



Invertir en la población rural

Junta Ejecutiva

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República de Malawi Programa sobre Oportunidades Estratégicas Nacionales 2023-2030

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Medidas: Se invita a la Junta Ejecutiva a que examine el programa sobre oportunidades estratégicas nacionales para la República de Malawi (2023-2030).

Preguntas técnicas:

Sara Mbago-Bhunu

Directora Regional

División de África Oriental y Meridional

Correo electrónico: s.mbago-bhunu@ifad.org

Ambrosio Barros

Director en el País

Correo electrónico: a.nsingui Barros@ifad.org

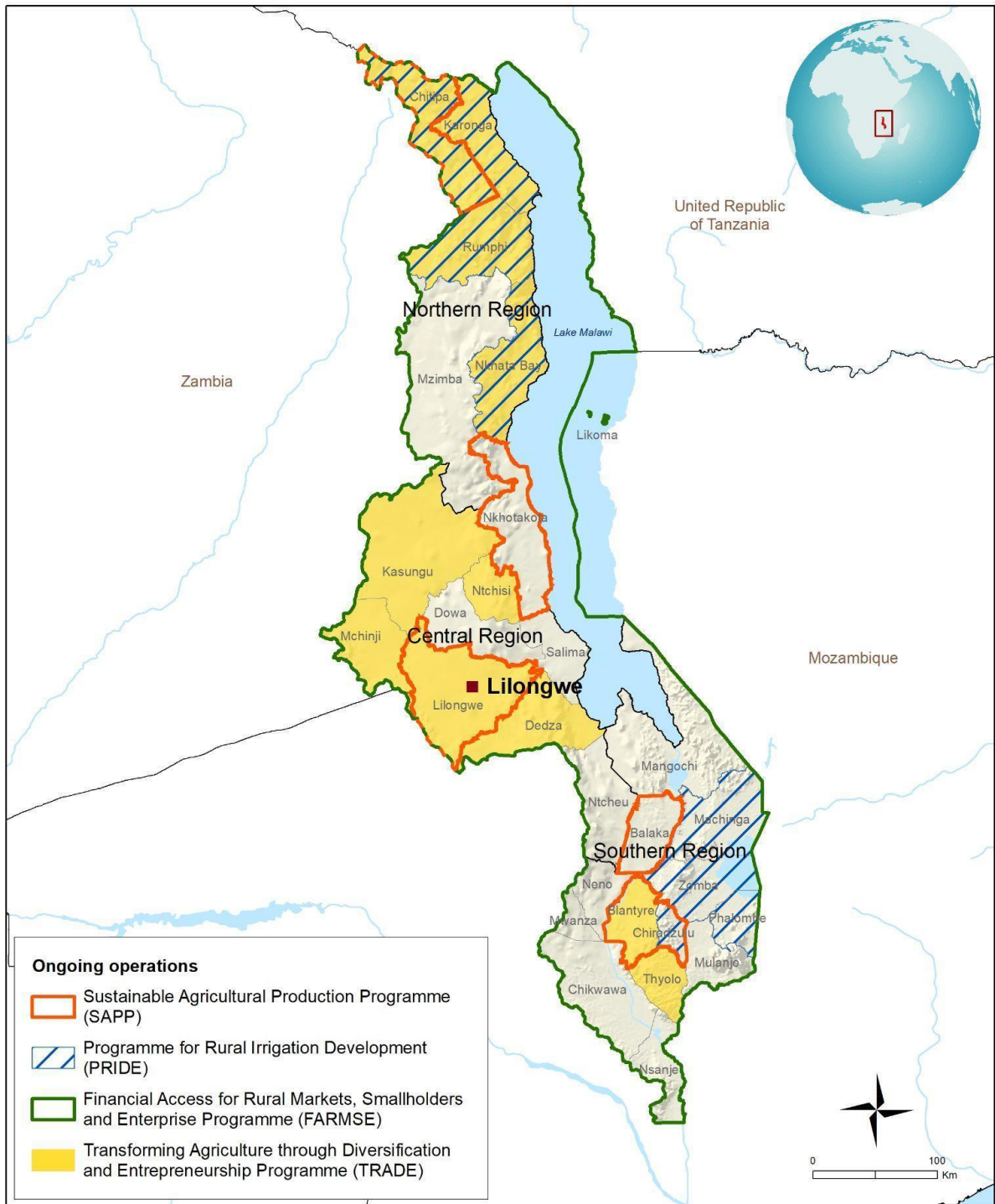
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Las designaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen opinión alguna del FIDA respecto de la demarcación de las fronteras o los límites, ni de las autoridades competentes.

