



**SMALLHOLDER FARMERS FERTILISER REVOLVING
FUND OF MALAWI**

**STRATEGIC PLAN
2018 – 2023**

Vision

First –Class Fertilizer Service Provider of choice recognized for excellence

Mission

To provide high quality fertilizers and related products that are market responsive in an environmentally sustainable, safe and cost effective manner by embracing knowledge, innovation and best applicable technologies and practices that will boost stakeholders share value and human capital potential.

Core Values

In the execution of its mandate, SFFRFM shall uphold and espouse the following core values:

CUSTOMER FOCUS

We shall at all times endeavour to execute our work to the satisfaction of the customer

PROFESSIONALISM

We shall execute our mandate professionally in an open and accountable manner

TEAMWORK

Teamwork is the backbone of our service

INTEGRITY

We shall at all times walk our talk

ENVIRONMENTAL CONSCIOUSNESS

We shall at all times be conscious of our environment

Table of Contents

ACRONYMS	IV
MESSAGE FROM THE CHAIRPERSON OF THE BOARD	V
STATEMENT BY THE CHIEF EXECUTIVE OFFICER	VI
EXECUTIVE SUMMARY	VII
1. INTRODUCTION	1
2. BACKGROUND	2
2.1 Rationale and Justification for the Strategic Plan	2
2.2 About SFFRFM.....	2
3 APPROACH AND METHODOLOGY	4
3.1 Strategic Planning Process	4
4. OPERATING ENVIRONMENT	5
4.1 Policy Environment	5
4.2 The Nature of Agricultural Sector	6
4.3 Fertilizer Suppliers and Blends	6
4.4 Main Fertilizer Types.....	7
4.5 National Fertilizer Security.....	7
5. EMERGING STRATEGIC ISSUES	8
5.1 Introduction	8
5.2 The key emerging strategic issues	8
6. STRATEGIC GOALS	12
6.1 Goals and Objectives.....	13
6.2 Strategic Goals and Objectives	14
7. STRATEGIC INITIATIVES, KEY PERFORMANCE INDICATORS AND IMPLEMENTATION	
PLAN	17
7.1 Finance.....	17
7.2 Stakeholder Relations and Service Delivery	19
7.3 Internal Business Process	23
7.4 Learning and growth	25

8. RISK ANALYSIS	28
8.1 Working Capital Risk	28
8.2 Market Risk.....	28
8.3 Concentration Risk	28
8.4 Operational Risk	28
8.5 Regulatory Risk	28
9. KEY SUCCESS FACTORS	29
10. IMPLEMENTATION, MONITORING AND EVALUATION ARRANGEMENTS	30
10.1 Introduction	30
10.2 The Board	30
10.3 Strategic Plan Implementation Monitoring and Evaluation.....	30
APPENDIX 1:PESTEL AND SWOT ANALYSIS.....	31
APPENDIX 2: NAMES OF PEOPLE CONSULTED	33
APPENDIX 3:CONSULTED DOCUMENTS.....	34

ACRONYMS

ASWAp	Agriculture Sector Wide Approach Programme
CAADP	Comprehensive Africa Agriculture Development Program
FGD	Focus Group Discussions
FISP	Farm Inputs Subsidy Programme
GDP	Gross Domestic Product
IFDC	International Fertilizer Development Centre
ISFM	Integrated Soil Fertility Management
M & E	Monitoring and Evaluation
MGDS	Malawi Growth and Development Strategy
MoAIWD	Ministry of Agriculture Irrigation and Water Development
PESTEL	Political Economic Social Technological Ecological Legal
PM	Performance Management
SP	Strategic Plan
SBU	Strategic Business Unit
SFFRFM	Smallholder Farmers Fertilizer Revolving Fund of Malawi
SWOT	Strengths Weaknesses Opportunities Threats
TORs	Terms of Reference

MESSAGE FROM THE CHAIRPERSON OF THE BOARD

I am pleased to present the 2018 -2023 Strategic Plan that will be implemented under the theme **‘Leading in all aspects of the fertilizer supply chain’**. The Plan marks an important milestone in consolidating the achievements of the 2011 -2016 Strategic Plan and the period since 2016 to this Strategic Plan. The Plan is aligned to the National Agricultural Policy and Malawi Growth and Development Strategy (III) that articulates agricultural growth and productivity through among other means ensuring availability of farm inputs and markets. SFFRFM is specifically expected to contribute towards increased agricultural production and productivity; increased agricultural diversification; and improved nutrition and food security.

I note with satisfaction that the Plan was developed using a highly participatory process involving a cross section of stakeholders that included Trustees, management and staff of SFFRFM and farmers and extensive review of literature. The result is a comprehensive plan that will guide SFFRFM move to greater heights as it endeavors to provide quality fertilizers and related products in order to improve agricultural productivity in Malawi.

As SFFRFM forges ahead in up-scaling its current activities and exploring new opportunities, it is pleasing to note the commendable strides that it is making to diversify its business portfolio into non-fertilizer agricultural products and warehousing.

Notwithstanding, the progress SFFRFM has made, there are also some notable areas in which the Fund can do more or better in addition to pursuing new potential opportunities. In order to tackle the challenges, SFFRFM will build on its current strengths such as its extensive branch network across the country and the business goodwill the Fund enjoys amongst its key stakeholders, the smallholder farmers, in implementing well tested initiatives, as well as new and innovative ones in an ever changing and dynamic agricultural landscape, such as reforms to the Farm Inputs Supply Programme (FISP), which might see a reduction in this business line for the organisation.

I wish to express the hope that the spirit of cooperation among stakeholders that characterized the development of this Strategic Plan will continue into its implementation, as it will take more than SFFRFM management and staff to ensure its success. I would also want to believe that Government and all key stakeholders will continue to provide unwavering support to SFFRFM in the execution of its mandate.

Finally, I wish to express gratitude for the valuable inputs received from various stakeholders and the technical support of Management International in association with NOVA Business Consulting who facilitated the development of this Plan.

Gray S.V.K Nyandule-Phiri
CHAIRPERSON OF THE BOARD

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

SFFRFM has evolved in the way it discharges its functions, given the need to keep abreast with a rapidly changing business environment. SFFRFM has diversified its portfolio from fertilizer procurement and marketing to include: farm produce procurement and marketing; agri-chemicals supplies; and warehousing, which currently constitute less than 5% of the business.

SFFRFM's previous Strategic Plan which ran from 2011-2016, focused on improving its market share and profitability through procurement and sale of quality farm inputs to the satisfaction of its stakeholders. In this period, SFFRFM created and sustained business partnerships with financial institutions that facilitated some timely fertilizer supply under conditions that mutually benefitted SFFRFM and the fertilizer suppliers. Although achievements have been made, SFFRFM is still unable to meet fertilizer demands as witnessed by stock run-outs. With an ever-growing population and subsequent fertilizer demands, SFFRFM needs to review how to close the gap and meet the growing market demands. SFFRFM faces some challenges in executing its functions and these include both financial and operational.

This Strategic Plan for 2018-2023 builds on SFFRFM's expired 2011-2016 strategic plan and its achievements and tackles the challenges that have hindered its progress. Some of the strategic issues in the previous Plan are on-going, such as timely procurement of fertilizer and expansion of the market share, while others were partly addressed and have been reflected in this Plan.

