
**FINAL REPORT
ON THE
IMPLEMENTATION OF
THE AGRICULTURAL
INPUTS SUBSIDY
PROGRAMME
(2015-16)**

Logistics Unit

MAY 2016

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Foreword

In 2015, for the eleventh consecutive year, the Government of Malawi, through the Ministry of Agriculture, Irrigation and Water Development (MoA, I & WD) announced its intention to embark on an Agricultural Inputs Subsidy Programme (AISP). Once again the target was to be 1.5 million beneficiaries.

Compared to previous years, the proposed programme was the subject of a number of changes in approach, some of which were never completely fulfilled and many of which were subjected to considerable pressure arising mainly from the financial problems that beset the Government in the year 2015-16.

Fertiliser Procurement

In the initial planning stages for the 2015 project (April 2015) Government intention, as indicated by Treasury, was to have the bulk of the fertiliser procurement and distribution to the farmers implemented by the private sector. There would be a fixed priced voucher for fertiliser thereby allowing the control of the cost to Government and thus retain it within a figure (MK 41.5 billion) allocated in the National Budget. Farmers would be asked to meet the difference between the voucher price and the market retail cost.

Over the following months, however, this move to private sector involvement was eroded. In May discussions were circling around the need to protect the farmer. Government was now moving in the direction of a fixed voucher price but a maximum top up that fertiliser companies could ask from the farmer in return for a bag of fertiliser, effectively controlling the cost of fertiliser.

By June, the entire concept had changed. At that point it was announced that the 150,000MTS fertiliser required to service the programme would be acquired as follows: 30,000 MTS to be supplied by SFFRFM, 7,500 MTS to come from ADMARC and 70,000 MTS would be acquired by competitive bidding in the manner of previous years. A further 12,500 MTS was to be supplied from stocks left over from 2013/14 fertiliser inputs loan scheme (FILP). Of the original concept of procurement and distribution by private retailers, only 30,000 MTS was to reach the farmers by this avenue. At this point neither the price of the voucher nor the farmers' contribution was known. The bulk of the fertiliser (120,000MTS) was to be distributed to the farmers through the ADMARC/SFFRFM sales units as in the past.

In July, through the Smallholder Farmers Fertiliser Revolving Fund (SFFRFM), Government commenced the process of obtaining tenders for the procurement of 70,000 MTS to be delivered into the three regional SFFRFM depots. This was followed by an invitation to transporters to bid for the movement of 120,000 MTS of fertiliser from these regional depots to the various district sales units.

The move to a fixed price for fertiliser to the farmer was completed on 7th August when an announcement was made by the then Minister of Agriculture, Hon Chiyembekeza that the

farmers' contribution to the FISP fertiliser would be MK 3,500/bag. As for maize seed farmers contribution was to be MK 1,000 and MK 500 for legumes. At this point there was still no decision on the cost of the voucher for any of the commodities.

A period of uncertainty then followed. On 24th September, in a meeting with some interested donors, Government advised that it was prepared to have a 40,000 MT programme for retail voucher participation, reducing the SFFRFM allocation by 10,000 MTS to accommodate this. However it wished to set the fertiliser voucher reimbursement price at MK 13,500, retaining the farmers' contribution at MK 3,500. At this point fertiliser was already retailing at MK 19,500 and the Malawi Kwacha was sliding rapidly against the dollar.

Despite the obvious cost problems the above would entail, Fertiliser Association of Malawi (FAM) and Government continued discussions attempting to identify a way forward to permit FAM members to take part in the direct sale of fertiliser to farmers in exchange for vouchers.

Some movement now took place in connection with the tenders for supply to the SFFRFM depots that had been submitted in July. At a meeting on 1st October, a select group chosen from those who had submitted tenders were advised that Government was prepared to enter into contracts for the supply of 70,000 MTS fertiliser to the three SFFRFM depots at a fixed price of MK 15,800/50kg bag for urea and MK 17,200/50 kg bag for NPK.

Shortly after, this was followed up by letters from SFFRFM to selected bidders offering to pay MK 347,700/MT for urea and MK 379,500/Mt for NPK delivered to each of the three SFFRFM depots (Chirimba, Kanengo and Luwiringa).

This offer was apparently accepted by 12 suppliers. On 16th October contracts were signed for the supply of 62,000 MTS covering the following:

Supplier	Lilongwe SFFRFM	NPK (MTS)	UREA (MTS)			Cost
Astro Chemicals	1,000.00		1,000.00	-	347,700,000.00	MK347,700,000.00
Chicago	4,000.00	2,000.00	2,000.00	759,000,000.00	695,400,000.00	MK1,454,400,000.00
Farm Chem	1,000.00		1,000.00	-	347,700,000.00	MK347,700,000.00
Hardware Shopping	1,000.00		1,000.00	-	347,700,000.00	MK347,700,000.00
Krish Trading	4,000.00	2,000.00	2,000.00	759,000,000.00	695,400,000.00	MK1,454,400,000.00
KU Distributors	1,000.00		1,000.00	-	347,700,000.00	MK347,700,000.00
Paramount Holdings	2,000.00		2,000.00	-	695,400,000.00	MK695,400,000.00
RTM Initiative	2,425.05		2,425.05	-	843,189,885.00	MK843,189,885.00
Sealand	1,000.00	1,000.00		379,500,000.00	-	MK379,500,000.00
Xelite	4,000.00	2,000.00	2,000.00	759,000,000.00	695,400,000.00	MK1,454,400,000.00
Totals Central	21,425.05	7,000.00	14,425.05			MK7,672,089,885.00
Supplier	Mzuzu SFFRFM	NPK (MTS)	UREA (MTS)			
Astro Chemical	4,000.00	2,000.00	2,000.00	759,000,000.00	695,400,000.00	MK1,454,400,000.00
Farm Chem Wholesale	4,000.00	2,000.00	2,000.00	759,000,000.00	695,400,000.00	MK1,454,400,000.00
Hardware Shopping	2,329.00	1,004.00	1,325.00	381,018,000.00	460,702,500.00	MK841,720,500.00
Paramount Holdings	2,000.00		2,000.00	-	695,400,000.00	MK695,400,000.00
Totals Northern	12,329.00	5,004.00	7,325.00			MK4,445,920,500.00
Supplier	Blantyre SFFRFM	NPK (MTS)	UREA (MTS)			
Astro Chemical	3,000.00	1,000.00	2,000.00	379,500,000.00	695,400,000.00	MK1,074,900,000.00
Farm Chem Wholesale	3,000.00		3,000.00	-	1,043,100,000.00	MK1,043,100,000.00
Hardware Shopping	3,671.00	1,671.00	2,000.00	634,144,500.00	695,400,000.00	MK1,329,544,500.00
KU Distributors	5,000.00	3,000.00	2,000.00	1,138,500,000.00	695,400,000.00	MK1,833,900,000.00
Mull Brothers	2,000.00	2,000.00		759,000,000.00	-	MK759,000,000.00
Optichem	2,000.00	2,000.00		759,000,000.00	-	MK759,000,000.00
Paramount	4,000.00	1,000.00	3,000.00	379,500,000.00	1,043,100,000.00	MK1,422,600,000.00
RTM Initiative	5,574.95	3,000.00	2,574.95	1,138,500,000.00	895,310,115.00	MK2,033,810,115.00
totals Southern	28,245.95	13,671.00	14,574.95			MK10,255,854,615.00
National Totals	62,000.00	25,675.00	36,325.00			MK22,373,865,000.00

Regarding a possible retail fertiliser voucher programme, on the same day that Government approached the selected group of fertiliser tenderers (1st October) FAM members met with the Ministry and were offered a voucher price of MK 16,000 to be applied to a programme of 40,000 MTS covering twelve districts. Other conditions were payment within 30 days with two suppliers per district. FAM responded to this on 7th October, accepting the offer but with the following caveats:

- interest to be applied if the 30 day payment period not met
- price of MK 16,000 to be revisited if kwacha fell in value to the dollar below \$/MK 580
- the voucher reimbursement for the Northern Region to attract an additional MK 500.

Nothing more was heard from Government during October regarding the retail companies' involvement in the voucher programme. However on 19th October, it was learned that SFFRFM and ADMARC would be responsible for transporting their own fertiliser to their markets where it would be exchanged by SFFRFM and ADMARC for vouchers. As previously intimated the farmer would pay MK 3,500/bag, this amount to be retained by the two organisations. The vouchers would be honoured by Government for an amount as yet to be finalized. It was understood SFFRFM would split its allocation equally between the Central and the Southern regions. It was believed ADMARC would restrict delivery of its allocation to the South.

At this point both SFFRFM and ADMARC were requested by Logistics to provide details of the markets that they intended to service with their fertiliser, totaling 20,000 MTS for SFFRFM and 7,500 MTS for ADMARC. Such information was urgently required if duplication was to be avoided as the surplus FILP fertiliser was already being taken out to sales points.

On 29th October, SFFRFM responded to this request with a list of 76 markets summarized in district form below:

DISTRICT	NPK	Urea	Total
DOWA	949.05	949.05	1,898.10
KASUNGU	1,715.05	1,715.05	3,430.10
NTCHISI	232.50	232.50	465.00
LILONGWE EAST	516.30	516.30	1,032.60
LILONGWE WEST	754.90	754.90	1,509.80
NTCHEU	340.75	340.75	681.50
MACHINGA	563.90	563.90	1,127.80
MANGOCHI	661.40	661.40	1,322.80
NAMWERA	575.75	575.75	1,151.50
ZOMBA	980.20	980.20	1,960.40
MULANJE	612.55	612.55	1,225.10
THYOLO	748.00	748.00	1,496.00
PHALOMBE	798.65	798.65	1,597.30
BLANTYRE	551.00	551.00	1,102.00
TOTAL	10,000.00	10,000.00	20,000.00

ADMARC never replied. Consequently a firm delivery plan based on the previously produced Government matrix proved impossible.

The proposed supply programme for the farmers' fertiliser was now 62,000 MTS commissioned by contract, 12,500 MTS coming from 2013/14 excess FILP stocks, 7,500 MTS and 20,000 MTS to be supplied by ADMARC and SFFRFM respectively and 40,000 MTS provisionally planned to come through retail sales in 12 districts. This totaled 142,000 MTS leaving a shortfall of 8,000 MTS. On 11th November it was revealed that this had been filled by awarding an additional 4,000 MTS to Sealand and introducing Transglobe into the supply chain with an award of 4,000 MTS. At this point the only known cost of the fertiliser programme was that for the supply of 70,000 MTS through SFFRFM -----MK 25,300,123,860.00.