Mapa elaborado por el FIDA | 01-03-2022

Resumen

1. Entre 2000 y 2020, Malawi introdujo una serie de reformas socioeconómicas que, por lo general, propiciaron un fuerte crecimiento del producto interno bruto (PIB) (tasa media del 4,3 % anual), si bien el crecimiento medio anual del PIB per cápita apenas ascendió al 1,45 %. A consecuencia de la COVID-19, en 2020 el crecimiento fue tan solo del 1 %, si bien está previsto que en 2022 aumente al 3,1 % y, más tarde, al 4,5 %. El crecimiento económico del país sigue siendo extremadamente vulnerable a las posibles perturbaciones externas, como los elevados precios de la energía, los alimentos y los fertilizantes; los desastres relacionados con el clima; los efectos de la COVID-19, y la crisis en Ucrania. Para poder reducir de forma notable la pobreza rural, Malawi necesita un crecimiento firme y real del PIB.
2. Desde 1981, el FIDA ha venido respaldando 14 proyectos y programas ejecutados en Malawi por un monto total de USD 350,5 millones, a través de los cuales ha beneficiado a aproximadamente 2 millones de hogares pobres de las zonas rurales.
3. El diseño del programa sobre oportunidades estratégicas nacionales (COSOP) para Malawi (2023-2030) se basa en la evaluación de la estrategia y el programa en el país (EEPP) preparada por la Oficina de Evaluación Independiente del FIDA, que abarcaba el período comprendido entre 2011 y 2020, sobre todo en lo referente a la innovación y la focalización de las personas vulnerables y pobres de las zonas rurales. El COSOP también se ha preparado de conformidad con la Visión Malawi 2063, a fin de garantizar que las operaciones del FIDA, tanto crediticias como no crediticias, siguieran respaldando el programa de inversiones y el marco de políticas del Gobierno a favor del crecimiento, la resiliencia, la seguridad alimentaria y nutricional y la reducción de la pobreza.
4. El objetivo general del COSOP radica en **contribuir a reducir la pobreza en el medio rural a través de la participación empoderada de las mujeres, los hombres y los jóvenes pobres de las zonas rurales en la transformación sostenible de la agricultura.**
5. Ello se alcanzará a través de dos objetivos estratégicos:
 - Objetivo estratégico 1: Mejora de la seguridad alimentaria y nutricional gracias al aumento de la productividad agrícola y la resiliencia al cambio climático de los productores en pequeña escala.
 - Objetivo estratégico 2: Mejora del acceso a los servicios y los mercados agrícolas remunerados, sobre todo entre las mujeres y los jóvenes del medio rural.
6. Los objetivos estratégicos del COSOP están en consonancia con una de las principales recomendaciones de la EEPP, que hace referencia a la adopción de un enfoque explícito para combatir la inseguridad alimentaria y la malnutrición crónicas a través de la promoción de sistemas de producción diversificados y sostenibles. Entre las esferas temáticas transversales cabe citar el acceso a la financiación; la mejora de la nutrición; el empoderamiento de las mujeres y los jóvenes; la mejora de la gestión de los suelos y los recursos hídricos, y el aumento de la resiliencia al cambio climático.
7. Las actividades no crediticias consistirán en: i) los conocimientos técnicos del FIDA y de la Organización de las Naciones Unidas para la Alimentación y la Agricultura, y el Mecanismo de Cooperación Sur-Sur y Triangular; ii) la participación en las carteras de donaciones del FIDA a nivel nacional y regional en aras de fomentar el aprendizaje e intercambiar enseñanzas; iii) la participación del personal nacional en las actividades de aprendizaje y capacitación del FIDA, las plataformas internacionales y las reuniones pertinentes, y iv) la prestación de apoyo a la ejecución por parte del personal del FIDA.

8. El COSOP para Malawi abarca el período comprendido entre 2023 y 2030 y, por lo tanto, comprende los ciclos 2022-2024, 2025-2027 y 2028-2030 del Sistema de Asignación de Recursos basado en los Resultados (PBAS). La cofinanciación procede del Fondo de la Organización de Países Exportadores de Petróleo para el Desarrollo Internacional (Fondo de la OPEP para el Desarrollo Internacional), el Programa de Adaptación para la Agricultura en Pequeña Escala (ASAP), el Fondo para el Medio Ambiente Mundial (FMAM) y el Ministerio de Relaciones Exteriores, del Commonwealth y de Desarrollo del Reino Unido. Se están estudiando posibles acuerdos de cofinanciación con el Fondo Verde para el Clima, la ampliación del Programa de Adaptación para la Agricultura en Pequeña Escala (ASAP+) y el Banco Mundial.
9. Las intervenciones del FIDA se centrarán en incorporar y ampliar de escala las innovaciones, así como en reforzar la capacidad institucional. Esta labor se complementará con otras actividades relacionadas con la actuación en materia de políticas a nivel nacional, la creación de capacidad y la gestión de los conocimientos. Además, el Fondo ampliará su cooperación Sur-Sur y triangular y reforzará sus asociaciones estratégicas, principalmente con las organizaciones subregionales y otros asociados para el desarrollo con intereses afines, como los organismos con sede en Roma (OSR).