The plan takes a 'Participatory Approach' in which the stakeholders are consulted in SFFRFM's work execution processes. This approach is even evident in the manner this 2018-2023 Strategic Plan was developed as their inputs were sought and have been reflected in this document. The process of developing the Plan entailed consulting various stakeholders in various formats which included individual and focus group discussions (FGD), as well as workshops and extensive literature review. The approach taken has enriched the Strategic Plan as the views of various stakeholders on how SFFRFM should execute its functions have been incorporated.

I trust that this Strategic Plan will ensure that SFFRFM takes a leading role in supplying the country with fertilizers and other farm inputs so as to adequately support Malawi's agricultural sector whilst upholding the core values.

Andrex N. Kalinde (PhD)

CHIEF EXECUTIVE OFFICER

EXECUTIVE SUMMARY

This 2018-2023 Strategic Plan has been developed following the expiry of the 2011-2016 Strategic Plan which focused on improving its market share and profitability through procurement and sale of quality fertiliser and other farm inputs to the satisfaction of its stakeholders.

This Strategic Plan was developed in a highly participatory manner, to ensure relevance and ownership of the results. There was an assessment of the environment in which SFFRFM operates at the onset of the Strategic Plan development process. The assessment was facilitated and guided by two models of analysis namely the (a) PESTEL (Political, Economic, Social, Technological, Ecological and Legal) and (b) SWOT (Strengths, Weaknesses, Opportunities and Threats). The assessment entailed consultations with a cross section of groups and individual stakeholders of SFFRFM to obtain their input on the extent to which objectives set in the 2011– 2016 and period thereafter to the time of development of this Strategic Plan were met, as well as their perceptions of the issues that needed to be addressed in the 2018 - 2023 Strategic Plan. Based on the assessment, emerging issues were identified as strategic issues to be considered in the period 2018-2023 as follows:

i) Business Growth

SFFRFM operates in a competitive environment with more than ten major competing companies. SFFRFM has therefore failed to grow its commercial fertilizer market share which now stands at 8.0%. The business challenge among other reasons is caused by inadequate financing, untimely supply of the fertilizers, inadequate supply partnerships and insufficient branding. SFFRFM has also not adequately marketed the non-fertilizer products and services whose contribution to total revenue of SFFRFM is less than 5%.

SFFRFM has relied on the Fertilizer Input Subsidy Programme (FISP) for a considerable period of time. Its commercial sales has been less than 40% of the total sales. The over reliance on FISP poses a risk to the long-term sustainability of the Fund.

ii) Working Capital

The performance of SFFRFM has not been consistent as in some years the Fund made gross margin losses i.e. in 2012, 2014, 2016 and 2017. It made gross profits in 2013, 2015 translating to an average gross profit of 1% over the period, which is not adequate to support significant growth of the organization. In 2012, SFFRFM made losses because of the two devaluations of the Kwacha that resulted in increased external supplier financing costs and created pressure on the working capital. In 2013, the organization made profits, because sales into Subsidy programme were in USD and therefore margins benefitted from re-translation of sales at higher exchange rates. In 2014, the fertilizer industry faced stiff price competition on the market. SFFRFM failed to compete well because of the procurement protocols it had to follow as a public institution. It was not quite responsive to the market dynamics hence incurred some losses. The good rains in 2015 facilitated high sales that made SFFRFM make profits in this year. SFFRFM faced challenges also in 2016 because of the

currency depreciation. In 2017, SFFRFM made losses because of the lag-on effect as stocks were bought at high prices but sold at low prices as a result of prices tumbling down on the world market. SFFRFM, over the years has managed to grow the asset base in value and the capital reserves, even though its financial performance has not been stable.

iii) National Fertilizer security and SFFRFM Fertilizer Procurement Adequacy

Although fertilizers are imported and marketed in the country through various private firms, the prices have been increasing largely because of small quantity procurements. Further the country has no buffer stock of fertilizers to fall on in case of fertilizer procurement challenges in a given year. Therefore, security of supply is a challenge. SFFRFM has also over the past recent years been facing challenges to timely procure adequate fertilizers to match with seasonal demands for the reasons that include: lengthy procurement processes; restriction of on spot procurement as required of public institutions by the Public Procurement and Disposal of Assets Act of 2016, inadequate and loose relationship with suppliers where no legally binding agreements are in place to enforce compliance to the agreements.

iv) Diversification

SFFRFM embarked on a diversification programme that has not been sustained as markets were not secured. The other reason for the unsatisfactory performance was inadequate financing to embark on value addition. The agro-trading was largely affected by unstable markets that led to declining prices making it unattractive to enter the markets. On the other hand SFFRFM made a reasonable gain in performance in warehousing because of adequate warehousing demand and management of the same.

v) Organisational Systems and Human Development

The following are the emerging capacity issues:

1. Information management system of the organization is weak in promoting information sharing, storage and efficient utilization.
2. Sustainability of SFFRFM remains an issue even though it has generally performed well in meeting its operational budgets. As indicated above, the working capital has been a challenge and one contributing factor is the heavy staff cost reaching 40% of the operational costs which is higher than the generally recommended 30% of staff cost versus the total operational costs. The staff productivity is generally low as there is significant amount of idle time due to the seasonal nature of the business. In addition, the staff performance system has not yielded the desired results. There is scope to rationalize the structure of SFFRFM to improve its performance, coupled with the re-design of its performance management system along Balanced Score Card lines, to ensure a more results oriented approach to delivery of services.

3. In line with item 2, there is need to reduce costs and review practices including policies which were sustainable to the Fund, but presently and in future would corrode the capital and cash outlay of the Fund.
4. There are elements of inadequate communication across the organization which has resulted in inadequate cohesion among staff, as a silo mentality is prevalent in the various departments and among staff.

vi) Customer Perceptions

SFFRFM is the preferred supplier of fertilizers to smallholders because of the reputation it has earned over time for consistent quality of fertilizers and its generally good customer service. However, the customers have expressed dissatisfaction with the inadequate branding of SFFRFM fertilizers, which has created confusion in identifying such fertilizers on the markets. The farmers have also expressed dissatisfaction with SFFRFM's inability to supply the fertilizers during the planting season. Stocks run out quickly and are not replenished in time.

To address the emerging strategic issues highlighted above, SFFRFM will work to achieve the following goals in the next five years.

- i) Strengthened business growth
- ii) Improved capital base
- iii) Enhanced fertilizer procurement system
- iv) Improved diversification
- v) Improved Organisational Systems and Human Resources Development

These strategic goals will be pursued with an overarching goal of **“Attain fertilizer supply leadership with at least 25% market share by 2023”**. To this end, SFFRFM will undergo significant transformation in its structure, management systems and the manner it does business into an organization that is more market responsive and commercially vibrant entity, with a diversified business portfolio.

1. INTRODUCTION

SFFRFM was incorporated in 1988 by the Malawi Government as a Trust Fund under the Trust Incorporation Act of 1962. SFFRFM's mandate are as follows:

- (a) the financing of all imports of fertilizer, required for use by smallholder farmers in Malawi, including storage sales and distribution thereof;
- (b) the acquisition, administration, control, maintenance and operation of any premises, including the fittings, machinery, equipment, fixtures and stocks included therein or necessary therefore to be used for the administration and management of fertilizer supply programme of smallholder farmers in Malawi;
- (c) the adoption and implementation of such procedures as shall ensure that the right kind of fertilizer shall always be available in sufficient quantities for supply at economic prices to the smallholder farmers throughout Malawi;
- (d) the payment of any expenses necessary for the performance of the duties of the Trustees or the day to day operations of the Trust, including the payment of salaries and wages to any employee of the Trust and the payment of any allowances and other expenses due to the Trustees;
- (e) the financing of all other acts, matters and things deemed appropriate by the Trustees for giving effect to the objects of the Trust.
- (f) the financing of imports and procurement of all agricultural farm inputs required for use by smallholder farmers in Malawi including storage sales and distribution thereof; and
- (g) the financing of exports of farm produce produced by smallholder farmers in Malawi including buying, agro-processing, selling and storage thereof.