Meanwhile, behind the scenes negotiations were continuing between Government and FAM members concerning the involvement of the private sector in supplying fertiliser in exchange for vouchers. Around mid-November it became known that Government was prepared to raise the reimbursement price of the fertiliser voucher to MK 17,000. Apparently eight member of FAM had been involved in these negotiations namely Agora, Export Trading, Farmers World, Mulli Brothers, Nyiombo, RAB Processors, Simama and Transglobe. The initial plan had been to open up 12 districts to the private sector---Nsanje, Neno, Balaka, Chikhwawa, Chiradzulu, Mwanza, Dedza, Salima, Mchinji, Nkhotakota, Nkhata Bay and Chitipa. However Simama withdrew from the scheme and as a result Nsanje, initially intended as a Simama project, became the responsibility of ADMARC.

It was subsequently learned that on 24th November, the remaining seven companies agreed to supply fertiliser for vouchers in 11 districts, the split being as follows.

District	Rab	Mulli	Agora	Farmers World	Transglobe	Export Trading	Nyiombo	Tonnage
Neno					***			1,510.00
Balaka			***			***		4,640.00
Chikhwawa		***	***					2,220.00
Chiradzulu		***	***					4,520.00
Mwanza						***	***	1,350.00
Dedza				***		***		7,370.00
Salima		***		***				3,340.00
Mchinji	***			***				6,130.00
Nkhotakota		***		***				2,790.00
Nkhata Bay							***	2,110.00
Chitipa						***	***	2,620.00
							Total	38,600.00

In the following week doubts were expressed about the ability of the private sector to service Nkhata Bay and Chitipa and on 3rd December these districts were withdrawn by the Ministry of Agriculture from under the private sector aegis and allocated to ADMARC. As a result the private sector programme now looked as follows

District	Rab	Mulli	Agora	Farmers World	Transglobe	Export Trading	Tonnage
Neno					***		1,510.00
Balaka			***			***	4,640.00
Chikhwawa		***	***				2,220.00
Chiradzulu		***	***				4,560.00
Mwanza						***	1,350.00
Dedza				***		***	7,370.00
Salima		***		***			3,340.00
Mchinji	***			***			6,130.00
Nkhotakota		***		***			2,790.00
Total							33,910.00

This should have represented the final change to the supply chain leaving the following district supply plan in place:

District	Target	SFFRFM		ADMARC		Retail		Contract +ADMARC	
		NPK	Urea	NPK	Urea	NPK	Urea	NPK	Urea
Chikhwawa	2,220.00					1,110.00	1,110.00		
Nsanje	1,400.00			700	700				
Chiradzulu	4,560.00					2,280.00	2,280.00		
Mwanza	1,350.00					675.00	675.00		
Neno	1,510.00					755.00	755.00		
Blantyre	8,180.00	551.00	551.00					3,539.00	3,539.00
Thyolo	8,790.00	748.00	748.00					3,647.00	3,647.00
Mulanje	6,620.00	612.55	612.55					2,697.45	2,697.45
Phalombe	5,240.00	798.65	798.65					1,821.35	1,821.35
Balaka	4,640.00					2,320.00	2,320.00		
Mangochi	8,490.00	1,237.15	1,237.15					3,007.85	3,007.85
Machinga	6,530.00	563.90	563.90					2,701.10	2,701.10
Zomba	9,260.00	980.20	980.20					3,649.80	3,649.80
TOTALS	68,790.00	5,491.45	5,491.45	700.00	700.00	7,140.00	7,140.00	21,063.55	21,063.55
Nkhota Kota	2,790.00					1,395.00	1,395.00		
Salima	3,340.00					1,670.00	1,670.00		
Dowa	8,060.00	949.05	949.05					3,080.95	3,080.95
Ntcheu	6,350.00	340.75	340.75					2,834.25	2,834.25
Dedza	7,370.00					3,685.00	3,685.00		
Lilongwe	13,880.00	1,271.20	1,271.20					5,668.80	5,668.80
Ntchisi	4,380.00	232.50	232.50					1,957.50	1,957.50
Mchinji	6,130.00					3,065.00	3,065.00		
Kasungu	9,530.00	1,715.05	1,715.05					3,049.95	3,049.95
TOTALS	61,830.00	4,508.55	4,508.55			9,815.00	9,815.00	16,591.45	16,591.45
Mzimba	9,690.00							4,845.00	4,845.00
Nkhata Bay	2,110.00			1,055.00	1,055.00				
Rumphi	2,560.00							1,280.00	1,280.00
Likoma	110.00							55.00	55.00
Chitipa	2,620.00			1,310.00	1,310.00				
Karonga	2,290.00							1,145.00	1,145.00
TOTALS	19,380.00			2,365.00	2,365.00			7,325.00	7,325.00
TOTALS	150,000.00	10,000.00	10,000.00	3,065.00	3,065.00	16,955.00	16,955.00	44,980.00	44,980.00

The above plan was involved but workable but for one snag. It will be seen that it was planned that the fertiliser supplied by contract plus 7,500 MTS to be provided by ADMARC was to be distributed in 16 districts. The total tonnage to be sent to these 16 districts was known. As previously noted, the only problem was that, unlike SFFRFM, ADMARC never produced a distribution plan for that 7,500 MTS nor did ADMARC advise those responsible for distributing the contract fertiliser where it was sending fertiliser. Consequently no-one could tell whether a market had received its necessary allocation, was under allocated or over allocated.

One further small change took place in December concerning the private sector programme when Transglobe pulled out of Neno having distributed approximately half of the required fertiliser. The gap created was filled by Export Trading who completed the distribution

Regarding costs, a significant change took place in late December. Faced with a rapidly declining kwacha and subjected to pressure from the fertiliser suppliers both in the retail section and direct supply the Government agreed to an increase in cost of MK 1,000/voucher and MK 40,000/MT for fertiliser supplied to SFFRFM markets. As a result, the cost of the commissioned 70,000 MTS fertiliser was now as follows:

Supplier	NPK MTS	UREA MTS	COST MK
Astro Chemicals	3,000.00	5,000.00	3,195,650,000.00
Chicago	2,000.00	2,000.00	1,613,500,000.00
Farm Chem	2,000.00	6,000.00	3,164,300,000.00
Hardware Shopping	2,675.00	4,325.00	2,797,761,250.00
Krish Trading	2,000.00	2,000.00	1,613,500,000.00
KU Distributors	3,000.00	3,000.00	2,420,250,000.00
Mulli Brothers	2,000.00		838,100,000.00
Optichem	2,000.00		838,100,000.00
Paramount Holdings	1,000.00	7,000.00	3,132,950,000.00
RTM Initiative	3,000.00	5,000.00	3,195,650,000.00
Sealand	1,188.20	3,811.80	1,975,750,070.00
Transglobe	4,000.00		1,676,200,000.00
Xelite	2,000.00	2,000.00	1,613,500,000.00
Totals	29,863.20	40,136.80	28,075,211,320.00

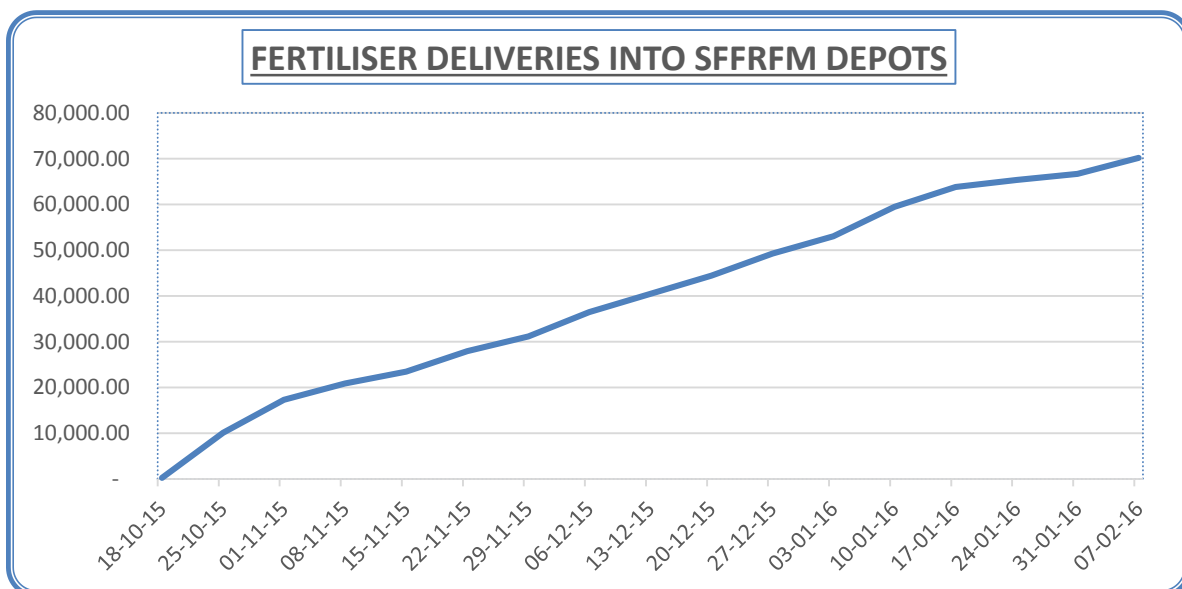
The combined forecasted cost to Government of the retail voucher programme assuming full recovery of vouchers should now have been:

Source	No	Value	Cost
Private Companies	678,200	18000	12,207,600,000
ADMARC	272,600	18000	4,906,800,000
SFFRFM	400,000	18000	7,200,000,000
Total	1,350,800	18000	24,314,400,000