República de Malawi

Programa sobre Oportunidades Estratégicas Nacionales 2023-2030

I. Contexto del país y programa del sector rural: principales desafíos y oportunidades

1. **Contexto socioeconómico.** Malawi es un país sin litoral que limita con la República Unida de Tanzania, Zambia y Mozambique. Las elecciones presidenciales celebradas a mediados de 2020 condujeron a un gobierno estable. Entre 2000 y 2020, el país introdujo una serie de reformas socioeconómicas que, por lo general, propiciaron un crecimiento medio anual del PIB del 4,3 %, si bien el crecimiento medio anual del PIB per cápita fue de apenas el 1,45 %. A consecuencia de la COVID-19, en 2020 el crecimiento fue tan solo del 1 %, si bien está previsto que en 2022 aumente al 3,1 % y, más tarde, al 4,5 %¹.
2. **Perspectivas a mediano plazo**². El crecimiento económico del país sigue siendo muy vulnerable a las posibles perturbaciones externas, incluidos los elevados precios de importación (por ejemplo, para el combustible y los alimentos) y los fenómenos meteorológicos extremos. En Malawi, el riesgo de sobreendeudamiento externo es moderado debido al escaso margen para absorber las perturbaciones, y el riesgo de sobreendeudamiento general es elevado³. El país necesita impulsar la producción nacional de alimentos y la capacidad de exportación a fin de sacar partido a los mercados regionales y diversificar su base de ingresos para aumentar la resiliencia económica. La crisis en Ucrania también está repercutiendo en las perspectivas de Malawi a corto y mediano plazo: se hará un seguimiento de los desafíos —y también de las oportunidades— surgidos a raíz de la crisis en colaboración con el Gobierno y el Comité de Donantes sobre Seguridad Alimentaria y Desarrollo Agrícola.
3. **Población, pobreza e inseguridad alimentaria.** Malawi es uno de los países de África con mayor densidad de población; cuenta con 103 habitantes por km² y el 81 % de las personas viven en zonas rurales. En 2020, la población ascendía a 19,1 millones de habitantes⁴ y se espera que esa cifra se duplique de aquí a 2040. El índice de desarrollo humano de Malawi es de 0,483, lo que sitúa al país en el puesto 174.º de un total de 189 países⁵. En 2020, la tasa de prevalencia del virus de la inmunodeficiencia humana (VIH) entre los adultos era del 8,1 %⁶.
4. Aproximadamente el 46 % de la población tiene menos de 16 años⁷. Los jóvenes se enfrentan a grandes carencias en las esferas de la atención sanitaria, la educación y el acceso al empleo, entre otras deficiencias. En torno al 22 % de los jóvenes de entre 15 y 24 años que residen en el país no trabajan ni estudian ni se están formando, y cerca del 27 % de los que tienen un trabajo están subempleados.

¹ Datos de libre acceso del Banco Mundial, 2021.

² Véase el apéndice II.

³ Marco de sostenibilidad de la deuda del Grupo Banco Mundial y el Fondo Monetario Internacional.

⁴ Datos de libre acceso del Banco Mundial, 2021.

⁵ Programa de las Naciones Unidas para el Desarrollo (PNUD), 2019.

⁶ Programa Conjunto de las Naciones Unidas sobre el VIH/Sida, 2021.

⁷ *Ibid.*

5. En cuanto a la equidad de género, Malawi ocupa el puesto 111.º de un total de 151 países en el Subíndice Global de Brecha de Género relativo a la Participación y las Oportunidades Económicas, por lo que se encuentra a la zaga de muchos otros países de África Subsahariana⁸. La proporción de hogares encabezados por mujeres en las zonas rurales es del 24 %, frente al 15 % de las zonas urbanas⁹, y el 77 % de las mujeres se dedican al sector agrícola, en comparación con el 68 % de los hombres.
6. El 70 % de la población gana menos de USD 1,90 al día. En 2019/2020, la tasa de pobreza nacional era del 50,8 % y, desde hace 10 años, viene manteniéndose en torno a ese nivel. La extrema pobreza tan solo ha disminuido ligeramente, y ha pasado del 24,5 % en 2010/2011 al 20,5 % en 2019/2020¹⁰. Desde 2004, la tasa de pobreza rural se ha estancado en el 56,0 %, y la tasa de pobreza urbana se sitúa en el 19,6 %. Cerca del 95 % de las personas pobres residen en las zonas rurales. La pobreza rural tiene su origen en la baja productividad agrícola, la escasez de oportunidades de ingresos fuera del sector agrícola, el pequeño tamaño de la mayoría de las explotaciones agrícolas, las frecuentes sequías e inundaciones y la limitada cobertura rural de las redes de seguridad social.
7. En 2020, el 63 % de la población sufría inseguridad alimentaria moderada o aguda, y el 20 % estaba subalimentada¹¹. El 37 % de los niños padecían retrasos en el crecimiento, una cifra que apenas ha disminuido desde 2010¹². Malawi fue uno de los primeros países en poner a prueba el mecanismo para la categoría de inseguridad alimentaria grave de la Clasificación Integrada de las Fases de la Seguridad Alimentaria.
8. **Agricultura y sector rural.** La agricultura da empleo al 85 % de la población activa y representa en torno al 40 % del PIB y el 80 % de los ingresos procedentes de las exportaciones. El sistema agrícola del país, caracterizado sobre todo por pequeñas explotaciones agrícolas de secano que disponen de pocos insumos, es extremadamente vulnerable a los efectos del cambio climático. En particular, las frecuentes sequías e inundaciones destruyen los medios de vida y reducen la base de activos de los hogares. La mayoría de los recursos naturales, bosques y tierras cultivables de Malawi se han deteriorado a causa de una mala gestión y de la presión demográfica.
9. La adopción de tecnologías más productivas para los cultivos agrícolas y la cría de pequeños rumiantes; la disminución de la dependencia de la lluvia; el fomento de la explotación sostenible de los recursos pesqueros y la acuicultura; el perfeccionamiento de las instalaciones agrícolas destinadas al almacenamiento y la adición de valor, y la mejora del acceso a los servicios financieros, los mercados y las aptitudes empresariales podrían brindar nuevas oportunidades para reducir la pobreza rural. El aumento de los precios de los alimentos a nivel internacional a raíz de la crisis en Ucrania podría facilitar la diversificación de los cultivos de cereales y semillas oleaginosas (soja, girasol) con fines de sustitución de importaciones.
10. **Cambio climático y desastres naturales.** El cambio climático, junto con décadas de deforestación, está aumentando la gravedad de las inundaciones y sequías. Con una puntuación de 15,17, Malawi ocupa el quinto puesto de un total de 181 países en el Índice de Riesgo Climático Global¹³ y, por lo tanto, se clasifica como país muy vulnerable. La imprevisibilidad de las precipitaciones, el aumento de las

