of the accepted bids

NPK

Supplier	Blantyre	Lilongwe	Mzuzu	Total \$)
Sealand	825.00	832.00	865.00	1,260,999.55
Export Trading Company	844.00	853.00	862.00	8,484,996.98
RAB processors	825.00	834.00		965,624.67
Paramount		828.00	828.00	1,453,139.50
Nyiombo	860.00	870.00	870.00	10,834,995.96
Krish Trading	825.00	835.00		829,999.71
I Investment		875.00	880.00	877,499.68
Simama		839.00	855.00	1,274,499.53
Farmers world	814.00	824.00		1,230,999.57
MEA		820.00	830.00	1,301,399.54
Xelite strips	825.00	835.00		829,999.71
MFC	817.00	827.00		1,235,499.57
ATC		840.00	855.00	847,499.69
Shire		840.00		419,999.86
Astro Chemical		885.00		884,999.68
Optichem	795.00	817.00	850.00	9,655,496.55
Transglobe		855.00		427,499.84
Yafuka		880.00	890.00	884,999.68
Agora	815.00	825.00		1,232,499.57
Lords			860.00	429,999.84
Farmchem	865.00			864,999.68
ADMARC	875.00			4,374,999.10
SFFRFM	870.00	875.00		13,100,000.00
TOTAL				\$ 63,702,647.46

Urea

Supplier	Blantyre	Lilongwe	Mzuzu	Total (\$)
Sealand	780.00	785.00	805.00	1,184,999.57
Export Trading Company	791.80	791.80	791.80	10,689,296.12
RAB processors	755.00	763.00		1,136,499.57
Paramount	756.00	756.00	756.00	1,133,999.57
Nyiombo	840.00	850.00	860.00	5,307,398.15
Krish Trading	785.00	795.00		6,125,222.77
I Investment	870.00	880.00		874,999.68
Simama	836.00	837.00	855.00	5,483,498.04

Farmers world	814.00	824.00		2,863,998.99
Hardware Shopping	785.00	795.00		2,374,999.14
PARIE		849.00		424,499.86
MEA		815.00	825.00	819,999.71
HMI		848.00		423,999.86
Mzati	890.00	895.00		892,499.68
Options	897.00	897.00		896,999.68
Xelite strips	788.00	798.00		3,565,998.71
MFC	820.00	830.00		2,054,999.28
Boss	848.00			423,999.86
Farmchem	845.00			844,999.71
ATC	825.00	835.00	850.00	1,254,999.57
Shire	840.00	850.00		844,999.71
Astro Chemical		855.00		427,499.84
Transglobe	830.00	835.00		832,499.71
Yafuka	850.00	860.00		854,999.69
Lords			860.00	429,999.84
Agora	830.00	840.00		834,999.71
ADMARC	887.00			4,434,999.10
SFFRFM		850.00		4,250,000.00
TOTAL				\$ 61,687,905.13

Having agreed that the dollar rate would prevail, the Government still intended that actual payment would be made in Malawi Kwachas. After some debate, during which time no contracts were signed, it was decided that the rate to be applied to fertilizer invoices would be the Reserve Bank of Malawi selling rate prevailing on the date of payment. Given the Government system for releasing funds to Ministries, this was perhaps an ill-conceived decision. Ministries do not have unlimited access to the funds voted for a programme. It is necessary for a Ministry to apply to the Budget Director in the Ministry of Finance for release of funds to meet known commitments. Evidence of these commitments has to be provided with the request. In the case of the fertiliser payments, this was the suppliers invoices couched in dollars. The kwacha amount sanctioned by the Budget Director was based on the Reserve Bank of Malawi prevailing rate on day of approval. However, the saga was not ended. The Ministry of Agriculture now had to prepare the payment vouchers covering the invoices and these were forwarded to the Accountant General who prepared the actual cheques. The combined stages took a number of days. Meanwhile the RBM selling rate had changed significantly. The result is that the suppliers were reimbursed using an exchange rate that was somewhat less than the Reserve Bank of Malawi selling rate prevailing on the date of payment. The resultant underpayments amounted to over MK 1 billion. This has since been paid but in the meantime the exchange rate fell still further resulting in the suppliers not being fully compensated in dollar terms, a situation that continues to cause considerable disquiet.

Fertiliser Delivery

When contracts were eventually signed, it was learned that the delivery period of 12 weeks stipulated in the tender documents had been set aside and suppliers were being asked to comply with a delivery period of end of October for urea and 30 days after signing in the case of NPK. However, when the stipulated dates were reached, out of the 28 suppliers, only four had met the NPK dates and only three had completed their urea deliveries.

As the rains approached, and fertiliser contracts remained unfulfilled, changes were clearly required. To add to the problems, the Ministry having initially ordered sufficient fertilizer (150,000 MTS) to meet the needs of 1.5 million farmers now required a further 4,440 MTS to serve an additional 44,400 farmers that had been added to the list.

To meet these challenges, the alterations made to the contracts were as follows;

Optichem's contract for NPK into Chirimba SFFRFM was reduced by 4,700 MTS

SFFRFM's contract for NPK into Chirimba SFFRFM was reduced by 1,990.01 MTS

Sealand was awarded an additional 5,645 MTS NPK and 1,260 MTS urea

Export Trading was awarded an additional 395 MTS NPK and 395 MTS urea

RAB processors was awarded an additional 880 MTS NPK and 565 MTS urea

These changes were made at the end of November/beginning of December leaving the total MTS commissioned short by 1,990.01 MTS NPK, this being the amount deducted from the SFFRFM fertiliser supply contract for Chirimba. In mid December Simama and Sealand were awarded an additional 890 MTS NPK and 1,100 MTS respectively for delivery to Chirimba, the delivery period being 3 days. Once again neither company met what may be considered an unrealistic deadline. Final delivery by Sealand was made in the first week in January.

The following chart indicates the awards and the delivery performance by the various suppliers

NPK (awarded 14th September)

Supplier	Total (MTS)	Sep	Oct	Nov	Dec	Jan
Sealand	1,500.00					
Export Trading Company	10,000.00					
RAB processors	1,165.00					
Paramount	1,755.00					
Nyiombo	12,500.00					
Krish Trading	1,000.00					
I Investment	1,000.00					
Simama	1,500.00					
Farmers world	1,500.00					
MEA	1,580.00					
Xelite strips	1,000.00					
MFC	1,500.00					
ATC	1,000.00					
Shire	500.00					
Astro Chemical	1,000.00					
Optichem	7,300.00					
Optichem	4,700.00	Not delivered				
Transglobe	500.00					
Yafuka	1,000.00					
Agora	1,500.00					
Lords	500.00					
Farmchem	1,000.00					
ADMARC	5,000.00					
SFFRFM	13,010.00					
SFFRFM	1,990.00	Not delivered				
	75,000.00					

Late Commissions (2,200 MTS awarded 19th November)

Supplier	Total (MTS)	Sep	Oct	Nov	Dec	Jan
Sealand	945.00					
Export Trading Company	395.00					
RAB processors	880.00					

Late Commissions (4,700 MTS awarded 4th December)

Supplier	Total (MTS)	Sep	Oct	Nov	Dec	Jan
Sealand	4,700.00					

Late Commissions (1,990 MTS awarded 17th December)

Supplier	Total	Sep	Oct	Nov	Dec	Jan
Sealand	1,100.00					
Simama	890.00					

UREA (awarded 14th September)

Supplier	Total (MTS)	Sep	Oct	Nov	Dec
Sealand	1,500.00				
Export Trading Company	13,500.00				
RAB processors	1,500.00				
Paramount	1,500.00				
Nyiombo	6,245.00				
Krish Trading	7,755.00				
I Investment	1,000.00				
Simama	6,500.00				
Farmers world	3,500.00				
Hardware Shopping Centre	3,000.00				
PARIE	500.00				
MEA	1,000.00				
HMI	500.00				
Mzati	1,000.00				
Options	1,000.00				
Xelite strips	4,500.00				
MFC	2,500.00				
Boss	500.00				
Farmchem	1,000.00				
ATC	1,500.00				
Shire	1,000.00				
Astro Chemical	500.00				
Transglobe	1,000.00				
Yafuka	1,000.00				
Lords	500.00				
Agora	1,000.00				
SFFRFM	5,000.00				
ADMARC	5,000.00				
Total	75,000.00				

Late Commissions (2,200 MTS awarded 19th November)

Supplier	Total (MTS)	Sep	Oct	Nov	Dec
Sealand	1,260.00				
Export Trading Company	395.00				
RAB processors	565.00				

Final Fertiliser Costs

The tables below show the final fertilizer quantities supplied and the accepted cost (in US \$) after the various alterations to the contracts had taken place.