Delivery and Distribution of Fertiliser

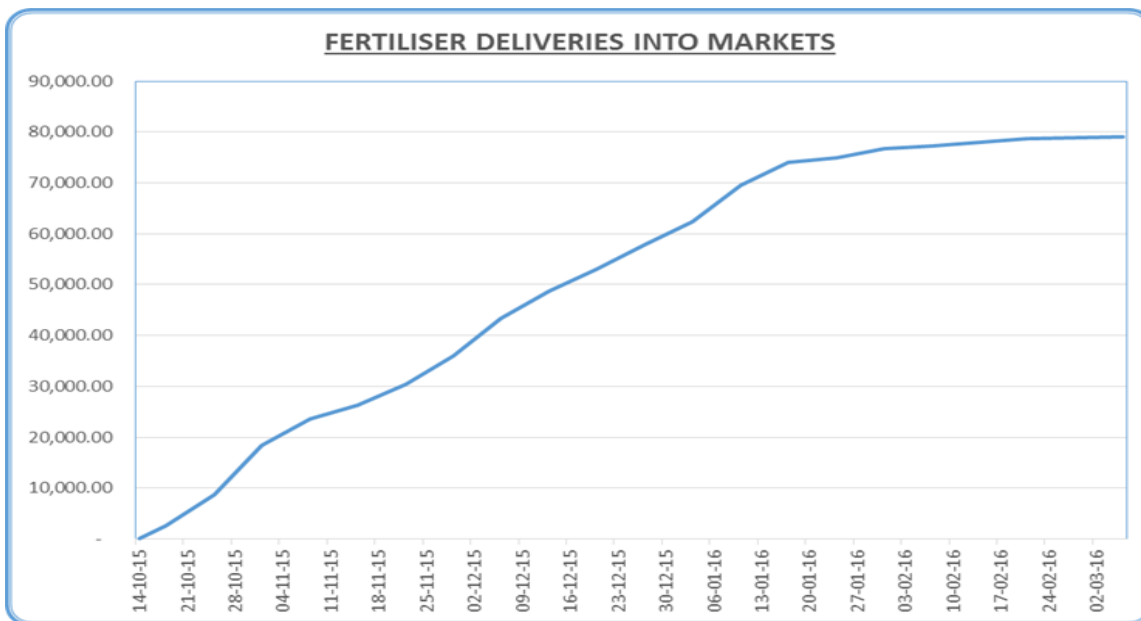
Delivery of the 33,910 MTS to the markets required in the nine districts to be serviced by the retail programme began immediately on the agreement being reached on 24th November. Six weeks later, on 6th January the entire 33,910 MTS was in position.

With respect to the 70,000 MTS commissioned to be delivered to the three SFFRFM depots, this began to be available immediately on signing of the contracts on 16th October. The graph below shows the subsequent rate of delivery into the depots.

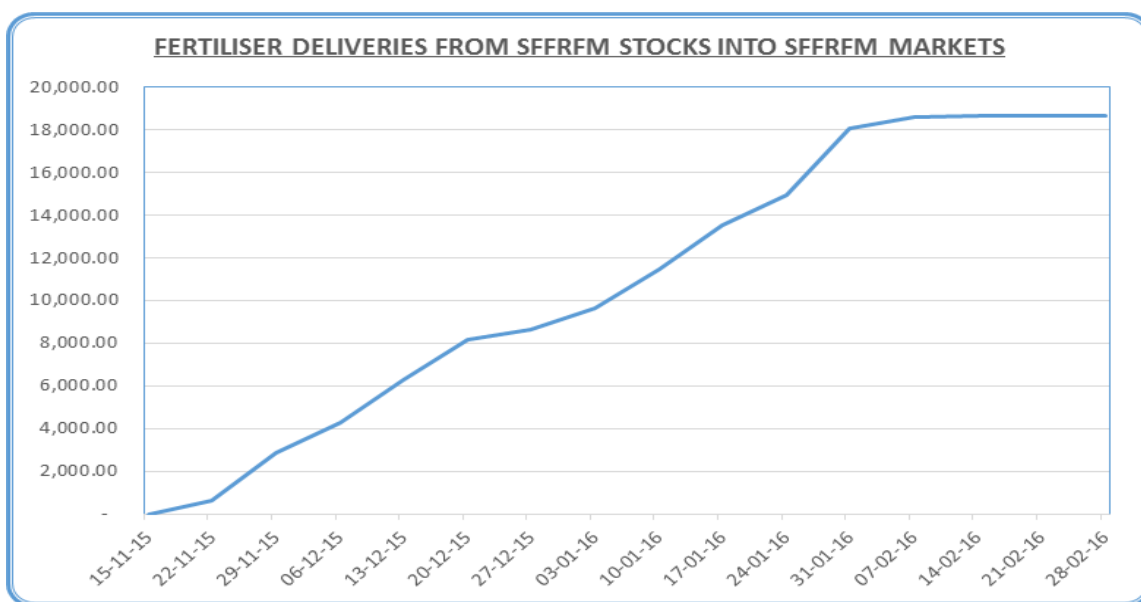


On 8th October 20 transport firms chosen from those who had submitted tenders last July regarding the movement of 120,000 MTS were advised by SFFRFM that they had been awarded contracts for the movement of fertiliser from SFFRFM depots to ADMARC sales units. Transportation of fertiliser to the ADMARC sales markets began on 14th October initially using the 2013/14 FILP stocks.

The uplift flow for the contracted fertiliser to the ADMARC sales units followed a similar pattern to the graph shown above covering fertiliser deliveries to SFFRFM, as stocks were uplifted from the depots to the markets in back to back operations as soon as delivery to the depots were made. The graph below illustrates this position.



Concerning the 20,000 MTS allocated to SFFRFM for sales by voucher, records provided by SFFRFM depot staff indicate that the first delivery into the specified markets took place on 15th November. The graph below shows the rate at which delivery into the markets continued.



Regarding ADMARC's allocation for sale by vouchers, regrettably it has proved impossible to provide any useful information as to when the 13,600 MTS expected to be supplied by ADMARC became available to the farmers. As previously advised in this report, unlike SFFRFM, ADMARC never supplied a plan showing the markets where it was intended to deliver the initial 7,500 MTS allocated to ADMARC. As for reporting on stocks sent to markets the only information received from ADMARC HQ consisted of three E mails on 1st February containing figures that indicated a considerable shortfall in the three districts allocated to them and an over issue against the 7,500 MTS. After that, silence prevailed. It has to be said that ADMARC's performance throughout fell far short of that required from a team player in a complex exercise.

Details of Internal Transport and Distribution Programme for Fertiliser

Government Supplied Fertiliser

As previously indicated, on 9th July an advert appeared in the National press inviting bids from transporters to ferry 120,000 MTS fertiliser from the three SFFRFM depots to the ADMARC sales units positioned in each of the 28 districts. Return date for bids was 7th August with SFFRFM being the recipient. In the event 43 companies responded.

As indicated above, on 8th October SFFRFM advised 21 companies that they had been awarded contracts to the tune of 110,000 MTS. This assumed a 40,000 MT retail programme and the remainder of fertiliser to be programmed through ADMARC and SFFRFM sales outlets. Details of the awards appear below showing the individual tonnages awarded and the rates/tonne/km (MK) to be paid:

NAME OF TRANSPORTER	AWARDED TONNAGE & RATES						
	SOUTH	MT/Km	CENTRE	MT/Km	NORTH	MT/Km	TOTAL
Logistics Solutions and Transporters Association	1,600	58.00	900	-	1,000	58.00	3,500
Fidelity General Suppliers	2,500	60.00	-	-	-	-	2,500
Mulli Brothers Ltd	6,800	65.00	2,800	65.00	1,000	65.00	10,600
Malilana Transport	1,750	70.00	2,000	70.00	-	-	3,750
W Chatama General Suppliers	11,050	60.00	-	-	-	-	11,050
Road Transport Operators Association	6,950	60.00	2,800	60.00	1,000	60.00	10,750
Omar's Transport	2,750	65.00	7,610	65.00	1,000	65.00	11,360
F F Trading	11,050	60.00	-	-	-	-	11,050
Chikowi Investments	7,240	60.00	-	-	-	-	7,240
Eagle Tracking	1,410	67.81	-	-	1,600	67.81	3,010
L L Nkhalamba	-	-	5,000	55.79	-	-	5,000
Union Transport Association	3,000	55.79	-	-	1,000	55.79	4,000
Agricultural Produce Transporters Association	6,500	57.50	-	-	1,000	57.50	7,500
Mico Transporters	-	-	1,000	60.00	500	60.00	1,500
Polana Trading	-	-	2,000	60.09	-	-	2,000
J K S Transporters Association	-	-	540	65.00	-	-	540
R Gaffar Transport Ltd	-	-	8,000	63.52	-	-	8,000
Northern Region Transporters Association	-	-	-	-	3,650	68.67	3,650
Lunyina Haulage	-	-	-	-	500	68.67	500
Lumbani Enterprises	-	-	-	-	500	69.53	500
Mwenera Transport	-	-	-	-	2,000	62.50	2,000
TOTAL	62,600		32,650		14,750		110,000

The anticipated amount to be moved by transporters fell further to 82,500 MTS involving 15 districts when the decision was made that ADMARC and SFFRFM fertiliser allocations of 7,500 MTS and 20,000 MTS respectively would be treated in a similar manner to 40,000 MT retail programme making both organisations responsible for the transportation of their fertiliser to the intended sales points.

As in the past, it was soon evident that strict adherence to the tonnage awards to individual transporters would prove impossible. Allocations of fertiliser to be moved to the markets was made daily on the basis of available trucks with scant reference to individual tonnage restrictions.

The following table indicates the level of uplifts that were finally taken to the 15 districts by the appointed transporters utilising FILP carry-over stocks or fertiliser purchase by Government for the programme.

DISTRICT	NPK	Urea	Grand Total
Machinga	2,131.70	2,486.40	4,618.10
Mangochi	3,001.50	2,898.25	5,899.75
Zomba	3,053.30	3,665.80	6,719.10
Mulanje	1,822.65	2,062.55	3,885.20
Thyolo	1,723.05	2,416.00	4,139.05
Phalombe	1,219.65	1,778.10	2,997.75
Blantyre	2,907.05	3,367.60	6,274.65
South	15,858.90	18,674.70	34,533.60
Lilongwe	5,345.50	5,423.65	10,769.15
Dowa	3,069.55	2,970.20	6,039.75
Kasungu	3,068.00	2,754.00	5,822.00
Ntchisi	1,965.15	1,778.65	3,743.80
Ntcheu	2,817.95	2,073.35	4,891.30
Central	16,266.15	14,999.85	31,266.00
Karonga	847.50	1,118.40	1,965.90
Rumphi	1,198.15	1,199.75	2,397.90
Mzimba	4,584.20	4,483.65	9,067.85
North	6,629.85	6,801.80	13,431.65
National	38,754.90	40,476.35	79,231.25

The cost of the above movement was MK 997,179,366. The average individual district cost/MT is shown in the table below:

District	MK/MT
Blantyre	5,915.29
Machinga	17,874.83
Mangochi	23,881.18
Mulanje	11,275.25
Phalombe	13,757.94
Thyolo	11,854.34
Zomba	11,182.63
Dowa	6,916.07
Kasungu	16,591.31
Lilongwe	5,907.44
Ntcheu	18,084.39
Ntchisi	11,889.79
Karonga	12,824.73
Rumphi	10,058.67
Mzimba	13,411.82