It ensures that smallholder farmers always have an opportunity to access and buy fertilizer. The company has one strategic warehouse in each of the three regions of Malawi.

Since its inception SFFRFM has had a positive impact on fertilizer availability in the country by increasing access to quality and affordable fertilizers. In an effort to build on its achievements, SFFRFM has developed this five year strategic plan to run from 2018-2023. The Plan underpins all activities and ensures a coordinated and well planned implementation of objectives and strategies that will enable it take giant steps towards fulfilling its mandate of making quality fertilizers readily available at affordable prices.

2. BACKGROUND

2.1 Rationale and Justification for the Strategic Plan

The 2018–2023 SFFRFM Strategic Plan has been developed following the expiry of the 2011 - 2016 Strategic Plan. The Plan aims at guiding the strategic direction of the Fund over the next five fiscal years as it seeks to contribute to Government’s efforts in the agricultural sector by providing quality fertilizers and related products. The Plan will also serve as a strategic management instrument for focusing on priority areas requiring the attention of SFFRFM. The Strategic Plan is complemented by an Implementation Plan attached as Appendix 1.

2.2 About SFFRFM

2.2.1 SFFRFM Governance Structure

Ministry of Agriculture, Irrigation and Water Development (MoAIWD) is the line ministry for SFFRFM. MoAIWD responsibilities include policy formulation; regulation and enforcement; and technical support provision. In this regard, the Ministry appoints the Board of Trustees, which oversees the direction of SFFRFM.

The Board of Trustees comprises of professionals and private business persons and Malawi Government ministry officials and ADMARC who serve as ex-officio members. The Secretary of Agriculture, Irrigation and Water Development, chairs the Board. The Board is further serviced by sub-committees, namely, the Business and Operations Committee, the Finance and Audit Committee and the Appointments and Disciplinary Committee as shown in figure 1 below.

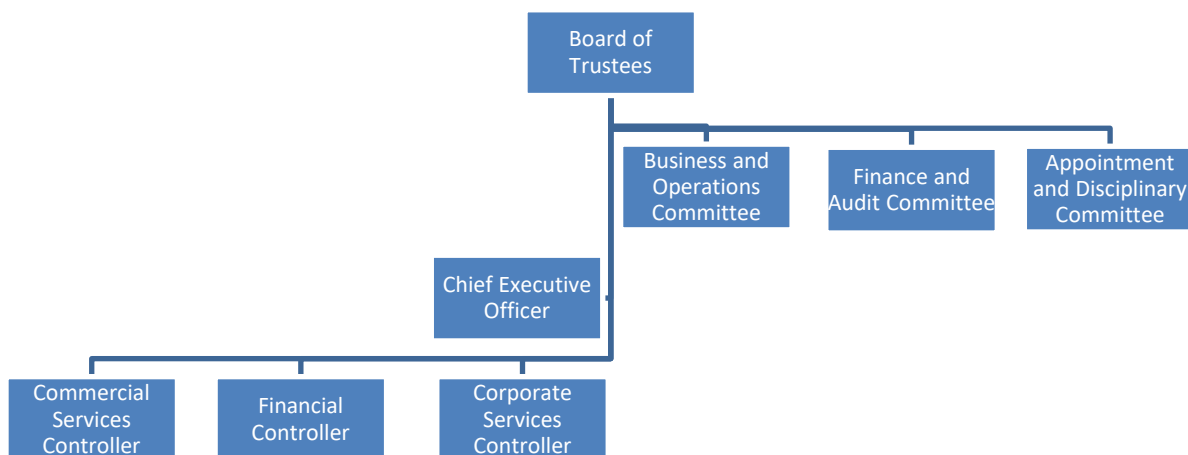


Figure 1: Governance Structure

2.2.2 Operational Management

The operations of the Fund are the responsibility of the Executive Management team, which is comprised of the Chief Executive Officer, Financial Controller, Commercial Services Controller, and Corporate Services Controller. The headquarters of the Fund is located in Blantyre, with regional offices in Chirimba (Blantyre), Kanengo (Lilongwe) and Luwinga (Mzuzu). The regional offices serve as Strategic Business Units (SBUs) for the organisation.

3 APPROACH AND METHODOLOGY

3.1 Strategic Planning Process

This Strategic Plan was developed in a highly participatory manner, to ensure relevance and ownership of the results. There was an assessment of the environment in which SFFRFM operates at the onset of the Strategic Plan development process. The assessment was facilitated by consultants and guided by two models of analysis (appendix 1), namely the (a) PESTEL (Political, Economic, Social, Technological, Ecological and Legal) and (b) SWOT (Strengths, Weaknesses, Opportunities and Threats). The assessment entailed consultations with a cross section of groups and individual stakeholders of SFFRFM (Appendix 2) to obtain their input on the extent to which objectives set in the 2011– 2016 and period thereafter to the time of development of this Strategic Plan were met, as well as their perceptions of the issues that needed to be addressed in the 2018 - 2023 Strategic Plan. This process was supported by an extensive literature review. The list of documents reviewed is attached as Appendix 3.

The following major steps were involved in the preparation of the Strategic Plan:

- i) A review exercise of the expired Strategic Plan (2011-2016) was undertaken to assess the extent to which the previous strategic objectives and the priority areas were addressed and achieved. The assessment was based on extensive literature review pertaining to the achievements of the 2011– 2016 Strategic Plan, as well as current operations of SFFRFM. The assessment provided lessons of successes and failures that in turn provided building blocks for the formulation and development of this new Strategic Plan. It also identified the factors that may have contributed to success or hindered successful implementation of the previous Strategic Plan as outlined in the Situational Report.
- ii) The assessment exercise was complemented by an environmental scan that sought to appreciate the key challenges and opportunities that impacts the operations of SFFRFM.

4. OPERATING ENVIRONMENT

4.1 Policy Environment

In dealing with challenges of poverty, food insecurity and malnutrition, Malawi developed an overarching medium-term national development strategy to guide its development endeavors called Malawi Growth and Development Strategy (MGDS III) covering the years 2017 to 2022, which embraces policies and programs in line with the pillars of the Comprehensive Africa Agriculture Development Program (CAADP) framework. The MGDS III is built on MGDS I and II. During MGDS II Malawi achieved average GDP growth rates of 6 percent despite having negative impacts of droughts and floods. This was on account of the policies that were implemented at the macro level that positively impacted various sectors of the economy. However, the growth rates could not be sustained because of both external and internal shocks. Over the implementation period, there were foreign exchange shocks in addition to the weather related volatilities that impacted negatively on the economy.

Reviews that have been conducted have highlighted a number of challenges that need to be addressed in this strategy. MGDS II was based on some assumptions that for the large part have not been fulfilled. One of the underlying assumptions, was that there was going to be a conducive macroeconomic environment during implementation of MGDS II which turned out not to be entirely the case. Within the implementation period, there was macroeconomic instability that emanated from exchange rate adjustments just after the launch of MGDS II. Coupled with insufficient donor support to implement the programmes envisaged under MGDS II, a number of goals could not be achieved.

