



ANTI-CORRUPTION BUREAU



**REPORT ON THE MONITORING OF THE
2020/21 AFFORDABLE INPUTS PROGRAMME**

MARCH 2021



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Anti-Corruption Bureau

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Malawi

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ACRONYMS

ACB: Anti-Corruption Bureau

ADMARC: Agricultural Development and Marketing Corporation

AIP: Affordable Inputs Programme

CPA: Corrupt Practices Act

EPA: Extension Planning Area

FISP: Farm Input Subsidy Programme

IEC: Information, Education and Communication

NRB: National Registration Bureau

SFFRM: Smallholder Farmers Fertilizer Revolving Fund of Malawi

EXECUTIVE SUMMARY

The AIP is a successor of FISP that was implemented by the Malawi Government through the Ministry of Agriculture in the 2020-2021 farming season. The main goal of the AIP was to attain food security at household and national levels and reduce poverty through increased access to improved farm inputs. The Ministry of Agriculture engaged several stakeholders who played various roles to oversee the smooth implementation of the AIP and the ACB was one of them.

The ACB embarked on the monitoring of the AIP program on the onset of its implementation with three main objectives. Firstly, to deter corrupt behaviours amongst stakeholders involved in the AIP by enhancing transparency and accountability. Secondly, to increase levels of awareness on corruption and other malpractices and lastly, to investigate and prosecute AIP corruption related cases.

In order to attain the objectives, the ACB conducted monitoring and spot checks at AIP selling points, public awareness on corruption and other malpractices and investigations and prosecutions of AIP corruption related cases.

Spots checks were done to ensure that laid down procedures for the AIP implementation were followed in all selling points and see to it that farmers were redeeming their farm inputs at the government set price. ACB officers visited 308 selling points across Malawi during the AIP implementation to conduct the spots checks. In the course of conducting spot checks, the general public and community leaders were also sensitized on corruption issues that may occur at selling points and how to report alleged corruption to the ACB. IEC materials were distributed at various selling points across the country to raise awareness on the corruption and other malpractices in the form of stickers, posters and flyers. In addition, several radio programs were aired to raise awareness of Corruption issues in relation to the AIP. The ACB also received 30 AIP corruption allegation reports qualified by issues of bribery, extortion, fraud and embezzlement which were all handled successfully.

It was further observed that the AIP utilized innovations that produced positive results such setting up effective markets to ease access of inputs by the farmers. There was also a good collaboration and among all AIP stakeholders and the Ministry of Agriculture who were available at all times to provide support to the ACB. The good working relationship greatly assisted in attending to all AIP complaints. Furthermore, most selling points had inputs in stock and the process of redeeming the inputs was made easier by the use of electronic devices and national identity cards. However, the AIP process was partly frustrated by intermittent network, late delivery of inputs in some selling points, registration of multiple beneficiaries under one household, selling of AIP fertilizer to vendors among others.

The monitoring exercise conducted by the ACB will assist in serving as a bench mark upon which the Ministry of Agriculture can reflect on and draw lessons from for the smooth implementation of the AIP in the 2021-2022 farming season. The Ministry is advised to improve on the network challenges it met, sensitize ADCs and local leaders on AIP guidelines, label AIP inputs and control the

malpractice of vendors redeeming AIP Inputs as these were some of the major issues that provided a fertile ground for corruption among others. In conclusion, the ACB observed that 91% of farmers had accessed their inputs by the end of January, 2021 which is commendable. For the successful implementation of the AIP, It is essential that all stakeholders and the public in general be aware of the ills of corruption and be empowered to detect, reject and report corruption for the successful implementation of the AIP.

1.0 INTRODUCTION

- 1.1 The Anti-Corruption Bureau (ACB) is a Government Department established by law under the Corrupt Practices Act (CPA) of 1995 to be the lead institution in the fight against corruption in the country.
- 1.2 The ACB is therefore mandated in Section 10 of the CPA to take necessary measures for the prevention of corruption; receive complaints, reports or other information of any alleged or suspected corrupt offence; investigate any alleged complaint, or report; and to prosecute any offence under the CPA.
- 1.3 In pursuit of this mandate, the ACB participated in the monitoring of implementation of the 2020/21 Affordable Inputs Program (AIP) as a stakeholder.
- 1.4 This report highlights the various activities that the ACB undertook during the implementation of the AIP, observations, findings and recommendations for further improvement in the implementation of the programme.

