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# Audit Service Sierra Leone

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Performance Audit  
Report on the  
Distribution of  
Agricultural Inputs

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January 2012

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## **FOREWORD**

As the Supreme Audit Institution (SAI) of Sierra Leone, the Audit service Sierra Leone (ASSL) is set on expanding the scope of external audit. In addition to our traditional role in Regularity Audit, we have established Performance Auditing<sup>1</sup> as one of the services provided by the ASSL. To achieve this, we have put in significant efforts into upgrading the professional skills in the organisation and modernising the audit methodology.

In submitting our second Performance Audit Report for tabling, I refer to the constitution of Sierra Leone in which Section 119 (2) states "The public accounts of Sierra Leone and of all public offices including the courts, the accounts of the central and local government administrations, of the Universities and public institutions of like nature, any statutory corporation, company or the body or organization established by an Act of Parliament or statutory instrument or otherwise set up partly or wholly out of Public Funds, shall be audited and reported on by or on behalf of the Auditor General, and for that purpose the Auditor-General, or any person authorised or appointed in that behalf by the Auditor-General shall have access to all books, records, returns and other documents relating or relevant to those accounts".

I further refer to the Government Budgeting and Accountability Act of 2005, Section 63 (1) Sub section (1e), which states "In his examination of the Final accounts the Auditor-General shall ascertain that in his opinion, financial business has been carried out with due regard to economy in relation to results achieved", and;

Sub section 66 (4) further states that "Nothing in this section shall prevent the Auditor-General from submitting a special report for tabling in Parliament on matters that should not await disclosure in the annual report".

In line with my mandate as described above, we have undertaken this Performance Audit on the Distribution of Agricultural Inputs by the Ministry of Agriculture Forestry and Food Security, highlighting their key role in ensuring that food security targets are achieved.



Lara Taylor-Pearce FCCA (Mrs.)  
***Auditor General of Sierra Leone***

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<sup>1</sup> Performance Audit is "An audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities" (INTOSAI Auditing Standards)

## **EXECUTIVE SUMMARY**

The purpose of this performance audit was to assess the Economy, Efficiency and Effectiveness of the Distribution of Agricultural Inputs by MAFFS. The focus has been on seed rice and tractors, which were the key components of the agricultural inputs procured by the Government as part of its strategy to increase productivity in food cultivation and promote exports, with the aim of improving food availability and increasing agricultural export earnings.

The reason for the audit was that food security has not yet been fully achieved and there are indications that there have been delays in the distribution of agricultural inputs. The audit dealt with three main issues: whether adequate procedures were applied in the procurement of inputs; whether these inputs were allocated to districts in line with established criteria; and, whether the inputs were swiftly distributed to the beneficiaries.

We found that there had been serious irregularities in the procurement process for seed rice. Several of the fundamental procurement regulations had been violated and the procurement records had not been submitted to the NPPA. As a result of this the distribution of seeds came too late in the year for optimal benefits to the beneficiaries, the price paid was much higher than previous years and there were serious doubts as regards the quality of the seeds.

We also found that there were no established criteria for the distribution of inputs to districts and for seed rice, the allocation did not make any mention of what varieties of seeds should go to the respective districts. Thus there were no indications that the different ecologies were taken into account and there were no references to any needs assessments being carried out. Once the procurement of seed rice had been completed the distribution to the farmers was swift, but there were some doubts regarding the circumstances of the distribution. In at least two districts part of the seed rice was turned into cash at not even a third of the price paid by the government. In many cases the seed loan agreements that should guarantee the recovery of the seeds were not accurate.

Tractors were found to be both underutilised and poorly maintained. Only about 60% were in good enough condition to be used. As regards the new tractors, the allocation to different districts appeared to be based more on requests from individual farmers than on any needs assessment.

### ***The Distribution of Agricultural Inputs***

We recommend that MAFFS takes the necessary actions to ensure that the rules and regulations of public procurement are adhered to in future. As a first step all procurement records relevant to the procurement of seed rice in 2009 should be submitted to NPPA for evaluation.

MAFFS should develop a plan of how to deal with the huge quantity of seed rice that has not yet been recovered.

We also recommend that MAFFS reviews the whole set up for maintenance of tractors. Alternative solutions, including privatisation, should be considered. An inventory should be made of MAFFS' tractors and a decision taken on whether they should be scrapped or repaired.

MAFFS should develop a long term strategy for food security (provision of inputs, mechanisation, seed multiplication centres, agricultural research, etc) where different measures are well coordinated and implemented in a consistent way throughout the country. Future distributions of inputs to farmers should be based on verifiable needs assessments, transparent criteria for allocation and timely distribution to beneficiaries.



## **1. INTRODUCTION**

### **1.1 Purpose and Scope**

The Government of Sierra Leone adopted the Poverty Reduction Strategy Paper in June 2005. Pillar two of that strategy focuses on "Food Security and Job Creation".

The Ministry of Agriculture Forestry and Food Security (MAFFS) is the arm of Government, responsible for the implementation and achievement of Food Security. Agriculture is the biggest economic sector in the country and employs about two-thirds of the population.

This audit has focused on delays in the distribution of agricultural inputs and its purpose has been to assess the Economy, Efficiency and Effectiveness of the Distribution of Agricultural Inputs by MAFFS. The focus has been on seed rice and farm machinery, especially tractors, which are the key components of the agricultural inputs.

Food Security has long been a priority for the Government of Sierra Leone. The Government's strategy is to increase productivity in food cultivation and promote exports, with the aim of improving food availability and increasing agricultural export earnings.

The motive for this audit was that food security has not yet been fully achieved and the distribution of agricultural inputs is a key component in the government's food security drive.

### **1.2 Methods and Implementation**

The general question to be answered during the audit was "How does MAFFS secure timely procurement and distribution of Agricultural inputs?" To be able to answer this question and reach our objectives, i.e. to assess the economy, efficiency and effectiveness of the distribution of agricultural inputs, we formulated three specific audit questions as listed below:

- Are adequate procedures applied in the procurement of agricultural inputs?
- Are the agricultural inputs allocated to district and ecology in line with established criteria?
- Is there a functioning system for the swift distribution of agricultural inputs to individual farmers?

### *The Distribution of Agricultural Inputs*

We reviewed documents and conducted interviews with key stakeholders to ascertain the reason for delays in the distribution of agricultural inputs. The procurement of these inputs was also considered in detail.

Interviews at MAFFS' Headquarters included the Director General of Agriculture, the Director of Crops, the Director of Internal Audit and the Procurement Officer. Officials of seed multiplication centres were also interviewed as were representatives of the National Farmers' Association and of the Food and Agriculture Organisation of the United Nations (FAO). During our visits to the districts we interviewed the District Directors of Agriculture (DDA), Chairmen of District Councils and Agriculture Committees, District Store Keepers (DS), Block Extension Supervisors (BES), Field Extension Workers (FEW), Farmer Based Organisations (FBO) and individual farmers.

We reviewed the client's documents to substantiate some of the issues raised during the interviews and to obtain information to arrive at reasonable answers to our questions regarding the procurement and distribution of agricultural inputs.

The ASSL also inspected district stores and visited farming sites.

A draft version of this report has been presented to MAFFS for their comments. MAFFS' response from the 21<sup>st</sup> of February 2011 has been considered when finalising the report

## **2 DISTRIBUTION OF AGRICULTURAL INPUTS**

### **2.1 The role of MAFFS**

MAFFS' role is to achieve sustainable food security and reduce poverty through agricultural intensification, diversification and efficient management of the natural resource base. MAFFS has the mandate to support the production of all crops and livestock in an environmentally sustainable manner and to ensure the achievement of Food Security. To underscore this commitment to the development of the nation's agriculture and eventual alleviation of poverty, the portfolio of "Food Security" was created under MAFFS.

## **2.2 MAFFS' Goals and Objectives**

The goals and objectives emanate from strategic meetings where key players jointly agree to what needs to be achieved by MAFFS within a specific timeframe.

These Goals and Objectives are highlighted below:

- Enhance increased agricultural productivity (intensification).
- Promote diversified commercial agriculture (extensification) through private sector promotion.
- Improve agricultural research and extension delivery services.
- Promote efficient and effective resource management system.

