



**REPUBLIC OF MALAWI**

**NATIONAL ADDRESS**

**BY**

**HIS EXCELLENCY**

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**PRESIDENT OF THE REPUBLIC OF MALAWI**

**ON THE STATUS OF THE AFFORDABLE INPUTS PROGRAMME**

**KAMUZU PALACE**

**TUESDAY, 25<sup>TH</sup> OCTOBER 2022**

**Fellow Malawians,**

**I come before you to inform you that in exercise of the powers vested in me by Section 89 of the Constitution, I have relieved the Minister of Agriculture and his deputy of their posts in my cabinet with immediate effect.**

**There are serious problems in the agricultural sector that need to be fixed as a matter of urgency, in the face of which the food security of the country has been left in grave jeopardy. Even though there is still time to resolve the problems, there is simply no way this can be done by the same careless leadership that has failed to fulfil its mandate over the sector, a sector that is the backbone of our economy and the bread basket of millions of Malawians.**

**As you will all recall, over six months ago, at the very start of the financial year, I publicly instructed officials from the Ministry of Agriculture to ensure that all arrangements for the distribution of fertilizer under this year's Affordable Inputs Programme were in place no**

**later than September. They have failed to do this, and it is a failure I consider to be completely unacceptable.**

**Additionally, our internal inquiries into the causes of this failure have revealed a disturbing litany of bad decisions that smack of incompetence and gross negligence. To begin with, the findings reveal that the Ministry, through Smallholder Farmers Fertilizer Revolving Fund, engaged a British company as an agent to secure fertilizer from a manufacturer without conducting the necessary financial, business, anti-money laundering and legal due diligence to ensure the company's credibility and capacity. Secondly, the Fund proceeded to pay this company an agency fee of 725,000 US Dollars in two installments, one installment payed on the 13<sup>th</sup> of May amounting to 181,250 US Dollars and another payed on the 14<sup>th</sup> of June amounting to 543,750 US Dollars, all without any credible evidence that this company had any credibility or capacity to secure fertilizer. Thirdly, at the request of the company, Smallholder Farmers Fertilizer Revolving Fund made the two payments into two separate accounts in two different countries outside the United Kingdom, and yet**

**they proceeded to effect this suspicious method of payment without question. Fourthly, both the contract with and payment to the company were done without following proper procurement procedures, as neither the Public Procurement and Disposal of Assets Authority (PPDA), nor the Government Contracting Unity (GCU), nor the Anti-Corruption Bureau (ACB) were engaged to properly vet the process as required by law.**

**Considering that the volumes of fertilizer the Ministry was tasked to procure would be large and worth millions of dollars, a team of officials was dispatched to the United Kingdom to determine the company's credibility and capacity to deliver the product, and it is from that mission that the Ministry's error in judgement and blatant disregard of procedures became apparent, as the suppliers' capacity turned out to be without merit. In view of all this, we identified three issues that needed to be addressed urgently. The first issue was the termination of the contract, which was done. The second was the recovery of the two payments amounting to 725,000 dollars made to two separate accounts in two different countries, which I instructed the office of the**

**Attorney General to pursue. The latest on that pursuit is that one country's central bank has agreed to facilitate the return of the first payment and has already received from us the necessary documents to do so. Similarly, the receiving bank of the second payment has frozen the funds and is processing the documents we have submitted for the funds to be transferred back to Malawi.**

**I know that there is a Member of Parliament in the Parliamentary Committee on Agriculture who has publicly told the country that the amount paid is 30 billion and that this money has been stolen, which is simply false. And I know that this lie has created a lot of anger and fear about whether funds for AIP are still secure, which is understandable. The truth is that once these processes we have initiated with the authorities in the two countries are complete, the 725,000 dollars that was paid illegally as an agency fee will be recovered in full, and the Treasury will issue a public notice to inform you of the same.**

**But the third and greatest matter of urgency following the Ministry's failures is the need to rescue this year's**

**AIP and deliver the needed fertilizer to the millions of farmers around the country in time for the upcoming planting season. Towards that end, in the second week of September, I convened an emergency cabinet meeting to tackle this matter, and formed a Cabinet Committee chaired by Hon. Sam Kawale, the Minister of Lands, to oversee the emergency procurement of fertilizer for this year's AIP. In the six weeks that have passed since its formation, the Committee has engaged the relevant and necessary stakeholders both here and abroad to ensure the delivery of the fertilizers we need as a country.**

**Since we are in an emergency situation, the Committee was given the mandate to use all means necessary to secure the necessary volumes of fertilizers, including identifying fertilizers already in the custody of local suppliers, though our standing policy generally and going forward is to procure the product directly from manufacturers. So far, 35,000MT of NPK and 31,727MT of Urea are available in Malawi, and the financing for this is in place and the letters of credit are being issued. Another 7,000MT of NPK and financing for it has been secured, which will be on its way from Beira,**

**Mozambique as soon as the transaction is completed. Similarly, another 51,500MT of NPK has been identified abroad, and financing options and procurement procedures are being pursued so that the product can be dispatched to Malawi. Lastly, 31,500MT of Urea has also been secured from abroad, 13,500 of which already started arriving in Malawi, while most of the remainder has already been delivered at the port in Beira to be transported to Malawi.**