⁸ Banco Mundial, 20 de diciembre de 2021.

⁹ Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO).

¹⁰ Gobierno de Malawi, Oficina Nacional de Estadística (agosto de 2021): *Malawi Poverty Report 2020*.

¹¹ FAOSTAT, datos sobre Malawi (promedio entre 2017 y 2019).

¹² Oficina de Evaluación Independiente del FIDA, evaluación de la estrategia y el programa en el país (EEPP) relativa a Malawi (2011-2020), enero de 2022.

¹³ Germanwatch, 2021.

temperaturas y los períodos de sequías más prolongados durante la estación de lluvias —agudizados por el cambio climático— incrementan la volatilidad de los rendimientos agrícolas¹⁴. Para mejorar la seguridad alimentaria, será fundamental superar el impacto socioeconómico de las perturbaciones meteorológicas, que son más acucias en los distritos más pobres del país¹⁵.

II. Marco institucional y de políticas públicas

11. En la Visión Malawi 2063¹⁶, en la que se definen los objetivos del país a largo plazo en materia de desarrollo, se exhorta a sustituir la agricultura de baja productividad o de subsistencia por una modalidad de agricultura más comercial y sumamente productiva. Se prevé que las inversiones en el ámbito de la agroelaboración y las cadenas de valor generen oportunidades de empleo para la población joven. El Primer Plan de Ejecución Decenal para la Visión Malawi 2063, que abarca el período comprendido entre 2021 y 2030, se centra en lograr que Malawi alcance la categoría de país de ingresos medianos.
12. La Estrategia del Sector Agrícola a favor de la Alimentación y la Nutrición (2020-2024) y el Plan Nacional de Inversión Agrícola (2018-2023) se están armonizando con la Visión Malawi 2063. En el Plan de Acción Nacional Multisectorial sobre la Nutrición (2018-2022) se determina que el alto grado de dependencia de la agricultura de subsistencia de secano, la pobreza rural, la escasa diversificación de los cultivos y la falta de sistemas para gestionar el riesgo de desastres constituyen desafíos que es preciso superar para garantizar la seguridad alimentaria y nutricional.
13. En la Segunda Estrategia Nacional sobre Exportaciones (2021-2026), que tiene por objeto convertir al país en un proveedor competitivo, diversificado y sostenible de bienes y servicios para los mercados regionales y mundiales, se presta especial atención a los productos de alto valor en los principales sectores de exportación (agricultura, industria manufacturera, servicios y minería).
14. La Política Nacional de Género se centra en incorporar las cuestiones de género al ámbito de la agricultura, la seguridad alimentaria y nutricional, los recursos naturales y la gestión del cambio climático. Actualmente, se está revisando la Política Nacional de Juventud, que orienta las iniciativas dirigidas a empoderar a los jóvenes de Malawi.
15. En la Estrategia Nacional Multisectorial de Resiliencia (2018-2030) se abordan cuestiones vinculadas con el cambio climático. El primer pilar de la estrategia da prioridad a las esferas que favorecen un crecimiento agrícola resiliente¹⁷. En la Estrategia Nacional de Aprendizaje sobre Cambio Climático (2021) se pone de relieve un marco institucional para la adaptación al cambio climático, la mitigación de sus efectos, la transferencia de tecnologías y la creación de capacidad. Malawi ha ratificado el Acuerdo de París sobre el cambio climático y, en julio de 2021, presentó la actualización de su contribución determinada a nivel nacional. En la nota analítica de los Procedimientos del FIDA para la Evaluación Social, Ambiental y Climática se destacan las prioridades y metas de dicha contribución que guardan relación con la agricultura.
16. En lo que respecta al marco institucional de Malawi, el programa del FIDA en el país exhorta a establecer una asociación de amplio alcance con el Ministerio de Agricultura, entre otras instituciones públicas¹⁸, que haga especial hincapié en

¹⁴ Agencia de los Estados Unidos para el Desarrollo Internacional, Perfil de riesgo climático: Malawi, 2017.