For the purposes of MGDS III it is assumed that its implementation will largely depend on domestic resources. It is on this premise that government has undertaken to focus on fewer priorities and concentrate its resource allocation on a selected set of flagship projects. MGDSs pillars include the Agricultural, water development and climate change management. It is to this pillar that SFFRFM would like to contribute by ensuring availability of quality farm inputs, especially fertilizers. In summary, the MGDS III is premised on the following key assumptions:

- i) The country sustains and accelerates real GDP growth rates to continue on its poverty reduction path;
- ii) Conducive macroeconomic environment;
- iii) Prudence in management of fiscal and monetary policies;
- iv) Effective aid management and further improvements in domestic debt management;
- v) Adequate resources and capacity to implement MGDS III activities;
- vi) Good Governance is entrenched and institutionalized to avoid wastage of scarce resources;
- vii) Effective sectoral and social protection programmes are designed to mitigate root causes of challenges of growth and development, including social and gender inequalities;
- viii) Continued political stability; and
- ix) Favourable weather and climate

The Government of Malawi is committed to raise agricultural growth by at least 6.0 percent and keep the national budget allocated to agriculture to at least 10 percent, in compliance with the Comprehensive African Agricultural Development Programme (CAADP). (MGDS II review 2015). The Malawi Agricultural Development Plan (ADP), was then developed and adopted to facilitate this agricultural growth goal. ADP is also embraced in the Agriculture-Sector Wide Approach (A-SWAp) which provides a mechanism in collaborative approach to implement the agricultural policies and attaining the MGDS II agricultural goals.

Malawi Vision 2020, amongst others envisions a high level of agricultural productivity that will ensure equity in household food security, income and employment and sustainable utilization of natural resources. This is in line with the mission of the Ministry of Agriculture, Irrigation and water Development (MoIWD) of promoting the country's economic growth by raising farm incomes, employment and household food security through the development of partnerships and promotion of private sector investment for increased agricultural productivity, diversification, commercialization and sustainable use of natural resources. In all this fertilizers are considered an essential farm input that will promote agricultural productivity. SFFRFM is therefore a strategic player in contributing to achievement of MGDS III.

4.2 The Nature of Agricultural Sector

The agricultural sector in Malawi is dominated by smallholder farmers who account for at least 65% of farm output, but with low productivity (IFDC 2003). Considering the small size of the country and the limited availability of arable/cropland, the need to raise productivity through agriculture was observed. A key tenet to raising productivity and production to achieve the agricultural growth rates of the A-SWAp was to adopt improved technologies such as integrated soil fertility management (ISFM) and modern cropping practices, while in the process, increasing smallholder farmers' incomes. A-SWAp recognizes the challenges in the supply chain that includes low quality farm inputs and untimely supplies. It therefore recommends policies that will support the increased levels of fertilizer consumption which is estimated at 600,000 mt annually. This means doubling the consumption as it stands now at 270,000 mt annually (Fertilizer report 2015).

This new level of fertilizer use will require addressing existing constraints in the supply chain so that larger volumes of products are handled without significant issues that include addressing bottlenecks in the procurement of fertilizer and logistics and financing issues as well as research and extension services for agro-dealer and farmer capacity building.

4.3 Fertilizer Suppliers and Blends

Before agricultural trade was liberalized in Malawi in the 1995s, procurement and distribution of inputs in the smallholder farmer sub-sector was a monopoly of the two Government controlled institutions, Agricultural Development and Marketing Cooperation (ADMARC) and Smallholder Farmer Fertiliser Revolving Fund of Malawi (SFFRFM). The government at that time allowed duo pricing for smallholder farmers and commercial ones with an aim of promoting smallholder farmers' productivity. The country has now several

suppliers that include the government bodies and private commercial companies that include Farmers' World, Export Trading, Agricultural Commodities trading, and many more. This increase in suppliers has allowed farmers have more access to fertilizer outlets although quality of products, fertilizers inclusive has become an issue because standards are compromised. There is no adequate quality monitoring, as such farmers in some cases are given a raw deal and this is creating bad perceptions on the fertilizer industry.

Malawi is a net importer of fertilizer and it predominantly comes from the Middle East, East Asia, Ukraine, North Africa and South Africa. Despite reliance on imports, Malawi has its own mineral resources for fertiliser manufacturing such as rock phosphate, sulphides, gypsum, potash rocks and limestone (phosphate, sulphur, potassium, calcium and magnesium) (Malawi Fertilizer Strategy 2003). Although these resources are available, Malawi has no fertilizer production plant.

Malawi's has a blending plant and granulation plant in Blantyre owned and run by Optichem 2000 Ltd and another in Balaka owned by Malawi Fertilizer Company. These plants supply compound fertilisers to estates. The installed capacity of the two plants is 40,000 -70,000 Mt per year. This only satisfies the estates requirements and not smallholder farmers who are major contributors to agricultural exports in the country.

4.4 Main Fertilizer Types

The main fertiliser types used in Malawi by smallholder farmers are Urea, 23:21:0+4S, CAN, 23:10+5+6S+1.0Zn, and D compound. Urea and 23:21:0+4S are commonly applied to Maize, whereas CAN and D compound suite tobacco application. The proliferation of these fertiliser types in Malawian agriculture reflects the country's dependence on these two crops. There is of course need for various blends and types of fertilizers based on various requirements i.e. types of crops and places (nature of soils). However, supply of such fertilizers is limited due to among other reasons, demand levels, procurement procedures and blending challenges (Fertilizer Report 2015).

4.5 National Fertilizer Security

Fertilizer imported into Malawi is usually in small parcels, which drives up product prices and freight costs. Handling and transportation of small quantities is always expensive because of diseconomies of scale (National Fertilizer Strategy 2005). These expenses are borne by farmers who are forced to purchase the product at very high prices. The country's fertilizer security is at risk from two perspectives namely procuring of fertilizers at high costs because of small volumes and disjointed procurement of fertilizers and other risk is associated to uncertainty of fertilizer procurement and quantities of the same that may at some point see a country having inadequate amounts.

5. EMERGING STRATEGIC ISSUES

5.1 Introduction

The consultations with various stakeholders and the literature review of the Fund's operations revealed that there are weaknesses and threats that SFFRFM should address moving forward, whilst building on its strengths. There are also opportunities that have been identified to be exploited as the Fund seeks to fulfil its mandate. The strategic direction set out in this section therefore is SFFRFM' response to the key challenges and issues that require adequate attention over the 5 years Strategic Plan (SP) life span in a focused and action oriented manner. The strategic direction outlines the priorities of SFFRFM, strategic goals and objectives, and implementation strategies.

In setting the strategic direction, SFFRFM recognizes that it is not possible for it to address all the issues identified in the situational analysis due to capacity and resource limitations. The Fund therefore has identified priorities or areas of strategic focus for the Strategic Plan life span. The priorities are reflected in the form of strategic issues.