NPK MTS

Supplier	Blantyre	\$ rate	\$ cost	Lilongwe	\$ rate	\$ cost	Mzuzu	\$ rate	\$ cost	Total \$ Cost
Sealand	7,180.00	825.00	5,923,500.00	565.00	832.00	470,080.00	500.00	865.00	432,500.00	6,826,080.00
Export Trading Company	6,000.00	844.00	5,064,000.00	3,000.00	853.00	2,559,000.00	1,395.00	862.00	1,202,490.00	8,825,490.00
RAB processors	1,545.00	825.00	1,274,625.00	500.00	834.00	417,000.00			0.00	1,691,625.00
Paramount			0.00	755.00	828.00	625,140.00	1,000.00	828.00	828,000.00	1,453,140.00
Nyionbo	4,000.00	860.00	3,440,000.00	6,500.00	870.00	5,655,000.00	2,000.00	870.00	1,740,000.00	10,835,000.00
Krish Trading	500.00	825.00	412,500.00	500.00	835.00	417,500.00			0.00	830,000.00
I Investment			0.00	500.00	875.00	437,500.00	500.00	880.00	440,000.00	877,500.00
Simama	890.00	838.00	745,820.00	500.00	839.00	419,500.00	1,000.00	855.00	855,000.00	2,020,320.00
Farmers world	500.00	814.00	407,000.00	1,000.00	824.00	824,000.00			0.00	1,231,000.00
MEA			0.00	1,000.00	820.00	820,000.00	580.00	830.00	481,400.00	1,301,400.00
Xelite strips	500.00	825.00	412,500.00	500.00	835.00	417,500.00			0.00	830,000.00
MFC	500.00	817.00	408,500.00	1,000.00	827.00	827,000.00			0.00	1,235,500.00
ATC			0.00	500.00	840.00	420,000.00	500.00	855.00	427,500.00	847,500.00
Shire			0.00	500.00	840.00	420,000.00			0.00	420,000.00
Astro Chemical			0.00	1,000.00	885.00	885,000.00			0.00	885,000.00
Optichem	4,300.00	795.00	3,418,500.00	1,500.00	817.00	1,225,500.00	1,500.00	850.00	1,275,000.00	5,919,000.00
Transglobe			0.00	500.00	855.00	427,500.00			0.00	427,500.00
Yafuka			0.00	500.00	880.00	440,000.00	500.00	890.00	445,000.00	885,000.00
Agora	500.00	815.00	407,500.00	1,000.00	825.00	825,000.00			0.00	1,232,500.00
Lords			0.00			0.00	500.00	860.00	430,000.00	430,000.00
Farmchem	1,000.00	865.00	865,000.00			0.00			0.00	865,000.00
ADMARC	5,000.00	875.00	4,375,000.00			0.00			0.00	4,375,000.00
SFFRFM	3,009.90	870.00	2,618,613.00	10,000.00	875.00	8,750,000.00			0.00	11,368,613.00
Totals	35,424.90		29,773,058.00	31,820.00		27,282,220.00	9,975.00		8,556,890.00	65,612,168.00

UREA (MTS)

Supplier	Blantyre	\$ rate	\$ cost	Lilongwe	\$ rate	\$ cost	Mzuzu	\$ rate	\$ cost	Total \$ Cost
Sealand	1,760.00	780.00	1,372,800.00	500.00	785.00	392,500.00	500.00	805.00	402,500.00	2,167,800.00
Export Trading Company	6,000.00	791.80	4,750,800.00	4,500.00	791.80	3,563,100.00	3,395.00	791.80	2,688,161.00	11,002,061.00
RAB processors	1,500.00	755.00	1,132,500.00	565.00	763.00	431,095.00			0.00	1,563,595.00
Paramount	500.00	756.00	378,000.00	500.00	756.00	378,000.00	500.00	756.00	378,000.00	1,134,000.00
Nyionbo	1,665.00	840.00	1,398,600.00	3,000.00	850.00	2,550,000.00	1,580.00	860.00	1,358,800.00	5,307,400.00
Krish Trading	4,000.00	785.00	3,140,000.00	3,755.00	795.00	2,985,225.00			0.00	6,125,225.00
I Investment	500.00	870.00	435,000.00	500.00	880.00	440,000.00			0.00	875,000.00
Simama	2,000.00	836.00	1,672,000.00	2,000.00	837.00	1,674,000.00	2,500.00	855.00	2,137,500.00	5,483,500.00
Farmers world	2,000.00	814.00	1,628,000.00	1,500.00	824.00	1,236,000.00			0.00	2,864,000.00
Hardware Shopping Centre	1,000.00	785.00	785,000.00	2,000.00	795.00	1,590,000.00			0.00	2,375,000.00
PARIE			0.00	500.00	849.00	424,500.00			0.00	424,500.00
MEA			0.00	500.00	815.00	407,500.00	500.00	825.00	412,500.00	820,000.00
HMI			0.00	500.00	848.00	424,000.00			0.00	424,000.00
Mzati	500.00	890.00	445,000.00	500.00	895.00	447,500.00			0.00	892,500.00
Options	500.00	897.00	448,500.00	500.00	897.00	448,500.00			0.00	897,000.00
Xelite strips	2,500.00	788.00	1,970,000.00	2,000.00	798.00	1,596,000.00			0.00	3,566,000.00
MFC	2,000.00	820.00	1,640,000.00	500.00	830.00	415,000.00			0.00	2,055,000.00
Boss	500.00	848.00	424,000.00			0.00			0.00	424,000.00
Farmchem	1,000.00	845.00	845,000.00			0.00			0.00	845,000.00
ATC	500.00	825.00	412,500.00	500.00	835.00	417,500.00	500.00	850.00	425,000.00	1,255,000.00
Shire	500.00	840.00	420,000.00	500.00	850.00	425,000.00			0.00	845,000.00
Astro Chemical			0.00	500.00	855.00	427,500.00			0.00	427,500.00
Transglobe	500.00	830.00	415,000.00	500.00	835.00	417,500.00			0.00	832,500.00
Yafuka	500.00	850.00	425,000.00	500.00	860.00	430,000.00			0.00	855,000.00
Lords			0.00			0.00	500.00	860.00	430,000.00	430,000.00
Agora	500.00	830.00	415,000.00	500.00	840.00	420,000.00			0.00	835,000.00
ADMARC	5,000.00	887.00	4,435,000.00			0.00			0.00	4,435,000.00
SFFRFM			0.00	5,000.00	850.00	4,250,000.00			0.00	4,250,000.00
Total	35,425.00		28,987,700.00	31,820.00		26,190,420.00	9,975.00		8,232,461.00	63,410,581.00

Recommendations regarding Fertiliser Procurement, Delivery and Payment

A major problem with the procurement procedure this year was the length of time taken between the initial notice announcing intention to invite bids (March 2012) and the final award of contracts (mid September 2012). It is appreciated that this year politics played a large role in this delay but previous programmes have been no better. The inevitable result of such delays is inflated pricing as the tendered rates undoubtedly contain a hedge element to guard against possible external fluctuations in the world fertilizer market.