2.0 BACKGROUND

- 2.1 Malawi's economy is predominantly agricultural with the majority of its population living in rural areas. In 2020/21 financial year, the Malawi Government introduced the Affordable Input Programme (AIP) replacing the Farm Input Subsidy Program (FISP). The AIP expanded the scope of coverage in terms of beneficiaries.
- 2.2 The goal of the programme is to attain food security at household and national levels and reduce poverty through increased access to improved farm inputs - fertilizers and certified seeds by farming smallholder households in Malawi.
- 2.3 The programme concentrated on supplying fertilizer and some cereal seed (maize, Rice, sorghum) to all smallholder farmers under the Ministry of Agriculture database.
- 2.4 Farm inputs procurement, warehousing, distribution and retailing were done by contracted companies. Government identified companies to participate in the programme through competitive bidding process. The successful companies were allocated in the Extension Planning areas (EPAs) they applied for and were allowed to sell in those areas only.
- 2.5 For effective implementation of the programme, a National Task Force Committee was established. The committee was composed of various stakeholders to monitor implementation of the programme at national level. The ACB was one of National Task Force members for the programme.

3.0 PROGRAM DESIGN

- 3.1 The programme targeted all smallholder farmers under the farming household database which is estimated at 4,279,100. The database was linked to National Registration Bureau (NRB) database.
- 3.2 The programme aimed to provide 427,910 metric tons of fertilizer (213,955 metric tons Urea and 213,955 metric tons of NPK – 23:10:5+6S+1.0Zn) and a minimum of 21,396 metric tons of cereal seed. The package per farmer is as follows:
- A 50kg bag of UREA
 - A 50kg bag of 23:10:5+6S+1.0Zn
 - Either 5kg of hybrid seed or 7kg of OPV maize seed or 7kg of rice seed or 7kg of sorghum seed
- 3.3 A farmer was paying **MK 4,495.00** for each bag of NPK or Urea and **MK 2,000.00** per pack of cereal seed. This was a drastic price adjustment from FISP in which a bag of fertilizer was being redeemed at MK15, 500.00 and a seed pack, at MK6, 000.00. The Government of Malawi therefore allocated **MK 160 billion** from the national budget in order to implement AIP.
- 3.4 The programme incorporated several stakeholders who were tasked with different responsibilities in the implementation. These included: Ministry of Agriculture, Ministry of Local Government through District Assembly structures, Ministry of Information, Ministry of Civic Education and National Unity, E-government, Ministry of Homeland Security through the Malawi Police Service and Anti-Corruption Bureau.

4.0 SCOPE OF WORK CARRIED OUT BY THE ANTI-CORRUPTION BUREAU DURING THE AIP

4.1 The Bureau's engagement in AIP had three objectives as follows;

- 4.1.1 To deter corrupt behaviours amongst stakeholders involved in the AIP by enhancing transparency and accountability.
- 4.1.2 To increase levels of awareness on corruption and other malpractices.
- 4.1.3 To investigate and prosecute AIP corruption related cases.

4.2 Overview of activities carried out

The ACB carried out various activities with funding from ACB and Ministry of Agriculture.

4.2.1 Monitoring and spot checks of AIP selling points

The ACB conducted monitoring exercises and spot-checks in various selling points. The purposes of this activity were to ensure that all laid down procedures for the programme were followed; enhance transparency and accountability; and ensure that beneficiaries were redeeming affordable inputs at the government recommended prices.

The methodology used to achieve this objective was through field work where ACB officers visited selling points in various Districts across Malawi. Data was collected using a monitoring tool which was developed in line with the AIP guidelines for implementation. Data was collected from various stakeholders including, suppliers, beneficiaries, community leaders and law enforcement officers. The ACB visited **308** selling points between November, 2020 and January, 2021. Appendices 2A, 2B and 2C show the selling outlets that were visited.

4.2.2 Public awareness on corruption and other malpractices

The ACB conducted public awareness meetings at community level especially at selling points and other public awareness activities using different platforms. The aim was to sensitise the general public on corrupt practises in the programme and how to report it to the ACB.

The methodology used under this objective was as follows:

- a) Field work: ACB visited various selling points at community level sensitizing people on how to detect and report corruption.
- b) Use of Information Education and Communication (IEC) materials: the ACB distributed IEC materials across Malawi. Such materials included posters, stickers and flyers where information about how to detect corruption and where to report was contained.
- c) Radio programs: ACB carried out several programs on various national and community radios sensitizing people on corruption.



An ACB officer sensitizing people

4.2.3 Investigations and prosecution of AIP corruption related cases

The ACB received 30 AIP related allegations between November and December, 2020. The allegations bordered on issues of:

- a) Bribery: sellers demanding bribes from beneficiaries in order for them to access the inputs.
- b) Extortion: Sellers demanding more than the gazetted price of inputs.
- c) Fraud: Inflation of prices of inputs, vendors posing as beneficiaries, people using someone else's ID.
- d) Theft / embezzlement: Selling of underweight bags.
- e) Other malpractices causing chaos at selling points.