Private Retail Supplied Fertiliser

Regarding the districts to be served by the private retailers the required fertiliser was made available as is shown below, the cost of transport being borne by the supplier

District	Target NPK	delivery NPK	Target Urea	delivery Urea
Chiradzulu	2,280	2,286	2,280	2,298
Mwanza	675	675	675	675
Neno	755	755	755	755
Chikwawa	1,110	1,110	1,110	1,110
Balaka	2,320	2,320	2,320	2,320
Dedza	3,685	3,725	3,685	3,799
Mchinji	3,065	3,070	3,065	3,076
Nkhotakota	1,395	1,400	1,395	1,410
Salima	1,670	1,693	1,670	1,754
Total	16,955	17,034	16,955	17,197

SFFRFM Supplied Fertiliser

Based on information provided by SFFRFM depots, 18,657 MTS of the allocated 20,000 MTS was moved into the districts and made available to farmers. The table below illustrates the district distribution against the targets SFFRFM had set themselves

DISTRICT	Target NPK	Total Deliveries NPK	Target Urea	Total Deliveries Urea
Machinga	563.90	473.00	563.90	481.30
Mangochi	1,237.15	963.20	1,237.15	970.00
Zomba	980.20	931.00	980.20	940.00
Mulanje	612.55	496.00	612.55	500.00
Thyolo	748.00	655.00	748.00	635.00
Phalombe	798.65	506.90	798.65	486.90
Blantyre	551.00	633.90	551.00	645.60
Lilongwe	1,271.20	1,285.90	1,271.20	1,624.40
Dowa	949.05	838.40	949.05	931.65
Kasungu	1,715.05	1,640.50	1,715.05	1,810.10
Ntchisi	232.50	257.50	232.50	298.15
Ntcheu	340.75	331.20	340.75	321.20
Total	10,000.00	9,012.50	10,000.00	9,644.30

ADMARC Supplied Fertiliser

Regarding the implementation of the ADMARC programme this remains somewhat of an enigma. ADMARC was given responsibility for sole distribution in Nsanje, Nkhata Bay (including Likoma) and Chitipa. This programme required the distribution of 6,240 MTS fertiliser (3,120 MTS NPK and 3,120 MTS urea). The only information available on deliveries was provided by ADMARC on 1st February and indicated the following

District	NPK	Urea	Total
Nsanje	634.30	583.10	1217.4
Nkhata Bay/Likoma	460.25	953.10	1413.35
Chitipa	1,176.60	1,329.25	2,505.85
Total	2,271.15	2,865.45	5,136.6

Clearly additional fertiliser was sent to Nkhata Bay and Chitipa as voucher collection (see below) indicates 2,142.30 MTS were distributed between Nkhata Bay and Likoma and 2, 604.55 was sent into Chitipa.

Concerning the delivery of the original 7,500 MTS this also remains something of a mystery. The only report received from ADMARC in connection with this was again given on 1st February and indicated the following deliveries:

District	NPK	UREA	Total
Machinga	403.05	88.05	491.10
Mangochi	78.00	167.10	245.10
Zomba	738.15	35.00	773.15
Mulanje	707.05	346.60	1,053.65
Thyolo	1,961.50	544.00	2,505.50
Phalombe	859.65	239.30	1,098.95
Blantyre	545.35	162.70	708.05
South	5,292.75	1,582.75	6,875.50
Lilongwe	469.60	285.40	755.00
Dowa	315.00	165.05	480.05
Kasungu	138.90	217.70	356.60
Ntchisi	76.50	122.95	199.45
Ntcheu	-	708.90	708.90
Central	1,000.00	1,500.00	2,500.00
Karonga	316.05	100.65	416.70
Rumphi	182.90	168.30	351.20
Mzimba	182.85	332.95	515.80
North	681.80	601.90	1,283.70
Total	6,974.55	3,684.65	10,659.20

Consolidating all four sources of deliveries, the following picture emerged of availability of fertiliser to farmers at district level

District	Total Required	NPK Delivered	Urea Delivered	Total Delivered
Nsanje	1,400.00	634.30	583.10	1,217.40
Chikhwawa	2,220.00	1,110.00	1,110.00	2,220.00
Neno	1,510.00	755.00	755.00	1,510.00
Mwanza	1,350.00	675.00	675.00	1,350.00
Chiradzulu	4,560.00	2,286.00	2,298.00	4,584.00
Balaka	4,640.00	2,320.00	2,320.00	4,640.00
Machinga	6,530.00	3,007.75	3,055.75	6,063.50
Mangochi	8,490.00	4,042.70	4,035.35	8,078.05
Zomba	9,260.00	4,722.45	4,640.80	9,363.25
Mulanje	6,620.00	3,025.70	2,909.15	5,934.85
Thyolo	8,790.00	4,339.55	3,595.00	7,934.55
Phalombe	5,240.00	2,586.20	2,504.30	5,090.50
Blantyre	8,180.00	4,086.30	4,175.90	8,262.20
South	68,790.00	33,590.95	32,657.35	66,248.30
Dedza	7,370.00	3,725.00	3,799.00	7,524.00
Mchinji	6,130.00	3,070.00	3,076.00	6,146.00
Nkhotakota	2,790.00	1,400.00	1,410.00	2,810.00
Salima	3,340.00	1,693.00	1,754.00	3,447.00
Lilongwe	13,880.00	7,101.00	7,333.45	14,434.45
Dowa	8,060.00	4,222.95	4,066.90	8,289.85
Kasungu	9,530.00	4,847.40	4,781.80	9,629.20
Ntchisi	4,380.00	2,299.15	2,199.75	4,498.90
Ntcheu	6,350.00	3,149.15	3,103.45	6,252.60
Central	61,830.00	31,507.65	31,524.35	63,032.00
Karonga	2,290.00	1,163.55	1,219.05	2,382.60
Rumphi	2,560.00	1,381.05	1,368.05	2,749.10
Mzimba	9,690.00	4,767.05	4,816.60	9,583.65
Nkhata Bay	2,110.00	1,022.55	1,027.55	2,050.10
Likoma	110.00	48.35	43.90	92.25
Chitipa	2,620.00	1,302.55	1,302.00	2,604.55
North	19,380.00	9,685.10	9,777.15	19,462.25
Totals	150,000.00	74,783.70	73,958.85	148,742.55

Sales of Fertiliser

Although being the last to be given approval for the distribution, the private sector was the first to return vouchers to the Logistics Unit for reimbursement with the first claim being lodged on 10th December. As previously advised six companies were involved in the exclusive distribution of fertiliser in exchange for vouchers in nine districts. The following table shows the extent of voucher returns by district against the vouchers issued.

DISTRICT	ALLOCATION	RAB	MULLI	AGOLA LTD	F/WORLD	TRANSGLOBE	ETG	DISTRICT TOTAL
		Total	Total	Total	Total	Total	Total	
Chiradzulu	91,200	0	41,714	49,980	0	0	0	91,694
Mwanza	27,000	0	0	0	0	0	26,963	26,963
Neno	30,200	0	0	0	0	17,473	12,320	29,793
Chikwawa	44,400	0	17,395	22,811	0	0	0	40,206
Balaka	92,800	0	0	42,492	0	0	49,956	92,448
Dedza	147,400	0	0	0	60,801	0	89,679	150,480
Mchinji	122,600	49,924	0	0	72,980	0	0	122,904
Nkhotakota	55,800	0	25,422	0	30,799	0	0	56,221
Salima	66,800	0	30,719	0	38,222	0	0	68,941
Total	678,200	49,924	115,250	115,283	202,802	17,473	178,918	679,650

The retailers returned some 1,974 vouchers more than had been issued for the nine districts. These were vouchers initially issued in the Shire Valley and where the prefix had been altered to show another district. The coupons were genuine and the alteration could only be identified when the bar code was scanned, a facility not available at the sales points.

SFFRFM was also involved in the sale of fertiliser in exchange for vouchers. The sales were limited to 20,000 MTS and were for predetermined amounts in predetermined districts. In the event, SFFRFM only delivered 18,657 MTS to the markets. The following table shows how many vouchers were exchanged against the targets set.

DISTRICT	SFFRFM VOUCHERS			
	TARGET	NPK	UREA	Total
Blantyre	22,040	12,934	12,890	25,824
Mulanje	24,502	9,919	10,001	19,920
Phalombe	31,946	9,738	9,738	19,476
Thyolo	29,920	13,102	12,699	25,801
Machinga	22,556	8,391	8,503	16,894
Mangochi	49,486	20,815	20,295	41,110
Zomba	39,208	18,616	18,800	37,416
Ntcheu	13,630	6,605	6,542	13,147
Lilongwe	50,848	26,456	31,521	57,977
Kasungu	68,602	32,558	35,866	68,424
Dowa	37,962	15,635	18,590	34,225
Ntchisi	9,300	5,150	6,288	11,438
Total	400,000	179,919	191,733	371,652

In addition to selling its own fertiliser, a relatively small amount of government purchased fertiliser (531MTS) was delivered to SFFRFM depots in the Northern region and subsequently distributed to farmers in exchange for vouchers. The outcome is shown in the table below:

District	deliveries (in vouchers)		Vouchers submitted	
	NPK	UREA	NPK	UREA
Mzimba	6,740	6,746	6,740	6,746
Rumphi	2,701	2,703	2,701	2,703
Karonga	1,181	1,179	1,181	1,179
Total	10,622	10,628	10,622	10,628

ADMARC was the third party involved in the distribution of fertiliser in exchange for vouchers. As previously indicated, Nsanje, Nkhata Bay and Chitipa were the three districts where it was agreed ADMARC would be the sole distributor of fertiliser in exchange for the vouchers issued. ADMARC also voluntarily took on responsibility for distribution in Likoma.

The following table shows the extent of voucher returns by district against the vouchers issued in the four districts:

DISTRICT	ADMARC FERTILISER			Total
	Allocation	NPK	UREA	
Nsanje	28,000	11,979	9,007	20,986
Nkhata Bay	42,200	20,450	20,551	41,001
Likoma	2200	967	878	1,845
Chitipa	52,400	26,051	26,040	52,091
Total	124,800	59,447	56,476	115,923

A further responsibility given to ADMARC involving the exchange of vouchers for fertiliser covered by the distribution of 7,500 MTS of fertiliser. Despite constant requests to ADMARC by interested partners for a distribution plan for this fertiliser, none was ever provided. Ultimately ADMARC claimed to have provided a total of 10,659 MTS of its own fertiliser in the markets against which 213,180 vouchers were submitted. The ADMARC claims are tabulated below.