5.2 The key emerging strategic issues

The key strategic issues that will be the areas of focus for the next five years are set out below.

i) Business Growth

SFFRFM is facing challenges leading to a small percentage of the commercial fertilizer market share of 8.0% as the table 1 below shows:

Table 1: Market Shares

Fertilizer Importer	Quantities Imported	Market Share (percent)	Target Crops
OPTICHEM	30,000 14	9%	Maize and tobacco
Rab Processors	15,000	4%	Maize and tobacco
Export Trading Company	40,000	11%	Maize and tobacco
Agricultural Resources Ltd	25,000	7%	Maize and tobacco
Omnia	60,000	17%	Maize
Simama	25,000	7%	Maize
Trans Globe Ltd	30,000	9%	Maize and tobacco
MULLI Brothers	30,000	9%	Maize
Sealand	20,000	6%	Maize
Nyiombo	20,000	6%	Maize
Farmers World	30,000	9%	Maize and tobacco
SFFRFM	29,000	8%	Maize and tobacco

Source: IFDC Report 2015

The business challenge among other reasons is caused by inadequate financing, untimely supply of the fertilizers, inadequate supply partnerships and insufficient branding. SFFRFM has also not adequately marketed the non-fertilizer products and services whose contribution to total revenue of SFFRFM is less than 5%.

SFFRFM has relied in the past three years on Fertilizer Input Subsidy Programme (FISP). Its commercial sales has been less than 40% of the total sales (table2 below) and the trend is declining. The over reliance on FISP poses a risk to the long term sustainability of the Fund.

Table 2: Commercial versus FISP sales

	2013/14	2014/15	2015/16
Commercial	8,274.00	16,899.00	9,691.00
FISP	12,395.00	28,000.00	20,000.00
Total	20,669.00	44,899.00	29,691.00
Commercial Versus FISP %	40%	38%	33%

Source: SFFRFM Market Review

ii) Working Capital

The performance of SFFRFM has not been consistent as in some years the Fund made gross margin losses i.e. in 2012, 2014, 2016 and 2017. It made gross profits in 2013, 2015 (figure 2 translating to an average gross profit of 1% over the period, which is not adequate to support significant growth of the organization. In 2012, SFFRFM made losses because of the two devaluations of the Kwacha that resulted in increased external supplier financing costs and created pressure on the working capital. SFFRFM faced challenges also in 2016 because of the currency depreciation. In 2014, the fertilizer industry faced stiff price competition on the market. SFFRFM failed to compete well because of the protocols it had to follow as a public institution. It was not quite responsive to the market dynamics hence incurred some losses. In 2017, SFFRFM made losses because of the lag-on effect as stocks were bought at high prices but sold at low prices as a result of prices tumbling down on the world market.

In 2013, the organization made profits, because sales into Subsidy programme were in USD and therefore margins benefitted from re-translation of sales at higher exchange rates. The good rains in 2015 facilitated high sales that made SFFRFM make profits in this year.

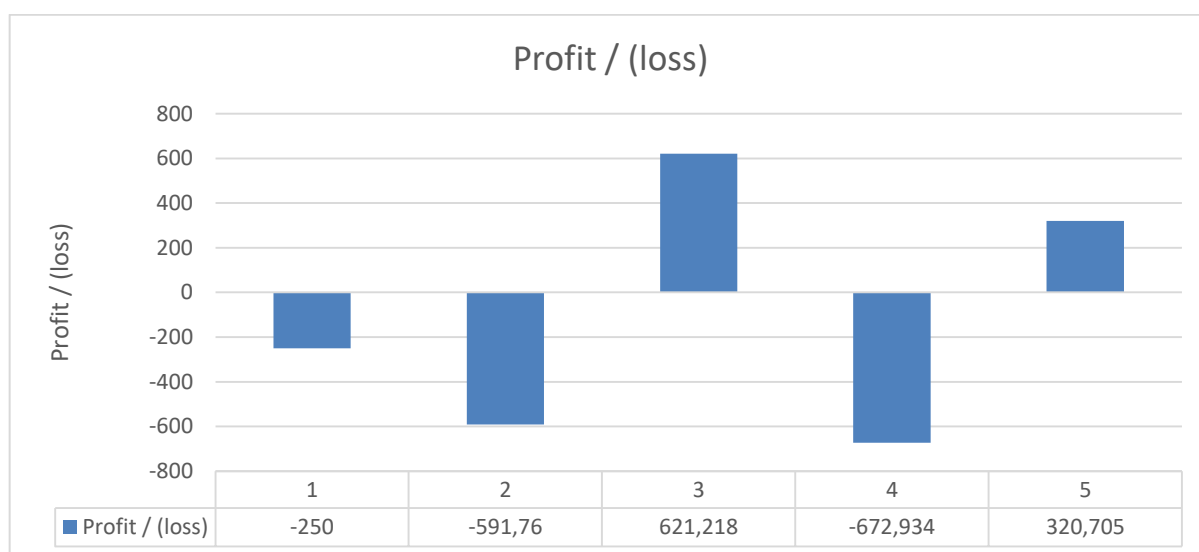


Figure 2: Financial Performance 1=2017 2=2016 3=2015 4=2014 5=2013

SFFRFM, over the years has managed to grow the asset base in value and the capital reserves too (Table 3 below) even though the financial performance has not been stable.

Table 3: Financial Position

	2017	2016	2015	2014	2013	2012
Turnover	12828631	12478478	13818146	6174978	6381207	3383547
Total cost of sales	11620193	13070238	13196929	6847912	6076787	3850805
Gross Profit	1,208,438.00	-591,760.00	621,218.00	-672,934.00	304,420.00	-467,258.00
FINANCIAL POSITION						
Fixed Assets	11228429	10659471	10849401	7801911	7896289	7927910
Current Assets	4,937,793.00	9,037,594.00	4,559,181.00	3,432,503.00	2,117,612.00	734,284.00
Current Liabilities	1,161,541.00	5,580,515.00	1,589,471.00	2,012,799.00	731,295.00	197,854.00
Current ratio	4.25	1.62	2.87	1.71	2.90	3.71
Capital Reserves		14116550	13816111	9221615	9282607	8662194

Source: Audited Reports 2012-2016

iii) National Fertilizer security and SFFRFM Fertilizer Procurement Adequacy

Although fertilizers are imported and marketed in the country through various private firms, the prices have been increasing largely because of small quantity procurements. Further the country has no buffer of fertilizers to fall on incase of fertilizer procurement challenges in a given year. Therefore, security of supply is a challenge. SFFRFM has also over the past recent years been facing challenges to timely procure adequate fertilizers to match with seasonal demands for the reasons that include: lengthy procurement processes; restriction of on spot procurement as required of public institutions by the Public Procurement and Disposal of Assets Act of 2016, inadequate and loose relationship with suppliers where no legally binding agreements are in place to enforce compliance to the agreements.

iv) Diversification

SFFRFM embarked on a diversification programme that has not been sustained as markets were not secured. The other reason for the unsatisfactory performance was inadequate financing to embark on value addition. The agro-trading was largely affected by unstable markets that led to declining prices making it unattractive to enter the markets. On the other hand SFFRFM made a reasonable gain in performance in warehousing because of adequate warehousing demand and management of the same.

v) Organisational Systems and Human Development

The following are the emerging capacity issues:

1. Information management system of the organization is weak in promoting information sharing, storage and efficient utilization.

Sustainability of SFFRFM remains an issue even though it has generally performed well in meeting its operational budgets. As indicated above, the working capital has been a challenge and one contributing factor is the heavy staff cost reaching 40% of the operational costs which is higher than the generally recommended 30% of staff

cost versus the total operational costs. The staff productivity is generally low as there is significant amount of idle time due to the seasonal nature of the business. In addition, the staff performance system has not yielded the desired results. There is scope to rationalize the structure of SFFRFM to improve its performance, coupled with the re-design of its performance management system along Balanced Score Card lines, to ensure a more results oriented approach to delivery of services.

