Transforming Agriculture through Diversification and Entrepreneurship (TRADE)– Republic of Malawi

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TRADE – Storyline

**Problem**

- SHFs lack linkages with the private sector, access to financial services, and are largely affected by climate shocks.
- SHFs lack skills to engage with the private sector and NIM.
- SHFs lack access to markets due to poor infrastructure and business development services to make use of VCs.
- SHFs face an institutional, policy, and regulatory environment that is not conducive to profitable business.

**Process**

- SHFs will be trained in GAPs/CSA and use 4Ps and FARMSE financial services to increase production and commercialization.
- FBOs' management capacity will be strengthened and SHFs will receive FBS training in business skills.
- Commodity platforms will be strengthened and legal support for private sector partnerships provided.
- Infrastructure to support VCs will be built rehabilitated.
- BSPs and districts capacity to develop VCs will be strengthened.
- KM products will be strategically disseminated.

**Outcome**

- Smallholder producers’ adoption of climate-smart agriculture enhanced.
- Smallholder producers’ productivity and product quality increased.
- Smallholder producers increase access to market.
- Enabling environment improved for commercialization of smallholder agriculture.
- Institutional performance and knowledge management improved.

**Development Objective**

- Increased value chain commercialization and resilience of rural poor and smallholder producers.

**Project Goal**

- Improved sustainable livelihoods of rural people in Malawi.

**Outreach**

- 300,000 HHs (incl. 127,000 direct beneficiaries)
  - 55% Women
  - 50% Youth

**Mainstreaming**

- Climate-focused
- Gender-transformational
- Nutrition-sensitive
- Youth-sensitive

**Key Initiatives**

- Growth and Development Strategy (MGDS III, 2017-2022)
- National Agriculture Policy (NAP, 2016-2020)
- COSOP (2016-2022)
TRADE – Storyline

Map of the TRADE area

Lessons Learned from RLEEP | How these lessons have been integrated
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Adaptive and flexible approach to implementation | TRADE will adopt the same adaptive & flexible approach with an autonomous PMU
Programmatic Approach | TRADE will also have a phased-approach with the initial 11 districts and 3-4 new districts & commodities
Targeting, Partnership and Approaches | Following the IFAD TSIS, TRADE will work with partners that have good records with FOs through thorough due diligence

TRADE Programme Financing – US$125.4M

- OFID: US$20.0M
- Government of Malawi: US$15.3M
- Private Sector: US$11.7M
- Beneficiaries: US$8.3M

Strategic Focus of IFAD portfolio in Malawi

- **SO1:** TRADE and SAPP are strengthening GAP/CSA on irrigated and rain-fed land while PRIDE and TRADE enhance irrigation-based farming leading to gains in climate resilience and nutrition-levels of SHFs
- **SO2:** FARMSE and TRADE go hand in hand to use rural financial services for increased productivity. PRIDE and TRADE strengthen VCs for market-oriented farming through research and infrastructure. Both will enhance market access of SHFs significantly.
Increase Net Incomes from Climate-Resilient Agri-Food Value Chains by Rural Women, Men and Youth.

PROCAVA’s focus will be on addressing the factors identified as limiting the effective functioning of the target value chains.

Project objective

- Component 1: Production Improvement and Market Linkages
- Component 2: Market-Related Climate Resilient Infrastructure
- Component 3: Institutional and Policy Strengthening & Implementation Support
- Component 4: Disaster Risk Reduction and Management

Components

- IFAD Loan: US$8.4M & IFAD Grant: US$33.6M (of which climate finance: US$19.5M)
- GCF: US$20.0M
- Government of Mozambique: US$4.9M
- Beneficiaries: US$5.6M

Project Financing – US$72.5M

Mainstreaming Commitments

- Climate-focused
- Youth-sensitive

Outreach

- 180,500 HHs (902,500 beneficiaries)
- 50% women & 30% youth
Project Rationale

- **Expanding demand** for agriculture products vs. **inadequate production** to meet prevailing demand levels;
- **Measures required** to replace prevalent unsustainable land management and crop/livestock practices with climate resilient management and agricultural production systems.
- Exacerbated situation due to **climate shocks** requiring climate smart & environmentally sustainable technologies.

1st Pillar: presents market opportunities for target beneficiaries to engage in more efficient production and processing activities.

2nd Pillar (de-risking/risk-sharing) will seek to address the most constraining factors to enable the target beneficiaries to participate more effectively at different points on the value chain and in a manner that rewards them (returns to investment).

While PROCAVA may have the means to directly contribute to addressing some of the limiting factors, other factors will require collaboration with other stakeholders → **3rd Pillar** will therefore aim to promote such collaboration.

Exit Strategy & Sustainability

- Implementation to be immersed within Government’s institutional/strategy/policy framework.
- Institutional capacity will have been considerably strengthened → Integration will continue to exist after programme completion
- Qualifying stakeholders to be linked to available financing options, incl. IFAD-funded Rural Enterprise and Financing Project (REFP) → enable beneficiaries to access different financial products on offer.
National Oilseeds Project

To accelerate commercialization in key oilseeds value chains and thereby improve the livelihoods and resilience of the smallholders engaged in oilseeds production and marketing.

Component 1: Support to oilseed value chain development.
Component 2: Support to market linkage infrastructure serving the oilseeds sector.

IFAD Loan: US$99.6M (of which climate finance: US$16.2M)
OFID: US$30.0M
Heifer International: US$6.2M
Government of Uganda: US$14.3M
Private Sector and Beneficiaries: US$10.6M

Total smallholder HHs: 120,000

Climate-focused; Gender transformational; Nutrition-sensitive; Youth-sensitive.
National Oilseeds Project

Project Rationale

Further investments to fully commercialize the oilseeds sector are important, given the potential for import substitution and future investments in the animal feed and livestock sectors.

Development and full commercialization is expected to:
(i) Increase production and productivity of oilseeds and by-products;
(ii) Empower smallholders to become parity players in the sector;
(iii) Improve access to credit;
(iv) Ensure that road networks directly support the sector by increasing ease of access to and from communities; and
(v) Organize availability and increase access to fertilizers and other quality inputs.

Key Statistics
- 6.1% (2017/18) Economic Growth;
- 21.4% of poverty;
- 70% of all employment in agriculture;
- 25% of GDP from agriculture;
- 2,027,800 tons of oilseeds production expected by 2020; valued at USD 281 million

Theory of Change

The ToC follows the pathway of targeted support to smallholders and other stakeholders to increase productivity and production, build resilient and sustainable livelihoods, and create stronger linkages with national and export markets.

Achieved by supporting farmer groups, developing the productive and business skills of men and women, and linking farmers to sustainable and profitable markets.

Directly contribute to the Government's national priorities to commercialize the oilseeds sector and its related value chains; reduce economic disparity; and promote food security and nutrition.