## **2.3 The organisational set-up of MAFFS**

The Headquarters of MAFFS in Freetown ensures that the overall objective of food security is achieved. The ministry is divided into a professional wing headed by the Director General and an administrative wing headed by the Permanent Secretary. The Honourable minister, assisted by two deputy ministers, is the political head of the ministry. See organogram in appendix 1.

The office of the Director General is directly responsible for overseeing all activities of Food Security, thereby ensuring that its objectives are achieved. MAFFS procures the farm inputs, in compliance with the Public Procurement Act of 2004, for distribution to farmers before the planting season based on the ecologies in the different agricultural sectors. Inputs are normally distributed on a recovery basis, especially for seed rice.

The Crops Division provide the enabling environment for increased Agricultural production so as to achieve food sufficiency and security by promoting research and extension, inputs delivery and marketing. The aim is to improve rural incomes, reduce poverty and maintain the natural environment.

## **2.4 Procurement and Distribution Process**

### **2.4.1 Procurement Legislation.**

The legislative framework governing the operations of the procurement system in Sierra Leone includes the following;

- Public Procurement Act 2004

### *The Distribution of Agricultural Inputs*

- Public Procurement Regulations 2006
- Public Procurement Manual for the Guidance of Procurement Officers in the Public Service
- Standard Bidding Documents for Goods, Civil Works and Services

For the purpose of this audit, we focused mainly on the Public Procurement Act of 2004 (PPA) and the Public Procurement Regulations of 2006 (PPR).

#### 2.4.2 The Public Procurement Act 2004

Section 1 (1) of PPA states that "This Act shall apply to the procurement of goods, works and services, including any procurement, financed in whole or in part from public or donor funds by the following bodies or Organizations:-

- (a) central Government Ministries, departments, commissions and agencies
- (b) local councils; (.....)"

Section 29 (1) of PPA states: "All procuring entities shall undertake procurement planning, with a view to achieving maximum value for public expenditures and the other objects of this Act".

Section 29 (5) of PPA states: "Procuring entities shall, where necessary and on a quarterly basis, review and update their procurement plans and notify any modifications to the Ministry of Finance, and the Ministry responsible for local government (for local councils) and the approved and updated plans shall be submitted to the National Public Procurement Authority for publication in accordance with paragraph (i) of subsection (2) of section 14".

Section 30 of PPA states that "The procuring entity shall be responsible for the administration of contracts into which it enters, as well as the monitoring of the performance of such contracts."

Section 32 (1) states "The procuring entity shall preserve all documentation relating to the procurement proceedings in accordance with applicable rules concerning archiving of government documentation, but at a minimum, for a period of six years following the dates of final completion of the procurement contract, or from the date of rejection of all bids or cancellation of the proceeding, as the case may be."

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The PPA has entrenched criteria for the eligibility of bidders in the Act in sections 41 and 42 stated below:

41. (1) states: "Subject to approval by the procurement committee, restricted bidding may be held in the following cases:—

- a. when the goods, works or services are only available from a limited number of bidders;
- b. (b) when the time and cost of considering a large number of bids is disproportionate to the estimated value of the procurement."

42. (1) states "When restricted bidding is employed on the grounds referred to in paragraph (a) of section 41, all known suppliers capable of supplying the goods, works or services shall be invited to bid.

(2) When restricted bidding is employed on the grounds referred to in paragraph (b) of section 41, the procuring entity shall solicit bids from a minimum number of five bidders, if possible.

(3) The procedures for bidding proceedings, as set forth in Part V, apply to restricted bidding, except to the extent that they are modified by this section.

#### 2.4.3 The National Public Procurement Authority (NPPA)

The PPA, section 14 (1) establishes the NPPA whose object "is to regulate and monitor public procurement in Sierra Leone and to advise the government on issues relating to public procurement."

The responsibilities of NPPA include:

- formulate policies and standards on public procurement and to ensure compliance therewith
- assess the operations of the public procurement processes and submit proposals for the improvement of the processes
- ensure capacity building and human resource development for public procurement
- disseminate information about, and promote awareness of the public procurement system
- provide interpretation of this Act and other instruments governing the procurement process

#### 2.4.4 The Public Procurement Regulations 2006 (PPR)

These Regulations are promulgated by NPPA in accordance with section 68 of PPA, “for the purpose of establishing detailed rules and procedures to fulfil the objectives and implement the provisions of the Law.”

“The Regulations apply to all procurement covered by the PPA, in accordance with section 2 of the PPA. Alternative or modified procurement rules may only be applied in the case of:

- (a) procurement subject to the rules of a donor or funding agency in accordance with section 1(2) of the PPA; or
- (b) procurement related to national defence or national security, in accordance with section 1(3) of the PPA.

Compliance with these Regulations is obligatory for procuring entities and other participants in public procurement.”

#### 2.4.5 Annual Procurement Planning

A budget call circular is sent to all MDAs by the Budget Bureau Unit in the Ministry of Finance and Economic Development (MoFED) to prepare their estimated budgets for the coming year. Budget estimates are prepared both at district and headquarter levels. The budgets are revised on an ad hoc basis in line with MAFFS’ policies and programmes for priority areas. These budgets are then sent to MoFED for approval. Available funds are then remitted from MoFED on a quarterly basis according to its budget heads.

The procurement system in MAFFS starts with a needs assessment in consultation with farmers which is usually done at the district level and sent to headquarters before the end of the financial year. An Annual Procurement Plan within the limits set by the approved budget is prepared by the Procurement Unit within MAFFS for each fiscal year based on the needs assessment.

When the need arises MAFFS procures farming inputs, in compliance with PPA, for distribution to farmers for the planting season and based on the ecologies in the different agricultural districts.

### *The Distribution of Agricultural Inputs*

According to Section 29 (2) of NPA “the procurement plan should support the procuring entity’s approved programme and budget.

The contents of the Annual Procurement Plan are detailed in Section 30 of PPR, which states that “the annual procurement plan for each procuring entity shall include” among other things:

- “a detailed breakdown of the goods, works and services required;”
- “a schedule of the delivery, implementation or completion dates for all goods, works and services required;” and
- “an indication of the rules applicable to the procurement, where any procurement is not subject to these Regulations in accordance with section 1 of the Law.”

#### 2.4.6 The Bidding Process

A procurement Committee and a procurement unit are established in any procurement entity and their functions are stated in PPA.

The Procurement planning committee in the procurement entity plans for the procurement of any item in procurement plan according to regulation 30 of PPR for the ministry’s programmes and activities. The Procurement Committee entirely supervises and monitors all procurement processes in the following manner:

- Invitations for quotations are sent to competitive bidders with a deadline date for submission of quotations.
- The bidders must submit, alongside their quotations, valid business registration certificates, valid tax clearance certificates and NASSIT clearance certificates.
- A date is scheduled for bid opening where all bidders will be invited.
- Bid opening must be done in the presence of the bidders.
- The bids should be signed and stamped by the members of the bid opening committee;
- The Procurement Committee may also appoint an Evaluation Committee or a Technical Evaluation Committee to give technical advice.
- A notification of award of contract is given to the successful bidder.
- A contract agreement form is signed with the successful bidder.
- The supplier will then supply the goods according to the specifications indicated in the quotation.

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- Upon receipt at store the quality and quantity of the goods should be verified by an Inspection and Receipt Committee before acceptance of the goods.
- After acceptance of the goods the supplier's delivery note is signed by the store keeper. The Inspection and Receipt Committee either signs the delivery note or issues a separate certificate of inspection.
- The supplier will then submit these store receipts certificates to the ministry for the processing of payment.
- The NPPA should be provided with all documentation and the final contract agreement for monitoring and evaluation.
- The procuring entity should keep all procurement records for a minimum period of six years following the completion of the contract.

## **2.5 The evaluation of bids**

### **2.5.1 The technical evaluation**

Before making a decision on the award of contract to a specific bidder the Procurement Committee must make sure that the supplier can meet the requested specifications as laid down in the invitation for quotations. An Evaluation Committee reporting to the Procurement Committee may be appointed for the technical evaluation.

