
FINAL REPORT ON THE IMPLEMENTATION OF THE AGRICULTURAL INPUTS SUBSIDY PROGRAMME (2013-14)

Logistics Unit

MAY 2014

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BACKGROUND

In 2013, for the ninth 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 (2012/13).

However there were some changes. Both methodology and changes to same are listed below.

- Last year's programme was for 1,544,400 beneficiaries. The programme for 2013/14 was to target 1.5 million farmers. This required the distribution of 150,000 MTS of fertiliser.
- 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 contribution 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 and OPV was again set at 5kgs and 8kgs respectively. For the first time, the redemption value of the voucher to the seed companies was set in Dollars, the value being \$10.50. Seed companies were to be paid in Malawi Kwacha, invoices to be converted at the prevailing Reserve Bank of Malawi (RBM) selling rate on date of payment.
- 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.
- Once again, 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 in Dollars was to be \$5.70 again paid in Malawi Kwacha similar to the maize seed.
- It is understood that the printing of the vouchers for the 2013 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.
- In addition to the paper vouchers a pilot scheme using scratch cards was launched in one EPA in each of six districts.

- The District Agricultural Development Officers of MoA & FS. (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 2012 Farm Family registers from information supplied by the DADOs. There was a certain amount of resistance from MoA HQ to carrying out this exercise. However in the event all districts with the exception of Zomba and Nkhata Bay provided fresh figures. These updates were then returned to the Logistics Unit and 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.
- Four copies of each register were produced by the Logistics Unit and handed to MoA & FS. Distribution was to be as follows: One was to be maintained by the DADO as a reference copy. One was to be divided into EPA level and used by the DADO's staff to distribute vouchers and gain the beneficiary signature. One was to be divided into villages and the contents left in the village in a prominent place to permit the villagers to check on beneficiary names. The last copy was to be divided between the district market selling points and used to identify the beneficiaries and villages that were anticipated to be served from each market.
- Regarding the supply of the required fertiliser, the Government issued a tender on 18th April for the purchase of 150,000 MTS fertiliser. At a public opening on 3rd June 2013, 151 bids were received.
- On 20th August awards were made to 26 suppliers covering the total amount of 150,000 MTS.
- 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.
- In the event, one supplier who had been awarded 3,000 MTS NPK requested to withdraw and the allocation of 3,000 MTS was subsequently divided between two existing suppliers and one new addition. It also proved necessary in the month of December to reallocate some of the urea from the original awardees to some of the other suppliers. This was because of perceived slow delivery.
- 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 electronic recording. Initially the MoA & FS required that the vouchers be stored and sorted by them but ultimately it was agreed that as the vouchers were perforated, one half be retained in the Logistics Unit. The farmers' contribution of MK 500 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 agro- dealer outlets with the appropriate seed. The farmers could obtain the seed of their choice from these sales points on surrendering the voucher together with the possible addition, in the case of maize seed, 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 agro- dealer outlets. The vouchers were to be subsequently submitted to the Government via the Logistics Unit for reimbursement at the previously reported cost of \$10.50/maize voucher and \$ 5.70/legume voucher.
- As already stated, an innovative step was the implementing of a pilot scheme introducing E vouchers for seed only in one EPA in each of six districts. This in its limited format was largely successful but was dogged by a slow internet service causing frustration to the farmers.

OUTCOME (EXECUTIVE SUMMARY)

Beneficiary Selection

- Using the updated farm family data base for 2013, 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 1.5 million farm families intended to benefit through the 2013/2014 ASIP.
- The selected names were eventually forwarded to the Logistics Unit. From this information, the Logistics Unit produced both the complete beneficiary list, the district beneficiary allocation registers and the village by village summary.
- 48% of the selected farm families were in male headed households, 45% female headed and the remaining 7% were unidentified gender wise during the selection process.

Inputs

Fertiliser

- Distribution of fertilizer vouchers to the district agricultural staff took place between 24th October 2013 and 5th November 2013. The district staff of the Ministry of Agriculture and Food Security were then charged with distributing 3 million fertiliser vouchers to previously selected farmers in all the districts. Distribution to the beneficiaries was stated to have been concluded in early December. However, proof of distribution requires the forwarding of the completed beneficiary registers signed by the voucher recipient to the Logistics Unit. To date the registers for Dowa, Likoma and Phalombe have never been received.
- 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 150,000 MTS NPK and Urea for distribution in the subsidy scheme.
- The early flow of fertilizer into the SFFRFM depots was hindered by the initial lack of space in the SFFRFM warehouses at Chirimba and Kanengo coupled with the late award of uplift transport contracts. This flow was further compromised by the inability of the appointed transporters to create space by uplifting from the depots in accordance with the targets set. The performance of the transporters was in turn affected by the Government's failure to timely pay the transporters for work done.

- Ultimately, following a number of cancellations and adjustments of contracts, 150,000 MTS was delivered into the SFFRFM depots.
- The cost of supply in US Dollars of the 150,000 MTS fertiliser purchased in 2013/14 was \$ 111,346,680 to be paid in Malawi Kwacha at the Reserve Bank of Malawi prevailing selling rate on date of payment. However as a consequence of the Government failing to pay within the 30 day period specified in the fertilizer contract the gross cost including interest will be considerably more.
- The total uplifts from SFFRFM depots intended for the markets amounted to 149,970.60 MTS fertilizer consisting of 74,991.35 MTS NPK and 74,979.25 MTS Urea. This year losses in transit were minimal (29 bags). This excellent performance has to be ascribed to the combined honesty of the transporters and the diligence of the Malawi Police Service in carrying out an escort exercise.
- Based on uplifts, transit losses and advised unit market surpluses on completion, 149,821 MTS of fertiliser was distributed to farmers through the 2013/14 agricultural inputs subsidy project.
- The breakdown by type was NPK 74,916.05 MTS and Urea 74,904.05 MTS.
- ADMARC/SFFRFM voucher recovery expressed in MTS was 149,028 MTS. The total number of fertiliser vouchers recovered was 2,980,568 against 3,000,000 authorised to be issued.
- The difference between calculated fertilizer distribution and voucher returns is 749 MTS (0.53%) representing unaccounted for fertilizer.

Seed

- Simultaneously with the fertiliser vouchers, maize seed vouchers were distributed to DADOs in the districts from 24th October. Because of the failure of some districts to return completed beneficiary registers it is not possible to state when and if distribution to farmers in all districts was completed. Again 1,500,000 vouchers were available for distribution. Of these, 1,447,822 were to be in the conventional paper form and the balance of 52,178 was issued as scratch card E vouchers. All seed vouchers 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. Some companies applied this, others did not.
- Legume vouchers were distributed to DADOs in the districts simultaneously with the maize seed vouchers. Again 1,500,000 vouchers were available with 1,447,822 intended as paper vouchers and 52,178 as scratch card E vouchers. However there is evidence that in Mchinji and Rumphi there was an over issue by the MoA district staff as paper vouchers that should have been withdrawn within the range covered by E vouchers have been redeemed.

- All vouchers 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 \$10.5 to be paid in Malawi Kwacha at the RBM prevailing selling rate when submitted to the Government by the seed companies.
- Legume vouchers carried a redemption value of \$ 5.7 to be reimbursed in Malawi Kwacha similar to the maize seed.
- Fifteen seed breeders were authorised by Government to trade in vouchers in exchange for seed.
- For disbursement of seed these fifteen organisations used their own shops, traditional district selling partners and ADMARC/SFFRFM sales points. 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 (Demeter, Funwe, Panthochi, Seed Tech, MSI, AISAM, CPM, Premium)
 - Bean seed (Demeter, Funwe, Seed Co, Panthochi, MSI)
 - groundnuts (Seed Co, Peacock, NASFAM, Funwe, AISAM, Panthochi, Demeter, Nema, Premium, Seed Tech)
 - Soya bean seed (Seed Co, Funwe, Pannar, Demeter, CPM, Panthochi)
 - Pigeon peas (Pindulani, Panthochi, Funwe, Panthochi)
 - Cow peas (Funwe,)

It is calculated that the maize seed acquired by farmers through the surrender of vouchers amounted to 6,087 MTS hybrid and 2181 MTS OPV.

The legume seed provided via vouchers amounted in total to 3,041.90 MTS. The breakdown by type is listed below:

Legume	MTS
Beans	475.40
Cow peas	14.30
Groundnuts	2151.40
Pigeon Peas	17.20
Soya	383.50

Overall Costs

Approximately 40% of the fertilizer, seed and transport invoices remain unpaid at the time of going to press. Consequently it is not possible to predict the final cost to Government of this year's subsidy programme. The situation is made more complicated by the fact that both fertilizer and seed invoices are submitted in US dollars but reimbursed in kwachas at the RBM prevailing selling rate on date of payment. As it is not possible to state when payment will be made it is not possible to predict the Kwacha total. In addition 35% of the

invoices are already attracting interest demands. However the following table does provide an indication of the costs and unpaid invoices based on what the exchange rate would have been had the government paid in accordance with the payment terms stipulated in the contracts:

Subject	Requested	Paid	Awaiting payment
Fertiliser	MK49,053,635,553.82	37,584,639,491.25	11,468,996,062.57
Transport	MK1,637,978,671.70	1,384,991,407.71	252,987,263.99
Seed Vouchers	MK10,604,803,374.57	3,697,184,497.01	6,907,618,877.56
Total	MK61,296,417,600.09	42,666,815,395.97	18,629,602,204.12

The above takes no account of what may have to be paid in interest on invoices awaiting payment.

Based on 2,980,568 fertilizer vouchers redeemed the Government should be able to recover MK 1,490,284,000 through the ADMARC/SFFRFM sales to farmers. However at time of going to print Government owes SFFRFM in excess of MK 1 billion for fertilizer supplied and interest due on late payments. There may therefore be an understandable reluctance on the part of SFFRFM to release any funds to Government.

RECOMMENDATIONS FOR FUTURE PROJECTS (2014-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.

Earlier completion of beneficiary selection would considerably improve the preparation of the delivery matrix for fertiliser (see recommendations on the 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 to be targeted.

The move towards E vouchers was welcome. The pilot project in a single EPA in each of six districts went well. However it had one significant drawback, the time taken to access the internet when feeding in the information. It is believed that a much improved internet service is essential before the E voucher concept can be expanded significantly to replace paper vouchers.

However if the use of paper vouchers is to continue then quicker distribution of these to the beneficiaries is essential.

Provision and Handling of Inputs

If the Government intends to continue the practice of contracting suppliers to purchase fertilizer, then it is 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 45 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. It is proposed that funds be lodged with the Reserve Bank of Malawi to permit the payment of suppliers using the rate of exchange prevailing on date of payment as specified in the contract. Consideration should be given to making at least a percentage of the payment in US Dollars.
- e) There is a need for better communication within the Ministry, particularly the Procurement and Accounts sections, to prevent the misinterpretation of contracts when processing payments.

The above recommendations are based on the premise that the provision of fertilizer will continue to be through tender with all the resultant costs and security responsibilities that this system brings to Government. Much of this burden could be avoided by introducing a distribution system similar to that already in operation for the seed programme where responsibility for provision and security rests entirely with the seed suppliers.

Appointment of Transporters and Monitoring of Performance

- a) Last year (2012/13) witnessed the most disappointing performance by transporters since the introduction of the Inputs Programme. This arose as a result of an inadequate evaluation process that resulted in the appointment of inappropriate transporters some of whom were actually known criminals. As a result, this year the police were invited to take part in the evaluation, a move that eliminated the appointment of a criminal element. However it did not entirely prevent the appointment of unsuitable transporters. It is believed that a pre-qualification exercise is required aimed at providing a list of bidders capable of meeting the demands of the programme.
- b) The tender process also needs revisited. This year after an open tender procedure, Government appointed 22 transporters. Again, some of those appointed proved to have few vehicles and a number of the vehicles included in the list were not

roadworthy. This was so bad that at the beginning of the exercise, the Ministry had to agree to permit vehicles with no speedometer/odometer to carry loads although this was clearly illegal. A proper tender evaluation exercise where fixed assets, vehicle availability/suitability and financial cover are to be provided could have avoided much of this.