¹⁵ Banco Mundial (2019): *Malawi Economic Monitor: Charting a New Economic Course*.

¹⁶ La Visión Malawi 2063 se puso en marcha en enero de 2021.

¹⁷ Gobierno de Malawi, *National Resilience Strategy (2018–2030): Breaking the Cycle of Food Insecurity in Malawi*.

¹⁸ Véase el apéndice III.

reforzar la capacidad institucional para gestionar los riesgos ambientales, climáticos y sociales y en dar respuesta a los desafíos ligados al género y la inclusividad.

III. Actuación del FIDA: enseñanzas extraídas

17. El diseño del COSOP se basa en las enseñanzas extraídas de otros programas respaldados por el FIDA en Malawi; el examen final del COSOP (2016-2022)¹⁹; una evaluación del impacto del Programa de Fomento de la Producción Agrícola Sostenible (SAPP), llevada a cabo por la División de Investigación y Evaluación del Impacto (RIA) del FIDA, y la EEPP (2011-2020), elaborada por la Oficina de Evaluación Independiente del FIDA (IOE).
18. **Ampliación de escala de las intervenciones que hayan dado buenos resultados.** Desde 1981, el FIDA ha venido respaldando 14 proyectos y programas ejecutados en Malawi por un monto total de USD 350,5 millones, a través de los cuales ha beneficiado a 2 millones de hogares pobres de las zonas rurales. Si bien el principal enfoque temático del programa en el país ha seguido siendo la reducción de la pobreza rural, se han ido integrando las lecciones aprendidas a lo largo del tiempo y se ha intensificado la atención prestada a la gestión de los recursos naturales y el medio ambiente y la adaptación al cambio climático, la nutrición, el género y la juventud. En consonancia con el cambio introducido en las políticas gubernamentales, los proyectos más recientes respaldan la transición hacia una agricultura comercial basada en enfoques centrados en las cadenas de valor, el desarrollo de la infraestructura, la creación de asociaciones con las organizaciones de agricultores y el acceso a los servicios financieros.
19. **Género y focalización inclusiva.** Los proyectos deben aumentar la inversión con miras a reducir la pesada carga de trabajo que soportan las mujeres; superar las normas tradicionales y la división del trabajo basada en el género; mejorar el acceso a servicios financieros formales y digitales, y fomentar la inclusión en las cadenas de valor remuneradas. Es preciso reforzar y armonizar la focalización a nivel de todo el programa en el país, a fin de beneficiar a las personas pobres y tener en cuenta las cuestiones relativas al género y la juventud, además de mejorar su seguimiento. Dado que el enfoque relativo a la graduación de las personas en situación de pobreza extrema ha obtenido buenos resultados, debería acometerse su ampliación de escala²⁰.
20. **Inseguridad alimentaria y malnutrición.** En el futuro, las inversiones deberían reforzar el apoyo brindado a los sistemas de producción sostenibles y diversificados (cultivos, pequeños rumiantes, acuicultura). Según la EEPP, entre las medidas que han demostrado obtener resultados positivos se encuentran las buenas prácticas agrícolas promovidas por el Programa de Apoyo a los Medios de Vida Rurales (RLSP), el SAPP y el Programa de Fomento del Riego en las Zonas Rurales (PRIDE); la producción comunitaria de semillas y la iniciativa radiofónica sobre agricultura emprendida en el marco del Programa de Mejora de los Medios de Vida y la Economía Rural (RLEEP); el enfoque de extensión entre agricultores y el modelo de transferencia de pequeños rumiantes empleado en el SAPP, y el enfoque relativo a la tenencia de tierras promovido por el PRIDE.
21. **Sector privado y servicios financieros.** Entre los buenos resultados que deberían reproducirse a mayor escala se encuentran el Mecanismo de Innovación y Divulgación y la especial atención prestada a las plataformas y las instituciones superiores que promueve el Programa de Acceso a Servicios Financieros para Empresas Rurales y Pequeños Agricultores (FARMSE), así como el Fondo de Múltiples Donantes para la Promoción de Innovaciones de Malawi, que se emplea para financiar las inversiones en los sistemas de riego realizadas en el marco del

¹⁹ El desempeño del COSOP se consideró satisfactorio.

²⁰ EEPP.

