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DATE: July 24, 1990

REPLY TO USAID/Malawi  
ATTN OF: Project Implementation and Development (PID) Office

SUBJECT: Program Closeout Report: Title II (Trilateral Swap)  
Agricultural Commodity Foreign Donation Agreement  
for Malawi Emergency Drought Relief and Refugee Feeding,  
dated November 6, 1987

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**MALAWI  
PROGRAM CLOSE-OUT REPORT**

Program Title: Title II (Trilateral Swap) United States  
Government Agricultural Commodity  
Foreign Donation Agreement for Malawi  
Emergency Drought Relief and Refugee  
Feeding

Date of Agreement: November 6, 1987

Signatories: The Government of the United States of  
America

The Government of the Republic of Malawi

The Government of Zimbabwe

Commodities/Tonnage: 27,600 MT wheat (to Zimbabwe) for 27,600  
MT white maize (to Malawi)

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## I. PROGRAM DESCRIPTION

### Purpose

To import 27,600 MT of white maize to Malawi from Zimbabwe under a tripartite agreement to feed approximately 650,000 Mozambican refugees and 750,000 Malawians affected by drought and mealy bug infestation.

### Plan

The white maize was obtained by the U.S. Agency for International Development (USAID) from the Government of Zimbabwe (GOZ) in Harare by a Barter Agreement in which the U.S. Government would transfer and deliver U.S. wheat to GOZ in exchange for Zimbabwe white maize delivered to the Government of Malawi.

The Grain and Milling Co., Ltd. (GMC) had responsibility for accepting the portion of the 27,600 MT of maize to be milled for the refugees provided under the terms of the agreement. Whole maize was delivered to ADMARC for the Malawian recipients. GMC and KK Millers in Limbe and Lilongwe milled the maize meal. The maize meal was distributed by the World Food Program (WFP) through the Malawi Red Cross and League of Red Cross for feeding the Mozambican displaced persons. Whole grain maize was distributed by the GOM for feeding the Malawian victims of drought and mealy bug infestation. Total beneficiaries of the agreement were approximately 1,400,000.

### Implementation and Accomplishments

A total of 27,514 MT of wheat arrived Port of Durban consigned to the Grain Marketing Board of Zimbabwe acting as representatives for GOZ. GMB/Zimbabwe uplifted, bagged and railed the wheat to GOZ in Harare. In exchange, 18,579 MT of maize was shipped from Harare to Malawi arriving in Blantyre by way of Murewa and distributed to the millers and the Malawi Government storage facilities, ADMARC. A further 8,995 MT maize arrived in Lilongwe by way of Karoi and was distributed to the millers and the Malawi Government storage facilities, ADMARC. These uplifts made a total of 27,574 MT of maize arriving in Malawi due to the tripartite agreement. The total net metric tonnage of maize delivered to Malawi, although apparently 60 tons in excess of the agreed exchange value, was a function of the total amount of bulk wheat delivered at Port of Durban.

A total of 16,852 MT was milled in Limbe and Lilongwe by both GMC and KK Millers and distributed to Mozambican refugees. 8,573 MT, mostly whole grain, was distributed to the Malawians in the mealy bug affected Lake Shore Region and drought affected areas in the Shire Valley by GOM through the Office of the President and Cabinet (OPC).

Grain and Milling Co. and KK Millers were paid 1,917 MT grain as in kind payment for milling costs. In-country transportation, storage, and distribution losses totalled 258 MT.

By September 1988, 16,852 MT of milled maize was distributed by WFP to approximately 400,000 refugees in a timely manner. The GOM began their feeding program by milling the maize for the Malawians but finally had to distribute whole grain to affected Malawians due to these reasons: (1) storage capacity; (2) confusion at millers concerning milled maize distribution; and (3) ready acceptance by beneficiaries of whole maize. The GOM also halted free distribution of maize to affected Malawians in June 1988 when the harvest from crop year 87/88 was completed. Distributions finally commenced again in late March 1989 and were completed in August 1989. The feeding program, the first tripartite agreement in Malawi between the USG, GOZ and GOM, was effective. It accomplished the purpose of importing white maize from Zimbabwe to Malawi and distributing the maize to approximately 650,000 Mozambican refugees and approximately 750,000 disaster-stricken Malawians.

Transit and in-country losses were considered reasonable and were consistent with other donor experiences in Malawi. Transport of the maize from Zimbabwe to Malawi experienced some difficulties initially due to lack of good communications; routes had to be worked out; transport organized; coordination and communication developed. All uplifts were handled by MITCO. At present the transportation system works efficiently with few of the original problems being experienced.