DISTRICT	ADMARC FERTILISER		
	NPK	UREA	Total
Blantyre	10,458	2,743	13,201
Mulanje	12,018	10,379	22,397
Phalombe	19,000	8,447	27,447
Thyolo	38,354	17,712	56,066
Machinga	4,911	1,900	6,811
Mangochi	703	2,964	3,667
Zomba	14,389	1,490	15,879
Ntcheu	0	11,427	11,427
Lilongwe	8,004	5,610	13,614
Kasungu	4,371	4,312	8,683
Dowa	2,409	1,550	3,959
Ntchisi	1,052	469	1,521
Mzimba	6,629	7,700	14,329
Rumphi	3,763	4,918	8,681
Karonga	5,498	0	5,498
Total	131,559	81,621	213,180

Finally 78,700 MTS of Government acquired fertiliser were dispatched from the three SFFRFM depots to ADMARC markets for sale to farmers in exchange for vouchers. ADMARC then returned the vouchers to Logistics Unit for recording. A district analysis of fertiliser available against returned vouchers is provided below.

DISTRICT	Deliveries (in vouchers)			Vouchers		
	NPK	UREA	Total	NPK	UREA	Total
Blantyre	58,141	67,352	125,493	58,714	66,929	125,643
Mulanje	36,453	41,251	77,704	41,462	41,279	82,741
Phalombe	24,393	35,562	59,955	23,326	33,836	57,162
Thyolo	34,461	48,320	82,781	33,425	49,405	82,830
Machinga	42,634	49,728	92,362	50,777	53,524	104,301
Mangochi	60,030	57,965	117,995	60,646	58,356	119,002
Zomba	61,066	73,316	134,382	59,132	70,818	129,950
Southern	317,178	373,494	690,672	327,482	374,147	701,629
Ntcheu	56,359	41,467	97,826	56,717	45,339	102,056
Lilongwe	106,910	108,473	215,383	104,113	101,741	205,854
Kasungu	61,360	55,080	116,440	58,358	55,104	113,462
Dowa	61,391	59,404	120,795	62,737	58,546	121,283
Ntchisi	39,303	35,573	74,876	37,495	36,866	74,361
Central	325,323	299,997	625,320	319,420	297,596	617,016
Mzimba	84,944	82,927	167,871	83,102	81,738	164,840
Rumphi	21,262	21,292	42,554	19,008	17,777	36,785
Karonga	15,769	21,189	36,958	15,997	21,584	37,581
North	121,975	125,408	247,383	118,107	121,099	239,206
Total	764,476	798,899	1,563,375	765,009	792,842	1,557,851

It will be noted that in the Southern region, ADMARC submitted a greater number of vouchers for reimbursement than could be covered by the fertiliser received. Once again this is believed to be as a result of vouchers issued in the Shire Valley being submitted in the other districts. Nationally ADMARC's claims were covered by the quantity of fertiliser delivered. ADMARC has not reported any balance of Government fertiliser. Consequently it is assumed the additional fertiliser distributed in the south (517MTS) came from inter market movements.

A coordinated report of all of the above sources provides a district sales report as follows

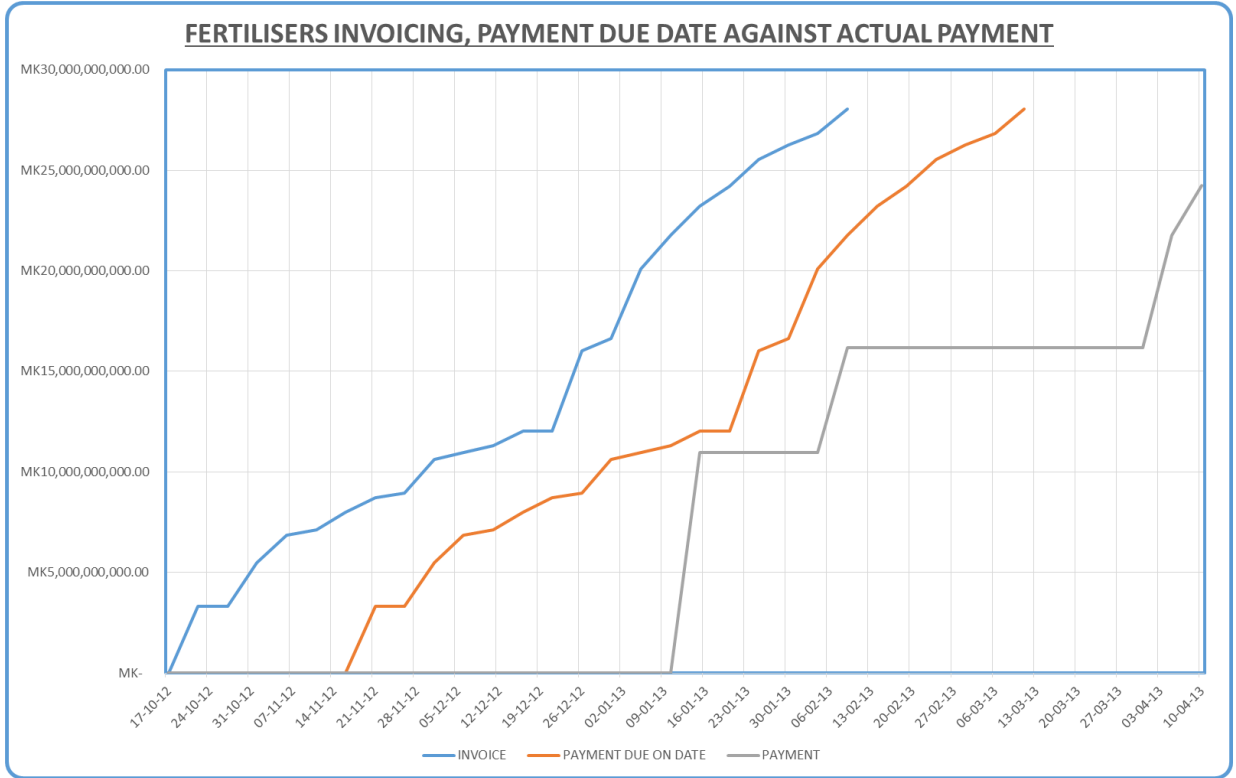
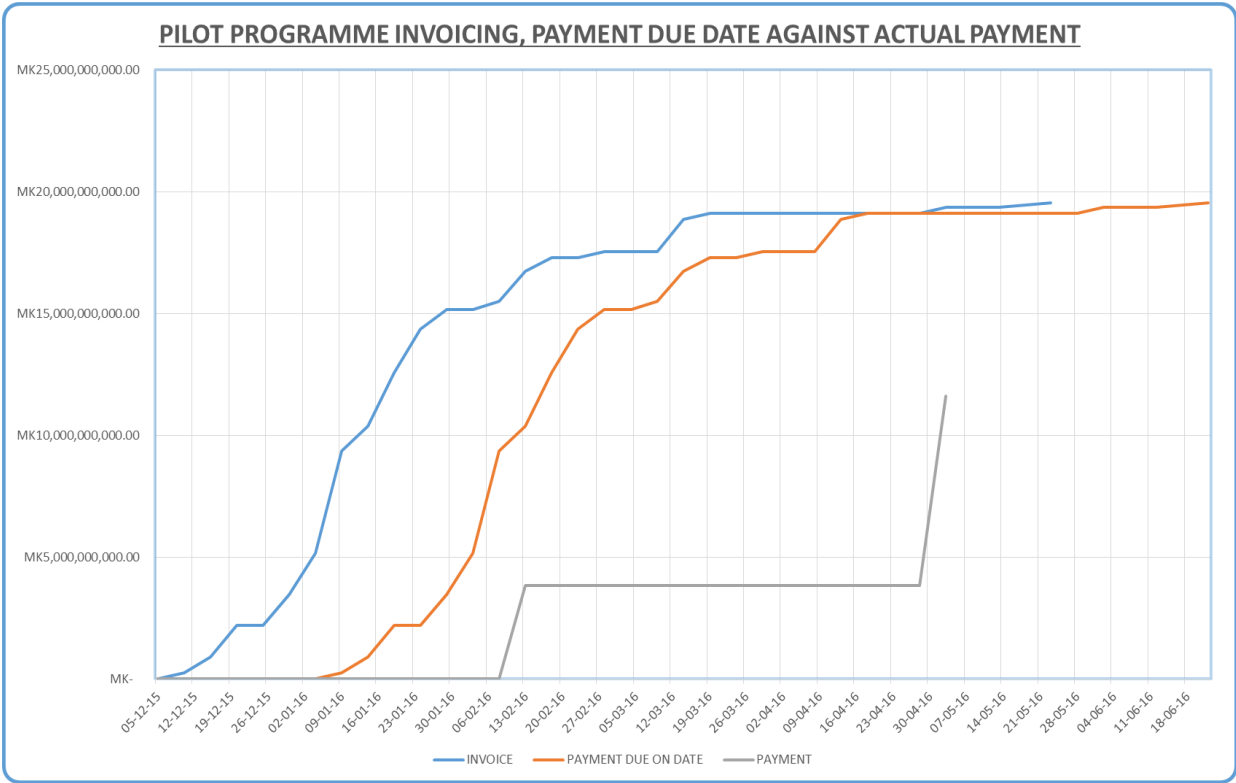
District	Vouchers issued	Available fertiliser	Vouchers submitted
Nsanje	28,000	24,348	20,990
Chikhwawa	44,400	44,400	40,232
Neno	30,200	30,200	29,793
Mwanza	27,000	27,000	26,963
Chiradzulu	91,200	91,680	91,696
Balaka	92,800	92,800	92,448
Machinga	130,600	121,270	128,006
Mangochi	169,800	161,561	163,779
Zomba	185,200	187,265	183,245
Mulanje	132,400	118,697	125,058
Thyolo	175,800	158,691	164,667
Phalombe	104,800	101,810	104,085
Blantyre	163,600	165,244	164,666
South	1,375,800	1,324,966	1,335,628
Dedza	147,400	150,480	150,480
Mchinji	122,600	122,920	122,904
Nkhotakota	55,800	56,200	56,140
Salima	66,800	68,940	68,941
Lilongwe	277,600	288,689	277,445
Dowa	161,200	165,797	159,467
Kasungu	190,600	192,584	190,569
Ntchisi	87,600	89,978	87,320
Ntcheu	127,000	125,052	126,630
Central	1,236,600	1,260,640	1,239,896
Karonga	45,800	47,652	45,439
Rumphi	51,200	54,982	50,870
Mzimba	193,800	191,673	192,655
Nkhata Bay	42,200	41,002	41,082
Likoma	2,200	1,845	1,845
Chitipa	52,400	52,091	52,091
North	387,600	389,245	383,982
Totals	3,000,000	2,974,851	2,959,506

Fertiliser Losses

Any losses incurring to the 18,657 MTS fertiliser distributed through SFFRFM sales points, ADMARC fertiliser distributed in Nsanje, Nkhata Bay, Likoma and Chitipa together with the AMARC fertiliser (allegedly 10,659MTS) distributed nationally and the fertiliser distributed in the nine districts supplied by private sector were to the account of the distributing agent and were not the concern of the project. The only report required on losses is that covering losses of Government fertiliser distributed through ADMARC sales points. This is calculated by deducting the tonnage represented by the number of vouchers returned by ADMARC from the total tonnage delivered to ADMARC sales points from SFFRFM depots less any stock balances reported by ADMARC. As previously reported, the total Government fertiliser delivered to ADMARC/SFFRFM sales points amounted to 79,231.25 MTS. Total vouchers submitted representing sales of this fertiliser numbered 1,579,101 equating to 78,955 MTS. The difference between the two figures is 266.25 MTS i.e. 0.3% of the total Government fertiliser provided. This is a negligible figure and could well be the result of spillage, damaged stock etc.