PRIDE. Tal y como se recomienda en la EEPP, las asociaciones con las instituciones de microfinanciación creadas en el marco del FARMSE también deberían acometer una ampliación de escala. Asimismo, los planes de seguros agrícolas o ganaderos tienen un gran potencial para facilitar que los productores se recuperen de las pérdidas y estabilicen sus ingresos²¹.

22. **Fomento de la adaptación al cambio climático y la mitigación de sus efectos, así como de la gestión de los recursos naturales y el medio ambiente**²². Debería movilizarse financiación adicional para adoptar medidas de adaptación y mitigación. Es preciso tener en cuenta la transferencia de los riesgos en los seguros basados en índices meteorológicos, los sistemas de alerta temprana, los planes de contingencia en caso de sequía, los mecanismos de respuesta ante las inundaciones, las campañas de sensibilización y la gestión de los recursos hídricos. Tras el ciclón tropical Idai (2019), la pandemia de la COVID-19 (2020) y el ciclón Ana (2022), el personal encargado de ejecutar el programa en el país ha adquirido experiencia sobre cómo responder a los fenómenos imprevistos y seguirá desarrollando esa capacidad de respuesta.
23. En cuanto a la **eficiencia y eficacia en la ejecución**:
- En la EEPP se destaca el carácter ambicioso de los anteriores COSOP a la hora de introducir prácticas innovadoras y asociaciones que demostraron ser fundamentales para innovar y lograr los resultados deseados²³, si bien también se destaca que algunas resultaron poco eficaces. En la EEPP se recomienda perfeccionar ese enfoque innovador y aprovechar los resultados positivos en el ámbito de las tecnologías agrícolas introducidas por el SAPP.
 - Si bien la gestión y divulgación de los conocimientos han conseguido resultados relativamente buenos a la hora de promover e impulsar los servicios financieros en el marco del FARMSE, así como las nuevas tecnologías y las buenas prácticas agrícolas en el marco del SAPP, el PRIDE y el Proyecto de Mejora de la Resiliencia de los Sistemas Agroecológicos (ERASP), debería reforzarse el sentido de apropiación por parte del Gobierno para que se anime a ampliar de escala esos productos en los programas nacionales.
 - Es necesario garantizar que la participación de los consejos a nivel de distrito sea estable, y que se emprendan suficientes medidas de capacitación institucional dirigidas a aumentar la sostenibilidad.
 - La donación concedida por el FIDA a la Iniciativa de Desarrollo de la Organización Internacional de las Entidades Fiscalizadoras Superiores (INTOSAI), dedicada a brindar capacitación en el empleo al personal contable de la INTOSAI en materia de gestión financiera, resultó eficaz y debería mantenerse.

IV. Estrategia en el país

A. Ventaja comparativa

24. Tal y como se pone de relieve en la EEPP: “Uno de los puntos fuertes más sólidos del programa en el país fue la atención brindada a las comunidades pobres y marginadas y a la prestación de servicios descentralizados”. El FIDA también cuenta con una ventaja comparativa de larga data, así como con experiencia específica en Malawi en lo que respecta a la transformación de la agricultura en pequeña escala a través de las medidas siguientes: i) colaborar con las organizaciones comunitarias y de agricultores; ii) respaldar la creación y el crecimiento de cadenas de valor estructuradas; iii) utilizar y reforzar los servicios no financieros a nivel de los distritos para los pequeños productores; iv) invertir en

²¹ Pula Advisors/Gobierno de Malawi (mayo de 2021): *Insuring the Malawi AIP Programme*.

²² EEPP.

²³ *Ibid.*

la prestación de servicios financieros para los pequeños productores, y v) combinar innovaciones tecnológicas en la agricultura de pequeñas explotaciones con la creación de nuevos vínculos entre los pequeños productores, los proveedores de servicios y los operadores comerciales.

B. Grupo objetivo y estrategia de focalización

25. Las intervenciones abarcadas en el presente COSOP tienen por objeto beneficiar a 700 000 hogares rurales, esto es, 3,5 millones de personas, de las cuales el 50 % son mujeres y el 30 %, jóvenes (de entre 18 y 35 años). El programa beneficiará a: i) las personas vulnerables de las zonas rurales, en particular, a los productores en pequeña escala, las mujeres y los jóvenes, y a sus organizaciones, y ii) los agroempresarios y las organizaciones de agroempresas involucrados en las cadenas de valor que benefician a la población pobre (principalmente los cereales, las legumbres, las frutas y las verduras, los pequeños rumiantes, las aves, el pescado y los productos forestales no madereros). La cobertura geográfica del COSOP abarca todo el país.
26. Se reforzarán y armonizarán las estrategias de focalización que benefician a la población pobre y tengan en cuenta las cuestiones de género y relativas a los jóvenes, para lo que se adoptarán una serie de metodologías basadas en los hogares y se desarrollará la capacidad conexas. Se hará un seguimiento de la eficacia de la focalización en los grupos vulnerables a través de herramientas participativas e indicadores desglosados sobre género, juventud y personas con discapacidad. Se ampliará la escala de la focalización en las poblaciones en situación de pobreza extrema a fin de brindarles apoyo y conseguir que pasen a formar parte de las cadenas de valor²⁴.
27. Se prestará especial atención a las personas con discapacidad y a las que viven con el VIH/sida. La donación vinculada al Programa de Transformación Rural que tiene en cuenta la Discapacidad (SPARK) se utilizará para diseñar una estrategia de focalización que abarque la discapacidad y se fundamente en los buenos resultados obtenidos por el PRIDE y el ERASP²⁵.