- c) An attempt was made this year to allocate tonnage to transporters and restrict them to districts in order to avoid previous years' open ended contracts. However, the attempt was clearly a failure and the restriction on both tonnage and working area had to be discontinued after a few weeks. Previously the flexibility offered by the open ended tender worked reasonably satisfactorily. However if an open ended tender is considered to be undesirable it is essential that a) only pre qualified and proven transporters are permitted to tender and b) a system of one transporter per district is introduced as opposed to last year's awards where a number of transporters all with different rates were awarded tonnages in the same district.
- d) The provision of a real time tracking system of vehicles delivering fertiliser to the markets was attempted and would have been very welcome. However, the present system, ESOKO, a cell phones based system, demands that all markets have a cell phone and the ability to recharge them. It also needs the number of each receiving and dispatching depot to be logged in advance into the system. These demands will require:
 - An extension of the existing areas of cell phone coverage.
 - A solar installation in a number of markets to permit recharging.
 - An early decision on market location, particularly those used by ADMARC.
 - A more efficient and earlier manning of these markets by ADMARC personnel (including temporary staff).
- e) 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.
- f) Again, there is a need for improved communication within the Ministry, particularly the Procurement and Accounts sections to prevent the misinterpretation of the transport contracts when processing payments to transporters.

Control at Point of Sale

- a) The improved use of 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.

Programme Dates

If the existing method of implementation through fertilizer tender etc is to be maintained then it is essential that the dates for commencement of activities be brought forward. The following bar chart is based on having all fertilizer distributed to farmers by mid November.

operation	April	May	June	July	August	September	October	November
Fertiliser tender period	←→							
Evaluation and award			←→					
delivery				←→				
Transport notice and tender period		←→						
Evaluation and award			←→					
Uplift to markets					←→			
Sales					←→			
Village list update	←→							
Beneficiary selection registers		←→						
beneficiary selection			←→					
beneficiary register production				←→				
Voucher distribution					←→			

DETAILED COMMENTS ON PROGRAMME EXECUTION

The foregoing pages have attempted to provide in concise form a background to the programme, a summary of this year's achievements and failures and a number of recommendations that could be considered for the future. However the complexity of the programme demands a more in depth examination of the execution of the programme and the following chapters attempt to provide this.

Government Fertiliser Availability 2013/2014

In connection with the acquisition of fertilizer for the 2013 subsidy programme, the Ministry of Agriculture and Food Security issued an invitation to bid on 18th April 2013. This was for 150,000 MTS consisting of 75,000 MTS urea and 75,000 MTS NPK (23:21:0:4S or 23:10:5+6S+1.0Zn). One notable feature of the tender document was the adoption of International Competitive Bidding Procedures including a payment clause stating that goods and services supplied from outside Malawi should be expressed in the currency of any eligible country. For comparison and evaluation purposes the procuring entity was to convert all bids into a single currency using the exchange rate established by the source. The chosen single currency was specified as the Malawi Kwacha and the source as the Reserve Bank of Malawi (RBM). During the bidding period a questionnaire from Fertiliser Association of Malawi (FAM) to the Ministry established that the selling rate of RBM would be used in the evaluation.

Bids were duly returned and opened on 3rd June 2013. Results were as follows.

	NAME OF	UREA			23:21:0+4s	
NO	SUPPLIER	DESTN	PRICE/MT (USD)	QTY	PRICE/MT (USD)	QTY
1	Napuna Investment	Chirimba	790.00	1,000.00	825.00	1,000.00
		Kanengo	800.00	1,000.00	835.00	1,000.00
		Luwinga	810.00	1,000.00	865.00	1,000.00
2	KT General Dealers	Chirimba	850.00	3,000.00	860.00	3,000.00
3	Linyachimo Enterprise	Chirimba	840.00	500.00	850.00	500.00
		Kanengo	840.00	500.00	850.00	500.00
4	MEA LTD	Chirimba	750.00	7,000.00		
		Kanengo	740.00	3,000.00	850.00	3,000.00
5	AUXL	Kanengo	870.00	8,000.00	0.00	0.00
		Luwinga	860.00	2,000.00	0.00	0.00
6	Allied Engineering	Chirimba	800.00	2,500.00	840.00	5,000.00
		Kanengo	805.00	2,500.00	850.00	5,000.00
7	WL Trading	Chirimba	760.00	2,500.00	810.00	2,500.00
		Kanengo	773.00	2,500.00	823.00	2,500.00
8	Lwanga General Traler	Chirimba	860.00	5,000.00	870.00	5,000.00
		Kanengo	860.00	5,000.00	870.00	5,000.00

9	Lemoga	Chirimba	850.00	2,500.00	870.00	5,000.00
		Kanengo	855.00	2,000.00	880.00	5,000.00
10	Freight General Dealers	Chirimba	K17200/Bag	30000 Bags	K17,700/Bag	20,000.00
		Kanengo	K20038/Bag		K20,261/Bag	
11	Richie Investment	Chirimba	755.00	500.00	795.00	500.00
		Kanengo	765.00	500.00	812.00	500.00
12	SABRO Associates	Chirimba	845.00	1,000.00	0.00	0.00
		Kanengo	845.00	1,000.00	0.00	0.00
13	Famous Wholesales	Chirimba	753.00	5,000.00	793.00	5,000.00
		Kanengo	754.00	5,000.00	794.00	5,000.00
		Luwinga	755.00	5,000.00	795.00	5,000.00
14	LAB Enterprise	Chirimba	830.00	2,500.00	850.00	5,000.00
		Kanengo	840.00	2,500.00	860.00	5,000.00
15	Lords Best Collection	Chirimba	730.00	1,000.00	770.00	1,000.00
		Kanengo	730.00	1,000.00	770.00	1,000.00
		Luwinga	740.00	1,000.00	785.00	1,000.00
16	Multiple Trading	Chirimba	780.00	1,000.00	732.00	1,000.00
		Kanengo	785.00	1,000.00	742.00	1,000.00
		Luwinga	815.00	1,000.00	770.00	1,000.00
17	Agora LTD	Chirimba	729.77	2,500.00	759.79	2,500.00
		Kanengo	740.22	3,000.00	773.66	3,000.00
		Luwinga	777.75	2,000.00	799.00	2,000.00
18	Changaya General Traders	Kanengo	850.00	1,000.00	0.00	0.00
19	Agriculture & Auto Supplies (AGAS)	Chirimba	708.00	3,000.00	745.00	3,000.00
		Kanengo	718.00	3,500.00	755.00	3,000.00
20	Natsons	Chirimba	753.00	5,000.00	793.00	5,000.00
		Kanengo	754.00	5,000.00	794.00	5,000.00
		Luwinga	755.00	5,000.00	795.00	5,000.00
21	HALS General Dealers	Chirimba	825.00	1,500.00	840.00	1,000.00
		Kanengo	825.00	1,500.00	845.00	1,000.00
		Luwinga	870.00	500.00	895.00	500.00
22	JMC International	Kanengo	875.00	1,000.00	885.00	1,000.00
23	Lens Investment	Chirimba	845.00	5,000.00	855.00	5,000.00
		Kanengo	845.00	5,000.00	855.00	5,000.00
		Luwinga	845.00	5,000.00	855.00	5,000.00
24	Jehnam Enterprises	Chirimba	820.00	2,000.00	840.00	5,000.00
		Kanengo	825.00	2,000.00	850.00	5,000.00
25	Shire Ltd	Chirimba	760.00	2,500.00	810.00	2,500.00

		Kanengo	770.00	2,500.00	815.00	2,500.00
26	Amajuba General Dealers	Chirimba	800.00	2,000.00	815.00	2,000.00
		Kanengo	815.00	2,000.00	825.00	2,000.00
27	Precision Commercials	Chirimba	815.00	2,000.00	825.00	2,000.00
		Kanengo	825.00	2,000.00	835.00	2,000.00
28	Khomamphelo Farms	Chirimba	755.00	5,000.00	800.00	5,000.00
		Kanengo	750.00	7,000.00	795.00	7,000.00
		Luwinga	755.00	3,000.00	800.00	3,000.00
29	E Trading Cooperation	Chirimba	42.00	180,000.00		
30	International Group Association	Kanengo	870.00	500.00	890.00	500.00
31	Invisible Thraw	Chirimba	883.00	500.00	929.00	2,500.00
		Kanengo	885.00	2,500.00	943.00	2,500.00
32	Hardware Shopping Centre	Chirimba	760.00	2,500.00	795.00	2,500.00
		Kanengo	770.00	2,000.00	799.00	3,000.00
		Chirimba		23:10:5+6s+1zn	825	2000
33	CPT	Chirimba	810.00	600.00	820.00	600.00
		Kanengo	815.00	900.00	830.00	900.00
		Luwinga	855.00	1,000.00	860.00	1,000.00
34	BAKS Trading	Chirimba	760.00	1,000.00	810.00	1,000.00
		Kanengo	775.00	1,000.00	825.00	1,000.00
		Luwinga	795.00	1,000.00	835.00	1,000.00
35	Green Fields Agro Ltd	Chirimba	760.00	2,000.00	802.00	2,000.00
		Kanengo	778.00	2,000.00	810.00	2,000.00
36	KAYC Investment	Chirimba	0.00	0.00	860.00	2,500.00
37	Skyview Holdings Ltd	Chirimba	710.00	2,500.00	720.45	2,500.00
		Kanengo		2,500.00	723.00	2,500.00
38	Ocean Blue Enterprises	Chirimba	802.00	5,000.00	0.00	0.00
39	ND Ventures	Chirimba	750.00	1,000.00	810.00	1,000.00
		Kanengo	760.00	1,000.00	810.00	1,000.00
		Luwinga	810.00	1,000.00	815.00	1,000.00
40	International Procurement Services (IPS)	Chirimba	780.00	3,500.00	850.00	2,500.00
		Luwinga	795.00	4,000.00	865.00	5,000.00
41	Barps and Basil	Chirimba	764.00	1,000.00	805.00	2,000.00
		Kanengo	769.00	1,000.00	815.00	2,000.00
		Luwinga	810.00	1,000.00	820.00	1,000.00
42	Nasfam	Chirimba	727.60	3,000.00	763.00	3,000.00

		Kanengo	732.20	3,500.00	768.20	3,000.00
		Luwinga	747.40	1,000.00	784.00	1,500.00
43	Exagris	Chirimba	728.80	3,000.00	764.40	3,500.00
		Kanengo	733.30	3,000.00	769.20	3,500.00
		Luwinga	748.55	1,500.00	784.70	500.00
44	Trade Well	Chirimba	810.00	5,000.00	795.00	5,000.00
		Kanengo	810.00	5,000.00	795.00	5,000.00
		Luwinga	810.00	5,000.00	795.00	5,000.00
45	Chagunyuka General Dealers	Not defined	675.00	4,000.00	0.00	0.00
46	Mphasa Wholesales	Not defined	685.00	2,500.00	0.00	0.00
47	The A Team Agencies	Not defined	685.00	1,000.00	0.00	0.00
48	Chitukuko Trading	Chirimba	730.00	2,000.00	0.00	0.00
49	Agricultural Trading Company (ATC)	Chirimba	775.00	4,000.00	815.00	4,000.00
		Kanengo	785.00	4,000.00	825.00	4,000.00
		Luwinga	825.00	2,000.00	865.00	2,000.00
50	MIRAD Investment	Chirimba	860.00	500.00	870.00	500.00
51	FarmChem Wholesalers	Chirimba	750.00	7,500.00	805.00	7,500.00
52	Astral Chemicals	Kanengo	755.00	7,500.00	810.00	7,500.00
53	Agri Courier LTD	Kanengo	860.00	2,500.00	870.00	2,500.00
54	Giannakis General Export and Import	Chirimba	810.00	0.00	820.00	15,000.00
		Kanengo	815.00	15,000.00	825.00	15,000.00
55	FARM Trade	Chirimba	845.00	1,000.00	0.00	0.00
		Luwinga	845.00	1,000.00	0.00	0.00
56	Makala General Dealers	Chirimba	830.00	1,000.00	0.00	0.00
		Kanengo	820.00	1,000.00	0.00	0.00
		Luwinga	850.00	1,000.00	0.00	0.00
57	SASCHO	Kanengo/ Luwinga	800.00	3,000.00	850.00	3,000.00
58	Zinthu Agro Processing	Not defined	800.00	2,000.00	868.00	3,000.00
59	Chizu Wholesales	Chirimba	835.00	5,000.00	880.00	5,000.00
60	SFFRFM	Chirimba	730.00	4,000.00	775.00	4,000.00
		Kanengo	735.00	3,000.00	780.00	4,000.00
61	Far Sight Logistics	Chirimba	758.00	5,000.00		
		Kanengo	0.00	0.00	846.00	5,000.00
62	UZ Investments	Kanengo	1,025.00	1,000.00	1,000.00	1,000.00
63	I Investments	Chirimba	830.00	2,000.00	845.00	2,000.00