The efficiency of the programme was not enhanced by the decision to award contracts to 29 separate suppliers, a number of whom had little or no previous involvement in procuring and delivering fertilizer. A number of those awarded contracts simply relied on using the known fertiliser traders within Malawi to supply their allotted requirement. This practice became patently obvious at the payment stage when the initial awardee assigned collection of the payment cheque over to his/her Malawi supplier.

A side effect of the delayed awards was the imposition by Government of unrealistic delivery time frames on the suppliers. Most suppliers recognized the impossibility of meeting the schedule but signed in the knowledge that little punitive action could be taken against them when they failed to deliver as specified, as all suppliers were in the same boat!

In a move to improve procedures in future it is recommended that

A prequalification process should be introduced to ensure that only those with a tried and tested track record in fertilizer supply be invited to tender

The bid validity period should be reduced to 30 days. The Government institutions responsible for awarding contracts should recognize this and award within the allotted time.

The bidding documents and eventual awards should not impose unrealistic delivery periods. It is suggested that suppliers be asked to provide their own delivery schedule and that this should form part of the tender evaluation. It could also mean that failure by suppliers to meet their own schedule could result in the automatic imposition of penalties. A clause to this effect should be included in the bidding document.

Regarding payment, the fertilizer underpayment situation that developed resulting from exchange rate fluctuations could be avoided if the payment process used for the seed component was introduced for fertilizer payments. The Logistics Unit would continue to check the various invoices submitted by the fertilizer suppliers and confirm the quantity and cost (in dollars) to the Ministry. The Ministry would then forward to the Reserve Bank an instruction to pay from a special account for fertiliser payments. This would permit the Reserve Bank to apply the current exchange rate to the dollar invoice. However, bearing in mind that the fertilizer suppliers deal exclusively in dollars when paying their external suppliers, it is recommended

that an agreed percentage of the payment be made in dollars to an external account. This practice already prevails in connection with a number of government construction contracts.

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 4th May 2012 inviting tenders for the uplift of the subsidy fertiliser. The return date was 1st June 2012.

79 bidders responded to this invitation. An evaluation committee considered the bids and forwarded an analysis to the Principal Secretary MoA, I & W.D.. Eventually, it was announced on 26th September that 43 companies had been commissioned to move the fertilizer to the unit markets.

The Government through the Office of Public Procurement also advised that a rate of MK 43/MT/Km would be applied to movement of fertiliser under the subsidy scheme. For short hauls (i.e journeys under 30 kms) the rate applied was to be 4,300MK/MT. Allowance was made for movements over poor roads where MK50.00.MT/Km could be applied. In practice this rate was restricted to movements within Chitipa district.

In view of the questionable performance of some of the 43 transporters appointed it is worth noting that the number of transport companies commissioned to deliver fertilizer internally increased dramatically. Commissioning of transporters has been the subject of public tender since 2008/09. The number of transporters commissioned in previous years were as follows:

2008/09	23
2009/10	26
2010/11	25
2011/12	23

It is also worth noting that although the rate/mt/km of 43 MK appears attractive, in dollar terms it fell far short of previous years, being approximately 10 cents/mt/km as opposed to 18 cents/mt/km in 2011.

The names of the 43 companies and the SFFRFM depots from where they were authorized to operate are produced below.

Company	Chirimba	Kanengo	Luwinda
Agricultural Produce Transporters Association	√	√	√
AJ Stationers	√	√	√
Alidere Transport	√		√
Anachuma Holdings Limited	√	√	√
Asamala Investment	√	√	√
Ben & Cargo	√	√	
Chembe Trading	√	√	√
Chikulumoyo Transport		√	√
Dinino Stationers & General Suppliers	√	√	√
Fatso Investment		√	√
Fermak Trading	√	√	√
FF Trading	√	√	√
Freight & General Dealers	√	√	
Gem Investments		√	
I Investments	√		√
International Group Association	√	√	√
JB Investments	√	√	√
Kamnthowa Transport		√	√
Kamunda Transport		√	
KC Freight Forwarders		√	√
KK Properties	√	√	√
Kudu Tours & Freight Services	√	√	√
LL Nkhalamba Investments		√	
Local Transporters Association	√	√	√
Malirana Transport	√	√	√
Mico Transport	√	√	
Mwenera Transport	√	√	√
New Dawn Holdings Limited	√	√	√
Northern Region Transporters Association	√	√	√
Omars Transport	√	√	√
One Day Investments	√	√	√
Peakland Investments	√		
R Kokoloko	√	√	√
RE Enterprises	√	√	
Road Transport Operators Association	√	√	
Santamaria Investment	√	√	√
Simama General Dealers	√	√	√
Tangel Freight & General Dealers	√		
UZ Investments		√	
W Chatama General Suppliers	√	√	
Wilson Transport Limited	√		
World Commercial Enterprise & Suppliers	√	√	√

A number of these companies had never before taken part in the movement of fertilizer through the programme. In previous years stealing of fertilizer in transit to markets had been limited to dishonest activities by the drivers. Such theft, once discovered, was held to be the responsibility of the driver's employer and the stolen maize was either replaced or the value deducted from transporters' invoices. Thus no financial loss was incurred by the programme.

However this year there was evidence that some of the appointed transport companies with the full knowledge of owners/ senior management were involved in theft of subsidy fertilizer. Much of the fertilizer stolen in this manner could not be recovered and consequently was lost to the programme and the individual farmer. In addition, laxity at the loading depots allowed straight forward theft by trucks not belonging to the approved list of transporters. The quantity of fertilizer stolen and lost in transit was 608 MTS equating to 12,160 farmers who would not receive one or other of the allotted fertilisers. A sum of MK 48,383,912 was recovered from various transporters who were unable to provide evidence of having completed some deliveries. Consequently the net financial loss to Government from losses in transit based on the commercial price per MT provided in the transport contracts would be approximately MK 109,787,088.

The background check on the transporters awarded contracts appeared to leave much to be desired. According to the police at least one company was operated by a man with a known police record who was being actively sought by the police for alleged criminal offences. When transport bids are being evaluated, there would appear to be a need to utilise a standard evaluation sheet that would take into account all of the elements that require to be in place to ensure the efficiency of an appointed transporter.

The following table indicates the level of fertiliser that was finally uplifted for the districts

District	NPK	Urea	Total
Balaka	2,406.95	2,445.15	4,852.10
Blantyre	4,282.40	4,218.70	8,501.10
Chikhwawa	1,011.95	842.00	1,853.95
Chiradzulu	2,382.75	2,298.00	4,680.75
Machinga	3,410.85	3,234.95	6,645.80
Mangochi	4,463.95	4,446.95	8,910.90
Mulanje	3,239.95	3,221.00	6,460.95
Mwanza	739.00	655.95	1,394.95
Neno	752.15	804.20	1,556.35
Nsanje	829.80	938.05	1,767.85
Phalombe	2,621.85	2,649.00	5,270.85
Thyolo	4,429.75	4,569.90	8,999.65
Zomba	4,857.90	5,087.00	9,944.90
Southern	35,429.25	35,410.85	70,840.10
Dedza	3,800.00	3,637.45	7,437.45
Dowa	4,418.80	4,795.70	9,214.50
Kasungu	4,729.10	4,849.60	9,578.70
Lilongwe	7,088.80	6,915.95	14,004.75
Mchinji	3,224.65	3,186.65	6,411.30
Nkhota	1,396.20	1,451.80	2,848.00
Ntcheu	3,230.90	3,180.10	6,411.00
Ntchisi	2,211.25	2,197.00	4,408.25
Salima	1,772.70	1,674.65	3,447.35
Central	31,872.40	31,888.90	63,761.30
Chitipa	1,418.45	1,420.65	2,839.10
Karonga	1,115.20	1,079.95	2,195.15
Likoma	50.00	50.00	100.00
Mzimba	4,972.95	4,935.95	9,908.90
Nkhata	1,071.65	1,082.15	2,153.80
Rumphi	1,310.10	1,346.10	2,656.20
Northern	9,938.35	9,914.80	19,853.15
National	77,240.00	77,214.55	154,454.55

As previously noted this year losses in transit increased and in a number of cases the diverted fertilizer could not be recovered.