C. Meta general y objetivos estratégicos

28. El objetivo del COSOP radica en **contribuir a la reducción de la pobreza en el medio rural a través de la participación empoderada de las mujeres, los hombres y los jóvenes pobres de las zonas rurales en la transformación sostenible de la agricultura.**
29. De conformidad con las recomendaciones de la EEPP, el presente COSOP tiene por objeto: i) adoptar un enfoque explícito para combatir la inseguridad alimentaria y la malnutrición crónicas, a través de la promoción de sistemas de producción agrícola diversificados y sostenibles; ii) diseñar un enfoque estratégico para aumentar el impacto y la escala de las prácticas e iniciativas que obtengan buenos resultados, y iii) eliminar los obstáculos que impidan la ejecución resolviendo las carencias de capacidad a distintos niveles. Los objetivos estratégicos se ajustan al planteamiento del Marco Estratégico del FIDA (2016-2025) en lo que respecta al fortalecimiento de la capacidad productiva de las poblaciones rurales y a las ventajas que podrían derivarse de su inclusión en los mercados.

²⁴ Las estrategias de focalización se basarán en los análisis socioeconómicos de los datos disponibles (datos sobre el umbral de pobreza, mapas sobre producción, demanda del mercado y tendencias sociales y demográficas) para determinar aquellas zonas con una gran concentración de hogares pobres y extremadamente pobres. Se empleará un planteamiento de autofocalización basado en mecanismos financieros adaptados y en la selección de productos básicos que puedan facilitar la inclusión de los grupos vulnerables.

²⁵ Las personas con discapacidad se han beneficiado de una serie de actividades programáticas en las siguientes esferas: la gestión de las zonas de captación (1 % de los beneficiarios); la multiplicación de las semillas (7 %); las plataformas de productos básicos (5 %); las escuelas de campo para agricultores (5 %); los ensayos de adaptación (20 productores); el programa de transferencia de ganado de pequeño tamaño (12 hogares), y la instalación de cocinas eficientes en el plano energético (99 hogares).

30. El COSOP está en consonancia con el Marco de Cooperación de las Naciones Unidas para el Desarrollo Sostenible (MCNUDS) y las vías transformadoras de la Declaración de Acción de la Cumbre sobre los Sistemas Alimentarios de 2021, así como con las vías nacionales derivadas de esta última²⁶. Además, contribuirá a la consecución de los Objetivos de Desarrollo Sostenible (ODS) 1, 2, 5, 8, 13 y 15.
31. **Objetivo estratégico 1: Mejora de la seguridad alimentaria y nutricional gracias al aumento de la productividad agrícola y la resiliencia al cambio climático de los productores en pequeña escala.** En consonancia con la Estrategia Nacional de Resiliencia y la contribución determinada a nivel nacional, el objetivo estratégico 1 tiene por objeto reducir la vulnerabilidad de los pequeños productores frente a los fenómenos meteorológicos extremos y combatir la inseguridad alimentaria y la malnutrición crónicas a través de la promoción de sistemas de producción agrícola diversificados y sostenibles y de una mejor educación nutricional. Entre las inversiones subyacentes se incluyen las realizadas en los siguientes ámbitos: i) agricultura climáticamente inteligente, buenas prácticas agrícolas e instalaciones de almacenamiento dentro de las explotaciones; ii) infraestructura resistente al cambio climático, sistemas de riego y gestión conexas; iii) mejora del acceso a las tierras, en especial para las mujeres y los jóvenes, y iv) medidas de adaptación al cambio climático que generan beneficios para la mitigación. El FIDA ayudará al Gobierno a movilizar recursos para el clima y el medio ambiente del FMAM y el Fondo Verde para el Clima, con objeto de cofinanciar el apoyo brindado a la Estrategia Nacional de Resiliencia y la contribución determinada a nivel nacional en el marco del objetivo estratégico 1.
32. **Objetivo estratégico 2: Mejora del acceso a los servicios y los mercados agrícolas remunerados, sobre todo entre las mujeres y los jóvenes del medio rural.** El objetivo estratégico 2 tiene por objeto facilitar que los pequeños productores se beneficien de las cadenas de valor agrícolas remuneradas, y brindar oportunidades de empleo no agrícolas a los jóvenes y las mujeres. Se ayudará a los grupos de productores a aprovechar las oportunidades comerciales a nivel nacional y regional proporcionándoles bienes que cumplan las correspondientes normas en cuanto a cantidad y calidad. Entre las inversiones subyacentes se incluyen las realizadas en los siguientes ámbitos: i) instalaciones de comercialización y adición de valor; ii) seguros y servicios empresariales financieros y no financieros; iii) actividades de capacitación para las organizaciones profesionales y sus principales estructuras, y iv) plataformas innovadoras relacionadas con las cadenas de valor y sistemas de información digital.
33. **Cuestiones transversales.** Las prioridades de la Duodécima Reposición de los Recursos del FIDA (FIDA12) se incorporan de manera sistemática a ambos objetivos estratégicos, de la siguiente manera:
- **Seguridad nutricional.** Se hará especial hincapié en la diversificación a favor de cultivos y cadenas de valor ricos en nutrientes (como las legumbres, los boniatos de pulpa anaranjada, los frijoles con alto contenido de hierro y zinc, la acuicultura y los pequeños rumiantes). Aprovechando la donación del Organismo Noruego de Cooperación para el Desarrollo (NORAD), la nutrición se vinculará más estrechamente al empoderamiento socioeconómico de las mujeres y las niñas. Asimismo, el enfoque integrado para la producción de alimentos caseros ayudará a las personas con discapacidad a seguir dietas equilibradas basadas en alimentos producidos a nivel local.
 - **Enfoques de carácter transformador en materia de género.** Los métodos de focalización probados y empleados en el marco del PRIDE, el FARMSE y el SAPP reforzarán el acceso en igualdad de condiciones de las mujeres a las oportunidades económicas y los procesos de adopción de decisiones. El Sistema de Aprendizaje Activo de Género (GALS) se utilizará