Payment for Fertiliser

Extremely tight prices were agreed for the fertiliser, both for that to be delivered to SFFRFM depots and that covered by voucher reimbursement. Payment for both types of supply were couched in Malawi kwachas although it was appreciated by all that fertiliser in Malawi is an imported commodity requiring dollars to purchase. The period over which the fertiliser was supplied witnessed a steep decline in the value of the Malawi Kwacha, a situation that was predictable. In the light of these conditions swift payment was deemed essential. Contracts for both types of supply stipulated payment within 30 days and that for fertiliser covered by voucher reimbursement specifically stated interest would be paid beyond 30 days. Regrettably Government failed once again to meet the stipulated payment requirements. In connection with the fertiliser delivered into SFFRFM depots, the first invoices were submitted on 26th October but no payment was made until 19th January. The picture for voucher reimbursement was no better. The first voucher invoices were submitted on 10th December but no payment was made until 14th February. The graphs below illustrate the present position:



Seed Programme

In previous years the seed distribution programme, mainly donor funded, had been implemented relatively smoothly, the only problem having been late payment by the Government of its financial contribution. The programme had traditionally consisted of the distribution of both

maize seed and legumes, the former having consisted of both hybrid and OPV varieties. The seed had largely been distributed without cost to the beneficiary the entire cost being absorbed by the voucher. Maize seed vouchers had been reimbursed at a standard rate irrespective of type or variety. A similar situation had pertained for legumes. The difference had been recognized by the quantity in the package with the hybrid maize being distributed in 5kg packs and OPV in 8kg packs. Legumes were in 2kg packs with the exception of soya, in a 3kg pack. Last year the standard cost of a maize seed pack was \$11 and for a legume pack, \$5.70. The only deviation had been for pigeon peas and cow peas where an additional 80 cents had been added as an incentive.

This year however, the seed programme has faced a plethora of problems. In the early stages of planning, in line with the Government's desire to increase the beneficiary financial involvement in the programme, official thinking appeared to be along the lines of issuing vouchers for the seed package with a combined value of MK 5,000, the expectation being that the farmer would contribute a further MK 2,000 to avail him/herself with a combined seed pack valued at MK 7,000. This was the view in April/May 2015.

Nothing specific was heard about the seed pack until 7th August, when the Minister of Agriculture announced that the farmer would be asked to pay MK 1,000 for a pack of maize seed and MK 500 for legumes. No mention was made about voucher value.

At a meeting on 19th August in the Ministry of Agriculture, chaired by the Minister, some flesh was put on the above proposal when it was revealed that the pack size was to be standardized at 5kgs for both OPV and hybrid and the farmer would be expected to pay MK 1,000 irrespective of his/her choice. Regarding legumes, once again the pack would be 3kgs soya, 2kgs all other legumes. No mention was made at the meeting of the voucher value.

When the above became public knowledge representations were made from various quarters to the Ministry to provide some price difference in the farmer contribution between OPV and hybrid but there was no relenting on the issue.

On 4th September, the smooth progress of the FISP seed distribution received a further blow when the donors who had previously supported the seed programme financially, announced there would be no contribution this year. The official reason given was that funds allocated for the programme had been exhausted in the previous year. Shortly after, on 11th September, Government advised the Seed Traders Association of Malawi (STAM) that there would be no seed component in this year's FISP.

This situation prevailed through September and into October but on 16th October, the Ministry announced that the decision to omit the seed package had been reversed and that Government would be providing a sum of MK 14.5 billion to fund a seed programme consisting of 5kgs maize (OPV or hybrid) and a legume programme covering 3kgs soya, 2kgs all other legumes. Farmers' contribution was to be set at MK 1,500 for seed and MK 500 for legumes. Again, no mention was made as to the specific value of the vouchers.

On 19th October, a statement attributed to the Minister of Finance appeared in the press advising that funds being made available for the seed programme would be limited to MK 9 billion.

The position became clearer on 3rd November when the Ministry of Agriculture advised STAM that the seed pack would be 5kgs for both hybrid and OPV. Legumes would be as before, namely 3kgs soya, 2kgs all other legumes. Farmers' contribution would be MK 1,500 for maize packs and MK 500 for legumes. Voucher reimbursement would be MK 4,550 for a hybrid pack and MK 3,200 for OPV. Legume vouchers would attract MK 2,800. These prices were apparently based on last year's rates for hybrid maize of \$11 and \$5.60 for legumes converted at a rate of MK 550/\$. Banks were already trading at over MK 580/\$.

On 16th November, contracts were issued to 21 seed suppliers. The contracts contained a number of errors and had to be recalled twice for editing. However finally 18 suppliers signed a contract, a significant factor of which was the limiting of the suppliers to trading in one seed type only, either hybrid or OPV. This was a cause for considerable concern to many suppliers as expectations had been that the programme would be similar to previous years when suppliers could trade in either OPV and hybrid or both and seed had been prepared for the programme on this basis.

The eighteen companies who did sign contracts were Agri- Inputs Supplies Ltd (AISL), Association of Smallholder Seed Multiplication Action group (ASSMAG), CPM Agri Enterprises, Demeter Agriculture Ltd, Funwe Farms, Mbeu Seed Investments, Mgomera Seed Co, Monsanto, National Small holder Farmers' Association of Malawi (NASFAM), Nema Seeds, Pannar Seed (MW) Ltd, Panthochi Seed Farms, Peacock Enterprises Ltd, Phindulani Seed Co, Premium Seeds, Seed Co, Seed Tech, Women in Agri Business in Sub Sahara Africa Alliance (WASSA). In the event, Nema returned no vouchers and was therefore not involved.

Of the seventeen participants, twelve were involved in maize seed supplies. These were Agri-Inputs Supplies Ltd (AISL), CPM Agri Enterprises, Demeter Agriculture Ltd, Funwe Farms, Mbeu Seed Investments, Monsanto, Pannar Seed (MW) Ltd, Panthochi Seed Farms, Peacock Enterprises Ltd, Premium Seeds, Seed Co, Seed Tech. Four of these companies, Demeter, Premium, Mbeu and Panthochi had been restricted to supplying OPV seed. The other eight had to supply only hybrid.

A table showing the voucher returns for maize seed by company and district is shown below

District	Allocation	Pannar	Monsanto	Demeter	Seed co	Funwe	SeedTech	Panthochi	MSI	AISAM	Premium	Peacock	CPM	Total	%
Blantyre	81,800	9,651	19,199	10,812	31,319	950	468	45	16	13	960	165	29	73,627	90%
Chiradzulu	45,600	4,704	10,306	5,530	18,814	1,224	233	2	0	0	294	238	134	41,479	91%
Mwanza	13,500	672	3,250	883	5,928	793	161	-	-	-	-	906	-	12,593	93%
Neno	15,100	1,671	2,924	1,433	6,649	124	1,165	-	-	-	-	200	-	14,166	94%
Mulanje	66,200	6,400	15,169	5,427	33,363	422	892	215	10	1	55	385	1	62,340	94%
Phalombe	52,400	4,342	10,069	3,786	28,771	495	456	1,098	1	-	208	1,229	-	50,455	96%
Thyolo	87,900	9,580	25,458	7,334	37,375	586	2,535	536	3	2	69	478	16	83,972	96%
Chikwawa	22,200	3,586	1,614	9,848	2,934	573	239	470	1	2	19	38	-	19,324	87%
Nsanje	14,000	1,107	1,882	2,549	4,471	670	64	677	1	-	436	500	-	12,357	88%
Balaka	46,400	3,917	10,758	9,238	9,978	4,947	185	1,361	-	1	1	2,754	-	43,140	93%
Machinga	65,300	5,034	12,773	9,420	22,865	3,991	668	4,349	-	-	58	2,697	355	62,210	95%
Mangochi	84,900	6,814	25,032	7,514	19,847	11,913	459	4,671	-	1	5	2,797	910	79,963	94%
Zomba	92,600	7,253	28,420	8,017	28,419	3,900	1,336	3,965	-	13	916	5,422	26	87,687	95%
Southern	687,900	64,731	166,854	81,791	250,733	30,588	8,861	17,389	32	33	3,021	17,809	1,471	643,313	94%
Dedza	73,700	10,100	27,089	6,563	24,739	1,196	0	0	0	89	0	1,582	0	71,358	97%
Ntcheu	63,500	13,903	16,655	9,190	7,036	6,515	1,038	20	4	101	0	5,122	0	59,584	94%
Lilongwe	138,800	21,735	50,440	5,171	57,000	1,504	0	0	12	57	0	138	6	136,063	98%
Kasungu	95,300	19,694	38,797	6,905	26,103	1,077	0	0	378	73	0	248	268	93,543	98%
Dowa	80,600	15,607	42,173	1,680	17,766	1,286	0	0	1	936	0	127	8	79,584	99%
Mchinji	61,300	9,114	22,504	3,975	23,204	804	0	0	0	17	0	368	221	60,207	98%
Ntchisi	43,800	7,426	26,359	1,458	6,954	809	0	0	22	34	0	6	1	43,069	98%
Nkhotakota	27,900	4,671	8,646	7,578	4,726	1,013	0	0	1	0	0	234	162	27,031	97%
Salima	33,400	8,935	6,227	8,305	4,802	4,122	0	0	0	2	0	64	315	32,772	98%
Central	618,300	111,185	238,890	50,825	172,330	18,326	1,038	20	418	1,309	0	7,889	981	603,211	98%
Mzimba	96,900	14,211	27,823	19,958	25,633	1,742	0	0	0	0	0	469	15	89,851	93%
Rumphi	25,600	1,436	4,237	4,396	14,022	103	0	0	0	0	0	0	0	24,194	95%
Nkhata Bay	21,100	1,685	5,424	5,005	6,242	430	0	0	0	0	0	3	23	18,812	89%
Likoma	1,100	0	0	0	1	1,054	0	0	0	0	0	0	0	1,055	96%
Chitipa	26,200	3,238	7,876	1,660	11,650	198	0	0	0	0	0	0	0	24,622	94%
Karonga	22,900	670	3,366	7,629	10,194	127	0	0	0	0	0	0	0	21,986	96%
Northern	193,800	21,240	48,726	38,648	67,742	3,654	0	0	0	0	0	472	38	180,520	93%
National	1,500,000	197,156	454,470	171,264	490,805	52,568	9,899	17,409	450	1,342	3,021	26,170	2,490	1,427,044	95%

Total tonnage distributed was 7,135 MTS of which 87% was of a hybrid variety.