The average cost /MT of delivering fertiliser from the appropriate SFFRFM depot to just under 1,300 ADMARC/SFFRFM selling points throughout the country was MK 7,874/MT (\$21.30/MT at 370 MK/US\$). In dollar terms this was reduction of over 40% from last year when the average cost /MT was\$36.50

The cost /MT in MK and US \$ for the individual districts is given below

Balaka	8,807.21	23.80
Blantyre	5,517.89	14.91
Chikwawa	6,734.39	18.20
Chiradzulu	4,184.51	11.31
Chitipa	22,252.02	60.14
Dedza	6,242.99	16.87
Dowa	4,650.11	12.57
Karonga	12,416.38	33.56
Kasungu	8,817.37	23.83
Likoma	5,009.50	13.54
Lilongwe	4,613.58	12.47
Machinga	10,127.38	27.37
Mangochi	14,391.76	38.90
Mchinji	7,704.75	20.82
Mulanje	6,491.68	17.55
Mwanza	7,230.92	19.54
Mzimba	8,487.48	22.94
Neno	6,559.52	17.73
Nkhata Bay	5,102.48	13.79
Nkhotakota	13,537.21	36.59
Nsanje	9,358.88	25.29
Ntcheu	12,070.82	32.62
Ntchisi	6,615.24	17.88
Phalombe	9,339.40	25.24
Rumphi	7,549.43	20.40
Salima	6,345.89	17.15
Thyolo	5,720.40	15.46
Zomba	6,313.83	17.06

In addition to the initial uplift from SFFRFM depots to unit markets, it also proved necessary to relocate approximately 2,569 MTS between markets. This is an extremely expensive exercise with the average cost being \$124/MT. Clearly such relocations should be avoided if possible.

The Ministry together with ADMARC produces a market matrix quite early in the programme. It is uncertain what information is available at this point to permit this to be an accurate document. However the Logistics Unit initially followed this plan religiously until some markets began to complain that they were receiving too much.

It then transpired that the recent innovation of using the beneficiary registers at the markets was clashing with the initial matrix and Logistics Unit had to revert to the original method of retrospectively responding to ADMARC market demand.

The use of the beneficiary register is a positive step that could assist in developing a delivery plan of real substance and thus reduce the relocations mentioned above. However an early completion of beneficiary selection, permitting publication of the beneficiary registers and

selection of markets for villages would be necessary to permit a proper delivery matrix to be developed. This year beneficiary selection ran on until November/December. Delivery of fertiliser to markets commenced in September. A much earlier completion of beneficiary selection is required to make the register a useful tool in developing a market delivery matrix.

It is clear that the performance of transporters this year fell short of that of previous years. There would seem to be a need to revisit the method of selection. It is recommended that very early in the programme, the Ministry organizes a prequalification exercise for potential transporters. The information coming from this would be the subject of a comprehensive investigation, involving police, procurement officials and respected figures related to transport in the private sector. This should have the result of reducing the number of transporters considered eligible to tender.

As previously mentioned, the tender document should contain an evaluation document clearly setting out the method by which bids will be evaluated. It is recommended that this be a points sheet indicating the weighting that will be given to trucks available, tracking systems in operation, previous experience, audited accounts, insurance in place etc.

BENEFICIARY SELECTION

The beneficiary selection exercise was executed in the following manner:

In mid March 2012, the Logistics Unit supplied all districts with an electronic copy of the 2011 farm family list and asked the DADOs to update it. This exercise lasted until end of August before it was finally completed.

As each district completed the update, an electronic edition of the update was provided to the Logistics Unit by the districts.

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

The resultant updated district farm family register for 2012 is produced below

District	2012 FF
Balaka	132,048
Blantyre	189,458
Likoma	2,322
Mangochi	277,885
Neno	36,342

Nsanje	76,305
Dowa	235,237
Machinga	213,440
Phalombe	102,793
Mwanza	30,249
Salima	102,336
Nkhota Kota	90,467
Rumphi	47,700
Chitipa	65,256
Dedza	243,632
Thyolo	196,432
Chikwawa	132,931
Chiradzulu	116,686
Ntcheu	168,158
Lilongwe	460,197
Karonga	72,057
Nkhatabay	62,263
Mulanje	203,222
Ntchisi	136,486
Kasungu	310,456
Zomba	238,278
Mchinji	182,005
Mzimba	280,356
Total	4,404,997

In the middle of July , MoAFS produced the beneficiary district allocation list reproduced below

District	2012/2013 number of beneficiaries
Chikwawa	22,900
Nsanje	14,400
Chiradzulu	46,000
Mwanza	13,000
Neno	15,200
Blantyre	81,300
Thyolo	73,600
Mulanje	66,800
Phalombe	43,200

Balaka	46,900
Mangochi	87,500
Machinga	67,300
Zomba	95,200
Nkhotakota	28,700
Salima	34,400
Ntcheu	64,000
Dedza	75,900
Lilongwe	143,000
Dowa	83,000
Ntchisi	44,900
Mchinji	63,100
Kasungu	98,100
Mzimba	99,700
Nkhatabay	21,700
Rumphi	19,700
Likoma	1,000
Chitipa	26,400
Karonga	23,100
Totals	1,500,000

With the early production of the district allocation list, selection of beneficiaries could proceed immediately the farm family figures for 2012 had been agreed. The selection method adopted was as follows:

As soon as the accuracy of the contents of the 2012 farm family registers had been confirmed by the respective district, the updated farm family register was reformatted as a beneficiary selection register to assist in selection of beneficiaries.

A hard copy of this reformatted register was issued by the Logistics Unit to each DADO. This contained columns that allowed the chosen beneficiary to be highlighted and information confirming sex and voter registration number to be entered.

On completion of the beneficiary selection exercise in the district, an electronic copy of the completed beneficiary selection register was to be returned to the Logistics Unit. There it was condensed to produce a beneficiary register listing, by village, the names and information relating to the selected farmers. The first completed beneficiary selection registers delivered to Logistics Unit came almost simultaneously from Likoma and Mwanza at the beginning of September.

However in mid October, it emerged that the existing 1.5 million project target was to be increased by a total of 44,400 additional names. This did not become public information until 2nd November mainly because of concern as to where the additional inputs would be found.