		Kanengo	830.00	2,000.00	850.00	2,000.00
		Luwinga	875.00	1,000.00	895.00	1,000.00
64	Midima Produce Ltd	Chirimba	755.00	3,000.00	795.00	4,000.00
		Kanengo	765.00	4,000.00	815.00	4,000.00
65	Abiti Investments	Kanengo	835.00	500.00	0.00	0.00
66	Agro Commodities and Finance	Chirimba	670.40	5,500.00	670.40	5,500.00
		Kanengo	670.40	5,500.00	670.40	5,500.00
		Luwinga	680.30	4,000.00	680.30	4,000.00
67	Farmers World	Chirimba	701.00	2,500.00	739.75	2,500.00
		Kanengo	710.00	3,000.00	749.75	3,000.00
		Luwinga	745.00	2,000.00	780.00	2,000.00
68	Malawi Fertilizer Co.	Chirimba	725.00	2,500.00	792.51	1,500.00
		Kanengo	734.00	2,500.00	806.00	3,500.00
		Luwinga	769.00	2,500.00	814.00	2,500.00
69	Nyiombo Investment	Chirimba	717.00	10,000.00	753.00	10,000.00
		Kanengo	722.00	12,000.00	758.00	12,000.00
		Luwinga	737.00	3,000.00	773.00	3,000.00
70	Supply Zone	Chirimba	825.00	3,250.00	835.00	3,250.00
		Kanengo	830.00	3,250.00	845.00	3,250.00
		Luwinga	870.00	1,000.00	875.00	1,000.00
71	Universal Trading Company	Chirimba	828.00	2,000.00	0.00	0.00
72	Chanrai	Chirimba	820.00	5,000.00	850.00	5,000.00
		Kanengo	830.00	5,000.00	0.00	0.00
73	Chiko General Dealers	Chirimba	830.00	5,000.00	870.00	5,000.00
74	Concrete Stone	Chirimba			880.00	10,000.00
75	Transglobe	Chirimba	698.00	5,000.00	735.00	5,000.00
		Kanengo	708.00	5,000.00	745.00	5,000.00
		Luwinga	775.00	2,500.00	810.00	2,500.00
76	Sealand Investment	Chirimba	749.00	5,000.00	795.00	5,000.00
		Kanengo	759.00	5,000.00	805.00	5,000.00
		Luwinga	789.00	2,000.00	839.00	2,000.00
77	MD Marb Gland	Chirimba	730.00	2,000.00	800.00	2,000.00
		Kanengo	730.70	2,000.00	800.00	2,000.00
		Luwinga	740.60	1,000.00	800.00	1,000.00
78	Paramount Holdings	Chirimba	700.10	5,500.00	773.00	5,500.00
		Kanengo	700.10	5,500.00	773.00	5,500.00
		Luwinga	705.50	4,000.00	782.00	4,000.00
79	Optichem	Kanengo	0.00	0.00	790.00	5,500.00
		Chirimba		23:10:5+6s+1zn	710	5500

		Luwunga			775	4000
80	Xelite Enterprises	Chirimba	755.00	5,000.00	775.00	5,000.00
		Kanengo	765.00	5,000.00	795.00	2,000.00
81	Agri Africa Ltd	Chirimba	765.00	2,500.00	795.00	2,500.00
		Kanengo	775.00	2,500.00	825.00	2,500.00
82	Green Valley Enterprises	Chirimba	820.00	5,000.00	820.00	5,000.00
		Kanengo	830.00	5,000.00	830.00	5,000.00
83	Rab Processors	Chirimba	(a) 697	2,000.00	(a) 764	2,000.00
			(b) 714	2,000.00	(b) 779	2,000.00
		Kanengo	(a) 704	1,500.00	(a) 769	2,000.00
			(b) 719	1,500.00	(b) 784	2,000.00
84	TMK Trading	Chirimba	715.00	7,500.00	722.00	7,500.00
85	DICE Investment	Kanengo	715.00	7,500.00	725.00	7,500.00
86	Agri Link	Kanengo	850.00	2,000.00	0.00	0.00
87	Reak Land	Chirimba	875.00	1,000.00		
		Kanengo	885.00	1,000.00	0.00	0.00
88	Export Trading	Chirimba	720.80	5,500.00	755.00	5,500.00
		Kanengo	720.80	5,500.00	755.00	5,500.00
		Luwunga	725.30	4,000.00	764.00	4,000.00
89	HOLBUD LTD	Chirimba	745.00	12,500.00	785.00	12,500.00
		Kanengo	755.00	12,500.00	0.00	0.00
		Chirimba		23:10:5+6s	825	12,500
90	Chikago Supplies	Chirimba	780.00	5,000.00	790.00	5,000.00
		Kanengo	785.00	5,000.00	840.00	5,000.00
91	Eddies General Supplies	Kanengo	680.00	2,000.00	0.00	0.00
92	HMI Investments	Chirimba	790.00	2,500.00		
		Kanengo	790.00	2,500.00	0.00	0.00
93	Hurry Paks Trading	Chirimba	825.00	1,500.00	840.00	1,000.00
		Kanengo	825.00	1,000.00	840.00	1,000.00
		Luwunga	870.00	500.00	885.00	500.00
94	Mulli Brothers	Chirimba	705.00	6,500.00	711.00	6,500.00
		Kanengo	714.00	6,500.00	723.00	6,500.00
		Luwunga	722.00	2,000.00	731.00	2,000.00
95	Mpatsa Trading	Chirimba	850.00	20,000.00		
96	ESPLOW General Supplies	Chirimba	860.00	3,000.00	870.00	2,000.00
		Kanengo	860.00	3,000.00	870.00	2,000.00

97	Boss Distributors	Chirimba	790.00	7,500.00	0.00	0.00
		Kanengo	790.00	7,500.00	0.00	0.00
98	Door to Door	Chirimba	760.00	3,000.00	0.00	0.00
		Kanengo	0.00	0.00	835.00	2,000.00
99	Masina Investment	Chirimba	780.00	5,000.00	850.00	3,000.00
		Kanengo	0.00	0.00	855.00	2,000.00
100	Mercantile Investment	Chirimba	795.00	2,000.00	840.00	2,500.00
		Kanengo	810.00	2,000.00	855.00	2,000.00
		Luwinga	845.00	1,000.00	875.00	1,000.00
102	Gift of Fortitude Supplies	Chirimba	0.00	0.00	950.00	500.00
103	Smart Ads	Chirimba	820.00	500.00	825.00	500.00
		Kanengo	820.00	500.00	825.00	500.00
104	H Tribal H Cosmetic Center	Kanengo	0.00	0.00	790.00	500.00
105	Skyscrapers Middle East LTD	Chirimba	737.00	5,000.00	773.00	5,000.00
		Kanengo	742.00	4,000.00	778.00	4,000.00
		Luwinga	757.00	1,000.00	793.00	1,500.00
106	AJA Investments	Chirimba	742.00	4,000.00	778.00	4,000.00
		Kanengo	747.00	4,000.00	783.00	4,000.00
		Luwinga	762.00	2,000.00	798.00	2,000.00
107	W Chatama General Dealers	Chirimba	850.00	3,000.00	860.00	3,000.00
		Kanengo	850.00	3,000.00	0.00	0.00
		Luwinga	860.00	3,000.00	0.00	0.00
108	First Commodity Bookers	Chirimba	0.00	0.00	850.00	1,500.00
		Kanengo	0.00	0.00	850.00	2,000.00
109	Mapeto Wholesalers	Chirimba	750.00	10,000.00	795.00	5,000.00
110	Kulima Gold LDT	Chirimba	687.00	1,000.00	754.00	1,500.00
		Kanengo	694.00	1,000.00	759.00	1,500.00
111	Khrish Trading	Chirimba	760.00	5,000.00	825.00	4,000.00
		Kanengo	770.00	5,000.00	795.00	3,000.00
112	Simama General Dealers	Chirimba	815.00	4,000.00	825.00	4,000.00
		Kanengo	820.00	4,000.00	835.00	4,000.00
		Luwinga	860.00	4,000.00	865.00	4,000.00
113	RHIM Trading LTD	Chirimba	775.00	3,000.00	675.00	3,000.00
114	Zambian Fertilisers Co.	Chirimba	650.00	5,500.00	693.00	5,500.00

		Kanengo	650.00	5,500.00	693.00	5,500.00
		Luwinga	660.00	4,000.00	705.00	3,000.00
115	Anachuma Holdings	Chirimba			850.00	1,000.00
		Kanengo	0.00	0.00	850.00	2,000.00
116	Mzati Investment	Kanengo	780.00	7,000.00	850.00	1,000.00
		Luwinga	785.00	5,000.00	855.00	2,000.00
117	Mice Mart Farms LTD	Not defined	835.00	2,500.00	845.00	2,500.00
118	Pamela Investment	Chirimba	820.00	2,500.00	850.00	5,000.00
		Kanengo	825.00	2,500.00	855.00	5,000.00
119	ADMARC LTD	Chirimba	765.57	4,000.00	805.87	4,000.00
		Kanengo	777.09	3,500.00	817.38	3,500.00
120	Masoko Agro Products LTD	Chirimba	810.00	15,000.00	0.00	0.00
121	AXIS LTD	Chirimba	870.00	5,000.00	900.00	5,000.00
122	Ranet LTD	Chirimba	840.00	10,000.00	885.00	10,000.00
123	SABA General Dealers	Chirimba	752.00	1,500.00	798.00	1,500.00
		Kanengo	760.00	1,500.00	810.00	1,500.00
124	Royal Procurement & Supplies	Chirimba	0.00	0.00	780.00	5,000.00
		Kanengo	0.00	0.00	790.00	2,000.00
125	FARM TECH	Chirimba	875.00	1,000.00	885.00	1,000.00
126	G.G Investment	Chirimba	865.00	5,000.00	890.00	5,000.00
127	Gold Field Industries	Chirimba	845.00	5,000.00	890.00	5,000.00
128	ETC Limited	Chirimba	660.50	5,500.00	690.30	5,500.00
		Kanengo	660.50	5,500.00	690.30	5,500.00
		Luwinga	675.00	4,000.00	700.10	4,000.00
129	Limbe Trading & Supplies	Chirimba	788.00	2,000.00		
130	ALDA Malawi LTD	Kanengo	765.00	7,500.00	820.00	7,500.00
131	Dimino General Dealers	Chirimba	805.00	2,000.00	855.00	2,000.00
		Kanengo	825.00	2,000.00	845.00	2,000.00
		Luwinga	835.00	2,000.00	865.00	2,000.00
132	Kingsway Input Distributors	Chirimba	712.00	7,500.00	725.00	7,500.00
133	LIBEL Investment	Chirimba	715.00	7,500.00	722.00	7,500.00
134	Produce Mart Investment	Chirimba	715.00	7,500.00	723.00	7,500.00
135	Wathu Group Limited	Kanengo	714.00	7,500.00	722.00	7,500.00
136	Tradeline Cooperation LTD	Chirimba	713.00	7,500.00	723.00	7,500.00

137	Good Investment	Chirimba	765.00	2,500.00	805.00	2,500.00
		Kanengo	765.00	2,500.00	815.00	2,500.00
		Luwinga	805.00	1,000.00	840.00	1,000.00
138	Options	Chirimba	749.00	500.00	785.00	500.00
		Kanengo	754.00	1,000.00	790.00	1,000.00
139	Central Trade House Africa LTD	Chirimba	747.00	500.00	0.00	0.00
		Kanengo	752.00	500.00	788.00	500.00
140	GY Imports & Exports LTD	Kanengo	890.00	10,000.00	0.00	0.00
141	Commercial Trading Company	Chirimba	840.00	1,000.00	840.00	1,000.00
142	Accord Trust	Chirimba	760.00	7,500.00	815.00	7,500.00
143	KAY Investment	Chirimba	841.00	500.00	835.33	5,000.00
		Kanengo	841.00	5,000.00	835.33	5,000.00
		Luwinga	841.00	5,000.00	835.33	5,000.00
144	Zaife Investment	Chirimba	835.00	5,000.00	880.00	5,000.00
145	Alema Group & Co.	Chirimba	875.00	500.00	885.00	2,500.00
146	BAWOOH	Chirimba	765.00	1,500.00	795.00	1,500.00
		Kanengo	774.00	1,500.00	810.00	1,500.00
147	N & MC Investment & General Supplies	Chirimba	852.00	1,000.00	825.00	1,000.00
		Kanengo	860.00	1,000.00	850.00	1,000.00
		Luwinga	870.00	1,000.00	857.00	1,000.00
148	Atomic Hardware Centre	Chirimba	895.00	3,000.00	0.00	0.00
149	Taona Trading	Chirimba	805.00	1,000.00	785.00	1,000.00
		Kanengo	810.00	1,000.00	790.00	1,000.00
150	Kudu Properties	Chirimba	815.00	2,000.00	840.00	2,000.00
		Kanengo	820.00	2,000.00	850.00	2,000.00
		Luwinga	830.00	1,500.00	860.00	1,500.00
151	Afri Ventures (Dubai)	Kanengo	830.00	5,000.00	0.00	0.00
152	Afri Ventures (Blantyre)	Kanengo	820.00	5,000.00		
		Luwinga	830.00	5,000.00	860.00	5,000.00

An evaluation was carried out by the Ministry's Internal Procurement Committee and the outcome conveyed to the Office of the Director of Public Procurement. On 26th August 2014 successful bidders were advised of the following awards. The amounts are expressed in metric tonnes.