After the opening of bids the first duty of the evaluation committee is to examine whether the bids are complete, signed and responsive to the technical specifications (RPP regulation 68). If these standards are not met the bid "shall be rejected and excluded from further evaluation and comparison".

The technical evaluation shall determine whether the bids are "substantially responsive" to the technical standard defined in the bidding document. Depending on what is stated in the bidding documents a technical inspection of the goods may also be required. Regardless of this the procuring entity shall always ensure that all goods have been inspected and verified by a formal Inspection and Receipt Committee prior to their acceptance. This committee, constituted under regulation 144 of the RPP, should consist of at least three persons. The committee should include "a representative of the Procurement Unit"; a person "with appropriate technical knowledge"; and "a store keeper or representative of the end user." After the inspection has been completed certificates or goods received notes should be issued.



Depending on what is procured and the technical knowledge of its members the Inspection and Receipt Committee could either itself conduct the necessary tests or inspect documents showing that such tests have been carried out by a competent authority.

### 2.5.2 The testing of seed rice

In the case of seed rice the testing may be done at one of the seed multiplication centres where the necessary equipments and materials are available. After testing a certificate should be issued to the supplier proving that a test has been carried out by an authorized body.

During the testing process the seeds should be tested for:

1. Physical purity ensuring that the rice seeds are free from dust, sand and other foreign materials or seeds of other species. The physical purity specified by MAFFS for its procurement of seed rice in 2009 was 98%.
2. Varietal purity ensuring that the seeds are of the same variety. The acceptable level as specified by MAFFS in 2009 was 96 %
3. Germination (viability) ensuring that the seeds will germinate. Here MAFFS put the minimum acceptable level at 80%. This is tested by planting 100 seeds collected by random sampling in blotting paper; adding moisture and then waiting for about one week before checking the number of germinated seeds.
4. Moisture. MAFFS' level was put at 12%.

## 2.6 Distribution to beneficiaries

### 2.6.1 Distribution of seed rice to farmers

The allocation of seed rice to different districts is decided at the headquarters of MAFFS for the seeds to be delivered accordingly to each district store by the supplier.

Distribution lists to farmers are prepared by the BES/FEW in their respective blocks, Councillors are only involved to help in the recovery of the seeds since they are the peoples' representative in the council and council is primarily involved to ensure that seeds given out for loan are paid back.

### ***The Distribution of Agricultural Inputs***

Each district store has a district store keeper who is in custody of all agricultural inputs in the store. The store keeper has to maintain proper store records .such as store allocated ledger, certificate of receipts, requisition notes, store issue vouchers and delivery notes for accountability purpose.

The beneficiaries could sign and collect seed rice directly from the store keeper, but the most common method of distribution is that the BESs sign and collect from the store for onward distribution to eligible farmers in their respective blocks.

The criteria for eligible beneficiaries are:

- Seed rice should only be distributed to registered farmer groups or individual farmer organisations.
- They must be registered at a cost of Le 50,000 with the Local council, with the Ministry of Social Welfare, Gender and Children's Affairs and with the Ministry of Agriculture Forestry and Food Security.
- They must have an account with a commercial bank operating in the country.
- They must have an identified plot to cultivate and the suitability of that plot needs to be assessed by the BES.
- They must sign an agreement form provided by the ministry on the basis that seed rice distributed will be recovered with interest of 50% at a specific date after harvest.

The distribution of seed rice to farmers is based on 50% interest recovery after harvest. The ministry and the Local councils are responsible for the recovery of seed rice since most of the functions of MAFFS have been devolved to the councils. The recoveries of seed rice are normally supervised by the BES' who distributed the seed rice to the farmers.

Recovered seed rice belongs to the community and is stored in a community store overseen by the BES. The recovered seed rice is redistributed to farmers who had not benefitted from previous distributions. Redistribution of recovered seed rice is also based on 50% interest.

### 2.6.2 Making tractors available to farmers

The government of Sierra Leone has also bought a number of tractors that are made available to farmers. The total number of MAFFS tractors operating in 2009 was 92 (including 10 new "Libyan" tractors). These tractors are retained and maintained by MAFFS district offices/workshops. In addition to this there were also 33 private tractors operating. A further 263 tractors procured by the government were distributed under a hire-purchase scheme in 2010. See table 1 below.

**TABLE 1. TRACTORS IN THE DISTRICTS IN 2009 AND 2010**

| DISTRICT     | Number of Tractors in operation 2009 |           |            | New tractors Distributed 2010 |
|--------------|--------------------------------------|-----------|------------|-------------------------------|
|              | MAFFS                                | PRIVATE   | TOTAL      |                               |
| Kambia       | 7                                    | 1         | 8          | 23                            |
| Port Loko    | 5                                    | 4         | 9          | 22                            |
| Bombali      | 26                                   | 6         | 32         | 62                            |
| Koinadugu    | 3                                    | 1         | 4          | 15                            |
| Tonkolili    | 15                                   | 1         | 16         | 49                            |
| Kono         | 4                                    | 2         | 6          | 15                            |
| Kenema       |                                      |           | 0          | 2                             |
| Kailahun     | 1                                    | 1         | 2          | 5                             |
| Bo           | 6                                    | 3         | 9          | 10                            |
| Bonthe       | 16                                   | 2         | 18         | 13                            |
| Pujehun      | 4                                    | 6         | 10         | 14                            |
| Moyamba      | 4                                    | 5         | 9          | 16                            |
| Western II   | 1                                    | 1         | 2          | 17                            |
| <b>TOTAL</b> | <b>92</b>                            | <b>33</b> | <b>125</b> | <b>263</b>                    |

Farmers would be eligible to make use of existing tractors in 2009 if they meet the laid down criteria as stated thus;

- They must have at least 400 acres of land suitable for mechanical cultivation
- They must provide fuel for the operation of a tractor at an estimated cost of Le 25,000,000 per season
- Tractor operators must be paid the cost of Le 2,000 per hour of operation.

## 2.7 Funding

MAFFS' total expenditure on food security in 2008 was Le7,851,597,248 of which Le6,878,859,797 or close to 90% was spent on agricultural inputs, see table below.

**TABLE 2. AMOUNTS SPENT ON THE PURCHASE OF AGRICULTURAL INPUTS 2008**

| <b>DETAILS</b>                          | <b>TOTAL AMOUNT (LE)<br/>(according to MAFFS'<br/>expenditure analysis 2008)</b> |
|---|--|
| Tractor Monitoring                      | 31,060,000   |
| Tractor operators (Salaries & training) | 319,623,500  |
| Tractor spares & repairs                | 1,251,948,547  |
| Mechanical cultivation activities       | 97,317,750   |
| Insecticides                            | 55,750,000   |
| Seed rice                               | 4,378,460,000  |
| Cashew seedlings                        | 712,500,000  |
| Ground nut seed                         | <u>32,200,000</u>  |
| <b>TOTAL</b>                            | <b><u>6,878,859,797</u></b>  |

Seed rice was the most important agricultural input and in 2008 and 2009 the government spent a total of Le 6,384,973,000 for the procurement of seed rice. See table 3.

**TABLE 3. SUPPLIERS OF SEED RICE 2008 AND 2009**

| <b>DATE</b>   | <b>SUPPLIER</b>   | <b>QUANTITY<br/>(Bushels)</b> | <b>PRICE<br/>(Le)</b>       | <b>TOTAL (LE)<br/>(according to<br/>contract<br/>documents)</b> |
|---------------|---|-------------------------------|-----------------------------|---|
| 23/05<br>2008 | Mohamed L. Yillah, Seed<br>Multiplication project             | 20,000                        | 55,000                      | 1,100,000,000   |
| 02/06<br>2008 | Upwards Sierra Leone,<br>Mara Village, Malal Mara<br>Chiefdom | 4,000                         | 60,000                      | 240,000,000   |
| 02/06<br>2008 | Marika Enterprise   | 10,847                        | 59,000                      | 639,973,000   |
| 02/06<br>2008 | Instant Modern Construc-<br>tion Company                      | 5,000                         | 60,000                      | 300,000,000   |
| 02/06<br>2008 | Rothoron Union of farmers                                     | 8,000                         | 60,000                      | 480,000,000   |
| 02/06<br>2008 | Worreh Banna Farmers<br>Association                           | 25,000                        | 60,000                      | 1,500,000,000   |
|               | <b>TOTAL 2008</b>   | <b>72,847</b>                 | <b>(average<br/>58,478)</b> | <b>4,259,973,000</b>  |
| 31/7<br>2009  | Worreh Banna Farmers<br>Association                           | 25,000                        | 85,000                      | 2,125,000,000   |
|               | <b>TOTAL 2009</b>   | <b>25,000</b>                 |                             | <b>2,125,000,000</b>  |

### **3 FINDINGS**

#### **3.1 Procurement**

##### **3.1.1 No seed rice in MAFFS' procurement plan for 2009**

The auditors observed that prior to the submission of the request for sole source procurement of seed rice for 2009 to the NPPA, on the 1<sup>st</sup> of July 2009, there was no item for the procurement of seed rice in MAFFS' procurement plan for 2009.