However on 2nd November the Ministry announced that there were additions and the district allocations therefore now read as follows:

District	2012/2013 number of beneficiaries
Chikwawa	22,900
Nsanje	14,400
Chiradzulu	46,900
Mwanza	13,900
Neno	15,500
Blantyre	84,300
Thyolo	90,600
Mulanje	68,200
Phalombe	54,000
Balaka	47,800
Mangochi	87,500
Machinga	67,300
Zomba	95,200
Nkhotakota	28,700
Salima	34,400
Ntcheu	65,300
Dedza	75,900
Lilongwe	143,000
Dowa	83,000
Ntchisi	44,900
Mchinji	63,100
Kasungu	98,100
Mzimba	99,700
Nkhatabay	21,700
Rumphi	26,300
Likoma	1,200
Chitipa	27,000
Karonga	23,600
Totals	1,544,400

As a result of the belated decision to increase the programme from 1.5 million to the final figure of 1,544,400, there was a considerable delay in the process of selecting the beneficiaries. Selection originally began in late August/early September based on the initial allocation. However a number of districts now had to revisit the already completed selection list. Consequently beneficiary selection was not completed nationally until the last week in November, because of the additions. Apart from the delay in identifying the beneficiaries, there was also a waste of time and resources, as a number of districts had to return to the field to redo the registration exercise. The first exercise had already been completed some weeks

previously based on the initial allocation and the original beneficiary selection registers had been printed. These had to be scrapped and new registers that included the additional beneficiaries had to be printed.

When the beneficiary selection exercise was finally completed in each district, three copies of this final district beneficiary 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 final district beneficiary registration was as follows:

District	Allocation	Female HH	Male HH	Unknown
Zomba	95,200	48,623	46,249	328
Thyolo	90,600	38,122	49,780	2,698
Nsanje	14,400	4,657	9,736	7
Neno	15,500	8,315	7,172	13
Mwanza	13,900	8,048	5,852	-
Mulanje	68,200	32,830	35,370	-
Mangochi	87,500	51,159	36,243	98
Machinga	67,300	30,575	33,386	3,339
Chiradzulu	46,900	19,079	26,746	1,075
Chikhwawa	22,900	8,413	12,724	1,763
Blantyre	84,300	48,470	34,797	1,033
Balaka	47,800	27,306	20,148	346
Phalombe	54,000	30,081	23,610	309
SR total	708,500	355,678	341,813	11,009
SR gender split		50%	48%	2%
Salima	34,400	12,367	21,992	41
Ntchisi	44,900	20,530	23,828	542
Ntcheu	65,300	32,468	32,829	3
Nkhota Kota	28,700	9,757	18,638	305
Mchinji	63,100	24,810	37,003	1,287
Lilongwe	143,000	50,536	92,464	
Kasungu	98,100	44,993	53,107	-
Dowa	83,000	28,076	52,728	2,196
Dedza	75,900	31,975	41,955	1,970
CR total	636,400	255,512	374,544	6,344
CR gender split		40%	59%	1%
Rumphi	26,300	9,431	16,833	36
Nkhata Bay	21,700	8,068	13,632	
Mzimba	99,700	28,784	50,787	20,129
Likoma	1,200	551	649	-
Karonga	23,600	9,281	14,319	
Chitipa	27,000	8,916	18,084	-
NR total	199,500	65,031	114,304	
NR gender split		33%	57%	10%
National total	1,544,400	676,221	830,661	17,353
National gender split		44%	54%	2%

The task of physically distributing the vouchers to the beneficiaries fell to the MoA, I & W.D. district staff. The distribution of the vouchers began with the Salima vouchers on 6th November at the official launch of the project. The Ministry stated that voucher distribution nationally was completed early December. However monitoring agents such as FUM and CISANET claimed vouchers were being distributed to beneficiaries as late as January.

VOUCHER PRINTING, DISTRIBUTION AND HANDLING

The printed voucher continues to improve. The production of the vouchers was understood to have been a joint exercise involving funding by DFID. The result was a voucher containing a number of security features that would be difficult to replicate. Some were only revealed under UV lighting. The vouchers apparently arrived already packed by district and it is understood the boxes were not opened until the vouchers were delivered to the respective districts.

MoA , I & W.D. staff were heavily involved in instructing all those handling the vouchers on the security features. The result was a continued improvement in voucher control.

However there remains room for improvement.

This year a number of vouchers were printed that did not have the security feature revealed by the UV light. It seems that the printer accepted that this was possible. The result was that seeds of doubt were sown concerning the genuineness of such vouchers among the agro dealers to whom the vouchers were presented. The problem was limited and the vouchers were eventually accepted. However it is recommended that more stringent checking of the vouchers prior to shipping is required if such problems are not to be repeated.

Regarding the demand that voter registration numbers should be required at the time of selection of beneficiaries, this continues to be a controversial measure attracting criticism from various sections of the community. The intention was that the same voter registration number would be hand written on the reverse of the voucher at the time of distribution. This exercise is clearly time consuming and open to inaccuracy.

It is also doubtful if it contributed to the efficiency of the selection process and the subsequent redemption of vouchers. An examination 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. Equally a substantial number of redeemed vouchers had no voter registration number on the reverse side of the voucher.

It is clear that the present criteria covering beneficiary identification clashes with the demand that voter registration cards play a role in the identification process; e.g child headed households and orphan headed households will not have voter registration cards.

The inclusion of voter registration numbers as a requirement was intended as an additional means of identification. However, as reported last year numerous bank fraud incidents revealing the ease with which voter registration cards can be replicated have undermined the confidence in the use of voter registration cards as an identity card.

Ensuring that the beneficiary receives the voucher with the same number as the entry in the beneficiary register would allow any monitoring exercise to determine whether the inputs were redeemed by the intended beneficiary. It is considered that the time saved by not having to write down voter registration numbers could be better employed by ensuring strict adherence to the village distribution schedule that is issued with the beneficiary registers.

The possibility of replacing the paper vouchers with an E voucher is being pursued by USAID. Such a step would help considerably to reduce the work of the police who spend much time in search of fake paper vouchers. It would also reduce the present involvement of the DADO staff in voucher distribution. In the case of the seed programme it would assist in speeding up payments to seed companies and agro dealers. It would also reduce the amount of time involved before the total sales of fertilizer and seed could be finalized. Depending on the number of years that remain for the programme, it may lead to eventual cost savings although the initial implementation costs may be heavy. However it has to be recognized that the system would require to be sophisticated enough to deal with 42 components supplied by 17 distributors operating through some 2,400 outlets. In addition it would require to be simple enough to be understood by 1.5 million beneficiaries many of whom have low literacy levels.

Regarding handling of vouchers after redemption at sales points it is believed that the present system could be improved. Currently, fertiliser vouchers together with MK 500 from the beneficiary are collected by ADMARC/SFFRFM sales staff at the sales point. These vouchers together with the money are subsequently collected by senior district/regional representatives from the two organizations and brought to a district/regional sorting office. There they have the corners removed to indicate that they have been redeemed. The vouchers are then collated, recorded and delivered to the Logistics Unit for checking and electronically recording to identify any duplication. This system appears to work quite well the major criticism being the length of time taken, particularly by ADMARC, to collect, collate and record the vouchers prior to delivery to the Logistics Unit. It is believed a heavier investment by ADMARC in computers could improve this but in the absence of this the eventual emergence of an E voucher will have to be the answer.

In the case of seed vouchers, the procedure is a little more complicated, involving Government payment of the seed companies for redeemed vouchers. The difference arises from ADMARC/SFFRFM handling Government purchased fertiliser while seed companies through their outlets are trading in their own seed in exchange for vouchers.

As a result, a misconception has arisen in the minds of some that there could be a market in recycling redeemed vouchers. Consequently, there has been theft of redeemed vouchers from, among others, the Logistics Unit. It is presumed that the thief has identified an unscrupulous

agro dealer who is prepared to submit such vouchers as his own. The deception is bound to be uncovered before any loss to Government as the electronic check will identify duplicate voucher numbers and the claim will be rejected. The only loss to Government is the waste of police time attempting to identify the origin of the theft. To minimize such incidents it is intended that the submission of seed vouchers to the Unit by the seed companies is delayed until all vouchers are collected. In the meantime payment to the seed companies will be based on the submitted electronic data, with a retention being withheld until final reconciliation of physical vouchers with electronic data. Duplicates will be excluded and the company submitting such will be asked to liaise with the company who submitted the offending numbered voucher originally in order to establish the genuine voucher.