NPK	SR		CR		NR		National	
Company	Award	\$/MT	Award	\$/MT	Award	\$/MT	total MTS	total \$ cost
Zambian Fertiliser	2000	693	2500	693	2,000	705.5	6,500	4,529,500.00
Farmers World	2500	739.8	3000	749.75	1,310	780	6,810	5,120,425.00
Skyview Holding Ltd	1000	730	1000	720			2,000	1,450,000.00
Sealand	2500	795					2,500	1,987,500.00
Midima Produce Ltd	1000	795					1,000	795,000.00
Export Trading	2000	755	2000	755	1,000	764	5,000	3,784,000.00
Nyiombo	2000	753	3000	758	3,000	773	8,000	6,099,000.00
Hardware Shopping Centre	2000	795	2500	799			4,500	3,587,500.00
Lords	1000	770	1,000	770			2,000	1,540,000.00
Krish trading company			2915	795			2,915	2,317,425.00
RHIM	3000	675					3,000	2,025,000.00
Xelite Strips Ltd			1000	795			1,000	795,000.00
Chicago Supplies	1000	790					1,000	790,000.00
Agora Ltd	2500	759.8	3000	773.66			5,500	4,220,455.00
Agri Africa Ltd	1000	790					1,000	790,000.00
SFFRFM	2395	775	4000	780			6,395	4,976,125.00
ADMARC	2000	805.9					2,000	1,611,740.00
Transglobe	3000	735	4000	745			7,000	5,185,000.00
Pawooh	1000	795					1,000	795,000.00
Multiple Trading Ltd	1000	732	1000	742	1000	777	3,000	2,251,000.00
MFC	1500	792.5			1380	814.00	2,880	2,312,085.00
	34395		30915		9690	75000	75000	56,961,755.00

UREA	SR		CR		NR		National	
Company	Award	\$/MT	Award	\$/MT	Award	\$/MT	total MTS	total \$ cost
Zambian Fertiliser	3000	650	3000	650	2,500	660.50	8,500	5,551,250.00
Farmers World	2500	701	3000	710	2,000	745	7,500	5,372,500.00
Chaganyuka General dealers	1000	675	1000	675	1000	675	3,000	2,025,000.00
Skyview Holding Ltd	1395	710	1,000	700			2,395	1,690,450.00
Sealand	2000	749	4,915	759			6,915	5,228,485.00
Midima Produce Ltd	1000	755					1,000	755,000.00
Export Trading	2000	720.80	2,000	720.80	1,000	725.30	5,000	3,608,500.00
Nyiombo	3000	717	2,000	722	2,000	737	7,000	5,069,000.00
Hardware Shopping Centre	1000	760	500	770			1,500	1,145,000.00
WL Trading	1000	760					1,000	760,000.00
Greenfields	1000	760					1,000	760,000.00
Lords	1000	730	1,000	730			2,000	1,460,000.00
Door 2 Door	1000	760					1,000	760,000.00
Krish trading company	1000	760					1,000	760,000.00
Agora Ltd	2500	729.77	3,000	740.22			5,500	4,045,085.00
SFFRFM	3000	730	3,000	735			6,000	4,395,000.00
Transglobe	4000	698	4000	708			8,000	5,624,000.00
MFC	2500	725	2500	734	1190	769.00	6,190	4,562,610.00
Shire	1000	760					1,000	760,000.00
Total	34895		30915		9690	75500	75,500	54,331,880.00

Total cost of the awards was \$ 111,293,635.

It was eventually appreciated by MoA & FS that awards had been made in the South for 500 MTS more urea than intended. As a result, early in October the Door 2 Door contract for urea was reduced by 500 MTS., despite the fact that a letter had been issued by the Ministry advising the company that it had been awarded 1,000 MTS and the company in turn had acquired the total amount.

This action, apparently accepted by Door 2 Door, reduced the total cost of the awards by \$ 380,000 to \$110,913,635.

At the end of November, the Ministry advised that the RHIM contract for the supply of 3,000 MTS NPK into Chirimba at a cost of \$2,025,000 had been cancelled and the amount replaced by increasing the following contracts: Sealand by 528 MTS @ \$795/MT, Hardware

Shopping by 528 MTS @ \$795/MT and Chicago by 529 MTS @ \$790/MT. In addition a new supplier was introduced, Good Investment. The company was awarded 1,415 MTS @ 805/MT.

In mid December, the NPK programme was again changed when the previous decision to increase the allocation to Chicago was revoked and the 529 MTS initially awarded to Chicago was split between Sealand (265MTS) and Hardware Shopping (264 MTS).

The result of these changes was to increase the cost of the fertilizer by \$ 374,150. The total cost of the awards was now \$111,287,785.

In late December, concerned at the slow delivery of urea by some of the suppliers, the Ministry made further changes. These are reflected in the table below.

	Chirimba		Kanengo		Luwinga	
Supplier	Increase	Decrease	Increase	Decrease	Increase	Decrease
Sealand	1189.30		1227.30		95.75	
Farmers world				114.75		69.85
Agora		250.45		420.90		
MFC		938.85		691.60		25.90

The financial effect of these changes was to further increase the cost of the fertilizer supply by \$ 59,075, making the final cost of fertilizer in Dollars \$ 111,346,860. The following table shows the final allocation/delivery and cost figures for the 2013/14 fertiliser supply.

NPK	SR		CR		NR		National	
	Award	Delivered	Award	Delivered	Award	Delivered	Total MTS	Total \$ cost
Zambian Fertiliser	2,000.00	693.00	2,500.00	693.00	2,000.00	705.50	6,500.00	4,529,500.00
Farmers World	2,500.00	739.80	3,000.00	749.75	1,310.00	780.00	6,810.00	5,120,550.00
Skyview Holding Ltd	1,000.00	730.00	1,000.00	720.00			2,000.00	1,450,000.00
Sealand	3,293.00	795.00					3,293.00	2,617,935.00
Midima Produce Ltd	1,000.00	795.00					1,000.00	795,000.00
Export Trading	2,000.00	755.00	2,000.00	755.00	1,000.00	764.00	5,000.00	3,784,000.00
Nyionbo	2,000.00	753.00	3,000.00	758.00	3,000.00	773.00	8,000.00	6,099,000.00
Hardware Shopping Centre	2,792.00	795.00	2,500.00	799.00			5,292.00	4,217,140.00
Lords	1,000.00	770.00	1,000.00	770.00			2,000.00	1,540,000.00
Good Investment	1,415.00	805.00					1,415.00	1,139,075.00
Krish trading company			2,915.00	795.00			2,915.00	2,317,425.00
Xelite Strips Ltd			1,000.00	795.00			1,000.00	795,000.00
Chicago Supplies	1,000.00	790.00					1,000.00	790,000.00
Agora Ltd	2,500.00	759.80	3,000.00	773.66			5,500.00	4,220,480.00
Agri Africa Ltd	1,000.00	790.00					1,000.00	790,000.00
SFFRFM	2,395.00	775.00	4,000.00	780.00			6,395.00	4,976,125.00
ADMARC	2,000.00	805.90					2,000.00	1,611,800.00
Transglobe	3,000.00	735.00	4,000.00	745.00			7,000.00	5,185,000.00
Pawooh	1,000.00	795.00					1,000.00	795,000.00
Multiple Trading Ltd	1,000.00	732.00	1,000.00	742.00	1,000.00	777.00	3,000.00	2,251,000.00
MFC	1,500.00	792.50			1,380.00	814.00	2,880.00	2,312,070.00
Total	34,395.00		30,915.00		9,690.00		75,000.00	57,336,100.00

Urea	SR		CR		NR		National	
	Award	\$/MT	Award	\$/MT	Award	\$/MT	Total MTS	Total \$ cost
Zambian Fertiliser	3,000.00	650.00	3,000.00	650.00	2,500.00	660.50	8,500.00	5,551,250.00
Farmers World	2,500.00	701.00	2,885.25	710.00	1,930.15	745.00	7,315.40	5,238,989.25
Chaganyuka General dealers	1,000.00	675.00	1,000.00	675.00	1,000.00	675.00	3,000.00	2,025,000.00
Skyview Holding Ltd	1,395.00	710.00	1,000.00	700.00			2,395.00	1,690,450.00
Sealand	3,189.30	749.00	6,142.30	759.00	95.95	759.00	9,427.55	7,123,617.45
Midima Produce Ltd	1,000.00	755.00					1,000.00	755,000.00
Export Trading	2,000.00	720.80	2,000.00	720.80	1,000.00	725.30	5,000.00	3,608,500.00
Nyiombo	3,000.00	717.00	2,000.00	722.00	2,000.00	737.00	7,000.00	5,069,000.00
Hardware Shopping Centre	1,000.00	760.00	500.00	770.00			1,500.00	1,145,000.00
WL Trading	1,000.00	760.00					1,000.00	760,000.00
Greenfields	1,000.00	760.00					1,000.00	760,000.00
Lords	1,000.00	730.00	1,000.00	730.00			2,000.00	1,460,000.00
Door 2 Door	500.00	760.00					500.00	380,000.00
Krish trading company	1,000.00	760.00					1,000.00	760,000.00
Agora Ltd	2,249.55	729.77	2,579.10	740.22			4,828.65	3,550,755.51
SFFRFM	3,000.00	730.00	3,000.00	735.00			6,000.00	4,395,000.00
Transglobe	4,000.00	698.00	4,000.00	708.00			8,000.00	5,624,000.00
MFC	1,561.15	725.00	1,808.40	734.00	1,164.10	769.00	4,533.65	3,354,392.25
Shire Ltd	1,000.00	760.00					1,000.00	760,000.00
	34,395.00		30,915.05		9,690.20		75,000.25	54,010,954.46

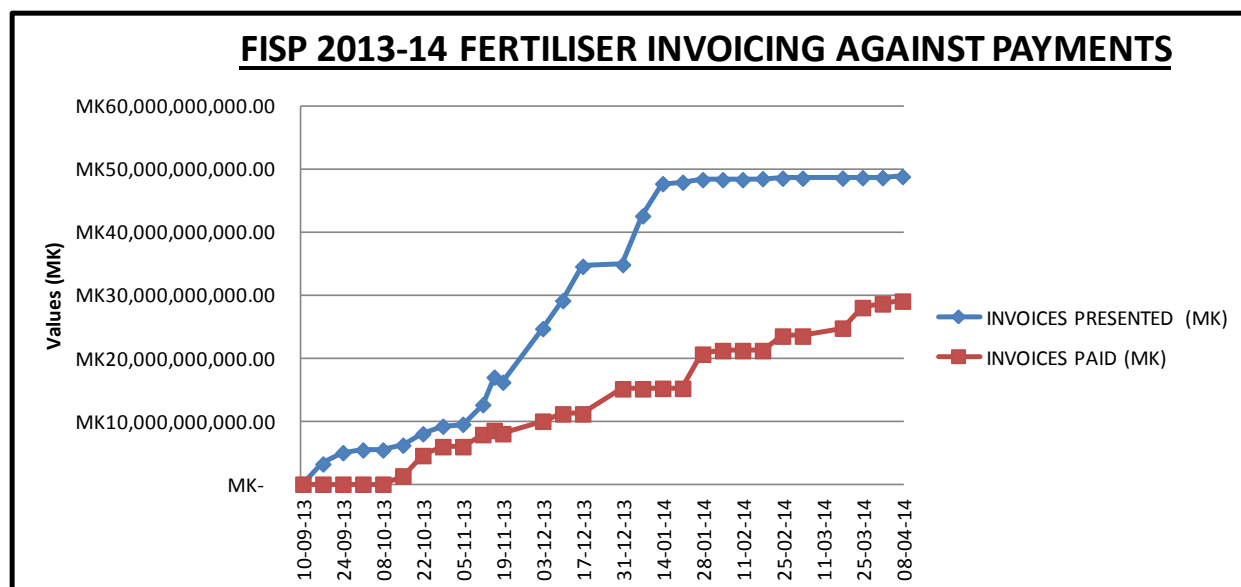
The above figures represent the total cost in US Dollars, the currency in which bids were submitted. However the contract stated that payment would be in Malawi Kwacha at the prevailing selling rate of the Reserve Bank of Malawi on the day of payment. This was a similar statement to that included in the amendment to the 2012/13 fertiliser supply contract. In that year the Ministry was unable to follow that amendment because of the Government accounting system that required:

- authority to spend be requested from the Budget director in Treasury,
- on receiving approval to spend a payment voucher would be prepared and
- finally the Accountant General would process a cheque.