This spontaneous procurement of seed rice was, according to the Ministry, as a result of a joint plea by farmers to his Excellency the President of Sierra Leone.

Documentary evidence indicating the plea made by farmers to the President as claimed by the Ministry was not produced for the auditors, nor was any request from farmers at district level produced to ASSL.

We also learned from our interviews with representatives of the local districts that district chairmen and chief administrators were summoned by MAFFS to a meeting in Freetown in July 2009 to discuss the need for procurement and distribution of seed rice. The view expressed by a large majority of those present at the meeting was that there was no need for such a distribution.

The only form of evidence produced for the auditors was a minute paper dated 27<sup>th</sup> June 2009 prepared by the Minister to the President requesting on behalf of farmers that seed rice be supplied to farmers. In the response from the Secretary of the President of the 30<sup>th</sup> of June the President gave his approval for the release of funds for procurement and distribution of seed rice for the 2009 season.

##### **3.1.2 Poor administration of the procurement of seed rice**

Section 30 of PPA states that "The procuring entity shall be responsible for the administration of contracts into which it enters, as well as the monitoring of the performance of such contracts".

On the 1<sup>st</sup> of July, 2009 MAFFS requested a sole sourcing procurement of seed rice. The NPPA in their reply dated 7<sup>th</sup> July (see Appendix 3) turned down the sole sourcing request/waiver on the basis that it was haphazard and did not meet the set criteria. NPPA indicated that MAFFS had been flouting procurement procedures also on previous occasions and were not heeding to NPPA directives.

### ***The Distribution of Agricultural Inputs***

In view of the urgency expressed by MAFFS and the President's approval of the venture, the NPPA decided to accept procurement of seed rice "through a fast-tracked Restricted Bidding Method involving at least five capable, reputable and acceptable suppliers" in line with what is required by sections 41 and 42 of PPA (see chapter 2.4.2).

Once this decision had been taken MAFFS was required to seek financial clearance and approval from the Ministry of Finance & Economic Development as indicated in Section 30 of the Government Budgeting and Accountability Act; as well as to prepare proper bidding documents in support of the procurement and to present a copy of the contract agreement to the Laws Officers' Department for their review and subsequent approval.

MAFFS did not make available evidence of financial clearance/approval from the MoFED nor did they produce the reviewed and approved contract agreement by the Laws Officers' Department.

MAFFS having distorted the procurement trail at this stage went ahead to put out tenders. In spite of this, the auditors observed anomalies in the tendering process, such as MAFFS not making available signed and dated copies of the list of suppliers, etc. In addition, evidence of the criteria set by MAFFS on which companies were invited to the restricted bidding process was not made available to us as prescribed in section 42.

Tender invitations for the supply of seed rice attached to the bids sent out on the 22<sup>nd</sup> of July, 2009 were not authentic on the basis that they were not signed and stamped by the procurement officer in MAFFS.

Worreh Banna, the Company to whom the contract for the supply of seed rice was awarded did not submit signed quotations to the Ministry; nonetheless they were still awarded the contract.

Since it is our duty to ascertain the accuracy/authenticity of documents made available to us, copies of the quotations presented to us by MAFFS were shown to purported bidders in order to confirm their bids and signatures. In three cases the responses received indicated that these quotations were not sent in by them. In two of the cases the signatures on the bids were false.

### *The Distribution of Agricultural Inputs*

The closing of bids was at noon 12:00 on the 29<sup>th</sup> of July and the bid opening took place immediately after at 12:05 pm. No attendance register for bid opening was maintained nor was there any evidence that the bidders were informed of the bid opening or invited to participate.

#### 3.1.3 Contract signed before award of contract

It is a requirement that awardees of contracts be notified in writing and a reciprocal acceptance of the offer forwarded to the Ministry. After this a contract is prepared and signed by the two parties.

The notification letter sent to Worreh Banna was dated 4 August 2009. That is four days later than the actual signing of the contract agreement to supply seed rice on the 31<sup>st</sup> of July 2009. This is a clear violation of the rules laid down in PPR Chapter 9, section A.

The delivery of seed rice to district stores coincided with the signing of the notification letter for award of contract.

#### 3.1.4 No proper testing of the seed rice was carried out

The technical evaluation committee appointed by the Procurement Committee served as advisers to the Procurement Committee. They assisted in the bid opening, carried out a substantial evaluation of the bids and made recommendations for the award of contract.

Before embarking on the technical evaluation (see 2.5.1) the technical committee should have determined whether the bids were complete. We note from the bidding documents made available to us that they failed to do this. The winning bid was not signed by the bidder; none of the bids were signed and stamped by the members of the bid opening committee; none of the bids made any reference to the technical specifications regarding the varieties and qualities of the seed rice.

The PPR Specifies that all goods upon reaching the store should be inspected and verified by a formal Inspection and Receipt Committee to confirm that what is expected is actually what has been received. It is the responsibility of this committee



### ***The Distribution of Agricultural Inputs***

to check the quality and quantity of the goods before acceptance to store. No evidence of the appointment of this committee was made available to us at MAFFS's district offices. Consequently there was also no evidence of any inspections or verifications carried out by such a committee.

Also there was no independent certificate to prove that the seed rice had been tested and was in line with MAFFS' specifications. During the audit we visited the seed multiplication centres at Kobia and in Makeni and also interviewed the project manager of the Seed Multiplication Project in Freetown. They confirmed that they had not been approached by MAFFS to carry out any testing of seed rice on their behalf. We were also told that if they had been approached by MAFFS or Worreh Banna they would have been able to carry out the required tests and issue certificates. During our inspection of the centres we could see for ourselves that they appeared to be in good working condition.



**Kobia Seed Multiplication Centre, August 2009**

Instead the seed rice was received and signed for at the store by the store keeper and/or the district director of agriculture, usually accompanied by a representative of the district council. In one district the store keeper's was the only signature on the delivery note, in three other cases there were only two signatures. When there were the required number of signatures (i.e. at least three) it is still not clear whether any of them had the appropriate technical knowledge. See table 4 below. It should also be noted that a complete test of a sample of seeds according to the process described in chapter 2.5.2 would have taken about one week to complete.

It was further observed that the delivery notes issued by the supplier did not specify the quantities delivered of each respective variety of seed rice. In half of the districts not even the names of the varieties were mentioned on the delivery notes.

Failure to test seed rice by properly equipped technical experts led to complaints from farmers that some of the bags of seed rice supplied to them were of mixed variety and not viable in their ecologies.

#### **3.1.5 Payment to contractors**

The mode of payment is clearly stated in the contract agreement. The Ministry was, however, unable to provide the auditors with documents indicating that payments were made to the contractor for the supply of seeds to the district stores

### **3.2 Allocation of Agricultural Inputs to Districts**

#### **3.2.1 No Strategic Plan.**

We observed that the ministry had no established criteria of allocation to districts of what was procured by MAFFS at central level. MAFFS has not established a planning format defining the needs of different districts in relation to the vision and mission of the Ministry as a whole. Consequently the allocation of seed rice and other agricultural inputs to districts cannot be linked to any laid down criteria as to where the seed rice and other agricultural inputs would be most needed.