SALES OF INPUTS AND REDEMPTION OF VOUCHERS

Fertiliser Voucher Redemption

Once again private retailers were excluded from the sale of fertiliser through the voucher scheme. There has now been no retail involvement in fertilizer voucher trade since 2007/08.

The only organizations involved in accepting fertilizer vouchers were once more ADMARC and SFFRFM and the private sector's involvement in the direct sale of subsidy products to the farmers was again limited to the various seed companies for the maize seed and legume vouchers.

Sales of the subsidised products commenced on 6th November in Salima in the Central Region. Again no official cessation of sales was ever announced by the MoA , I & F.S. and sales trailed to an end in late February.

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 14th November 2012. Final submission took place in April.

Fertiliser vouchers from ADMARC/SFFRFM began to flow in from 10th December. SFFRFM completed delivery of vouchers in early March. However ADMARC were exceptionally slow in making their returns with 25% only reaching the Logistics Unit in May

Fertilizer voucher returns by district are shown in the table below

		ADMARC			SFFRFM				
District	ALLOCATION	NPK	UREA	Total	NPK	UREA	Total	District Total	%
Blantyre	168,600	67225	66161	133386	15507	15608	31115	164,501	98%
Chiradzulu	93,800	37187	37251	74438	8418	7130	15548	89,986	96%
Mwanza	27,800	9851	10301	20152	3950	3081	7031	27,183	98%
Neno	31,000	12671	12312	24983	2690	2928	5618	30,601	99%
Mulanje	136,400	55867	52282	108149	13613	13744	27357	135,506	99%
Phalombe	108,000	41235	42788	84023	11833	10167	22000	106,023	98%
Thyolo	181,200	70945	71885	142830	12140	14145	26285	169,115	93%
Chikwawa	45,800	18,353	17,632	35985	2113	2872	4985	40,970	89%
Nsanje	28,800	11,425	12,266	23691	2560	1877	4437	28,128	98%
Balaka	95,600	32893	27159	60052	7959	8807	16766	76,818	80%
Machinga	134,600	55184	57043	112227	11407	10150	21557	133,784	99%
Mangochi	175,000	70452	69553	140005	15527	16799	32326	172,331	98%
Zomba	190,400	74765	70809	145574	19189	24177	43366	188,940	99%
Dedza	151,800	62683	58500	121183	12224	12393	24617	145,800	96%
Ntcheu	130,600	40410	39365	79775	7317	6690	14007	93,782	72%
Lilongwe	286,000	129126	131182	260308	13415	13323	26738	287,046	100%
Kasungu	196,200	79,251	80,985	160236	14191	13236	27427	187,663	96%
Dowa	166,000	73235	74646	147881	9865	9974	19839	167,720	101%
Mchinji	126,200	54586	53010	107596	8385	9235	17620	125,216	99%
Ntchisi	89,800	41441	42783	84224	1997	2003	4000	88,224	98%
Nkhotakota	57,400	24,570	25,440	50010	3497	3277	6774	56,784	99%
Salima	68,800	30,766	29,873	60639	2758	2768	5526	66,165	96%
Mzimba	199,400	85784	85956	171740	13037	13129	26166	197,906	99%
Rumphi	52,600	22317	22870	45187	3913	3436	7349	52,536	100%
Nkhata Bay	43,400	20894	20832	41726	766	770	1536	43,262	100%
Likoma	2,400	900	1,113	2013	0	0	0	2,013	84%
Chitipa	54,000	24159	24123	48282	2829	2865	5694	53,976	100%
Karonga	47,200	22406	22326	44732	1093	1088	2181	46,913	99%
Total	3,088,800	1,270,581	1,260,446	2,531,027	222,193	225,672	447,865	2,978,892	96%

This year, as indicated above, submission of vouchers, particularly by ADMARC, was slow. There was also evidence of fertiliser vouchers being altered to indicate a different district from the original. This perhaps indicates a scam in operation between sales personnel and vendors, the latter having acquired vouchers from genuine beneficiaries. A total of 13,083 vouchers submitted by ADMARC/SFFRFM were identified by the Logistics Unit as being in this category. This may only be the tip of the iceberg, pointing to a larger fiddle where vendors purchase vouchers from farmers, redeem them for fertiliser and sell on at a price closer to that for the commercial product, cutting the sales personnel in on the deal. The table below indicates the extent of the tampered vouchers that were identified by the Logistics Unit

District	ADMARC			SFFRFM			District Total
	NPK	UREA	Total	NPK	UREA	Total	
Blantyre	20	63	83	6	3	9	92
Chiradzulu	51	31	82	1		1	83
Mulanje	255	247	502	6	1	7	509
Phalombe		8	8			0	8
Thyolo	33	75	108		5	5	113
Machinga	1		1		64	64	65
Mangochi	232	339	571	67	24	91	662
Zomba			0	13	14	27	27
Dedza	1371	1464	2,835	75	101	176	3,011
Ntcheu		4	4	21	10	31	35
Lilongwe	1923	4064	5,987	64	29	93	6,080
Kasungu	226	19	245			0	245
Dowa	102	1684	1,786	46	31	77	1,863
Mchinji	2	7	9			0	9
Ntchisi	7	9	16			0	16
Nkhotakota	110	52	162	2	2	4	166
Salima	38	10	48			0	48
Mzimba		18	18		4	4	22
Rumphi		6	6			0	6
Nkhata Bay	6	15	21			0	21
Karonga	1	1	2			0	2
Total	4,378	8,116	12,494	301	288	589	13,083

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 (minus losses in transit) by the balances ADMARC and SFFRFM have declared as being left in the district. In connection with this latter item both institutions have been requested to provide the figure for balances. SFFRFM had advised that there are no stocks left in the unit markets. ADMARC has been asked on a number of occasions to provide the stock balance figure but has not responded. It has therefore been assumed there are no balances in the ADMARC unit markets.

District	NPK	Urea	Total
Balaka	2,406.95	2,445.15	4,852.10
Blantyre	4,282.40	4,218.70	8,501.10
Chikhwawa	1,011.95	842.00	1,853.95
Chiradzulu	2,382.75	2,298.00	4,680.75
Machinga	3,410.85	3,234.95	6,645.80
Mangochi	4,456.45	4,439.45	8,895.90
Mulanje	3,234.95	3,216.00	6,450.95
Mwanza	739.00	655.95	1,394.95
Neno	752.15	804.20	1,556.35
Nsanje	822.30	930.55	1,752.85
Phalombe	2,621.85	2,649.00	5,270.85
Thyolo	4,429.75	4,569.90	8,999.65
Zomba	4,779.90	5,009.00	9,788.90
Southern	35,331.25	35,312.85	70,644.10

Dedza	3,757.33	3,594.78	7,352.10
Dowa	4,411.30	4,788.20	9,199.50
Kasungu	4,714.10	4,834.60	9,548.70
Lilongwe	7,035.30	6,862.45	13,897.75
Mchinji	3,209.65	3,171.65	6,381.30
Nkhota	1,396.20	1,451.80	2,848.00
Ntcheu	3,208.40	3,157.60	6,366.00
Ntchisi	2,191.25	2,177.00	4,368.25
Salima	1,757.70	1,659.65	3,417.35
Central	31,681.23	31,697.73	63,378.95

Chitipa	1,418.45	1,420.65	2,839.10
Karonga	1,115.20	1,079.95	2,195.15
Likoma	50.00	50.00	100.00
Mzimba	4,957.95	4,920.95	9,878.90
Nkhata	1,071.65	1,082.15	2,153.80
Rumphi	1,310.10	1,346.10	2,656.20
Northern	9,923.35	9,899.80	19,823.15
National	76,935.83	76,910.38	153,846.20