In the face of a slipping Kwacha in 2012, this meant underpayments were unavoidable and claims followed. This problem of being unable to meet the contract payment terms was highlighted in the 2012/13 Final Report. However the Ministry assured all parties that this problem would not arise in 2013/14 as the Ministry had been allocated funds in advance thus allowing the issue of cheques to be quicker. This proved to be a fallacy as the Ministry continued to have to wait for the Accountant General to issue cheques. As a result almost without exception the rate of exchange used in converting invoices from US \$ to MK was out of date on day of payment and a claim for underpayment from the fertilizer companies followed.

A further cause of increased Kwacha costs arose as a result of SFFRFM warehouses at Kanengo and Chilimba being congested and therefore unable to accept substantial deliveries of fertilizer once the awards had been made. The Ministry had ruled that no payment could be made until the fertilizer was in the SFFRFM warehouse. Despite pleas to the Ministry by many parties to amend this decision, the Ministry refused to be moved, initially claiming that the Reserve Bank of Malawi had given an assurance that the Kwacha would remain firm. This once again was wrong as between September and the end of the year when the final delivery of fertilizer into SFFRFM depots was made, the Kwacha depreciated by 28% against the US Dollar. The resultant increased cost of converting Dollars to Malawi Kwacha was therefore passed to Government.

Much of the above problems were surpassed by the collapse of the Government payment system following the breaking news of the so called Cashgate scandal. The initial result was suspension of the Integrated Financial Management Information System (IFMIS). Cashgate also had the effect of importing inefficiency into the Ministry of Agriculture payment system. The number of checks imposed on any payment request to the Ministry following Cashgate almost brought payments from within the Ministry to a complete halt. This coupled with the apparent inability of Government to adequately fund the programme proved disastrous. The following graph illustrates the gap that had arisen between submitted invoices and payments made between the commencement of the project and the beginning of April.



At the date of printing, the payment position had not been resolved and bills in excess of \$ 21 million remain outstanding for fertilizer supplies. In addition the Government is faced with massive claims arising from the interest that suppliers are having to pay as a result of these delays causing the suppliers difficulty in meeting their commitments to international suppliers. The blow to some of this year's fertilizer suppliers may prove crippling and could result in a serious setback to the provision of fertilizer in the 2014/15 growing season.

Fertiliser Delivery

The delivery period specified in the contract was 8 weeks from signing the contract. The vast majority of the contracts were signed in the first week of September. Consequently all fertilizer should have been delivered by end of October. Actual delivery at that point was 53,444MTS representing 36% of the contracted fertilizer. Of this, 27,360 MTS (19%) had been stored in SFFRFM warehouses by the relevant suppliers before the contracts were signed. Only 26,084 MTS (17%) had actually been offloaded at SFFRFM warehouses. This overall low delivery figure was largely dictated by the lack of space at SFFRFM warehouses preventing suppliers from delivering. This has been an ever present problem that has plagued the project annually but which was of particular concern this year because of the resultant inability of suppliers to invoice early in the programme. This coupled with the fall in the value of the Kwacha between the award of the contract and the completion of

deliveries to SFFRFM resulted in the fertilizer being much more expensive in Kwacha terms than would have been the case had the fertiliser been paid for during the specified delivery period.

The following charts indicate the awards and the delivery performance by the various suppliers:

NPK	AWARD					
	Total MTS	Sep	Oct	Nov	Dec	Jan
Zambian Fertiliser	6,500.00					
Farmers World	6,810.00					
Skyview Holding Ltd	2,000.00					
Sealand	2,500.00					
Midima	1,000.00					
Export Trading	5,000.00					
Nyiombo	8,000.00					
Hardware Shopping Centre	4,500.00					
Lords	2,000.00					
RHIM	3,000.00	Contract Cancelled				
Krish trading company	2,915.00					
Xelite Strips Ltd	1,000.00					
Chicago Supplies	1,000.00					
Agora Ltd	5,500.00					
Agri Africa Ltd	1,000.00					
SFFRFM	6,395.00					
ADMARC	2,000.00					
Transglobe	7,000.00					
Pawooh	1,000.00					
Multiple Trading Ltd	3,000.00					
MFC	2,880.00					
Total	75,000.00					

Urea	National					
	Total MTS	Sep	Oct	Nov	Dec	Jan
Zambian Fertiliser	8,500.00					
Farmers World (reduced contract)	7,315.40					
Chaganyuka General dealers	3,000.00					
Skyview Holding Ltd	2,395.00					
Sealand	6,915.20					
Midima Produce Ltd	1,000.00					
Export Trading	5,000.00					
Nyiombo	7,000.00					
Hardware Shopping Centre	1,500.00					
WL Trading	1,000.00					
Greenfields	2,000.00					
Lords	500.00					
Door 2 Door	1,000.00					
Krish trading company	1,000.00					
Agora Ltd (reduced contract)	4,828.65					
SFFRFM	6,000.00					
Transglobe	8,000.00					
MFC (reduced Contract)	4,533.65					
Shire Ltd	1,000.00					
	72,487.90					

Late Commisions (made 26th November and 13th December)			
NPK	AWARD		
	Total MTS	Dec	Jan
Sealand	793.00	—	—
Hardware Shopping Centre	792.00	—	—
Good Investment	1,415.00	—	—
Total	3,000.00		
Late Commisions (made 28th December)			
Urea	AWARD		
	Total MTS	Jan	Feb
Sealand	2,512.35	—	—
Total	2,512.35		

Proposals regarding Future Fertiliser Procurement, Delivery and Payment

The present system adopted by the Government to obtain fertilizer involves tenders being launched, contracts being issued, suppliers delivering to three central warehouses and transporters subsequently uplifting to ADMARC/SFFRFM selling points for final distribution to farmers. In the light of this year's experiences it would appear necessary to question the efficiency of this system.

In connection with the tenders, the initial Ministry enquiry took place on 18th April. Bids were returned on 3rd June and awards were finally made on 26th August. 4 months had elapsed before bidders knew if they had been successful. For a product that has to be purchased from overseas this is an inordinately long time and is likely to lead to price hedging by the bidders.

As already stated, space at SFFRFM was strictly limited, particularly at Chirimba and Kanengo. Fertiliser suppliers were anxious to deliver those supplies that had already arrived in the country. However SFFRFM management had initially to restrict deliveries because of lack of space. To help the situation by making room at the depots an early commencement of uplifts from the SFFRFM depots to the selling points was required. However an award of transport contracts was delayed until 24th September, a full month after the award of the fertilizer contracts.

When transport contracts were finally issued and the list of transporters selected known, it was quickly apparent that transporters selected had insufficient capacity to achieve the uplift targets of 1,200 MTS/day from Kanengo and Chirimba required by the programme. The limited ability of the transporters was reduced even further by the Government's failure to pay for those uplifts that had taken place. Consequently the anticipated creation of space at the depots did not materialize and as late as the end of November SFFRFM was still placing restrictions on the quantities of fertilizer that suppliers could bring to the depots.

It has to be said that the above problems did not directly impact on the farmers. This was because voucher distribution did not commence until the end of October and many farmers did not receive their vouchers until well into November. However the circumstances that prevented early delivery of the fertilizer to the depots did have an adverse effect on the

financial position of both the suppliers and the programme. This has already been outlined above.

If the Government intends to continue with the present system of fertilizer procurement, the entire time table for the programme has to be reassessed. The bar chart below is designed in the belief that maximum programme effectiveness would be achieved by ensuring that fertilizer distribution was complete by mid November. This would have the joint advantage of giving the farmers adequate time to plan their planting programme and making sure ADMARC rural markets were empty in adequate time to start accepting maize from ADMARC central depots.

operation	April	May	June	July	August	September	October	November
Fertiliser tender period	←	→						
Evaluation and award			←	→				
delivery				←	→			
Transport notice and tender period		←	→					
Evaluation and award			←	→				
Uplift to markets				←	→			
Sales					←	→		
Village list update	←	→						
Beneficiary selection registers		←	→					
beneficiary selection			←	→				
beneficiary register production				←	→			
Voucher distribution					←	→		

If the above programme was to be successfully implemented it would require the following:

- The fertilizer contracts to be awarded by mid July and not end August as has been the situation in the past
- SFFRFM to ensure 60% of their total floor space was available for Government fertilizer from mid July
- Transport contracts to be awarded by end of July and not late September as has been the past record
- ADMARC permanent markets to be empty of stock and staff in position ready to accept fertiliser at the beginning of August.
- Beneficiary selection to be complete by the end of July and voucher distribution commenced by mid August instead of October as in the past.

The above deals with the physical acquisition of the fertilizer using the practices of the past. The financial problems that have been faced by the Government and the fertilizer suppliers in previous programmes remain. These include the incompatibility between the present Government financing system and the payment requirements of the present fertilizer contracts. The former requires that Ministries be authorized by the Ministry of Finance to incur expenditure on the basis of known commitments. Only when the approval is given can the Ministry prepare payment vouchers which are then forwarded to the

Accountant General for the issuing of the relevant cheque. The present fertilizer contract is couched in Dollar terms with the payment to be made in Malawi Kwachas at the prevailing RBM selling rate on date of payment. This will be at variance with the rate used by the Ministry when requesting funding authority resulting in either an over or under payment to the supplier.

If the present payment system is maintained there would appear to be only two solutions

- a) Revert to having a Kwacha contract. This would be unwelcome and would result in some suppliers being unwilling to tender. Those who did would be forced to hedge their bids making the outcome extremely expensive.
- b) Permit payment to the fertilizer suppliers in US Dollars.

Alternatively the Government could make an exception in the case of the programme and authorize the Reserve Bank to pay fertilizer suppliers direct on receiving a payment recommendation from the Ministry.

In the face of the challenges posed by the programme and the payment system, it would seem timely to relook at the present system of fertilizer acquisition.

As presently conceived, Government has to fund the purchase of fertilizer upfront. Government has to fund the storage of the fertiliser in SFFRFM warehouses. Government has to fund moving the fertiliser from warehouse to point of sale. Government has to fund the operations at the sales points. Government has to fund the safekeeping of the fertiliser from the point of purchase to the point of sale. In addition to the financial aspect, the Ministry of Agriculture has to tie up staff to monitor deliveries and dispatches of fertiliser and the police have to commit personnel to safeguard fertilizer movements.

Meanwhile the seed input programme functions smoothly with all of the responsibilities covering production, warehousing, transport, security and selling points being accepted by the suppliers. The Government's financial responsibility is limited to paying for the vouchers as and when these are redeemed and the burden on Ministry staff and the police regarding monitoring security is reduced.