The ACB had a rapid response team to respond to the AIP allegations contemporaneously. All allegations received were acted on (refer to table 1 below). Investigations were carried out on issues reported and once corruption was ascertained to have taken place these cases were further prosecuted. The ACB partnered with Malawi Police Services in a number of these cases in investigations and prosecution.

In instances where it was established that the allegations could be resolved administratively, the ACB restored order and allowed the beneficiaries to continue accessing the inputs without disruption.

Description	Number
Complaints Received	29
Complaints authorised for Investigation	3
Completed Investigations	3
Prosecuted	3
Investigations under way	0
Number of Complaints where the Bureau went directly on ground to restore order.	26

5.0 KEY OBSERVATIONS AND FINDINGS.

From the data that the ACB collected on the ground, and in line with the goal of the program, it was observed that by end of January, 2021, over 91% of the beneficiaries had accessed the farm inputs. Notwithstanding, the ACB made observations on how the program was implemented and these have been categorized into two areas: (i) Areas where the program used positive innovations and produced positive results (ii) Areas that need further improvement.

5.1 Innovations that produced positive results

5.1.1 Effective Market Set-up System: There were many markets (selling points) that were opened for easy access of the inputs. However, there were some areas where farmers had to travel long distances to access the inputs. This observation was made in Dowa and Mzimba; this was mainly because some of the suppliers who were given contracts to supply the inputs were not able to do so.

5.1.2 Good Collaboration for AIP Task Force Members: There was good collaboration between the Ministry of Agriculture, Anti-Corruption Bureau, Malawi Police Service and other stakeholders who worked on the ground and shared information for best practices. The collaboration provided quick redress on issues that arose during the implementation of the programme such as selling clerks demanding extra money from farmers, presence of vendors in selling points, absence of suppliers in some areas, poor network etc.

5.1.3 Promptness in attending to AIP complaints: The ACB, the Ministry of Agriculture and the Malawi Police were prompt in attending to AIP complaints. For instance, the Bureau quickly made follow-ups to complaints and visited the concerned places to restore order. The same applied to some suppliers who undertook quick disciplinary measures on staff members who did not adhere to agreed systems and procedures of the programme.

5.1.4 Availability of inputs: Most selling points had inputs. However other selling points could have only one type of fertilizer, this caused commotion, misunderstandings and disorder.

5.1.5 Use of electronic devices to redeem inputs: The use of electronic devices to redeem inputs helped to prevent the presence of "fake coupons" which was a serious problem during FISP.

5.1.6 Use of National Identity cards: The use of Identity cards ensured that the rightful beneficiaries accessed the inputs. However, because of literacy levels in the communities, there were challenges in understanding the need of not giving one's Identity card to another person.

5.2 Challenges encountered and areas in need of further improvement

5.2.1 Intermittent network connectivity: This was a serious problem in in most of the selling points more especially the first four weeks of implementation. In some areas, beneficiaries spent a good number of days and at times, even weeks without accessing the inputs. In some cases, the beneficiaries spent their nights at the selling places waiting for the network to be restored. Additionally, some markets, especially in the first weeks, were using cell phones which were unable to run the AIP application and some sales' clerks were not properly oriented on how to use the devices.

In some areas, because of the intermittent network connectivity, some selling clerks were collecting many IDs from farmers to process them at night when network improved. This practice created conducive environment for selling clerks to sell fertilizer to vendors. Worse still some farmers lost their IDs in the process and failed to access the commodities.



Women in Kanengo, Lilongwe rest under a tree after days of waiting for inputs

5.2.2 Registration of beneficiaries from the same household: There were several instances of a number of beneficiaries from one household. This was noted in all the districts visited. This was against the recommended procedures that only one beneficiary should be identified per household. The Bureau uncovered cases where husband, wife and children from one household were registered as beneficiaries.

Also related to this, some undeserving beneficiaries (well to do people that can afford to buy fertilizer on their own) were registered especially in semi-urban areas.

5.2.3 Late Delivery of Inputs: There was late delivery of inputs in some areas which made the beneficiaries not to access inputs in good time for them to use in the field.

5.2.4 Intermittent Supply of One Type of Fertilizer: There was intermittent supply of inputs especially fertilizer. In most cases, there was only one type of fertilizer at the markets.

This was a cause of congestion in the selling points as people who had accessed one type of fertilizer could linger on waiting for the other type.



Common scenes observed in most selling points; only one type of fertilizer available at the market

5.2.5 Missing of inputs in IDs: Some beneficiaries listed on the AIP Beneficiary List could not find inputs in their cards. There were other cases when the beneficiaries who had redeemed seed or one type of fertilizer could not find the other type of fertilizer when they tried to redeem it.