2. In line with item 1, there is need to reduce costs and review practices including policies which were sustainable to the Fund, but presently and in future would corrode the capital and cash outlay of the Fund.
3. There are elements of inadequate communication across the organization which has resulted in inadequate cohesion among staff, as a silo mentality is prevalent in the various departments and among staff.

iv) Customer Perceptions

SFFRFM is the preferred supplier of fertilizers to smallholders because of the reputation it has earned over time for consistent quality of fertilizers and its generally good customer service. However, the customers have expressed dissatisfaction with the inadequate branding of SFFRFM fertilizers, which has created confusion in identifying such fertilizers on the markets. The farmers have also expressed dissatisfaction with SFFRFM's inability to supply the fertilizers during the planting season. Stocks run out quickly and are not replenished in time.

6. STRATEGIC GOALS

To address the emerging strategic issues highlighted above, SFFRFM will work to achieve the following goals in the next five years.

- 1 Business Growth Strengthened
- 2 Capital base Improved
- 3 Fertilizer Procurement System Enhanced
- 4 Diversification Improved
- 5 Organisational Systems and Human Resources Development Improved

These strategic goals will be pursued with an overarching goal of **“Attain fertilizer supply leadership with at least 25% market share by 2023”**. To this end, SFFRFM will undergo significant transformation in its structure, management systems and the manner it does business into an organization that is more market responsive and commercially vibrant entity, with a diversified business portfolio.

6.1 Goals and Objectives



6.2 Strategic Goals and Objectives

This 2018-2023 Strategic Plan has one overarching goal which is **‘Attain fertilizer supply leadership with at least 25% market share by 2023’**. This overarching goal is supported by five strategic goals. Subsequently, the goals will be achieved through implementation of respective strategic objectives. The Goals and objectives have been established following the situation review and analysis. The Strategic Plan has been developed based on Balanced Scorecard method for easy linkage to the performance management system. Four central pillars of the Balanced Scorecard are used which are Finance, Stakeholder Relations and Service Delivery, Internal Business Process and Institutional Learning and Growth.

Table : Goals and Objectives

Area of Strategic Concern	Goal	Rationale for the Goal	Objective
Financing	Capital Base Improved	SFFRFM has witnessed inconsistent financial performance with losses in 2012, 2014 and 2016 and made gross profits in 2013, 2015 and 2017 translating to an average gross profit of 1% over the period. It has witnessed challenges with working capital. Further, SFFRFM is owed huge sums of money by the government for the fertilizers supplied on behalf of government for the past 5 years. These challenges to adequately and timely procure fertilizers.	To secure a strategic financing partner
			To lobby for settlement of the outstanding debts from government.
			To reduce cash out flows
Business Growth	Business Growth Strengthened	Importing fertilizers has proven expensive and also threatened the fertilizer security in Malawi. SFFRFM’s commercial fertilizer market share is small standing at 8.0%. Market growth has been slowed by many factors that include inadequate financing, untimely supply of the fertilizers, inadequate supply partnerships, insufficient branding, and inadequate distribution of the fertilizers if available to the selling points. Inadequate long planning for the non-fertilizers resulted also in poor take-off of such products.	To establish a fertilizer manufacturing plant by 2023
			To increase sales volumes of fertilizer from current 31,000 m/tonnes to 70,000 m/tonnes by 2023 (inserted table below)
			To increase sales of non-fertilizer products by 25% by 2023
			To increase awareness of SFFRFM

Area of Strategic Concern	Goal	Rationale for the Goal	Objective
	Diversification Improved	<p>Implementation of the diversification programme has been erratic. Inadequate planning and knowledge of the trade contributed to slow take-off the diversification programme. Failure to invest for long-term returns and little response to the needs of the market had been also a contributing factor in low performance with diversification.</p> <p>However, it is established fact that diversification will not only increase the revenue but also enhance positive image on the market.</p>	<p>To introduce new fertilizer lines for commercial farmers in sugarcane, banana and tea plantations.</p> <p>To develop new markets for fertilizers</p>
Internal Processes and Systems	Fertilizer Procurement Adequacy	<p>SFFRFM has over the past recent years been facing challenges to timely procure adequate fertilizers to match with seasonal demands for the reasons that include: delays of tender approvals by ODPP; restriction on spot procurement as required of public institutions, inadequate and loose relationship with suppliers where no legally binding agreements are in place to enforce compliance to the agreements. Further, SFFRFM has not performed its mandate of ensuring national fertilizer security</p>	<p>To establish fertilizer buffer stocks</p> <p>To enhance quality assurance</p> <p>To procure adequate fertilizers to meet customers' needs</p> <p>To enhance relations with suppliers</p>

Area of Strategic Concern	Goal	Rationale for the Goal	Objective
Institutional growth and learning	Organisational Systems and Human Development in SFFRFM staff Improved	<p>SFFRFM encountered several challenges that include:</p> <ul style="list-style-type: none"> i) Information management system of the organization is weak in promoting information sharing, storage and efficient utilization. ii) The staff performance system is not adequate. iii) There is inadequate staff and management engagement. Further there are elements of lack of shared vision. 	To develop vibrant management information systems for the Fund
			To improve corporate governance and management of the Fund
			<p>To review HR, Administration and legal documentation</p> <p>To enhance human resource capacity</p>

7. STRATEGIC INITIATIVES, MEANS OF VERIFICATION AND IMPLEMENTATION PLAN

The initiatives will be undertaken by identified “drivers” within set timeframes and their achievement monitored through key performance indicators.

7.1 Finance

Goal #1: Working Capital Improved

Objective	Ref.	Strategies	Activities	Means of Verification	Responsible person	Risks and assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
To secure a strategic financing partner	1	Develop relationships with the potential strategic financing partners	Scout for the partners	identified partners	CEO		↔				
			Seek approvals from the board	Board resolutions			↔				
			Engage with partners	Follow-up minutes			↔				
To lobby for settlement of the outstanding debts from government.	2	Strengthen credit collection from government	Prompt invoicing	Real time invoicing to debtors	FC		↔				
			Collect outstanding debts	Payments	FC		↔				

Objective	Ref.	Strategies	Activities	Means of Verification	Responsible person	Risks and assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
			Agree a payment framework with Government	Payment framework	CEO						
			Engaging the Board	payments							
	5	Embark on cost cutting	Right size the organisation	Document produced on cost cutting	FC						
			Seek approval and implement	Approval							

7.2 Stakeholder Relations and Service Delivery

Goal # 2: Business Growth Strengthened

Objective	Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5	
To establish a fertilizer processing plant by 2023	1.	Launch a fertilizer processing plant	Conduct a feasibility study Solicit financing	Processing plant opened	CEO	←				→	
To increase sales volumes of fertilizer from current 29,000 m/tonnes to 70,000 m/tonnes by 2022 (inserted table below)	2.	Widen distribution network for commercial sales	Develop estate markets	Assessment report	CSC	↔					
			Develop 20 strategic selling points in each region	Opened selling points		↔					
	3.	Strengthen agro-dealers working partnership	Develop relationship strategy	Strategy done		←					→
			Conduct regular reviews of agro-dealer segmentation	Argo-dealer segments		↔		↔		↔	