Considering the problems both financial and physical that have been experienced, it is suggested that the process of fertiliser acquisition be reviewed and that the seed programme could prove a model for the future fertilizer programmes.

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 a public tender.

A tender notice appeared in the local press on 31st July 2013 inviting tenders for the uplift of the subsidy fertiliser. The return date was 27th August 2013.

57 bidders responded to this invitation. An evaluation committee considered the bids and forwarded an analysis to the Principal Secretary MoAFS. Eventually, it was announced in

the last week of September that 22 companies had been commissioned to move the fertilizer to the unit markets. However, of the 22, one, Sammy's Transport, never signed a contract and therefore did not participate.

Commissioning of transporters has been the subject of public tender since 2008/09. The number of transporters commissioned in previous years was as follows:

2008/09	23
2009/10	26
2010/11	25
2011/12	23
2012/13	43

Consequently the reduction this year of the number of awards to 22 represented an improvement on last year.

The Government through the Office of the Director of Public Procurement (ODPP) advised the MoAFS of the list of the successful 22 transporters. This is produced below together with the amounts they were awarded (MTS) and the rates/tonne/km (MK) they were to be paid:

	F.F. Tracking		Chikowi Investment		Sammy's Transport		Tangel Freight & General		RTOA		K C Freight Forwarders		Chatama General Dealers		I Investment		Wilson Transport Limited		John Maxwell		
Southern Region																					
	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	
Chikhwawa	444	45	444	45			444	45			444	45	444	45							
Nsanje	250	45	250	45			250	45	200	46	200	45	250	45							
Chiradzulu	1188	45	500	45			500	45	1186	46	1186	45									
Mwanza	270	45	270	45			270	45	270	46	270	45									
Neno	260	45	250	45			250	45		46	250	45	500	45							
Blantyre	1200	45	1196	45	1000	50	1196	45	1196	46	1196	45	1196	45							
Thyolo	2598	45	500	45	558	50	500	45	2038	46	2596	45									
Mulanje	1674	45	800	45		50	800	45	643	46	1673	45						1030	50		
Phalombe	1348	45	600	45			600	45	1346	46	1346	45									
Balaka	668	45	662	45			662	45	662	46	662	45	1324	45							
Mangochi	1250	45	1248	45			1248	45	1248	46			1248	45	2248	48.5					
Machinga	938	45	932	45			932	45					932	45	2796	48.5					
Zomba	0		0		1500	50	1800	45	2611	46	1363	45	0		0		1986	52			
Total	12088		7652		3058		9452		11400		11186		5894		5044		1986		1030		

	L.T.A.		A.P.T.M.		Transportation & Logistics Management Solution		R.T.O.A.		I.L. Nkhalamba Investments		K.K Properties		Freight & General Dealers		Union Transporters association		Simama General Dealers	
Central Region																		
	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK
Nkhotakota							450	46			1400	45			940	50		
Salima	1088	55									1000	45			1252	50		
Ntcheu			472	53							1000	45			2808	50	2070	53
Dedza			500	53			2402	46			1000	45			870	50	2598	53
Lilongwe			1185	53	500	53			7595	47	600	45	1000	53	3000	50		
Dowa			610	53			3430	46			1000	45					3020	53
Ntchisi							2102	46							2072	50	206	53
Mchinji							2702	46			500	45			1928	50	1000	53
Kasungu	1854	55	500	53	500	53	2000	46			1500	45			1000	50	2176	53
Total	2942		3267		1000		13086		7595		8000		1000		13870		11070	

	Lunyina Haulage		K.K Properties		Freight & General Dealers		Eagle Trucking		Mwenera Transport		Simama General Dealers		N.R.T.A.	
Northern Region														
	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK	MTS	MK
Mzimba	1906	48	1300	45	1000	53	600	52.43	1200	55	936	53	2748	50
Nkhatabay	784	48	500	45									826	50
Rumphi			500	45							1000	53	1060	50
Likoma													110	50
Chitipa			500	45									2120	50
Karonga			700	45			500	52.43	1090	55				50
	2690		3500		1000		1100		2290		1936		6864	

In previous years, contract awards had been open ended with regard to the quantity to be lifted. However as will be seen from the table above this year an attempt was made to restrict transporters to a specific tonnage. A further procedural departure from previous years was with regard to geographical operation. Previously contract awards had restricted transporters to a region. This year, the award stipulated the district in which transporters could operate. It will be noted that the rate/tonne/km varied from transporter to transporter whereas previously a uniform rate had been awarded following negotiations with the successful bidders.

Uplifts from the SFFRFM depots to the sales points commenced in the first week of October. It will be recalled that in 2012/13, for the first time in the programme's history, relatively heavy losses occurred as a result of theft by transporters. As a result, the Government adopted an ultra cautious approach to the appointed transporters, introducing a number of measures aimed at avoiding a repeat of last year's experience. Among these, was the need for all vehicles intended for use in the programme to be identified by registration number in the bid documents. Unfortunately this eliminated the initial use of new vehicles until these had been properly documented by the police. It also prevented the use of trailers as these had not been identified in the bid documents. Because of these, (and other), reasons initial uplift from the depots was extremely poor particularly in the South and the Central. The situation was further complicated by the inadequacies of many of the transporters, some of whom lived a hand to mouth existence and were dependant on payments from clients to keep their vehicles operating. Government's failure to pay swiftly meant that trucks were standing idle because of the inability of the owners to provide fuel. The situation was exacerbated even further when transporters became aware of the rate differences between them and began to demand a unified rate per tonne/km as had been the position in the past. Just when it seemed the position could not worsen, three hikes in fuel prices took place in quick succession, resulting in even more problems with transport. By the middle of November if transporters had been operating according to the accepted targets, 117,600 MTS would have been in the markets. Actual national deliveries only totaled 70,725 MTS. A regional breakdown reveals an even more desperate picture with only the North coming near the required targets. In the South where 50,400 MTS had been anticipated only 33,700 MTS had reached the markets. In the Central the situation was even more critical with only 22,877 MTS out of a targeted 50,400 MTS being available to the farmers.

Clearly the envisaged transport programme was failing. As a result Omars, Malilana, Kapiliuta, transporters with a known successful track record, were brought into the programme for the Central region. No restriction was imposed on these new transporters

concerning the districts where they could operate or the total tonnage they could be commissioned to deliver. Meanwhile some transporters were receiving approval from the Ministry procurement office for an upgrade in rates, a situation that was applied to all in late November when the Government agreed to a universal rate of MK 60/MT/KM.

It has to be highlighted that internal communication within the Ministry left much to be desired regarding the handling of rates increases. The outcome was that the accounts section of the Ministry consistently underpaid transporters, claiming that the section had not been informed about increases. A further bone of contention was the refusal of the Ministry to pay VAT claims on invoices although the contract clearly stated that the transport rate quoted should have VAT added. All of these irregularities when paying transport invoices seriously affected the transport operation.

Some mention has to be made of the security measures that were introduced in 2013/14 to prevent a recurrence of the previously mentioned losses experienced in 2012/13. These included the wider introduction of ESOKO, a cell phone based alert system sponsored by USAID. This system has good potential but requires the full cooperation of those issuing and receiving the goods in question to be fully successful. This was not totally forthcoming in this year's operation with ADMARC in particular as the receiving agent failing in this respect.

The Ministry also sponsored the introduction of Car Tracking which involved the installation of hardware in the vehicles. For various reasons this system contributed little to ensuring the safety of the cargo. It has generally been accepted that this system is designed for the use of the vehicle owner and not for the hirer.

The use of police escorts was by far the most effective method of protecting the fertiliser en route. Mainly as a result of the police presence, losses in transport were reduced drastically with only 1.4 MTS being recorded. However the use of police in this fashion placed a heavy strain on the Malawi police force and the resources available to them.

The following table indicates the level of uplifts that were finally taken to the districts:

District	NPK	Urea	Total	Target	%
Balaka	2,313.65	2,307.05	4,620.70	4,640.00	100%
Blantyre	4,099.50	4,107.05	8,206.55	8,180.00	100%
Chikhwawa	1,116.40	1,109.35	2,225.75	2,220.00	100%
Chiradzulu	2,283.00	2,275.40	4,558.40	4,560.00	100%
Machinga	3,359.80	3,321.95	6,681.75	6,530.00	102%
Mangochi	4,168.75	4,157.00	8,325.75	8,490.00	98%
Mulanje	3,301.70	3,340.80	6,642.50	6,620.00	100%
Mwanza	690.70	687.40	1,378.10	1,350.00	102%
Neno	729.40	726.75	1,456.15	1,510.00	96%
Nsanje	694.60	698.75	1,393.35	1,400.00	100%
Phalombe	2,620.00	2,619.75	5,239.75	5,240.00	100%
Thyolo	4,387.50	4,382.75	8,770.25	8,790.00	100%
Zomba	4,630.00	4,660.90	9,290.90	9,260.00	100%
SR Total	34,395.00	34,394.90	68,789.90	68,790.00	100%
Chitipa	1,314.35	1,312.40	2,626.75	2,620.00	100%
Karonga	1,145.00	1,145.00	2,290.00	2,290.00	100%
Likoma	55.00	55.00	110.00	110.00	100%

Mzimba	4,745.00	4,833.55	9,578.55	9,690.00	99%
Nkhata Bay	1,064.00	1,056.45	2,120.45	2,110.00	100%
Rumphi	1,314.95	1,267.60	2,582.55	2,560.00	101%
NR Total	9,638.30	9,670.00	19,308.30	19,380.00	100%
Dedza	3,500.10	3,561.85	7,061.95	7,370.00	96%
Dowa	4,195.00	4,204.95	8,399.95	8,060.00	104%
Kasungu	4,685.90	4,631.00	9,316.90	9,530.00	98%
Lilongwe	6,966.05	6,863.95	13,830.00	13,880.00	100%
Mchinji	3,126.45	3,240.35	6,366.80	6,130.00	104%
Nkhota Kota	1,429.70	1,413.30	2,843.00	2,790.00	102%
Ntcheu	3,119.85	3,143.00	6,262.85	6,350.00	99%
Ntchisi	2,142.00	2,127.95	4,269.95	4,380.00	97%
Salima	1,793.00	1,728.00	3,521.00	3,340.00	105%
CR Total	30,958.05	30,914.35	61,872.40	61,830.00	100%
National Total	74,991.35	74,979.25	149,970.60	150,000.00	100%

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 10,509/MT. This was an increase in MK terms of 33% from last year. Considering the three increases in fuel costs that took place during the programme this increase appears reasonable.