#### **3.2.2 Allocation to districts did not take ecology into account**

There are different types of ecologies for the planting of seed rice. Usually a distinction is made between upland, boliland and inland valley swamps (IVS), but a more detailed classification is sometimes made. Different varieties of seed rice are suitable to different ecologies and therefore the ecology needs to be taken into account when allocating seeds of different varieties to the districts.

We noted however that there was no indication at all in MAFFS allocation to the districts of what varieties should be delivered to the respective districts. All that is indicated on MAFFS allocation list is the number of bushels of seed rice.

### *The Distribution of Agricultural Inputs*

The supplier's delivery notes sometimes mentioned the varieties delivered, but never specified their respective amounts.

We also observed that the district storekeepers did not maintain records indicating the quantity of different varieties of seed rice delivered to the store, issued from the store or remaining in stock.

#### **3.2.3 Needs assessment not reflected in central procurement.**

Our interviews revealed that BESs and FEWs worked closely with farmers in the fields to give advice and assess the needs of the farmers in the chiefdoms. Based on this information on the type/variety of seed rice, acreage of land, ecology, etc, the required agricultural inputs could be established. This information was transmitted to the DDAs for their strategic planning and contacts with MAFFS. We were, however, not provided with any evidence that the needs of the farmers were communicated into the subsequent budget and procurement planning processes at national level.

Local procurement using devolved funds is done in accordance with the priorities laid down in the local authorities' strategic and work plans. There were however no links between local plans and the procurement of agricultural inputs done at the central level.

As mentioned in chapter 3.1.1 above representatives of the district councils at a meeting in Freetown in July 2009 rejected MAFFS' proposal to buy and distribute seed rice.

### **3.3. Distribution of Agricultural Inputs to Beneficiaries**

#### **3.3.1 Speedy distribution of seed rice to farmers**

The criteria for the distribution of agricultural inputs to farmers at district levels are stated in 2.2.2. FBOs who met these criteria were eligible for loans of seed rice. All agricultural inputs were delivered to central district stores, but after this the methods for distribution to the beneficiaries differed according to district.

### *The Distribution of Agricultural Inputs*

For the 2009 distribution MAFFS provided distribution lists showing how the total amount of seed rice allocated to each district should be divided between chiefdoms. Starting from this distribution list the model used by all districts was one of requisitions made by BESs and/or district councillors. After approval of the requisition by the DDA the seed rice was issued from store by the store keeper for distribution to the beneficiaries. Depending on forthcoming demands from the local communities the actual distribution came to differ somewhat from MAFFS' list. In a good number of districts visited, the district councillors played an active role in the distribution process. In other districts, distribution was done by BESs and FEWs. See table 4 for details.

The time elapsing between the signing of the contract with the supplier, to the delivery of the seed rice to the district stores and onwards to the beneficiaries was rather short – in most cases this was less than a month. The swift distribution from supplier to beneficiary could not however outweigh the fact that procurement was made very late into the agricultural season which in many areas starts as early as April. Complaints that the seeds arrived too late were common in all districts visited and there were several indications that some of the seed rice was consumed rather than planted.

District store keepers should maintain records for all deliveries into stores and all issues out from stores. During our visits to the district stores, we observed that the store keepers did not always maintain proper records. In two districts, seeds were issued from store with no entries made in the store ledgers; in one district, there were no requisition notes at all; in another, store issue vouchers had been signed, but the seeds were still in the store; and, one store keeper had run out of store-issue-voucher forms.

**Table 4. SEED RICE DISTRIBUTION AT DISTRICT LEVEL FOR 2009**

| DISTRICT  | TYPE OF SEED RICE RECEIVED  | QUANTITY (BUSHEL) | DELIVERY NOTE SIGNED BY     | DATE OF DELIVERY | DATE ISSUED FROM STORE | ISSUED TO          | DISTRIBUTED BY                                    |
|-----------|-----------------------------|-------------------|-----------------------------|------------------|------------------------|--------------------|---|
| Kambia    | ROK-3, ROK-5, IVS, Pa kiamp | 1,300             | DDA, CA, DS                 | 04/08/09         | August                 | BES Councilors     | BES and Councilors, requisition approved by DDA.  |
| Port Loko | ROK-3, ROK-5, IVS, Pa kiamp | 2,000             | Ag.DS, CA, DDA              | 13/08/09         | ...                    | ...                | ...   |
| Bombali   | ROK-3, ROK-5, IVS, Pa kiamp | 5,000             | CA, DS                      | 08/08/09         | August                 | BES, Councilors    | BES and Councilors, requisition approved by DDA   |
| Koinadugu | ROK-3, ROK-5, IVS, Pa kiamp | 2,745             | DDA, CA, DS                 | 12/08/09         | August                 | –                  | BES, requisition approved by DDA                  |
| Tonkolili | Seed rice                   | 2,000             | M&E, DDA, DS                | 11/08/09         | August                 | BES, Councilors    | BES and Councilors, requisition approved by DDA.  |
| Kono      | Assorted                    | 2,110             | DS                          | 16/08/09         | ...                    | ...                | ...   |
| Kenema    | ROK-3, ROK-5, IVS, Pa kiamp | 1,650             | CA, DDA, DS                 | 07/08/09         | August                 | BES                | BES, requisition approved by DDA                  |
| Kailahun  | ROK-3, ROK-5, Pa kiamp      | 1,650             | DDA, CA, DS                 | 06/08/09         | August                 | BES, Crop. officer | BES and Councilors, requisition approved by DDA " |
| Bo        | Assorted                    | 1,300             | DDA, CA, DS                 | 08/08/09         | August                 | BES                | BES, requisition approved by DDA                  |
| Bonthe    | Assorted                    | 2,295             | DDA, CA                     | 13/08/09         | ...                    | –                  | ...   |
| Pujehun   | Assorted                    | 1,300             | Ag.DDA, CA                  | 10/08/09         | August                 | Councilors         | Councilors, requisition approved by DDA           |
| Moyamba   | Seed rice                   | 1,650             | DDA, DS, CA, Chair Agri Com | 05/08/09         | August                 | BES, FEW           | BES and FEW, requisition approved by DDA          |

### 3.3.2 Some farmers got cash instead of seed rice

As stated in the contract between MAFFS and the supplier, 25,000 bushels of seed rice at a price of Le85,000 per bushel should be distributed to the district headquarter towns in accordance with a distribution list provided by MAFFS.

According to the contract and MAFFS' distribution list, Worreh Banna Farmer's Association should supply and deliver 1300 bushels of seed rice to the Pujehun district store. According to the delivery note/way bill this amount was delivered on the 10<sup>th</sup> of August 2009. It was received and signed for by the acting district director of agriculture and the chief administrator of the district council. At our visit to the store on the 17<sup>th</sup> of August 2009 the distribution of the seed rice was already well under way. We carried out a stock count and could see that on the 17<sup>th</sup> of August, 266 bushels still remained in the store. However, only 763 bushels had been issued from the store (700 recorded in the ledger and 63 recorded on loose pieces of paper). This means that there was a deficit of 271 bushels not accounted for ( $1300 - 763 = 537$ ;  $537 - 266 = 271$ ). We were not able to independently verify the reception of the 1300 bushels and therefore cannot say whether the deficit of 271 bushels occurred at the time of delivery, or if the bushels were lost from the store between the 10<sup>th</sup> and the 17<sup>th</sup> of August.

We further established that upon issue from store the seed rice was collected by the ward councillors for distribution in their respective wards. 50 bushels were issued for each ward and duly signed for by the councillor. According to our interviews and a signed statement from the chairman of the council agriculture committee, the actual amount collected by each councillor was 23 bushels of seed rice and Le 675,000 in cash (corresponding to 27 bushels at Le 25,000 per bushel). This was further evidenced by explanatory notes given to us together with the distribution list. Those notes clearly indicate the names and quantities received by each councillor, the district chairman, the chief administrator, the district director of agriculture and directly by some newly registered farmers.

As shown in table 5 below this scheme resulted in seed rice for which the Government had paid nearly 60 million Leones never being distributed to the beneficiaries.