			Establish agro-dealer clubs	Clubs established		←					→
	4.	Stock the depots with fertilizers through the seasons	Supply the depots regularly	No stock-outs		←					→
	5.	Empower regional offices as strategic business units	Regional offices to make own distribution and marketing	SBU planning process		←	→				
To increase sales of non-fertilizer products by 25% by 2019	4	Conduct promotions for the non-fertilizers	Develop promotional plan	Plan developed		↔					
			Implement promotional plan	Implemented plan		↔					
			Assess the promotions effectiveness	Assessment report		↔					
	5	Stock the depots with non-fertilizer products	Assess the products on demand	Assessment report		←					→
			Stock the products	No stock outs		←					→

To increase awareness of SFFRFM	6	Promote brand image of SFFRFM	Rebrand the organization	Implemented strategy				↔			
			Evaluate the rebranding strategy	Evaluation report							
			Use variety of communication media inclusive of social media	Multiple use of media							
	7	Conduct awareness campaigns	Develop awareness plan	plan			↔		↔		↔
			Implement the campaigns	reports			↔				

Goal #3: Promoting Diversification

Objective	Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
To introduce new fertilizer lines	1	Introduce new fertilizer lines for other non-traditional crops (i.e. sugarcane, banana)	Conduct needs assessment	Assessment report	CSC	←	→			
			Introduce the fertilizers	New brands			←	→		
To develop new markets for fertilizers	2	Develop contract farming	Identify partners for contract farming	contracts		←	→			
	3	Attract big commercial farmers	Prospect the commercial farmers	Partnered commercial farmers		←	→			

7.3 Internal Business Process

Goal #4: Fertilizer Procurement System Enhanced

Objectives	Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
To create fertilizer buffer stocks		Conduct assessment of the fertilizer requirements	Determination of fertilizer amounts and types Soliciting of finances	Buffer stocks						
To enhance quality assurance	1	Engage quality accreditation bodies	Application to accreditation bodies	Certification to accreditation bodies	CSC					
	2	Comply with quality assurance principles in the organization	Conduct annual quality audits	Number of non-conformances identified						
			Perform assessment							
To procure adequate fertilizers to meet customers' needs	3	Source financing mechanism in time	Draw targets and budget in time, 6 months before seasons	Timely budgets	FC					
			Get ODDP approval 3	Timely approvals						

Objectives	Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
			months before peak periods							
	4	Solicit supply bids at least six months before required supply time	Solicit supply bids at least six months before seasons	Timely bids	CSC					
To enhance relations with suppliers	5	Develop supplier relationship strategies and implement them	Develop supplier strategies	Strategies developed						
			Implement and adjust strategies	Assessment report						

7.4 Learning and growth

Goal # 5: Organisational Systems and Human Development Improved

Objectives		Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
To develop vibrant management information systems for the Fund		1	Procure information management packages fit for SFFRFM	Conduct a needs assessment	Report	CCS	↔				
				Procure the packages	Procured packages			↔			
		2	Train staff in the packages	Conduct training needs assessment	reports			↔			
				Train staff in the packages	report			↔			
		3	Mainstream strategic planning in all plans in SFFRFM	Develop plans informed by SP	Plans linked to SP objectives			↔			
To improve corporate governance and management of the Fund		4	Initiate revision of the Trust Deed	Write the government	Government consent			↔			
			Rationalise the structure of the Fund	Conduct a Functional Review	Streamlined structure			↔			
To review HR,			Review the HR,	Review conditions of	Revised conditions			↔			

Objectives		Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
Administration and legal documentation			administration and legal documentation	services Review standard operating procedure Come up with new and revise old polices	of services Additional policies Revised policies						
To enhance human resource capacity		4	Revise Performance Management System Promote skills in implementation of the performance management system	Introduce a Balanced Score Card PMS Induct staff on performance management	Balanced Score Card system in place Number of people trained		↔		◀		
		5	Introduce a performance related rewards system	Develop individual staff performance plans	Individual staff PM forms		↔				
				Monitor individual staff performance	Annual reviews report			←————→			
		6	Coordinate staff skills development	Conduct skills assessments	Skills assessment report		↔				

Objectives		Ref.	Strategies	Activities	Means of Verification	Responsible person	Year 1	Year 2	Year 3	Year 4	Year 5
			based on identified skills gaps	Develop skills development plans	Annual Skills Development plans			↔			
		7	Regular review of Conditions of Service; human resource policies and systems	Benchmark the Terms and conditions of employment and HR policies	Benchmarked TORs and HR policies		↔				

8. RISK ANALYSIS

SFFRFM faces several risks as follows:

8.1 Working Capital Risk

SFFRFM runs a working capital risk. This has resulted in failure to acquire adequate fertilizers and in time.

8.2 Market Risk

Market risk is the risk associated with changes of the market dynamics that includes; the pricing structure, and currency fluctuations. SFFRFM needs to monitor this market exposure. In the past SFFRFM has suffered from the tumbling world fertilizer prices and the currency depreciations.

8.3 Concentration Risk

The majority of the customers are individuals, who access the products as individuals. Groups of customers or corporations are not the primary markets as of now. However, the individual markets are volatile as individuals easily change product sources and are price sensitive. The concentration on the individual customer market with little focus on other markets poses a risk. Further, the current farmer market focus is climatic conditions dependent hence experiencing fluctuations in production and need for fertilizers.

8.4 Operational Risk

This is the risk associated with business model of SFFRFM where largely the business is seasonal when farming is intensified in the rainy seasons only. This creates challenges with operational and fixed costs since costs apply for the entire year yet the business is almost for half a year.

8.5 Regulatory Risk

SFFRFM is required by law, specifically the Public Procurement and Disposal of Assets Act of 2016, to issue public tenders to procure fertilizers. The process of tendering generally takes a long period (at least three months). This requirement poses a challenge to SFFRFM to procure fertilizers for urgent demands when its stocks run out. SFFRFM, because of the same law cannot do single sourcing when suppliers avail themselves with cheaper prices. All these make SFFRFM uncompetitive.

9. KEY SUCCESS FACTORS

Factors considered key to the successful implementation of the SP are set out below.

1. Sustained staff commitment.
2. Sound relationship with stakeholders in performing tasks.
3. Enhanced awareness of the role and mandate of SFFRFM by all staff members.
4. Timely sourcing of adequate fertilizers.
5. Adequate resources to execute SFFRFM mandate.

10. IMPLEMENTATION, MONITORING AND EVALUATION ARRANGEMENTS

10.1 Introduction

Given that implementation of the Strategic Plan cannot happen in a vacuum, set out below are the institutional arrangements that provide guidance to the various bodies that are expected to play critical roles in its implementation.

10.2 The Board

The Board is expected to oversee the operations of SFFRFM. In this regard, it will receive reports on the implementation of the Strategic Plan quarterly through the office of the Chief Executive. This will enable the Board to measure progress and address challenges in the implementation of the Plan.

10.3 Strategic Plan Implementation Monitoring and Evaluation

To ensure timely implementation of the strategies set out in this Plan, SFFRFM will assign the duty of tracking SP performance to the Internal Audit and Compliance Manager. The Internal Audit Manager shall be responsible for monitoring and evaluating implementation of activities and advise the Chief Executive Officer accordingly on progress and emerging issues. However, for effective institutionalization the management team composed of heads of departments remains responsible to flag out activities out of line to the SP, to ensure smooth implementation and liaise with the Internal Audit Manager in tracking performance.