The cost /MT in MK for the individual districts is given below

District	Cost/MT
Balaka	MK12,741.41
Blantyre	MK5,837.49
Chikhwawa	MK7,959.89
Chiradzulu	MK5,930.52
Machinga	MK15,208.18
Mangochi	MK19,962.13
Mulanje	MK8,644.05
Mwanza	MK9,772.19
Neno	MK10,934.09
Nsanje	MK13,307.67
Phalombe	MK10,551.45
Thyolo	MK8,809.84
Zomba	MK7,786.15
Dedza	MK8,576.48
Dowa	MK5,721.19
Kasungu	MK13,432.91
Lilongwe	MK5,946.69
Mchinji	MK9,926.72
Nkhotakota	MK17,307.15
Ntcheu	MK15,963.08
Ntchisi	MK6,314.99
Salima	MK10,044.51
Chitipa	MK26,089.81
Karonga	MK16,992.63
Likoma	MK27,561.71
Mzimba	MK11,454.93
Nkhata Bay	MK6,980.78
Rumphi	MK9,024.83

In addition to the initial uplift from SFFRFM depots to unit markets, it also proved necessary to relocate approximately 497 MTS between markets. This was a considerable improvement on last year when 2,569 MTS had to be moved between markets. However it is still an extremely expensive exercise with the average cost being MK 51,047/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. The beneficiary register is now available at each market but is produced too late to be the means of producing a market matrix

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 29th October, with Kasungu district being the last. Delivery of fertiliser to markets commenced in early October. 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 in connection with theft was much better than that of last year. It is however 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 itself should contain an evaluation document clearly setting out the method by which bids will be evaluated. It is recommended that this be a point's sheet indicating the weighting that will be given for 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 early March 2013, the Logistics Unit supplied all districts with an electronic copy of the 2012 farm family list and asked the DADOs to update it. This exercise lasted until mid September 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 2013 is produced below:

	DISTRICT	2013 FF
1	Balaka	127,789
2	Blantyre	189,864
3	Chikhwawa	128,383
4	Chiradzulu	110,847
5	Chitipa	65,458
6	Dedza	242,408
7	Dowa	235,237
8	Karonga	72,058
9	Kasungu	223,071
10	Likoma	2,451
11	Lilongwe	465,265
12	Machinga	225,519
13	Mangochi	276,507
14	Mchinji	164,005
15	Mulanje	202,462
16	Mwanza	30,498
17	Mzimba	280,776
18	Neno	36,342
19	Nkhata Bay	62,263
20	Nkhota Kota	90,574
21	Nsanje	76,305
22	Ntcheu	159,027
23	Ntchisi	134,211
24	Phalombe	103,522
25	Rumphi	46,838
26	Salima	102,336
27	Thyolo	212,386
28	Zomba	238,278
		4,304,680

In the middle of August, 2013, MoAFS produced the beneficiary district allocation list. This with a comparison of 2012 is reproduced below:

District	Number of beneficiaries	
	2012/2013	2013/2014
Chikwawa	22,900	22,200
Nsanje	14,400	14,000
Chiradzulu	46,900	45,600
Mwanza	13,900	13,500
Neno	15,500	15,100
Blantyre	84,300	81,800
Thyolo	90,600	87,900
Mulanje	68,200	66,200
Phalombe	54,000	52,400
Balaka	47,800	46,400
Mangochi	87,500	84,900
Machinga	67,300	65,300
Zomba	95,200	92,600
Nkhotakota	28,700	27,900
Salima	34,400	33,400
Dowa	83,000	80,600
Ntcheu	65,300	63,500
Dedza	75,900	73,700
Lilongwe	143,000	138,800
Ntchisi	44,900	43,800
Mchinji	63,100	61,300
Kasungu	98,100	95,300
Mzimba	99,700	96,900
Nkhatabay	21,700	21,100
Rumphi	26,300	25,600
Likoma	1,200	1,100
Chitipa	27,000	26,200
Karonga	23,600	22,900
	1,544,400	1,500,000

With the production of the district allocation list, selection of beneficiaries could proceed as soon as the farm family names for 2013 had been provided. The selection method adopted was as follows:

- Immediately the accuracy of the contents of the 2013 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 district to finish beneficiary registration did so in mid September. This was Rumphi and production of beneficiary registers began immediately.
- Four copies of the 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. Electronic copies of the beneficiaries accompanied the registers to MoAFS. This procedure was followed for each district as soon as the beneficiary selection registers reached the Logistics Unit

The final district beneficiary registration was as follows:

	District	Allocation	Fhh	Mhh	Unknown
1	Balaka	46,400	27,321	19,079	-
2	Blantyre	81,800	50,129	31,671	-
3	Chikhwawa	22,200	502	692	21,006
4	Chiradzulu	45,600	21,146	23,421	1,033
5	Machinga	65,300	5,941	5,339	54,020
6	Mangochi	84,900	51,193	33,595	112
7	Mulanje	66,200	31,055	35,036	109
8	Mwanza	13,500	8,008	5,440	52
9	Neno	15,100	7,543	7,556	1
10	Nsanje	14,000	4,698	9,302	-
11	Phalombe	52,400	29,064	23,332	4
12	Thyolo	87,900	35,451	51,635	814
13	Zomba	92,600	58,903	32,281	1,416
	SR Total	687,900	330,954	278,379	78,567
	SR Gender Split		48%	40%	11%
14	Kasungu	95,300	37,905	57,072	323
15	Dedza	73,700	33,290	40,265	145
16	Dowa	80,600	49,495	31,053	52
17	Mchinji	61,300	22,690	38,391	219
18	Lilongwe	138,800	53,764	83,560	1,476
19	Nkhota Kota	27,900	9,605	18,193	102
20	Ntcheu	63,500	32,169	31,331	-
21	Ntchisi	43,800	20,090	22,887	823
22	Salima	33,400	13,419	19,914	67
	CR Total	618,300	272,427	342,666	3,207
	CR Gender Split		44%	55%	1%
23	Chitipa	26,200	17,204	8,996	-
24	Karonga	22,900	7,304	15,577	19
25	Likoma	1,100	476	624	-
26	Mzimba	96,900	28,698	42,957	25,245
27	Nkhata Bay	21,100	7,977	13,123	-
28	Rumphi	25,600	9,689	15,911	-
	NR Total	193,800	71,348	97,188	25,264
	NR Gender Split		37%	50%	13%
	National Total	1,500,000	674,729	718,233	107,038

The distribution of the paper vouchers to the DADOs began with the official launch on 24th October in Chikhwawa and 25th October for E Vouchers at Lirangwe in Blantyre. The task of physically distributing the vouchers to the beneficiaries fell to the MoAFS district staff.

Voucher Printing, Distributing and Handling

The production of the vouchers was a joint exercise involving funding by DFID. The result was a voucher containing a number of security features, including bar codes 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.

The vouchers were also perforated permitting them to be split in two. This initially caused some confusion particularly amongst the seed suppliers, some of whom understandably considered that they should retain one half. However the Ministry intended that both parts be turned undivided to the Logistics Unit. Eventually the Ministry, having initially intimated that all complete vouchers were to go to the Ministry, advised that each was to be split and a half retained in the Logistics Unit

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.

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.

This year saw a pilot programme on E vouchers introduced in 6 EPAs spread across 6 districts with financial assistance from USAID. Details of the issue are reproduced below

E Voucher Distribution		
District	EPA	Allocation
Blantyre	Lirangwe	28,274
Lilongwe	Mitundu	12,782
Mangochi	Mtiya	21,108
Mchinji	Mlonyeni	15,000
Mzimba	Champhira	12,602
Rumphi	Bolero	14,590
TOTAL		104,356

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. 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 main 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.

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. The seed companies clearly have an Incentive to get the vouchers back to the Logistics Unit in order to receive payment, something that is missing in connection with ADMARC/SFFRFM operation meaning the latter do not see returning the vouchers as a priority in their day to day activities.

In connection with the E vouchers, as previously stated the pilot project worked well with the only complaint being the time taken to access the internet when the scratch coupon was surrendered. The pilot scheme was also closely monitored by MoA & FS district staff. Both the need for a swifter internet system and the ability of the district staff to devote time to monitoring would have to be taken into account if consideration is being given to extending the scheme.

Sale 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 24th October in Chikhwawa in the Southern 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 of fertilizer and seed had to be returned to the Logistics Unit for recording and, in the case of seed, payment. The first vouchers (seed) were returned to the Logistics Unit on 20th November 2013. Final submission took place in early May. Fertiliser vouchers from ADMARC/SFFRFM began to flow in from 10th December and returns showed a marked improvement from previous years.

Fertilizer voucher returns by district are shown in the table below:

District	ALLOCATION	RECOVERED	BALANCE	%
Blantyre	163,600	162,472	1,128	99
Chiradzulu	91,200	90,027	1,173	99
Mwanza	27,000	26,647	353	99
Neno	30,200	29,835	365	99
Mulanje	132,400	133,172	772	101
Phalombe	104,800	105,009	209	100
Thyolo	175,800	175,238	562	100
Chikwawa	44,400	42,257	2,143	95
Nsanje	28,000	27,732	268	99
Balaka	92,800	92,530	270	100
Machinga	130,600	130,147	453	100
Mangochi	169,800	169,114	686	100
Zomba	185,200	185,662	462	100
Dedza	147,400	144,677	2,723	98
Ntcheu	127,000	125,361	1,639	99
Lilongwe	277,600	277,591	9	100
Kasungu	190,600	186,174	4,426	98
Dowa	161,200	160,761	439	100
Mchinji	122,600	122,594	6	100
Ntchisi	87,600	86,235	1,365	98
Nkhotakota	55,800	55,611	189	100
Salima	66,800	66,792	8	100
Mzimba	193,800	191,824	1,976	99
Rumphi	51,200	51,042	158	100
Nkhata Bay	42,200	42,051	149	100
Likoma	2,200	2,163	37	98
Chitipa	52,400	52,304	96	100
Karonga	45,800	45,546	254	99
Total	3,000,000	2,980,568	19,432	99

Then above table includes all vouchers returned to the Logistics Unit plus 12,646 reported by ADMARC as stolen after redemption.

The split between SFFRFM and ADMARC on the above voucher return figures is as follows:

	NPK	UREA	TOTAL
ADMARC	1,317,167	1,320,730	2,625,251
SFFRFM	171,189	171,482	342,671
TOTAL	1,482,032	1,485,890	2,967,922

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.

District	NPK (MT)	Urea (MT)	Total
Blantyre	4,100	4,107	8,207
Chiradzulu	2,283	2,275	4,558
Mwanza	691	687	1,378
Neno	729	727	1,456
Mulanje	3,302	3,341	6,643
Phalombe	2,620	2,620	5,240
Thyolo	4,388	4,383	8,770
Chikwawa	1,101	1,094	2,196
Nsanje	689	693	1,381
Balaka	2,309	2,302	4,611
Machinga	3,354	3,316	6,671
Mangochi	4,169	4,157	8,326
Zomba	4,630	4,661	9,291
South	34,364	34,363	68,727
Dedza	3,500	3,562	7,062
Ntcheu	3,120	3,143	6,263
Lilongwe	6,966	6,864	13,830
Kasungu	4,686	4,631	9,317
Dowa	4,195	4,205	8,400
Mchinji	3,126	3,240	6,367
Ntchisi	2,142	2,128	4,270
Nkhotakota	1,430	1,413	2,843
Salima	1,793	1,728	3,521
Centre	30,958	30,914	61,872
Mzimba	4,732	4,821	9,553
Rumphi	1,313	1,266	2,579
Nkhata Bay	1,055	1,047	2,102
Likoma	54	54	109
Chitipa	1,306	1,304	2,611
Karonga	1,134	1,134	2,268
North	9,595	9,626	19,221
Total	74,916	74,904	149,821

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

	NPK	UREA	TOTAL
ADMARC	66,353.00	66,291.55	132,644.55
SFFRFM	8,563.05	8,613.40	17,176.45
Total	74,916.05	74,904.95	149,821.00

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

Agent	Assessed Sales MTS	Vouchers MTS	Difference MTS	Unaccounted %
ADMARC	132,644	131,895	749	0.56
SFFRFM	17,177	17,134	43	0.25
Total	149,821	149,028	792.10	0.53

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, 17 being hybrid and 4 being OPV. The sales outlets stocking these varieties ranged from private agro dealers, the seed companies own shops, and 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 \$10.5/voucher reimbursable in Malawi Kwacha at the prevailing RBM selling rate on date of payment.