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

Agent	NPK	Urea	total
Admarc	65,777.65	65,647.40	131,425.05
SFFRFM	11,170.95	11,250.20	22,421.15
	76,948.60	76,897.60	153,846.20

Comparing assessed sales figures to voucher returns reveals a discrepancy that is shown in the table below;

Agent	Assessed Sales	Vouchers	Difference	Unaccounted %
	MTS	MTS	MTS	
ADMARC	131,425.05	126,610.25	4,814.80	3.7%
SFFRFM	22,421.15	22,334.35	86.80	0.4%
Total	153,846.20	148,944.60	4,901.6	3.2%

Seed Voucher Returns and 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. The twelve seed companies who took part in the maize seed scheme (Seed Co, Pannar, Monsanto, Demeter, Funwe, Seed Tech, Panthochi, ASSMAG, AISAM, CPM Agri-Enterprises, Peacock, Premium Seeds) stocked outlets with packets of seed which were either 5kgs hybrid or 8kgs OPV. A total of 21 different varieties were available, 15 being hybrid and 6 being OPV. The sales outlets stocking these varieties 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 150. The application of the “top up” was not consistent. A number of companies chose not to apply it, while others did. As a result it could be argued that the farmer in choosing his seed was influenced more by price than suitable variety.

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 2650/voucher.

The table below lists the maize voucher recovery by district

District	Allocation	Redeemed	%
Blantyre	84,300	81,848	97%
Chiradzulu	46,900	46,497	99%
Mwanza	13,900	13,797	99%
Neno	15,500	15,380	99%
Mulanje	68,200	67,775	99%
Phalombe	54,000	53,720	99%
Thyolo	90,600	90,107	99%
Chikwawa	22,900	22,726	99%
Nsanje	14,400	14,252	99%
Balaka	47,800	47,596	100%
Machinga	67,300	67,082	100%
Mangochi	87,500	86,752	99%
Zomba	95,200	94,617	99%
Southern	708,500	702,149	99%

Dedza	75,900	75,298	99%
Ntcheu	65,300	64,371	99%
Lilongwe	143,000	142,025	99%
Kasungu	98,100	97,397	99%
Dowa	83,000	82,234	99%
Mchinji	63,100	62,826	100%
Ntchisi	44,900	44,570	99%
Nkhotakota	28,700	28,351	99%
Salima	34,400	34,215	99%
Central	636,400	631,287	99%

Mzimba	99,700	97,540	98%
Rumphi	26,300	25,890	98%
Nkhata Bay	21,700	21,340	98%
Likoma	1,200	1,093	91%
Chitipa	27,000	26,453	98%
Karonga	23,600	23,276	99%
Northern	199,500	195,592	98%

National	1,544,400	1,529,028	99%
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The table below sets out the amount and type of seed believed to have been exchanged for vouchers through the programme

Hybrid

Company	Variety	Vouchers	MTS
Pannar	PAN53	57,606	288.03
	Pan67	40,931	204.66
	PAN4M19	23,505	117.53
	PAN 63	14,173	70.87
Monsanto	DKC 8053	255,574	1,277.87
	DKC 9089	139,993	699.97
	DKC 8073	6,513	32.57
Seed Co	SC 403	211,992	1,059.96
	SC 627	179,716	898.58
	Sc 717	17,567	87.84
	SC 719	192,878	964.39
Funwe	MH 26	18,168	90.84
Seed Tech	MH 27	15,466	77.33
	MH 26	3,663	18.32
AISAM	DKC 9809	13,367	66.84
	SC 627	2,132	10.66
Peacock	CAP 9001	2,313	11.57
Total		1,195,557	5,977.79

OPV

Company	Variety	Vouchers	MTS
Demeter	ZM 523	5	0.04
	ZM623	242,754	1,942.03
Seed CO	ZM 521	29,985	239.88
	ZM 309	29	0.23
	ZM 523	16,818	134.54
Funwe	ZM 621	2,770	22.16
	ZM 623	29,738	237.90
Panthochi	ZM 621	1,273	10.18
	ZM 623	2,194	17.55
	ZM 309	2,456	19.65
ASSMAG	ZM-623	120	0.96
Premium	ZM-523	469	3.75
	ZM-623	3,497	27.98
CPM	ZM721	1,363	10.90
		333,471	2,667.77

The following table gives a breakdown by district of the distribution of hybrid and OPV

DISTRICT	Hybrid (MTS)	OPV (MTS)	% hybrid	% OPV
Blantyre	322.98	126.46	72%	28%
Chiradzulu	182.69	77.78	70%	30%
Mwanza	60.08	14.49	81%	19%
Neno	69.09	12.27	85%	15%
Mulanje	288.95	80.53	78%	22%
Phalombe	232.58	59.69	80%	20%
Thyolo	385.05	106.51	78%	22%
Chikwawa	55.08	93.58	37%	63%
Nsanje	36.25	53.36	40%	60%
Balaka	173.31	105.14	62%	38%
Machinga	250.31	134.25	65%	35%
Mangochi	327.85	158.45	67%	33%
Zomba	335.82	225.75	60%	40%
Dedza	296.97	129.85	70%	30%
Ntcheu	240.33	129.03	65%	35%
Lilongwe	658.85	90.24	88%	12%
Kasungu	319.95	270.65	54%	46%
Dowa	372.61	64.53	85%	15%
Mchinji	257.00	92.73	73%	27%
Ntchisi	162.64	98.26	62%	38%
Nkhotakota	95.95	73.46	57%	43%
Salima	110.00	97.66	53%	47%
Mzimba	342.17	232.02	60%	40%
Rumphi	104.30	40.66	72%	28%
Nkhata Bay	80.62	40.34	67%	33%
Likoma	5.47	-	100%	0%
Chitipa	116.92	24.97	82%	18%
Karonga	94.00	35.11	73%	27%
National	5,977.79	2,667.77	69%	31%

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.

This year, the pack size for the legumes was 3kgs for soya and 2kgs for the remainder of the legumes.

As was the previous practice, the participating companies were responsible for collecting the vouchers from the outlets and submitting these to the Logistics Unit for recording and reimbursement, this year at the rate of MK 1250/voucher.

Organisations supplying legume seed were Seed Co, Pannar, AISAM, Nema Farm Seeds, Demeter, Funwe, Seed Tech, Panthochi, Pindulani, ASSMAG, NASFAM, CPM Agri-Enterprises, Peacock, Premium Seeds

The table below lists the legume voucher recovery by district

District	Allocation	returns	%
Blantyre	84,300	79,068	94%
Chiradzulu	46,900	44,902	96%
Mwanza	13,900	13,239	95%
Neno	15,500	14,288	92%
Mulanje	68,200	63,265	93%
Phalombe	54,000	46,042	85%
Thyolo	90,600	84,033	93%
Chikwawa	22,900	22,108	97%
Nsanje	14,400	12,911	90%
Balaka	47,800	46,978	98%
Machinga	67,300	66,238	98%
Mangochi	87,500	80,103	92%
Zomba	95,200	87,865	92%
Southern	708,500	661,040	93%

Dedza	75,900	70,670	93%
Ntcheu	65,300	61,580	94%
Lilongwe	143,000	136,746	96%
Kasungu	98,100	94,656	96%
Dowa	83,000	76,724	92%
Mchinji	63,100	59,438	94%
Ntchisi	44,900	40,904	91%
Nkhotakota	28,700	24,458	85%
Salima	34,400	33,784	98%
Central	636,400	598,960	94%

Mzimba	99,700	86,761	87%
Rumphi	26,300	23,108	88%
Nkhata Bay	21,700	16,962	78%
Likoma	1,200	0	0%
Chitipa	27,000	19,908	74%
Karonga	23,600	20,481	87%
Northern	199,500	167,220	84%

National	1,544,400	1,427,220	92%
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The amount and type of legume seed distributed through redeemed vouchers is estimated to be as follows:

	Variety	Vouchers	MTS
Beans	Kalima	17,050	34.10
	Kholophete	305,383	610.77
	Napilira	3,465	6.93
Cow peas	Sudan 1	17,704	35.41
	ZT82E-16	2,614	5.23
Groundnuts	Chalimbana	987	1.97
	CG7	923,537	1,847.07
	Chitala	6,286	12.57
	Nsinjaro	2,635	5.27
pigeon Peas	Maiwathu Alimi	24,528	49.06
	sauma	2,673	5.35
	Mthawajune	709	1.42
Soya	Solitera	52,260	156.78
	Soprano	12,317	36.95
	Squire	19,129	57.39
	Makwacha	3,671	11.01
	Nasoko	32,071	96.21
		1,427,019	2,973.49

A breakdown of legume variety distribution by district is given below. The table indicates the consolidated number of vouchers submitted by all suppliers by district.