To ensure smooth implementation of the SP, management will ensure all key stakeholders are sensitized on its contents. This will entail doing the following:

- i) Developing a popular version of the SP.
- ii) Formally launching the SP.
- iii) Publicizing the Theme, Vision, Mission, Values of the organization.
- iv) Undertaking dissemination seminars at Head Office and all regional offices of SFFRFM highlighting key features of the SP.
- v) Promoting some features of the new SP in popular printed newspapers and electronic media.

APPENDIX 1: PESTEL AND SWOT ANALYSIS

CATEGORY	ISSUES	EFFECTS/ RISKS
Political	<ul style="list-style-type: none"> Government Directives and interference Change of Government or Ruling Party Lack of criteria for Board Trustees selection 	<ul style="list-style-type: none"> Can disrupt business integrity and goodwill Can affect nature of business scope Wrong people on Board with who bring no benefit to the Fund.
Economic	<ul style="list-style-type: none"> Unstable macroeconomic environment External Economic shocks Liberalization of Economy Competitors Geographic position of the country 	<ul style="list-style-type: none"> Affecting the level of business margins Becomes expensive to procure fertilizer Reduction of market share Unconventional business deals Make costs of importing farm products very expensive
Social	<ul style="list-style-type: none"> Cash transfer Policy Poor literacy level of smallholder farmers 	<ul style="list-style-type: none"> Can bring more disposable income to buy fertilizer Interpretation of fertilizer applications technologies can be problematic
Technological	<ul style="list-style-type: none"> High cost of upgrading and sustaining IT operational systems Poor Electricity supply to run IT systems 	<ul style="list-style-type: none"> Affects product service delivery and leads to loss of income Increases cost of doing business
Ecological	<ul style="list-style-type: none"> Environment and climate changes Poor Rainfall 	<ul style="list-style-type: none"> Affects demand levels for the business to grow
Legal	<ul style="list-style-type: none"> Restrictive procurement options for Fertilizers from suppliers (Public Procurement and Disposal Act). 	<ul style="list-style-type: none"> Limitations of options where to buy cost effective products

SWOT ANALYSIS

Strength	Weaknesses
<ul style="list-style-type: none"> Establishment almost fully filled 	<ul style="list-style-type: none"> Weak inter Department Communication lick.
<ul style="list-style-type: none"> High staff expertise 	<ul style="list-style-type: none"> Bureaucracy delays on issues of transfer training and discipline
<ul style="list-style-type: none"> Staff Integrity 	<ul style="list-style-type: none"> Loss of market share
<ul style="list-style-type: none"> Teamwork within Departments 	<ul style="list-style-type: none"> Lack of Automation between HR and pay roll systems
<ul style="list-style-type: none"> Low staff turnover 	
<ul style="list-style-type: none"> Being a government institution, it has credibility to solicit funding for expansion and diversification drive 	
<ul style="list-style-type: none"> Positive reputation for quality of fertilizers 	
<ul style="list-style-type: none"> Infrastructures, Warehouses. Office Block, Institutional Houses 	

Opportunities	Threat
<ul style="list-style-type: none"> Government Programs, Greenbelt, FISP and Cash Transfer that have potential to increase fertilizer demand 	<ul style="list-style-type: none"> Competitions from other players
<ul style="list-style-type: none"> Diversification 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Government failure to settle debts in time
<ul style="list-style-type: none"> Business Goodwill from Farmers 	<ul style="list-style-type: none"> Liberalization of the Economy that is allowing various players to easily enter the market
<ul style="list-style-type: none"> Lack of fertilizer manufacturing company in Malawi 	<ul style="list-style-type: none"> Environment and Climate changes that frustrate farmers to reasonably grow their farming and demand more fertilizers

APPENDIX 2: NAMES OF PEOPLE CONSULTED

NAME	POSITION	LOCATION
Erica Maganga	Principal Secretary of MoAIWD	Lilongwe
Gray Nyandule Phiri	Controller of agriculture Services	Lilongwe
John Mataya (PhD)	Trustee	Lilongwe
Welford Sabola	Trustee	Lilongwe
Andrex Kalinde (PhD)	Chief Executive Officer	HO
Arthur Magombo	Financial Controller	HO
Master Gadama	Commercial Services Controller	HO
Lester Mwantisi	Corporate Services Controller	HO
Sam Thunde	Procurement Manager	HO
Watson Chirambo	Chief Accountant	HO
Samuel Maliro	Regional Manager	NR
Patrick Milazi	Regional Manager	CR
Bryson Kanyika	Regional Manager	SR
Laura Njoka	Procurement Assistant	HO
Angella Kachelenga	Marketing Officer	HO
Jois Chitika	Human Resource Manager	HQ
Lovemore Mopiha	ICT Manager	HQ
James Awali	Personnel Assistant	HQ
Chiletso Nyirenda	PA to CEO& PRO	HQ
Lucy Mwandambwe	PA to Corporate Controller	HQ
Sigere Kambona	Receptionist	HQ
Aston Kamanga	Stores Clerk	HQ
Connex Chalenga	Driver	HQ
Mathews Mwaungulu	Cleaner	HQ
John Biston	Gardener	HQ
Watson Chirambo	Chief Accountant	HQ
Joseph Butao	Accountant	HQ
Hilda Kotamo	Personal Secretary	HQ
Rhoda Pasiya	Accounts Clerk	HQ
Frank Kamenya	Cashier	HQ
James Sesani	Accounts Clerk	HQ
Chancy Kamba	Accounts Clerk	HQ
Paul Lipenga	Data Entry Clerk	HQ
	Depot Supervisor	Ntcheu
Kapaizi	Depot Supervisor	Thondwe
Clients		
Mwasangano	Director	Agri-Hot Bt
Sir. Kanyumo	Manager	St. Joseph Hospital Nguludi
Edward Bauleni	Staff Welfare Chairperson	St. Joseph Hospital Nguludi
Thoko Kuyera	Staff Welfare Secretary	St. Joseph Hospital Nguludi
Angoni Satha Onse	Agro Dealer	Blantyre Market

APPENDIX 3:CONSULTED DOCUMENTS

1. SFFRFM's comprehensive Market Review- Sales Forecast for 2016-/2017
2. Small Holder Farmers Fertilizer Revolving Fund of Malawi- Strategic Plan 2010-2015
3. Functional Review Report, Dec, 2013
4. Trust Deed, Smallholder Farmers Fertilize Revolving Fund of Malawi
5. Small Holder Farmers Fertilizer Revolving Fund of Malawi Development Strategies, Final Report, Oct, 2000
6. Smallholder Farmers Fertilize Revolving Fund of Malawi, Strategic Plan 2010-2015, Final Copy with Revised Implementation Plan
7. Smallholder Farmers Fertilize Revolving Fund of Malawi Approved Policies
 - a. Performance Bonus Policy
 - b. Security and Procedures
 - c. Credit Management Policy
 - d. Corporate Social Responsibility Policy
 - e. HIV and AID Policy
 - f. ICT Security Policy
8. Smallholder Farmers Fertilize Revolving Fund of Malawi, General Terms and Conditions of Services, Revised Nov, 2012
9. Final Draft Report Feasibility Study on the Viability of Trading in Agricultural Commodities, Nov, 2014
10. Smallholder Farmers Fertilize Revolving Fund of Malawi, Performance Management Handbook, June, 2013
11. Audit Reports 2012, 2013, 2014
12. Malawi Fertilizer Strategy
13. Malawi Growth and Development Strategy
14. Agricultural Development Plan