

Mapping out fertilizer supply chain in Malawi. An overview of fertilizer supply

Presented

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Introduction

- Players in fertilizer supply chain in Malawi is the government and private sector.
- The government operates through the Smallholder Farmers' Fertilizer Revolving Fund of Malawi (SFFRFM) and Agricultural Development and Marketing Corporation (ADMARC).
- The private input suppliers participate in the fertilizer business at all levels of the supply chain
 - import, distribution, wholesale, and retail.
- About 93 percent of the fertilizer sold in Malawi is imported and about 7 percent is blended domestically.

Survey Objective

- To identify the key private players in the supply chain of commercial fertilizers (*i.e.* importers, producers, wholesaler, and retailers) prior to the study on “Mapping out fertilizer supply chain in Malawi”.
 - The survey was conducted from 25th to 29th July, 2016
- The survey was conducted in Lilongwe, Blantyre, Machinga (Liwonde), Mzuzu and Mchinji districts
 - Headquarters of most fertilizer suppliers are located in these districts.

Overview of the Field Work

- Players in the fertilizer industry have formed an association known as Fertilizer Association of Malawi (FAM).
 - The aim of the Association is to consolidate its membership's participation in the Malawi's Farm Inputs Subsidy Programme (FISP).
 - There are 16 suppliers, importers and manufacturers such as: Agricultural Trading Company, Agricultural Resources Limited, AGORA, Export Trading, Farmers World, Malawi Fertilizer Company, Nyiombo Investment, Optichem 2000 Limited, Transglobe, Simama General Dealers, Sealand Investments, and Rab Processors.
- The majority of the members are present in the commercial fertilizer market.
- Both members and non-members of FAM were sampled for key informant interviews using a checklist to identify the role they play in the fertilizer supply chain in Malawi.

Overview of fertilizer supply chain in Malawi

Producers

- Malawi Fertilizer Company (MFC) owns the blending plant at Liwonde
 - Has a capacity of producing 60,000 Mt of NPK compound fertilizers per annum.
 - It supplies finished fertilizers to:
 - Commercial estate sector (*e.g.* Ilovo sugar, tobacco, coffee, macadamia, and tea estates) and
 - Government under Farm Input Subsidy Program.
 - Retail through Agora in Southern region and Farmers World in both the Central and Northern region.
- Optichem 2000 Limited is based in Blantyre
 - Has the capacity of producing 40,000 Mt of NPK fertilizers per year.
 - Finished fertilizers are supplied to:
 - Commercial estate sector (*e.g.* Tobacco, coffee, and tea estates)
 - Government under Farm Input Subsidy Program.
 - This year the company intends to reach smallholder farmers through Agricultural Resources Limited and Agricultural Trading Company Limited.
 - It supply filler to MFC and export some of it to Mozambique and Zimbabwe.

Importers

- The standard types of fertilizer (straight fertilizers) such as Urea, CAN, Di-Ammonium Phosphate (DAP), *etc.* are imported from various sources either already in 50 kg standard bags or in bulk.
- Both MFC and Optichem 2000 Limited import straight fertilizers as finished products for retail or as raw materials for NPK blending.
- Almost all companies that have retail shops across the country import their fertilizers direct from various international fertilizer suppliers from:
 - China, South Africa, Egypt, Zimbabwe, Middle East (such as Qatar), France, Switzerland, Germany, Canada, Morocco, and Saudi Arabia.

Importers

- Importation from overseas is preferred because it is cheaper than within the region (*e.g.* Zimbabwe and South Africa).
- 95% of imported fertilizers are transported through Beira via Mwanza by road in the Southern region.
- Entry of the fertilizers in the country is through the Southern region, fertilizer prices are lower in the Southern region and very high in the Northern region compared to Central region.

Wholesalers

- 4 big fertilizer wholesalers
 - Malawi Fertilizer Company, Optichem 2000 Limited, Sealand Investments, and Export Trading Company
- Firms that have retail shops in different market centres also sell their fertilizers at a wholesale prices.
 - However, this is limited to their regional offices and not to their retail shops in a particular market centre.

Retailers

- Private input suppliers are categorized into major distributors and independent agro-dealers.
- Major distributors are firms that import and supply fertilizers to their individual network of retail outlets.
 - Have a network of over 1000 retail outlets across the country.
- Independent agro-dealers are local entrepreneurs who sell seeds, fertilizer and agro-chemicals to small-scale farmers in rural areas.
 - Operate in the same locations as large distributors,
 - Often purchase fertilizers from the large distributors (often not at wholesale prices) and sell them in the quantities needed by small-scale farmers.
 - As a result, fertilizers by independent agro-dealers are relatively expensive.

Conclusions

- A reconnaissance survey was conducted to identify the key private players in the supply chain of commercial fertilizers.
- Importers, producers, wholesalers, and retailers were identified across the fertilizer supply chain Malawi.
- Malawi Fertilizer Company and Optichem 2000 Limited blend NPK fertilizers in Malawi.
- Other straight fertilizers are imported as finished products from China, South Africa, Egypt, Zimbabwe, Middle East, France, Switzerland, Germany, Canada, Morocco, and Saudi Arabia.

Conclusions

- Malawi Fertilizer Company, Optichem 2000 Limited, Sealand Investments, and Export Trading Company are the four big fertilizer wholesalers in Malawi.
- At the retail level, the private input suppliers are categorized into major distributors and independent agro-dealers.
- Major distributors import and supply fertilizers to their individual network of retail outlets across the country
- Independent agro-dealers operate in the same locations as large distributors

Thank you!!!