The table below lists the maize voucher recovery by district

District	Allocation	Redeemed	%
Blantyre	81,800	81,044	99%
Chiradzulu	45,600	45,488	100%
Mwanza	13,500	13,331	99%
Neno	15,100	14,909	99%
Mulanje	66,200	65,955	100%
Phalombe	52,400	52,104	99%
Thyolo	87,900	87,443	99%
Chikwawa	22,200	21,981	99%
Nsanje	14,000	13,848	99%
Balaka	46,400	46,260	100%
Machinga	65,300	64,986	100%
Mangochi	84,900	84,451	99%
Zomba	92,600	92,271	100%
Southern	687,900	684,071	99%
Dedza	73,700	73,247	99%
Ntcheu	63,500	62,789	99%
Lilongwe	138,800	137,860	99%
Kasungu	95,300	94,869	100%
Dowa	80,600	80,355	100%
Mchinji	61,300	60,974	99%
Ntchisi	43,800	43,472	99%
Nkhotakota	27,900	27,579	99%
Salima	33,400	33,300	100%
Central	618,300	614,445	99%
Mzimba	96,900	95,653	99%
Rumphi	25,600	25,227	99%
Nkhata Bay	21,100	20,821	99%
Likoma	1,100	1,052	96%
Chitipa	26,200	26,034	99%
Karonga	22,900	22,703	99%
Northern	193,800	191,490	99%
National	1,500,000	1,490,006	99%

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	94,389	471.9
	PAN67	14,080	70.4
	PAN4M19	16,168	80.8
	PAN63	2,118	10.6
Monsanto	DKC 8053	121,141	605.7
	DKC 9089	104,658	523.3
	DKC 8073	68,767	343.8
	DKC 8033	148,126	740.6
Seed Co	SC 403	263,305	1316.5
	SC 627	164,544	822.7
	SC 719	154,601	773.0
Funwe	MH 26	34,496	172.5
Seed Tech	MH 18	2,669	13.3
	MH 26	17,978	89.9
	MH 27	4,564	22.8
AISAM	SC 719	2,057	10.3
	MH 18	220	1.1
Peacock	CAP 9001	3,521	17.6
Total		1,217,402	6087.0

OPV			
Company	Variety	Vouchers	MTS
Demeter	ZM 623	243,757	1950.1
Panthochi	ZM 623	3,198	25.6
	ZM 309	4,883	39.1
MSI	ZM 623	397	3.2
Funwe	ZM 623	12,577	100.6
	ZM 721	1,702	13.6
Premium	ZM 523	2,575	20.6
	ZM 623	3,117	24.9
CPM	ZM 721	398	3.2
Total		272,604	2180.8

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

DISTRICT	HYBRID(MTS)	OPV(MTS)	% HYBRID	% OPV
Blantyre	338.28	107.11	83%	16%
Chiradzulu	190.28	59.46	83%	16%
Mwanza	57.60	14.50	85%	13%
Neno	67.75	10.87	90%	9%
Mulanje	318.62	17.85	96%	3%
Phalombe	228.13	51.82	87%	12%
Thyolo	400.90	58.11	91%	8%
Chikwawa	68.28	66.60	62%	38%
Nsanje	53.41	25.33	76%	23%
Balaka	166.02	104.46	72%	28%
Machinga	264.96	95.96	81%	18%
Mangochi	312.81	175.11	74%	26%
Zomba	399.95	98.25	86%	13%
Dedza	298.43	108.49	81%	18%
Ntcheu	218.81	152.22	69%	30%
Lilongwe	635.09	86.74	92%	8%
Kasungu	353.89	192.74	74%	25%
Dowa	355.83	73.51	88%	11%
Mchinji	254.77	80.16	83%	16%
Ntchisi	167.41	79.93	76%	23%
Nkhotakota	91.15	74.80	66%	34%
Salima	101.16	104.55	61%	39%
Mzimba	356.81	194.34	74%	25%
Rumphi	97.27	46.18	76%	23%
Nkhata Bay	67.21	59.04	64%	35%
Likoma	5.26	0.01	96%	0%
Chitipa	125.76	7.06	96%	3%
Karonga	91.24	35.64	80%	19%
National	6,087.01	2,180.83	81%	18%

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 \$5.7/voucher paid in Malawi Kwacha at the prevailing RBM selling rate on the date of payment.

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

The table below lists the legume voucher recovery by district

District	Allocation	Returns	%
Blantyre	81,800	78,705	96%
Chiradzulu	45,600	44,973	99%
Mwanza	13,500	12,437	92%
Neno	15,100	14,632	97%
Mulanje	66,200	64,073	97%
Phalombe	52,400	50,211	96%
Thyolo	87,900	86,258	98%
Chikwawa	22,200	19,614	88%
Nsanje	14,000	12,855	92%
Balaka	46,400	46,205	100%
Machinga	65,300	62,464	96%
Mangochi	84,900	83,900	99%
Zomba	92,600	89,480	97%
Southern	687,900	665,807	97%
Dedza	73,700	71,394	97%
Ntcheu	63,500	61,950	98%
Lilongwe	138,800	137,110	99%
Kasungu	95,300	91,433	96%
Dowa	80,600	78,796	98%
Mchinji	61,300	63,297	103%
Ntchisi	43,800	41,889	96%
Nkhotakota	27,900	25,384	91%
Salima	33,400	32,758	98%
Central	618,300	604,011	98%
Mzimba	96,900	94,176	97%
Rumphi	25,600	27,168	106%
Nkhata Bay	21,100	18,927	90%
Likoma	1,100	991	90%
Chitipa	26,200	23,706	90%
Karonga	22,900	22,239	97%
Northern	193,800	187,207	97%
National	1,500,000	1,457,025	97%

The amount and type of legume seed distributed through redeemed vouchers is estimated to be as follows:

Commodity	Variety	Vouchers	MTS
Beans	Kholophethe	217,786	435.6
	Napilira	9,723	19.4
	Maluwa	10,211	20.4
Groundnuts	CG7	1,059,905	2119.8
	Chitala	15,804	31.6
Pigeon Peas	Mwaiwathu Alimi	8,598	17.2
Cow Peas	Sudan 1	7,158	14.3
Soya	Solitera	292	0.9
	Squire	73,599	220.8
	Nasoko	5,329	16.0
	Makwacha	40,414	121.2
	Serenade	8,206	24.6
		1,457,025	3041.9

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.

	Groundnuts		Beans			Soya					Pigeon Peas	Cow Peas	
DISTRICT	CG7	CHITALA	KHOLOPHETHE	NAPILIRA	MALUWA	SOLITELA	SQUIRE	NASOKO	MAKWACHA	SERENADE	MWAIWATHU ALIMI	SUDAN	TOTAL
Blantyre	65,046	1,346	8,135	11	-	-	1,835	498	1,395	106	186	67	78,625
Chiradzulu	35,752	1,062	5,926	-	-	-	1,089	8	722	144	247	23	44,973
Mwanza	10,936	579	567	-	-	-	-	10	345	-	-	-	12,437
Neno	13,199	86	1,285	-	-	-	13	-	49	-	-	-	14,632
Mulanje	58,297	806	1,917	-	-	37	2,225	79	552	140	7	13	64,073
Phalombe	37,600	45	6,313	-	-	-	3,597	-	983	701	202	770	50,211
Thyolo	79,810	409	4,499	-	-	-	711	-	636	2	174	17	86,258
Chikwawa	11,764	-	6,291	-	-	-	252	-	196	199	593	319	19,614
Nsanje	6,770	47	1,496	-	-	-	917	1	290	1	1,495	1,838	12,855
Balaka	35,718	194	9,053	-	-	-	189	12	578	-	316	145	46,205
Machinga	49,857	339	9,282	-	199	-	397	7	844	200	861	479	62,465
Mangochi	61,486	395	15,763	33	1,934	-	1,061	3	752	4	2,486	62	83,979
Zomba	70,283	1,187	8,130	-	2	39	1,624	39	2,804	899	2,031	2,442	89,480
Dedza	44,543	157	14,392	-	554	73	7,024	160	3,799	649	-	43	71,394
Ntcheu	36,573	14	18,022	-	885	-	1,977	223	3,784	109	-	363	61,950
Lilongwe	93,069	203	15,138	616	1,864	-	18,483	38	4,974	2,475	-	251	137,111
Kasungu	59,569	1,967	20,521	64	1,958	-	2,824	1,407	2,957	130	-	36	91,433
Dowa	62,041	1,260	9,043	533	851	-	3,670	452	742	193	-	11	78,796
Mchinji	41,917	1,256	11,060	9	820	43	4,699	140	2,210	1,075	-	67	63,296
Ntchisi	22,077	11	8,725	8,435	983	-	851	41	623	143	-	-	41,889
Nkhosakota	15,432	1,216	5,554	16	153	-	282	33	2,540	-	-	158	25,384
Salima	15,641	3,225	12,204	1	6	-	2,233	687	352	1	-	3	34,353
Mzimba	63,510	-	13,414	1	2	100	8,927	1,376	4,312	920	-	20	92,582
Rumphi	19,730	-	3,865	4	-	-	3,013	40	512	3	-	-	27,167
Nkhata Bay	12,644	-	3,636	-	-	-	1,368	40	1,205	3	-	31	18,927
Likoma	348	-	302	-	-	-	226	1	14	100	-	-	991
Chitipa	18,109	-	827	-	-	-	2,728	-	2,042	-	-	-	23,706
Karonga	18,184	-	2,426	-	-	-	1,384	34	202	9	-	-	22,239
National	1,059,905	15,804	217,786	9,723	10,211	292	73,599	5,329	40,414	8,206	8,598	7,158	1,457,025

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 intended to be handled in the following way. All invoices for fertiliser purchases, seed vouchers and internal transport costs were to come through Logistics Unit for checking and were then to be passed to Ministry of Agriculture for payment.

However for various reasons the above was not strictly applied. All fertilizer invoices were indeed sent to the Ministry of Agriculture. These were submitted quoting the Dollar rate used in the suppliers bid. The agreement stated that these were to be paid in Malawi Kwacha at the RBM selling rate prevailing on the date of payment. As indicated previously, this proved impossible because of government payment procedures. Further complications occurred when unilateral action within the Ministry of Agriculture resulted in a number of invoices being reimbursed using the RBM buying rate. The payment situation for fertilizer invoices then reached a state of collapse with long periods elapsing between payments. The contract document stated that payments were to be effected within 30 days. Only 27% of the payments processed by the Ministry in connection with fertilizer payments met this condition. The balance of the invoices remained outstanding for a longer period. Indeed at time of going to press (May 2014), between totally unpaid original invoices, underpaid original invoices, use of wrong exchange rates and interest claims on late payments, the Government owes the fertiliser companies some MK 12 billion, some 25% of the total cost. In comparison the last fertiliser delivery was made in early January some 4 months previous.

Payment for transport fared no better. Recommendations from the Logistics Unit were altered with outdated transport rates being applied because of poor communications within the Ministry of Agriculture. Transporters were refused VAT reimbursement although the letters of appointment clearly indicated VAT was to be added to the rate quoted. The contract stipulated payments to be made within 30 days and again the Ministry consistently failed to meet this requirement.

Seed suppliers were also subjected to poor Government performance regarding payment. From the beginning it was understood that US \$ 24.3 million would be required to meet the seed programme assuming 100% voucher return. Donor contribution (DFID, Royal Norwegian Embassy, Irish Aid) through the Multi Donor Trust Fund (MDTF) was estimated to cover some US \$ 18.3 million leaving a balance of US \$6 million to come from Government. The MDTF was to operate on the basis of Government paying the seed companies' invoices and claiming reimbursement. However, although the first recommendations for payment of seed invoices were lodged with the Ministry at the end of November, by the end of the year no payments had been made. In response to pleas for help from the seed industry DFID intervened and made direct payments to the seed companies through the Reserve Bank of Malawi utilizing the £ 4 million funding originally meant for MDTF. This action, taken late in December, although providing a much needed life line for the seed suppliers did create a further problem as the RBM paid the suppliers using the buying rate instead of the agreed selling rate. Further limited assistance was extended to the seed suppliers via Irish Aid who agreed to the use of the balance of fund from the previous year's seed programme going into this year's programme. This

amounted to €484,000 and was disbursed in February/March. Again the problem of RBM using the wrong exchange rate emerged.

A few payments by the Ministry of Agriculture took place in mid April but at date of going to press the seed suppliers are still owed the Malawi Kwacha equivalent of just over \$15 million. With the programme completed more than 60% of the seed costs remain unpaid. 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.

Other Government costs such as police and ACB involvement have in the past been largely provided by donors. However this year's Cashgate problems resulted in withdrawal of support. Consequently any involvement by these bodies was funded by Government.

Operational costs for ADMARC and SFFRFM were provided by the Ministry and the Unit is uncertain as to the amount provided.

Logistics Unit operational costs (MK118, 637,480) and technical assistance to the Logistics Unit were paid from funds provided by the Royal Norwegian Embassy.

Because of what can only be described as a chaotic Government payment process it is not possible to provide a completely accurate picture of the cost of this year's programme. However, all of the fertilizer transport and seed invoices did go through the Logistics Unit for processing and recommending for payment. The following table includes those invoices that have been paid by the Ministry and those invoices where payment is outstanding. The latter include fertilizer and seed invoices that are presented in US dollars but are to be paid in Malawi kwachas. As it is not known when such invoices will be paid it is not known what the final value in Malawi kwacha will be. However a value has been included in the table using the exchange rate prevailing at the point when the outstanding invoices were submitted for payment by the Logistics Unit.

Fertiliser	MK49,053,635,553.82
Transport	MK1,637,978,671.70
Seed Vouchers	MK10,604,803,374.57
Total	MK61,296,417,600.09

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 2013/14 Subsidy Programme amounted to approximately MK 18.63 billion exclusive of the running cost of interest accruing on the unpaid amounts.