5.2.6 Corrupt selling clerks: Some selling clerks were demanding extra money from farmers in order to sell them inputs. This malpractice made some farmers to pay more than the recommended government set price. In some areas, the beneficiaries who could not afford to pay the demanded extra money were failing to redeem the inputs -hence defeating the purpose of the program.

5.2.7 Selling of AIP fertilizer as commercial fertilizer to vendors: Some selling clerks were selling AIP fertilizer to vendors pretending as if they were selling commercial fertilizer. In these cases, the vendors paid the beneficiaries an agreed amount of money in order to access their IDs. Thereafter, they were conniving with selling clerks to redeem fertilizer using the IDs.

5.2.8 Late engagement of government suppliers: The program saw private suppliers being on the ground earlier than Government suppliers namely ADMARC and SFFRFM. This is because they were waiting for funding from Government. This created a problem especially in the remote areas where some private suppliers were shunning to operate.

5.2.9 Lack of governance aspect in the initial planning and conception phase: The program did not include a governance aspect in its planning phase and neither did it involve governance institutions like ACB during planning i.e. when coming up with program guidelines and implementation framework. This meant that crucial risk assessments were missed from the planning phase which would have been crucial in mitigating some of the challenges highlighted.

5.2.10 Awareness campaigns of the AIP were not robust enough: It was observed that a majority of the community members and beneficiaries did not understand how the program was being implemented. This was observed through the complaints which were being made some of which were bordering on misunderstanding of the program implementation.

5.2.11 Lack of training for sales clerks: It was observed that some sales clerks could miss simple guidelines for implementation because they were not properly trained and oriented.

5.2.12 Failure of some suppliers to fulfil their contracts: Some suppliers who had been awarded contracts failed even to go on the ground. This caused a strain on suppliers who were on the ground and some of them were over stretched. This resulted in some areas having fewer selling points than anticipated thereby causing beneficiaries to travel long distances to access the inputs. This also resulted in congestion in some selling points.



Congestion was observed in most selling points

6.0 RECOMMENDATIONS

The Bureau would like to make the following recommendations on some issues encountered in the implementation of the AIP for further improvement of the program.

- 6.1 The Ministry of Agriculture should engage IT experts to find mechanisms on how to improve the network even in remote areas.
- 6.2 The Ministry of Agriculture should ensure that bags for AIP inputs are labelled because this is very crucial in order to differentiate AIP fertilizer with commercial fertilizer to avoid cases where AIP fertilizer is being sold to vendors on pretext that it is for commercial selling.
- 6.3 The Ministry of Agriculture should consider opening many selling points so that people should not travel long distances to buy the AIP inputs.
- 6.4 The Ministry of Agriculture should consider developing TORs for Area Development Committees in the Programme, and sensitising them on the same to ensure orderliness in the sale points.
- 6.5 The Ministry of Agriculture should consider engaging input suppliers in good time to avoid delay in supplying the inputs.
- 6.6 The Bureau in collaboration with Ministry of Agriculture should timely produce and distribute IEC materials carrying messages on anti-corruption and price of inputs and increase radio public awareness programs.
- 6.7 The Bureau in collaboration with AIP Coordination Unit should be conducting orientation programmes targeting supervisors for the selling clerks from various companies on corruption and fraud practices and general program implementation.
- 6.8 The Ministry of Agriculture should ensure that the program includes governance aspect and governance institutions should be involved from the beginning of the planning phase.
- 6.9 Government through Treasury should ensure that Government entities are given funding in time for proper implementation of the program.
- 6.10 The Ministry of Agriculture should consider database cleaning in order to detect, correct (remove) corrupt or inaccurate records from their database thereby avoiding registration of many beneficiaries from the same household and underserving people.
- 6.11 The Ministry of Agriculture in corroboration with Public Procurement and Disposal of Assets Authority and ACB should vet suppliers, ensuring that all suppliers who do not have capacity are not awarded contracts.
- 6.12 There has to be a robust monitoring and evaluation mechanism in all phases of the program from planning phase. As for 2020/21 AIP there is need to conduct an independent evaluation exercise in order to ascertain whether the MK 160 billion spent on the program was value for money.
- 6.13 The ministry should come up with a standardised way on how selling clerks should handle IDs in times of network failure to avoid the scenarios where the clerks were collecting so many IDs from farmers and lost some of them.

7.0 CONCLUSION

The AIP is a very important program for the people of Malawi. If properly implemented, it has the potential to make Malawi attain food security at household and national levels and reduce poverty through increased access to improved farm inputs. It is for this reason that a proper implementation of this program is imperative. The ACB will continue to offer technical support to this program so as to ensure that the program is void of corruption. The ACB therefore implores upon the Ministry of Agriculture to implement recommendations contained in this report for the improvement of the program. The ACB will monitor in accordance to its mandate, in order to ensure that the recommendations are being acted upon.



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