Regarding legumes, all of the seventeen seed growers with the exception of Monsanto took part in the distribution programme. The table below provides the return of vouchers by company and by district:

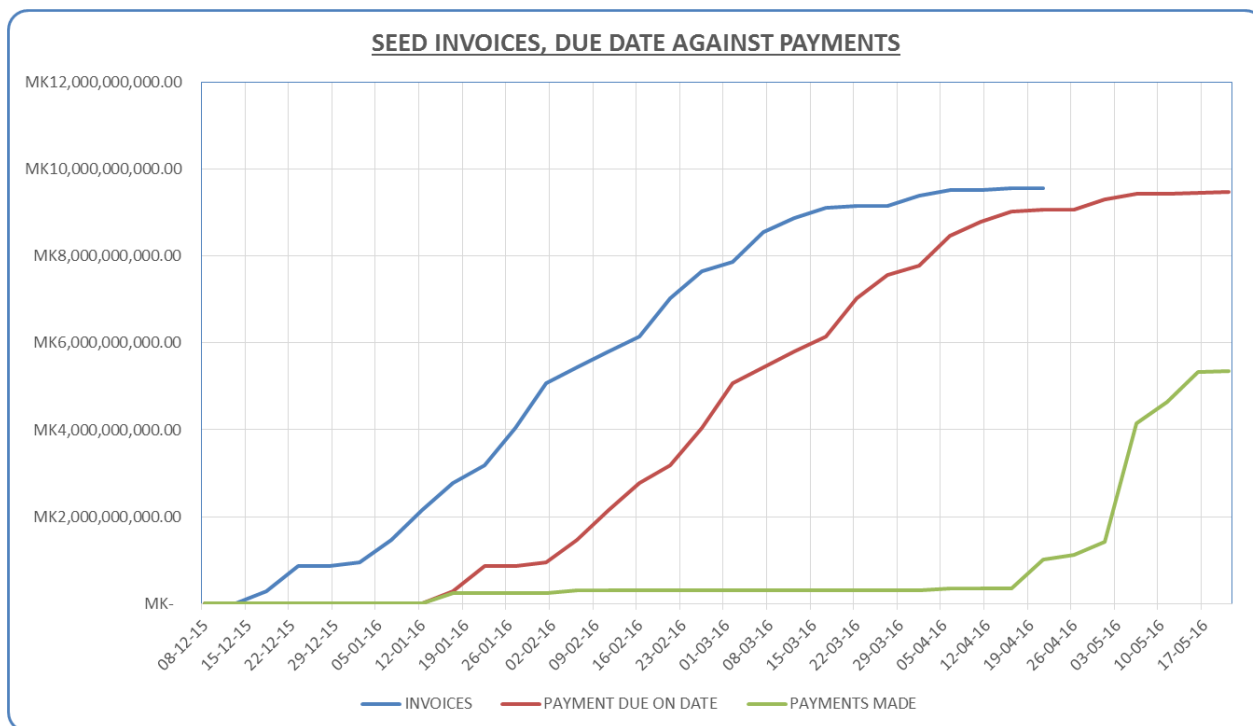
District	Allocation	Peacock	Seed Co	Nasfam	Demeter	Funwe	SeedTech	PANNAR	ALSAM	PANTHOCHI	WASAA	PINDULANI	PREMIUM	CPM	MSI	ASSMAG	MGOMMERA	Total	%
Blantyre	81,800	285	13,691	2,445	35,072	870	205	5,931	35	163	20	7,493	2,154	27	1,393	0	0	69,784	85%
Chiradzulu	45,600	515	7,262	3,997	22,137	702	51	3,556	8	125	0	1,070	648	181	232	0	0	40,484	89%
Mwanza	13,500	2,032	190	3,463	1,980	18	19	4	0	0	0	4,374	304	0	0	0	0	12,384	92%
Neno	15,100	787	2,344	690	3,441	13	380	1,477	2	0	0	2,832	167	5	59	0	0	12,197	81%
Mulanje	66,200	1,138	20,355	8,360	18,585	437	369	6,082	5	348	0	3,230	304	0	84	0	0	59,297	90%
Phalombe	52,400	47	21,165	1,622	7,596	544	155	4,679	0	1,312	0	10,018	1,056	34	67	0	0	48,295	92%
Thyolo	87,900	1,876	7,447	14,874	30,798	711	353	6,552	935	485	27	13,340	820	253	2,346	2	0	80,819	92%
Chikwawa	22,200	175	482	42	12,631	761	78	1,609	1	408	0	1,007	758	0	114	0	0	18,066	81%
Nsanje	14,000	0	646	4	4,569	1,093	53	1,836	5	167	0	1,915	1,097	18	159	0	0	11,562	83%
Balaka	46,400	5,083	958	1	15,595	4,271	66	3,515	19	1,741	81	5,569	6	0	168	0	0	37,073	80%
Machinga	65,300	631	4,455	9,930	15,662	3,554	117	2,534	0	3,198	110	13,589	1,212	614	682	0	0	56,288	86%
Mangochi	84,900	1,096	6,822	8,156	10,840	11,759	56	3,829	11	4,793	21	20,090	3,066	918	266	0	0	71,723	84%
Zomba	92,600	1,705	9,371	1,782	21,595	5,481	399	3,388	79	4,401	6	29,149	3,999	1	521	0	0	81,877	88%
South	687,900	15,370	95,188	55,366	200,501	30,214	2,301	44,992	1,100	17,141	265	113,676	15,591	2,051	6,091	2	0	599,849	87%
Dedza	73,700	1,930	16,651	3,025	24,264	619	0	9,177	9,509	0	78	998	1	0	148	362	0	66,762	91%
Ntcheu	63,500	5,187	860	1,840	17,926	5,289	507	14,677	2,220	138	10	5,960	777	59	608	0	0	56,058	88%
Lilongwe	138,800	2,053	40,957	7,903	28,214	4,533	0	19,182	12,670	0	1,880	232	1	47	3,220	2,114	694	123,700	89%
Kasungu	95,300	1,184	9,136	4,223	34,427	2,542	0	15,810	8,591	0	95	512	0	9	13,883	343	1	90,756	95%
Dowa	80,600	1,500	18,330	1,641	9,244	1,507	0	12,405	23,729	0	140	334	0	442	5,675	1,369	0	76,316	95%
Mchinji	61,300	1,586	22,813	11	14,749	1,564	0	8,941	2,409	0	817	32	0	1,769	285	0	1,674	56,650	92%
Ntchisi	43,800	162	7,140	0	7,991	538	0	8,590	11,841	0	0	215	0	34	2,772	1,804	0	41,087	94%
Nkhatakota	27,900	315	2,531	272	13,136	1,863	0	3,457	169	0	54	0	0	1,048	132	17	0	22,994	82%
Salima	33,400	235	3,113	2,329	15,876	2,498	0	4,493	840	0	68	20	0	668	151	0	0	30,291	91%
Central	618,300	14,152	121,531	21,244	165,827	20,953	507	96,732	71,978	138	3,142	8,303	779	4,076	26,874	6,009	2,369	564,614	91%
Mzimba	96,900	5,216	18,119	26	43,349	4,284	0	11,423	254	0	94	9	0	230	1,507	0	0	84,511	87%
Rumphi	25,600	23	9,584	0	8,568	76	0	2,029	0	0	0	0	0	0	0	0	0	20,280	79%
Nkhata Bay	21,100	238	5,435	0	7,961	890	0	1,374	0	0	0	0	0	118	4	0	0	16,020	76%
Likoma	1,100	0	0	0	1	1,058	0	0	0	0	0	0	0	0	0	0	0	1,059	96%
Chitipa	26,200	228	10,237	0	6,189	116	0	3,886	100	0	0	0	0	0	0	0	0	20,756	79%
Karonga	22,900	0	7,844	0	9,378	19	0	633	0	0	0	0	0	0	0	0	0	17,874	78%
North	193,800	5,705	51,219	26	75,446	6,443	0	19,345	354	0	94	9	0	348	1,511	0	0	160,500	83%
National	1,500,000	35,227	267,938	76,636	441,774	57,610	2,808	161,069	73,432	17,279	3,501	121,988	16,370	6,475	34,476	6,011	2,369	1,324,963	88%

The breakdown of the above figures to show the type of legume sold regionally is given below. Figures given are in tonnes.

Region	Pigeon Peas	Cow Peas	Beans	Soya	Ground nuts
South	154.202	22.722	568.062	171.987	340.054
Central	9.95	5.88	584.59	287.61	337.07
North	0	4.09	192.786	71.709	76.318
Total	164.15	32.70	1,345.43	531.30	753.44

Payment for Seed

As already indicated, the voucher reimbursement level included in the contracts was hardly generous. Quick payment therefore was essential. Regrettably once again the Government record on payment was far from satisfactory. The first invoices for seed were submitted on 19th December. No payment was made until 20th January at which point the Ministry of Agriculture disbursed some MK 250 million. By this point outstanding seed invoices were already in excess of MK 2.3 billion. The graph below shows invoice presentation against payment performance.