**TABLE 5. CASH PAYMENT TO FARMERS INSTEAD OF SEED RICE, 2009, PUJEHUN DISTRICT**

| DETAILS                                    | QUANTITY<br>(Bushels) | UNIT COST<br>(Le) | TOTAL COST<br>(Le) |
|--|-----------------------|-------------------|--------------------|
| Total quantity to be distributed           | 1,300                 | 85,000            | 110,500,000        |
| Total of seed rice distributed             | 598                   | 85,000            | 50,830,000         |
| Seed rice not supplied                     | 702                   | 85,000            | 59,670,000         |
| Cash instead of seed rice                  | 702                   | 25,000            | 17,550,000         |
| Difference (i.e. amount not accounted for) |                       |                   | <b>42,120,000</b>  |

We observed a similar situation to that in Pujehun when visiting Dembelia Sinkunia Chiefdom in Koinadugu District on the 17<sup>th</sup> of September. There too cash was distributed instead of seed rice. Out of a total of 150 bushels to be distributed only 100 came in the form of seeds and the rest as cash at Le 25,000 per bushel. See table below for details.

**TABLE 6. DEMBELIA SINKUNIA CHIEFDOM KOINADUGU DISTRICT**

| DETAILS  | QUANTITY<br>(Bushels) | UNIT COST<br>(Le) | TOTAL COST<br>(Le) |
|--|-----------------------|-------------------|--------------------|
| Total quantity to be supplied as per distribution list | 150                   | 85,000            | 12,750,000         |
| Total of seed rice supplied                            | 100                   | 85,000            | 8,500,000          |
| Total seed rice not supplied                           | 50                    | 85,000            | 4,250,000          |
| Cash payment to farmers instead of seed rice           | 50                    | 25,000            | 1,250,000          |
| Difference (i.e. amount not accounted for)             |                       |                   | <b>3,000,000</b>   |

### 3.3.3 Poor recovery of seed rice

One criterion for the distribution of seed rice to farmers was based on a 50% interest on recovery of the total number of bushels received. After harvest the farmer should pay back one and a half bushels of seed rice for each bushel received. Proper monitoring activities by the ministry were not done to secure this recovery, and when the distribution of seed rice started in 2009 there were still large amounts of unrecovered seeds outstanding from the previous year. See table 7 below.

*The Distribution of Agricultural Inputs*

**TABLE 7. SEED RICE RECOVERED FROM 2008 DISTRIBUTION AND SEEDS DISTRIBUTED IN 2009**

| <b>DISTRICT</b>    | <b>TOTAL PAYABLE</b> | <b>RECOVERED SEED RICE</b> | <b>UNRECOVERED SEED RICE</b> | <b>DISTRIBUTED IN 2009</b> |
|--------------------|----------------------|----------------------------|------------------------------|----------------------------|
| Kambia             | 9,000                | 4,785                      | 4,215                        | 1,300                      |
| Port Loko          | 15,531               | 10,380                     | 5,151                        | 2,000                      |
| Bombali            | 27,108               | 19,718                     | 7,390                        | 5,000                      |
| Koinadugu          | 5,405                | 4,632                      | 773                          | 2,745                      |
| Tonkolili          | 13,500               | 7,200                      | 6,300                        | 2,000                      |
| Kono               | 6,000                | 4,050                      | 1,950                        | 2,110                      |
| Kenema             | 4,500                | 2,851                      | 1,649                        | 1,650                      |
| Kailahun           | 3,000                | 2,340                      | 660                          | 1,650                      |
| Bo                 | 4,800                | 1,755.5                    | 3,044.5                      | 1,300                      |
| Bonthe             | 9,238                | 4,915                      | 4,323                        | 2,295                      |
| Pujehun            | 6,000                | 1,537                      | 4,463                        | 1,300                      |
| Moyamba            | 4,500                | 2,185                      | 2,315                        | 1,650                      |
| Western Area I     | 631                  | 258                        | 373                          | 0                          |
| Western Area II    | 0                    | 0                          | 0                            | 0                          |
| <b>GRAND TOTAL</b> | <b>109,213</b>       | <b>66,606.5</b>            | <b>42,606.5</b>              | <b>25,000</b>              |

When the seed rice procured by the government was distributed to farmers in August/September the recovered seeds had already been redistributed within the community. MAFFS allocation of seed rice to districts in 2009 does not seem to take into account the differences in recovery between different districts. Table 7 also shows that the volume of unrecovered seed rice in most districts was far higher than the volume distributed in 2009, i.e. if there had been full recovery after the 2008 planting season there would have been little need for another seed rice distribution in 2009.





### **Recovered seed rice in a community store**

Individual farmers and farmers' associations owing seed rice from previous years were not eligible for new distribution in 2009. The communities concerned and, of course, agents involved in the distribution were well aware of this, but due to poor recordkeeping it was not always possible to know who the debtors were. We could therefore not rule out the possibility that some seeds were distributed to defaulters.

#### **3.3.4 Inaccurate format of seed loan agreements**

One of the criteria for seed rice loan to farmers was that they should sign a loan agreement with the Ministry that the seed rice will be recovered with an interest of 50% after harvest. MAFFS did not provide the districts with a standard format for this loan agreement. Hence different forms were used by different districts.

In our analysis of a large number of loan agreements we observed various inaccuracies:

- The date to pay the seed rice loan was frequently entered only as "after harvest" with no specification of a final date;
- The amount of the seed rice loan given to farmers was not always specified;
- The varieties of the seed rice received or to be paid back were never mentioned in the agreement.
- In some cases the signing was not witnessed by a councillor, a BES or a DDA.
- The date the seed rice was received and signed for was sometimes lacking

### 3.3.5 Utilisation of Tractors

In order to boost the agricultural sector, tractors were made available by MAFFS in the different districts. The tractors were managed by MAFFS' district offices. We observed that the ministry had no established criteria for assessing the need for tractors in different districts.

In 2008, MAFFS had tractors in all districts except Kenema Districts. Out of a total of 139 tractors, 36 were in good condition, 61 needed minor repairs, 37 needed major repairs and 5 were scrap. See table 8.

**TABLE 8. MAFFS TRACTORS. DISTRIBUTION AND CONDITION BY DISTRICT 2008.**

| DISTRICT     | NO. OF TRACTORS | IN GOOD CONDITION | NEEDING MINOR REPAIRS | NEEDING MAJOR REPAIRS | SCRAP    |
|--------------|-----------------|-------------------|-----------------------|-----------------------|----------|
| Kambia       | 9               | 4                 | 3                     | 1                     | 1        |
| Port Loko    | 12              | 7                 | 1                     | 4                     |          |
| Bombali      | 28              | 7                 | 13                    | 6                     | 2        |
| Koinadugu    | 7               | 2                 | 4                     | 1                     |          |
| Tonkolili    | 21              | 5                 | 7                     | 7                     | 2        |
| Kono         | 10              | 3                 | 2                     | 5                     |          |
| Kenema       |                 |                   |                       |                       |          |
| Kailahun     | 3               |                   | 3                     |                       |          |
| Bo           | 10              |                   | 6                     | 4                     |          |
| Bonthe       | 20              | 7                 | 10                    | 3                     |          |
| Pujehun      | 7               | 1                 | 4                     | 2                     |          |
| Moyamba      | 10              |                   | 6                     | 4                     |          |
| Western II   | 2               |                   | 2                     |                       |          |
| <b>TOTAL</b> | <b>139</b>      | <b>36</b>         | <b>61</b>             | <b>37</b>             | <b>5</b> |

We noted several of the non-functioning tractors were only a few years old. See pictures below.

### *The Distribution of Agricultural Inputs*



**A two year old tractor at Magburaka in Tonkolili District**



**A four year old tractor in Makeni, Bombali District**

Bombali with fourteen tractors has the highest area ploughed per tractor of 856 acres, and Kailahun and Western area with two tractors each had 335 and 209 acres ploughed per tractor respectively.

The average area ploughed per tractor 499 acres. The difference between this average and what was achieved in some districts indicate that tractors were underutilised in most of the country.