**All of this means four things. First, it means there is an urgent need for the arrangements for the delivery and distribution of these consignments to be completed with speed. Secondly, it means that there is an urgent need for the small shortfall in fertilizer supply to be covered. Thirdly, it means there is an urgent need for a review of the competency of those who run our public agricultural institutions, including those at ADMARC, at Smallholder Farmers Fertilizer Revolving Fund, at Greenbelt Authority, and at National Food Reserve Agency, where we have already identified levels of incompetence, negligence, and corruption we are already in the course of rooting out. Fourthly and crucially, it means that**

**there is an urgent need for radical reforms to the AIP itself to improve its efficiency and protect it from careless acts of negligence, corruption, incompetence, and wastage. Some of these necessary reforms include:**

- 1. Better targeting of beneficiaries to distinguish those who have the capacity for the kind of food production that will achieve food security through high yields and boost the economy from those whose food security should be achieved through an equally targeted social protection programme;**
- 2. Using the cooperatives and farming clubs we have been building to identify those with capacity for commercial farming to graduate them from the AIP to the Agricultural Commercialization Project (AGCOM), whose resource envelop will be tripled in the new year to grant such farmers greater access to the funding they need to flourish and deliver on our vision of developing mega farms;**
- 3. Streamlining various subsidy programmes and social protection programmes under one Consolidated National Safety Net that ensures that all 4 million households that need Government assistance are served by different interventions**



**tailored to their needs and capacity instead of lumping everyone under AIP when we now have two years of evidence that AIP is not the best solution for everyone, and this streamlining is achievable using technology, a Unified Beneficiary Register, and National IDs;**

**4. Policing AIP expenditure with discipline to keep it within its 109 billion kwacha budget allocation instead of blowing it up further as the Smallholder Farmers Fertilizer Revolving Fund has wrongly tried to do in today's papers by offering contracts to fertilizer suppliers that would cost nearly twice as much;**

**5. Starting the procurement of fertilizer for next year by placing production orders directly to manufacturer early in the financial year to ensure timely delivery of this critical commodity to our hardworking farmers by people who know how to do the job instead of people who just want the job but don't know how to do it;**

**6. Determining the price at which qualified citizens access subsidized fertilizer on a year-by-year basis based on market forces that affect supply and**

**demand, for we have seen that in a world where prices have skyrocketed everywhere because of Covid-19 pandemic and war, it is not realistic to set the buying price of subsidized fertilizer indefinitely the way we did in the face of the advantages we had 2019, which have since been eroded by harsh global realities beyond our control; and**

**7. Monitoring the progress of those farmers who qualify for AIP support from year to year to ensure that there are graduation points for everyone as they prosper, instead of keeping farmers in a perpetual state of dependency, which defeats the Malawi 2063 vision of moving Malawians away from poverty and towards self-reliance.**

**Admittedly, this new and reformed AIP, this AIP 2.0, if you will, is not the same kind of AIP we started with two years ago. But it is a better and improved AIP, an innovative AIP for the 21<sup>st</sup> Century, and though there may be pain and glitches in the transition from the current AIP, I believe we will all eventually be proud as a nation for leading the way in designing a programme**

**that truly makes a difference, not just one that makes for popular politics.**

**One proof that a new and more effective AIP is needed urgently is the fact that despite the successful distribution of subsidized fertilizer to millions in 2020 and in 2021, there are still 3.8 million Malawians who are food insecure in 2022. We need to have a better solution for such citizens rather than condemning them to a life of dependency on a programme that is not suited for them. This is why recently my Administration pursued the creation of better interventions to help such households, which has already resulted in the securing of emergency funding amounting to 50 million US Dollars, which will be used by Government to reclaim and redeem the ADMARC maize that is being held as collateral by local banks, and so Government will have that maize available for distribution to the millions who need maize relief because their fields did not do well.**

**As you can see, what I have outlined is a vision for the transformation of the agricultural sector, and we have already secured the support of our international**

**partners to make it succeed. But even with the support of our partners, the vision needs new leadership over the agricultural sector to drive it, the kind of political leadership that can deliver results with integrity and speed. For this reason, I have appointed Hon. Sam Kawale, the current chair of the Cabinet Committee on AIP, as the new Minister of Agriculture with immediate effect, so that he may continue the good work he has already begun.**

**And speaking of Cabinet, I want to make it clear that I will be announcing other changes in due course, because the time for keeping people as Ministers without any noticeable contribution or difference they are making to my efforts to transform Government performance in delivering better public services to Malawians is past. The time for keeping people as Ministers who allow incompetence, corruption, and wastage to happen on their watch simply because the people doing it are their friends or members of their parties or alliance partners is past. So my message to everyone I have appointed so far is this: Malawians deserve results, and they elected me to deliver those results, and I will see to it that those**

**results are delivered with or without you, because I am not here to serve a party, or a Minister, or an alliance. I am here to serve Malawians. And I will do so no matter who tries to spread lies about me, no matter who tries to tarnish my image by using my name to advance their corrupt agenda, and no matter who tries to intimidate me by colluding with corrupt individuals to sponsor demonstrations. And I know that our efforts will succeed, because most Malawians know that we will deliver, and most Malawians know that God is with us.**

**Thank you for your attention.**