DISTRICT	Beans			Cow peas		Groundnuts				pigeon peas			Soya					
	Kalima	Kholopete	Napilira	Sudan 1	ZT82E-16	Chalimbana	CG7	ICEAP 00557	Chitala	Nsinjaro	Maiwathu Alimi	Sauma	Mthawajune	Solitera	Soprano	Squire	Makwacha	Nasoko
Blantyre	773	16,981	118	355	0	0	56,308	0	248	0	6	51	0	0	44	2,125	106	1,952
Chiradzulu	612	7,371	8	258	1	0	30,228	4,605	0	0	353	44	49	0	207	1,086	27	54
Mwanza	845	2,139	0	102	0	0	9,394	0	0	0	360	0	0	0	399	0	0	0
Neno	862	1,232	0	4	0	0	11,796	0	0	0	81	0	0	0	100	205	0	8
Mulanje	3,011	9,433	0	3	0	0	46,931	0	224	0	18	0	0	0	1,260	1,082	115	1,188
Phalombe	2,921	9,079	0	123	0	0	28,944	0	0	0	1,097	1	0	0	745	1,991	37	1,104
Thyolo	556	14,732	3	1	0	0	61,575	392	86	0	18	0	376	0	1,293	3,291	0	1,710
Chikwawa	1,097	10,986	0	2	0	0	8,822	0	0	0	28	0	143	0	205	659	166	0
Nsanje	1,452	6,950	0	2	0	0	3,973	0	0	0	0	329	171	0	0	10	19	5
Balaka	619	7,095	132	121	0	0	38,176	0	0	0	172	0	0	0	459	76	43	85
Machinga	300	10,303	75	393	4	0	51,689	0	3	0	1,035	233	0	0	421	1,136	119	527
Mangochi	2,020	9,893	44	3,583	2,813	0	44,822	0	2,664	0	10,388	175	0	9	16	1,409	10	2,257
Zomba	1,330	11,568	0	3,262	19	0	53,076	0	2,560	0	2,668	3,575	0	0	475	5,081	2,323	1,928
Dedza	1	16,665	0	594	14	0	43,426	0	0	48	170	0	0	0	3,890	4,583	16	1,263
Ntcheu	706	13,296	1	2,433	316	0	39,364	0	0	0	1,472	31	0	0	0	254	1,219	2,488
Lilongwe	7	19,185	263	164	1	278	94,151	0	0	1,240	1	0	0	0	1,091	19,574	218	573
Kasungu	0	30,959	0	330	25	0	53,930	0	0	4,003	97	5	0	0	0	4,607	126	574
Dowa	0	11,004	220	1,930	132	83	54,692	0	0	460	232	0	0	1	338	6,258	250	1,124
Mchinji	0	14,886	0	162	0	0	42,076	0	0	8	0	0	0	0	0	2,016	58	232
Ntchisi	0	13,121	7	1,033	192	481	22,853	0	0	820	116	0	0	0	0	1,787	49	445
Nkhotakota	0	7,080	0	1,188	1	0	14,175	0	0	54	0	0	0	0	162	1,419	14	365
Salima	0	7,305	1	544	157	0	23,368	0	0	1	290	0	0	0	4	1,570	0	544
Mzimba	0	29,793	263	127	0	0	40,688	0	0	236	0	0	0	1	301	7,949	476	6,927
Rumphi	0	3,417	0	38	0	0	15,925	0	0	0	0	0	0	0	25	1,366	2	2,335
Nkhata Bay	0	5,596	0	0	0	0	8,947	0	0	0	0	0	0	0	0	1,780	77	562
Likoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chitipa	0	2,270	0	0	0	0	13,113	0	0	0	0	0	0	0	0	2,651	486	1,388
Karonga	0	3,051	0	5	0	0	15,931	0	0	0	0	0	0	0	0	653	333	508
National	17,112	295,390	1,135	16,757	3,675	842	928,373	4,997	5,785	6,870	18,602	4,444	739	11	11,435	74,618	6,289	30,146

It has to be recognised that all of the information on seed varieties in this report is dependent on the accuracy of the information entered on the reverse of the voucher by the sales personnel at the point of sale.

PROGRAMME COSTS

Expenditure incurred in the project was handled in various ways. The invoices for all fertiliser purchases 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.

Payments for voucher printing are understood to have been handled by DFID with direct payment to a printer in the United Kingdom.

Operational costs for the Ministry of Agriculture 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 by the Royal Norwegian Embassy

As previously stated reimbursement for supplying fertiliser was met by the Ministry of Agriculture. The method of payment and the shortcomings involved are dealt with in detail in the section covering the supply of fertiliser.

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

Item	Cost MK	Source
Fertiliser costs	43,615,730,957	Logistics Unit
Maize voucher returns	4,018,028,050	Logistics Unit
Legume voucher returns	1,784,202,500	Logistics Unit
Transport Costs	1,351,797,927	Logistics Unit
SFFRFM operational costs	327,700,000	Ministry of Agriculture
ADMARC operational costs	405,000,000	Ministry of Agriculture
Logistics Unit (May 2012-April 2013)	69,259,396	Logistics Unit
Total Identified Costs	51,571,718,830	

The fertilizer cost was divided between direct payments to the suppliers totaling MK 43,307,457,034 and an amount of payment to MRA of MK 308,273,923 deducted from the suppliers' invoices where the supplier in question did not have a current withholding tax exemption certificate.

Equally, in the case of transport costs, MK 51,532,058 was deducted from the transporters invoice and credited to MRA where the transporter did not have a current withholding tax exemption certificate. Net payment recommendations for transporters was MK 1,300,265,869

The above Logistics Unit costs do not include costs for technical assistance.

The overall costs of all Government operations including Ministry of Agriculture, Police and Anti Corruption Bureau costs are unknown to the Logistics Unit .

At the date of publishing this report Government indebtedness to various suppliers for the 2011/12 Subsidy Programme amounted to MK 658,874,948

Donor Contribution

The major portion of the expenditure on the programme fell to Government. However there was external funding provided by various donors towards both the seed and fertilizer programmes and some other related parts of the project. As far as the Logistics Unit has been able to discern this is as listed below.

Seed programme

DFID	£ 6,350,000.00
Norwegian Government	NOK 20,000,000.00
Irish Aid	€ 2,000,000.00

Voucher production	DFID	£ 58,849.00
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Seed Services Unit	Irish Aid	€ 119,048.00
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Publicity items	DFID	£ 5,871.00
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Logistics Unit

Norwegian Government	NOK 2,000,000.00
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ACB and Police support

DFID	£ 68,075.00
Irish Aid	€ 250,000.00

Independent Monitoring

DFID	£ 58,849.00
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