**TABLE 9. AREA CULTIVATED PER DISTRICT 2008**

| <b>DISTRICT</b> | <b>TRACTORS</b> | <b>AREA<br/>PLOUGHED<br/>(acres)</b> | <b>SEED<br/>HARROWED<br/>(acres)</b> | <b>SEED RICE<br/>(bushels<br/>distributed<br/>2008)</b> | <b>AREA<br/>PLOUGHED<br/>PER<br/>TRACTOR</b> |
|-----------------|-----------------|--------------------------------------|--------------------------------------|---|--|
| Kambia          | 7               | 2,184                                | 1,834                                | 6,000   | 312  |
| Port Loko       | 7               | 2,840                                | 2,700                                | 10,354  | 406  |
| Bombali         | 14              | 11,990                               | 10,753                               | 18,072  | 856  |
| Koinadugu       | 6               | 2,912                                | 2,750                                | 3,600   | 485  |
| Tonkolili       | 18              | 10,100                               | 10,100                               | 9,000   | 561  |
| Kono            | 7               | 2,257                                | 2,078                                | 4,000   | 322  |
| Kenema          | 0               | 0                                    | 0                                    | 3,000   | 0  |
| Kailahun        | 2               | 670                                  | 600                                  | 2,000   | 335  |
| Bo              | 6               | 2,200                                | 3,200                                | 3,200   | 367  |
| Bonthe          | 9               | 4,750                                | 2,808                                | 6,200   | 528  |
| Pujehun         | 2               | 655                                  | 655                                  | 4,000   | 328  |
| Moyamba         | 6               | 1,950                                | 1,861                                | 3,000   | 325  |
| Western II      | 2               | 417                                  | 387                                  | 421   | 209  |
| <b>TOTAL</b>    | <b>86</b>       | <b>42,925</b>                        | <b>38,726</b>                        | <b>72,847</b>   | <b>499</b>                                   |

Limited data available for 2009 indicate a further deterioration as compared to 2008. More tractors were out of operation and the area ploughed per tractor had decreased slightly.

### 3.3.6 Distribution of new tractors in 2010

The government procured new tractors in 2009 and the distribution under a new hire-purchase scheme commenced in May 2010. The eligibility criteria for new tractors were as follows:

- An initial instalment of Le 20,000,000 should be paid into a bank account held at the First International Bank.
- The purchaser should pay annual instalments until the original debt is fully paid.

With the delivery of the tractors, MAFFS should provide a start-up kit consisting of Le10,000,000, 20 bushels of seed rice, 40 bags of fertilizers (24 bags of 20.20, 8 bags Urea and 8 bags of 15.15), 20 litres of herbicides (Selective) and 100 gallons of diesel.

*The Distribution of Agricultural Inputs*

The allocation of new tractors to the different districts is shown in table 10.

**TABLE 10. DISTRIBUTION OF NEW TRACTORS 2010**

| <b>DISTRICT</b> | <b>SONALIKA<br/>D135 – 2WD</b> | <b>SONALIKA<br/>D190 – 4WD</b> | <b>SONALIKA<br/>D190 – 2WD</b> | <b>TOTAL</b> |
|-----------------|--------------------------------|--------------------------------|--------------------------------|--------------|
| Kambia          | 13                             | 2                              | 8                              | 23           |
| Port Loko       | 14                             | 4                              | 4                              | 22           |
| Bombali         | 24                             | 6                              | 32                             | 62           |
| Koinadugu       | 6                              | 3                              | 6                              | 15           |
| Tonkolili       | 22                             | 8                              | 19                             | 49           |
| Kono            | 4                              | 2                              | 9                              | 15           |
| Kenema          | 2                              | 0                              | 0                              | 2            |
| Kailahun        | 3                              | 1                              | 1                              | 5            |
| Bo              | 7                              | 1                              | 2                              | 10           |
| Bonthe          | 6                              | 4                              | 3                              | 13           |
| Pujehun         | 4                              | 4                              | 6                              | 14           |
| Moyamba         | 10                             | 2                              | 4                              | 16           |
| Western II      | 10                             | 3                              | 4                              | 17           |
| <b>TOTAL</b>    | <b>125</b>                     | <b>40</b>                      | <b>98</b>                      | <b>263</b>   |

## **4. CONCLUSIONS**

### **4.1 Serious irregularities in the procurement process**

Non-compliance with procurement procedures is extremely serious and the letter from NPPA indicates that this was not a first time occurrence. The rules and regulations for procurement are clearly laid down and should be possible for MAFFS to understand and implement. The main causes behind the errors committed during the procurement of seed rice are most likely poor planning of interventions to promote food security, inadequate assessments of what needs to be done, short-sightedness and a lack of respect for procurement regulations.

The consequences have been highly priced seeds (costs up more than 40% compared to the procurement done in 2008, in spite of falling world market prices); the distribution came too late in the year for optimal benefits; and the effects on yield are unclear since the quality of the seeds was never tested.

It was clearly stated in the contract agreement form that the supplier should supply seed rice to the various districts as indicated in the MAFFS distribution list and this seed rice should be further distributed to FBOs based on the criterion of 50% interest on recovery after harvest. In the cases where money was given instead of seed rice there is a high risk that this money was never used to buy seeds. Hence, in those cases, the risk that the 50% interest after harvest will not be recovered is high.

### **4.2 No established criteria for allocation to districts**

MAFFS has not presented any criteria guiding the allocation of inputs to different districts or explaining the quantities and qualities procured. Although BESs and FEWs were well acquainted with the needs and demands of farmers there was no format for incorporating that knowledge into the planning process.

### **4.3 Speedy distribution, but poor controls**

Speedy distribution of seed rice, after it arrived at the district store, was possible thanks to the BESs' good local knowledge and established contacts with the farming community.

However, inadequate records and lack of transparency has facilitated theft and misappropriation of seed rice during the distribution process.

### ***The Distribution of Agricultural Inputs***

Some possible reasons for the poor recovery of seed rice are numerous invalid contracts, poor record keeping, unclear responsibilities and the fact that not everyone seemed to be aware of the obligation to pay back.

Tractors have not always been available and many farmers were unable to raise the necessary money. Not many farmers are organised in sufficiently large groups. These problems resulted in underutilisation of existing tractors. Different makes of tractors together with poor planning and a shortage of skilled staff, spare parts and equipment have led to poor maintenance of tractors.



## **5.0 RECOMMENDATIONS**

### **5.1 Ensure compliance with procurement regulations**

MAFFS should immediately submit all procurement records relevant to the 2009 procurement of seed rice to the NPPA for their evaluation. In addition to this MAFFS itself should follow up the irregularities highlighted in this report and take the necessary steps to ensure that they will not be repeated in future.

### **5.2 Address the issue of unrecovered seed rice**

MAFFS should develop a plan of how to deal with the huge quantity of seed rice that has not yet been recovered. The respective roles of MAFFS, councils and community leaders should be defined. Clear time limits for completion of the recovery process should be set.

### **5.3 Improve maintenance of tractors**

MAFFS should review the whole set up for maintenance of tractors. Alternative solutions, including privatisation, should be considered. An inventory should be made of MAFFS' tractors and a decision taken, in each individual case, on whether they should be scrapped or repaired.