GOM distribution of maize to the refugee population also encountered some problems in the beginning. Storage at the District level was inadequate; specifically in Chikwawa and Dedza. Storage and reporting procedures at ADMARC facilities created a number of difficulties (e.g., improper stacking created problems for inventory checks; staff often just recorded the number of bags with rarely an indication of the donor; ADMARC rural markets rarely keep records of maize received and stored). Observations of these problems by USAID, WFP and UNHCR were brought to the attention of the GOM and measures were taken to rectify the situation. At present the storage facilities have significantly improved; new facilities have been constructed at Dedza and Chikwawa. Reporting is tighter at the district level. The GOM also halted distribution to the Malawians for almost a year. For the first three months the reason was the availability of maize due to the Malawi maize crop of 87/88; the remaining four months there was a shortage of MOT transportation funds.

Due to a difference in calculating the market price of maize between Zimbabwe and Malawi (USAID calculations were based on actual real costs while GMC was using a subsidized rate.), the original payment in kind to meet milling costs for the refugees was insufficient. An additional monetary payment was agreed upon of MK288,560, paid to the millers by UNHCR.

## II. SHIPPING (N/A)

## III. INLAND TRANSPORTATION

Means: Road

Loading/Entry Points: Murewa, Zimbabwe, through Tete Corridor in truck convoy to Limbe, Malawi; point of entry in Malawi: Mwanza.

Karoi, Zimbabwe, through Lusaka, Zambia in truck to Lilongwe, Malawi; point of entry in Malawi: Mchinji.

Consignee/Agent: Grain & Milling Co. Ltd. and ADMARC; MITCO

Surveys: Loading and off-loading surveys were conducted by Societe Generale de Surveillance (SGS) who appointed AMI/Malawi. Surveys were carried out for:

- Milled maize from millers in Limbe and Lilongwe (destined for Mozambican refugees), despatched in truck by WFP through the Malawi Red Cross and League of Red Cross to distribution points.
- Whole maize for Malawians stored at ADMARC depots for GOM truck transport to affected areas.

The uplifting of the entire shipment of 27,574 MT took from November 7, 1987 to March 30, 1988. (Note: There was a hold-up in uplifting the maize from December to March due to retention of the final 1,000 MT by the GMB while they awaited the final delivery of the U.S wheat from Durban.

**Costs:** Letter of Agreement between USG and GOZ obligated US \$2,084,000 for the transportation of maize from Zimbabwe to Malawi to be paid to transporters. WFP was responsible for transport cost of milled maize to refugees. OPC was responsible for transport cost of whole maize to Malawians.

Consignment notes used in all land transactions; retained by MITCO.

#### IV. PROCESSING

**Milling/Agents:** Grain and Milling Co. (GMC), consignees for the maize to be milled for the Mozambican refugees, milled 13,010 MT. KK Millers, brought into the agreement to mill maize due to overloads at Grain and Milling Co., milled 3,842 MT of maize.

**Financial Arrangement:** GMC and KK Millers received payment in kind of 1,917 MT of maize, however, this proved to be inadequate due to an underestimated market price. An additional cash payment of MK288,560 was provided to cover milling costs.

#### V. DISTRIBUTION

##### Malawi Disaster Relief Program

**Who:** 750,000 Malawians

**What:** 8,573 MT whole white maize

**Where:** Distributed to districts of Bangula, Chikwawa, Nsanje, Nkhotakota, Dedza, Salima, Karonga, Mzuzu, Rumphu, Nkhata Bay and Zomba.

**When:** Between November 1987 - August 1989. A suspension of relief activities by GOM took place between June 1988 - March 1989.

**How:** Distributed and coordinated by OPC for the GOM; trucked to ADMARC warehouses; trucked to local distribution areas.

**Reporting:** OPC, Regional Administrators, District Commissioners

## Mozambican Refugee Program

**Who:** 400,000 Mozambican refugees

**What:** 16,852 MT milled white maize

**Where:** Distributed at refugee camps located in Lilongwe, Dedza, Ntcheu, Mchinji, Mulanje, Chikwawa, and Nsanje.

**When:** Between November 1987 - August 1988

**How:** Distributed and coordinated by WFP through the Malawi Red Cross; trucked from the millers to district level storage; trucked from storage to camp distribution sites.

**Reporting:** WFP, Malawi Red Cross, UNHCR

### VI. LOSSES

A total loss of 258 MT was reported under the program, including 26 MT lost between Zimbabwe and Malawi in truck transport due to poorly sewn bags, inconsistent weighing methods, spillage or routine trans-shipment loss and 232 MT lost during the distribution process in Malawi due to poor storage by GOM in some areas; rain damage, weevil infestation and spillage. The GOM has been informed of these losses.

### REFERENCES:

Program Implementation Reports; USAID  
Six Month Reports; USAID  
Consignment Notes; MITCO  
Distribution Reports; OPC, WFP, USAID, MITCO  
Files FPC 2-5 to FPC 2-5.8; USAID