Beneficiary Selection

Since 2005, the Logistics Unit has maintained a data base containing the names by village, EPA and district of all farm families identified by the District Agricultural Development Office. In previous years the beneficiary selection process had been as follows; The Logistics Unit requested the districts to update the farm family record from the previous year’s record. The updates were returned to the Unit where, using an Access based database template, cleaning of the data to eliminate duplicates etc took place. The cleaned data was then returned to the district in Excel form for scrutiny and approval. Once the cleaned record was agreed and returned to the Unit (again in Excel format) it was entered into the database template where it became the accepted farm family record for the district for the current year. A register was then formatted by village from the database information giving all the farm family names within every village and providing the gender of the farm family head. This was exported in Excel form and forwarded to the district in hard copy and electronic form. This was then the document from which the district selected the beneficiaries based on the district allocation provided by the Ministry. On completion of the selection, the names selected were conveyed to the Logistics Unit in electronic form where the list was processed within the database to provide a register, again in Excel, and in village form. From the database containing the beneficiary information it was also possible to produce a village summary that provided a list of all villages in an EPA, a total of the vouchers to be distributed in each village and the registration numbers of the vouchers to be distributed in the village. This proved an invaluable tool for those who were charged with the physical task of distributing the vouchers to the beneficiaries.

However this year the entire system was changed apparently by the then Minister of Agriculture but with no notification to or discussion with Logistics. On 15th July when a number of districts had agreed the 2015 update of the farm family list with the Unit, the Unit contacted the Principal Secretary in the Ministry of Agriculture to obtain her agreement to send the agreed, cleaned

copies of the update in the form of registers back to the districts with a view to commencing the process of beneficiary selection. It was at this point the Principal Secretary informed the Unit that the Minister had determined that selection would be done in HQ based on a list of maize growing farmers being produced by the District Agricultural Development Officers (DADOs). She believed that the DADOs lists would be completed within a week but at that point she was uncertain as to how the actual beneficiary selection process would be conducted.

Little more was heard about beneficiary selection until 19th August when, in a meeting chaired by the Minister and attended by the Logistics Unit, the Minister confirmed that he had indeed instructed that lists of names highlighting maize growers be prepared from which beneficiaries would be selected in the MoA HQ. He asked for a briefing on progress and was informed by the Coordinating Unit that the selection process was going well and that a district selection could be completed in 5 minutes. However the Coordinating Unit also advised that lists from Karonga, Kasungu and Lilongwe ADDs were still awaited. It was also learned at that meeting that once the selection process had been completed, Logistics Unit would be given the information in Excel form and would be expected to produce the beneficiary registers.

On 1st September, having heard nothing more about beneficiary selection, LU staff went chasing selection lists at MoA HQ. There, for the first time, the Unit learned how exactly the selection process was being carried out. The entire process was Excel based. From the lists supplied by the DADOs, the IT team assigned to the job were cutting and pasting the farm family names, village by village on to a separate table. On that table they ran a shuffle formula. The IT team were aware of how many vouchers had been assigned to each village last year. The same number was applied in descending order to the shuffled list and these became the beneficiaries. At that point, the IT team stated that the selection process had been completed on two districts only.

On 15th September, the beneficiary list for the first district (Balaka) came from MoA HQ to Logistics. It immediately emerged that this list was 20,000 names short of the number (46,400) allocated to Balaka. Initial enquiry as to how such a huge discrepancy could take place revealed that the district and HQ were using different editions of Excel and that Excel form in use in HQ had failed to download the entire farm family list sent from the district.

Initially it was thought that the problem could be corrected by employing compatible forms of Excel. However the fact that the selection team were using a 2014 village summary as their reference meant that no allocation would be made for new village names that were appearing in the 2015 list. At that point the Coordinating Unit members involved recognized how essential it was that all lists from the districts be processed through the Logistics Unit's database. This would provide a cleaning process to remove duplicates and would produce a village list that was complete and up to date. A percentage figure derived from the allocation against total district population could then be applied to each village to provide the village beneficiary allocation.

Having solved the problem of the village lists, the problem of incomplete farm family lists arising from conflicting Excel formats remained. Clearly the beneficiary selection process was now well behind time. The Coordinating Unit team therefore agreed that rather than wait for an upgrade of Excel and a subsequent re-download of all the district information, use should be made of the 2015 farm family district lists that had been sent to the Logistics Unit from the districts. These had been cleaned and returned to the districts where the content had been agreed. 19 districts

in all were in this condition and these were provided to the IT beneficiary selection team to permit the beneficiary selection process to continue.

On 5th October, the first correct beneficiary selection list (Neno/Mwanza) came from MoA to Logistics Unit in order to print the registers.

As at 11th November, district lists were still coming from the MoA and the last beneficiary list was printed on 20th November. In the meantime, at least five districts had to be reprinted because of missing villages etc identified when the beneficiary registers plus village summaries have been delivered to the districts in anticipation of voucher distribution. This arose partially from misunderstandings in the districts as to what instructions to follow. The confusion that surrounded this exercise was immense and it is believed a strong case should be made for reverting to the previous practice of updating farm families and using the agreed update to select beneficiaries with the selection being done in the districts. If the Ministry wishes to use FISP as a means of boosting production through the selection of successful farmers this can be done much more accurately by introducing additional questions regarding land availability etc in the information provided by the districts when carrying out the farm family update. Additional fields would then be introduced into the data base to analyse this information.

Voucher Printing and Distribution

As in the past the vouchers were printed in UK and the cost met by DFID. However primarily as a result of changes in the seed programme, delays were experienced in the arrival of the vouchers in Malawi. Vouchers for the Southern Region arrived on 17th November and those for the Central and North on 24th November. Once in country, they were speedily dispatched to the districts for distribution to the beneficiaries as the first voucher for reimbursement was returned to the Logistics Unit on 30th November.

Final Costs

This final report is being issued before ADMARC has submitted all invoices but it is possible to predict the final cost for those elements of the project for which invoices passed through the Unit. Information on other areas of expenditure have been provided either by the Ministry or the agency involved.

Fertiliser suppliers	28,055,536,923.00
Fertiliser Vouchers	24,791,544,000.00
Maize Vouchers	5,754,398,850.00
Legume Vouchers	3,714,874,800.00
Transport	997,178,366.00
MoA operations	250,000,000.00
SFFRFM operations	420,000,000.00
ADMARC operations	399,700,000.00
Late Payment Interest claims	717,025,836.04
Sub Total	65,100,258,775.04
Less	
Farmers Contribution	5,526,853,500.00
Total Government Costs	59,573,405,275.04

The operation costs of the Logistics Unit, met by DFID, was MK 111,274,280. This is exclusive of technical assistance, the cost of which was met by the World Bank.

In addition to the costs outlined above there will undoubtedly be ongoing claims for interest costs resulting from late payments. As at publication, the present position regarding payments is outlined in the table below:

Subject	Requested	Paid	Awaiting payment
Fertiliser suppliers	28,055,536,922.50	25,193,925,154.00	2,861,611,768.50
Interest claims fertiliser	583,132,148.19	0.00	583,132,148.19
Transport	997,178,366.08	979,847,390.93	17,330,975.15
Fertiliser Vouchers	19,547,946,000.00	13,665,963,744.00	5,881,982,256.00
Interest claims Vouchers	278,659,528.91	0.00	278,659,528.91
Maize Vouchers	5,846,272,450.00	3,150,923,877.00	2,695,348,573.00
Legume Vouchers	3,714,874,800.00	2,374,034,150.00	1,340,840,650.00
Total	59,023,600,215.68	45,364,694,315.93	13,658,905,899.75

From the above it will be seen that unpaid invoices stand at around MK 13.5 billion. When paid these will likely be followed by claims for interest as a result of late payment as all of them have been with Government for more than 30 days.

Summary

- 1.5 million beneficiaries were registered
- 3 million fertiliser vouchers were distributed
- 2,959,506 fertiliser vouchers were redeemed
- 1.5 million maize seed vouchers were distributed
- 1,427,044 maize seed vouchers were redeemed
- 1.5 million legume vouchers were distributed
- 1,324,963 legume vouchers were redeemed
- 148,743 MTS fertiliser available in markets
- 147,975.30 MTS fertiliser uplifted for vouchers
- 7,135 MTS maize seed uplifted for vouchers
- 2,827 MTS legumes uplifted for vouchers
- Net Government cost of project MK 58,856,379,440
- Period of Implementation –end November- mid February

Problems

It is hoped that this section will be seen as highlighting where improvement can be made in any future programmes. Among the areas where major problems were experienced were:

- **BENEFICIARY SELECTION**
The method adopted to centrally select beneficiaries caused major delays to the process. Beneficiary selection was not completed until 20th November.
- **SEED PROGRAMME**
The seed programme was initially declared off, then on again but with seed companies restricted to the type of maize seed they could supply to the programme. These

contradicting and late decisions resulted in late voucher printing and caused undeniable damage to the seed production industry.

- **FERTILISER SUPPLY**

Contracts for the supply of fertiliser were not awarded until 11th November. As a result by 20th December, only 50% of the required fertiliser had been delivered to SFFRFM depots and completion of delivery was not accomplished until 7th February. As for sales by retailers, the firms concerned did not get the go ahead until 24th November. As a consequence fertiliser was distributed to the farmers well after the date on which it was needed.

- **ADMARC's PERFORMANCE**

With fertiliser being supplied from four different sources, dovetailing of deliveries was essential for a successful operation. ADMARC's apparent unwillingness to share information concerning deliveries etc considerably undermined the ability to achieve this success.

- **PAYMENT TO SUPPLIERS**

With the prices being paid for both seed and fertiliser being extremely tight and in the face of a declining kwacha and an overdraft rate in excess of 40%, swift payment was essential. Government once more failed to achieve this resulting in considerable damage to the agricultural sector in general.

Recommendations

The Logistics Unit does not consider itself to be other than one implementing arm of this large project. However, the Unit has now been working on FISP and other input distribution programmes for some 20 years. Consequently, the following recommendations are offered for the consideration of those designing any inputs programme not as items written in stone but as proposals for consideration as a result of that past experience.

- Revisit the FISP policy to determine if the programme is intended to address the problems of poverty or production.
- Once done, revisit the criteria for selecting beneficiaries and make full use of the farm family data base in the process, increasing both information gathering and the database fields where necessary.
- Reconsider the quantities of seed and fertiliser being issued in order that a proper match between them is achieved.
- Increase dramatically the private retailers' participation in order to speed up delivery of inputs to the farmer.
- Revert to vouchers prominently indicating the district prefixes to minimize transfer of vouchers between districts.
- Make timely payments and do so according to age of invoices to avoid claims for interest arising from late payment.
- Above all, make earlier decisions on all aspects of the programme to ensure inputs reach the farmer when most required.