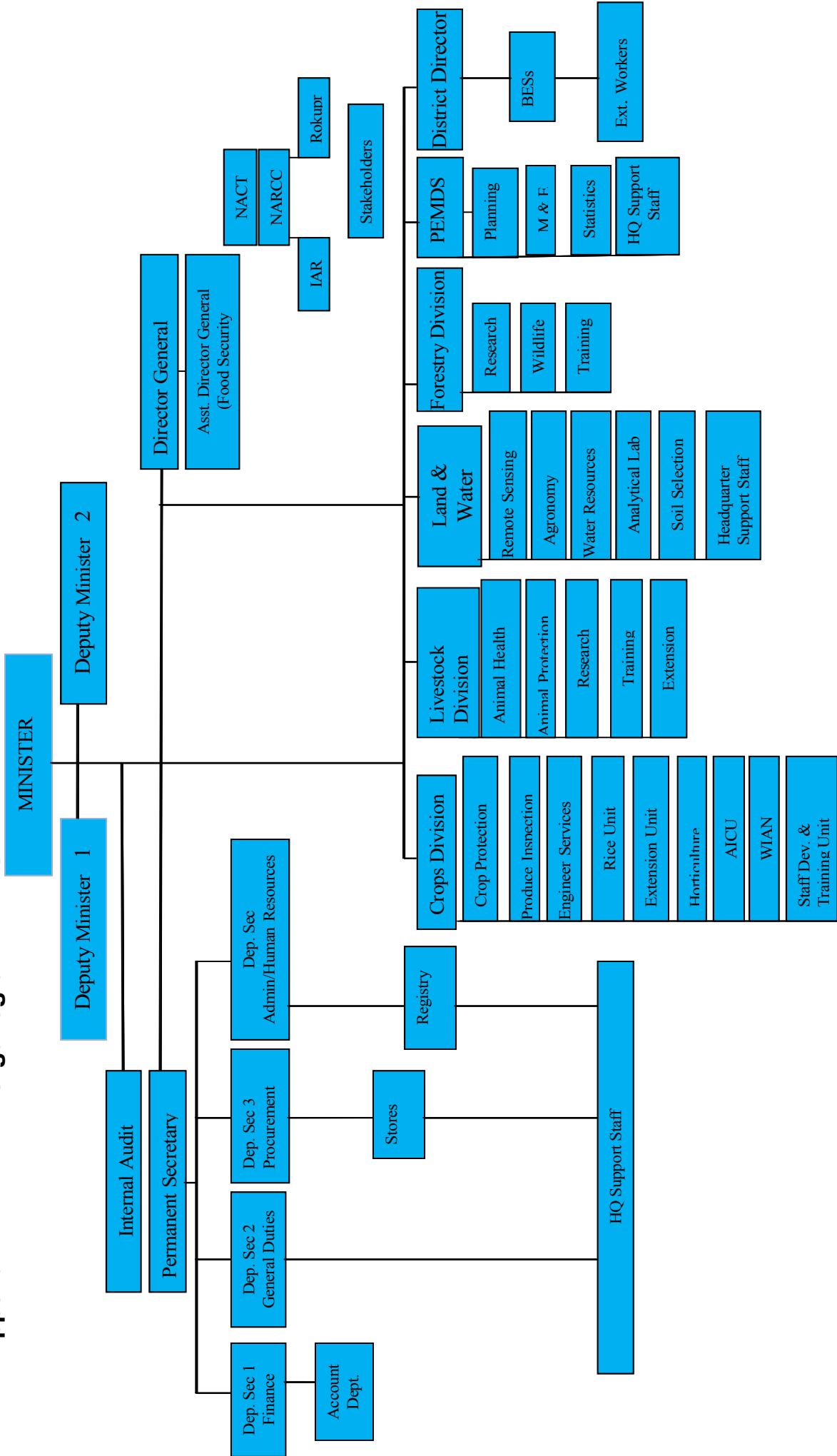
### **5.4 Develop criteria for allocation of agricultural inputs**

MAFFS should develop a long term strategy for food security (provision of inputs, mechanisation, seed multiplication centres, agricultural research, etc) where different measures are well coordinated and implemented in a consistent way throughout the country. Future distributions of inputs to farmers should be based on verifiable needs assessments, transparent criteria for allocation and the timely distribution to beneficiaries.



## Appendices

### Appendix 1 Organogram MAFFS



## Appendix 2

### The roles of key players

#### **Director General**

Supervises all agricultural activities through the District Directors of Agriculture; is responsible for the implementation of policies within the agricultural sector to ensure that the government achieves its goals; and coordinates agricultural activities with non-government organisations and international partners.

#### **Director of Crops**

Supervises the crops division and ensures that all activities within the division are carried out according to plans as stated in the ministry's strategy plan.

#### **Assistant Director-Monitoring and Evaluation**

Is in charge of monitoring and evaluation activities within the ministry and also acts as a principal adviser to the Director General.

This division is charged with the responsibility of collecting data, processing and provision of technical advice.

#### **District Director of Agriculture**

Is the head of the ministry in the district. As a result of the devolution process he liaises with the Local councils and other Non-Governmental Organisations involved in agricultural activities. He is also fully involved in the preparation of activity plans at district level and monitors the use of assets belonging to the ministry.

#### **Procurement Unit**

This unit should ensure that all procurement procedures are carried out in line with procurement laws and other regulatory frameworks.

#### **Chairman Council Agricultural Committee**

Ensures that devolved agricultural activities are implemented according to schedule.

## *The Distribution of Agricultural Inputs*

### **Block Extension Supervisors**

Work closely with farmers, give advice and supervise the farmers on the type of agricultural inputs needed for their land ecology and come up with needs assessment for the farmers.

### **Farmer Based Organisations (FBO)**

They organise the farmers and represent them in negotiations with MAFFS. Only FBOs are eligible to receive agricultural inputs and sign contracts with MAFFS.

*The Distribution of Agricultural Inputs*  
**Appendix 3 NPPA's reply to MAFFS**



**IMMEDIATE**

OAU Drive, Tower Hill, Freetown. Website: [www.publicprocurement.gov.sl](http://www.publicprocurement.gov.sl)

SRP/07/09

7<sup>th</sup> July 2009

The Permanent Secretary  
Ministry of Agriculture, Forestry & Food Security  
Youyi Building  
Brookfields  
Freetown

Dear Permanent Secretary & Chairman of Procurement Committee,

**Re: SOLE SOURCE PROCUREMENT OF SEED RICE FOR 2009  
PLANTING SEASON**

The National Public Procurement Authority (NPPA) writes with reference to your correspondence of 1<sup>st</sup> July 2009, referenced MAFFS/PROC/105/09, in connection with the above procurement matter. The NPPA would advise as follows:

1. The Ministry of Agriculture, Forestry & Food Security should, based on the occurrence the Minister has cited in his memorandum to His Excellency the President, now make the necessary adjustments in its 2009 Procurement Plan to reflect the requested change. More important, the Ministry must properly forecast and plan possible procurement activities over a horizon of three (3) years in line with the MTEF. This has been lacking and the NPPA receives waiver requests from the Ministry in a very haphazard manner which seriously affects the achievement of benchmarks, thus hindering budget support to the Government.
2. The NPPA would also advise the Ministry of Agriculture, Forestry & Food Security that matters of procurement must be discussed in the first instance with the Regulatory Authority (NPPA) and the Ministry of Finance & Economic Development to ensure compliance with laid down rules and regulations as well as funding, to avoid extra-budgetary spending. Working backwards and trying to adjust or regularise a faulty procedure hinders our achievement of procurement benchmarks, adversely affects the reform process, and affects budget support to the Government.
3. In view of the great urgency you have expressed for the procurement of seed rice for the 2009 planting season and the President's approval of the venture, the NPPA will have no objection to the procurement of seed rice through a fast-tracked Restricted Bidding Method involving at least five (5) capable, reputable and acceptable suppliers to the Government as required by sections 41 & 42 of the Public Procurement Act 2004. These will be evaluated and contract awarded. Sole-sourcing in this instance, involving billions of Leones, is unacceptable to the NPPA.

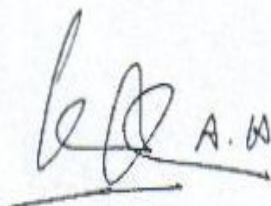


*The Distribution of Agricultural Inputs*

4. The NPPA would therefore require that you immediately seek financial clearance and approval from the Ministry of Finance & Economic Development under section 30 of the Government Budgeting & Accountability Act 2005; prepare proper bidding documents in support of this transaction; and have the Law Officers' Department review and approve any contract agreement.
5. The NPPA should be provided with all documentation and the final contract agreement for our monitoring and evaluation.

I thank you very much and look forward to your cooperation and support for procurement reform.

Very sincerely yours,



Alfred H. Kandeh, CEO  
National Public Procurement Authority

Cc: The Minister of Agriculture, Forestry & Food Security  
The Secretary to the President  
The Financial Secretary  
The Director of Budget, Ministry of Finance & Economic Development  
The Procurement Officer, MAFFS  
The Chairman, NPPA Board





**The Audit Service Sierra Leone  
2nd Floor, Lotto Building  
Tower Hill, Freetown  
Sierra Leone**