²⁶ Gobierno de Malawi: "Building Healthier, Sustainable and Equitable Food Systems for a Better Malawi: National Pathways for Food Systems Transformation in Support of the 2030 Agenda".

para abordar las dinámicas dentro de los hogares y también podría contribuir a mejorar la alimentación de las personas. Por último, se incorporarán de manera sistemática en toda la cartera en el país las iniciativas de alfabetización dirigidas a las mujeres y los jóvenes, así como el uso de tecnologías que permiten ahorrar mano de obra.

- **Inclusión social.** Se buscarán mecanismos innovadores que promuevan el empleo juvenil, como las incubadoras para la adquisición de competencias, el acceso a los activos y los servicios financieros. Se emplearán conocimientos y tecnologías de última generación, así como programas de mentorías y bonificaciones para aprovechar la experiencia del FIDA en el país y su ventaja comparativa a la hora de trabajar con las organizaciones comunitarias y los servicios a nivel de distrito. Se promoverá la inclusión de los jóvenes en la iniciativa vinculada a las tecnologías de la información y las comunicaciones para el desarrollo (TIC para el desarrollo), así como en el uso de tecnologías climáticamente inteligentes que utilicen energías renovables, a fin de equiparlos y que lleguen a ser agroempresarios dinámicos, lo que a su vez repercutirá indirectamente en sus homólogos.
 - **Cambio climático.** Se invertirá en los servicios ambientales para conservar, proteger y restaurar los paisajes, y en la adaptación al cambio climático y la mitigación de sus efectos. Se incluirá una provisión para incorporar prácticas ambientales, de agricultura climáticamente inteligente y de elaboración²⁷.
34. El presente **COSOP se centra en la consolidación y la ampliación de escala**, el aprovechamiento de las prácticas que han logrado buenos resultados y el fortalecimiento de las instituciones (organizaciones de agricultores, servicios públicos descentralizados) a fin de mejorar la sostenibilidad y reducir la pobreza en el largo plazo. Los objetivos estratégicos 1 y 2 respaldan la Visión Malawi 2063 a favor de la transición de las explotaciones agrícolas en pequeña escala hacia operaciones agrícolas orientadas a los mercados y sumamente productivas. Tal y como se recomienda en la EEPP, también se han integrado en el programa las iniciativas vinculadas a las TIC para el desarrollo a fin de promover la inversión.
35. **Teoría del cambio.** Habida cuenta de la situación imperante en Malawi en lo que respecta a la pobreza rural, la inseguridad alimentaria y nutricional y el alto grado de vulnerabilidad a las perturbaciones externas, y tomando como punto de partida los logros ya alcanzados por el programa del FIDA en el país, en el presente COSOP se simplificarán y ampliarán las intervenciones dirigidas a dar respuesta a esos desafíos. Para ello, los principales factores serán: i) las herramientas y enfoques innovadores, de eficacia demostrada y que se requieran urgentemente a nivel comunitario; ii) la movilización de cofinanciación para aumentar el potencial del FIDA, y iii) la utilización de la capacidad de ejecución y coordinación y de los asociados (organizaciones de agricultores, distritos, etc.) de los programas en curso, que recibirán apoyo institucional para agilizar la ejecución.
36. En el marco del objetivo estratégico 1, se prestará atención al aumento de la productividad agrícola, la adaptación al cambio climático, la resiliencia frente a los desastres naturales y la mejora de la seguridad alimentaria y nutricional a través de prácticas que hayan obtenido buenos resultados, como las buenas prácticas agrícolas promovidas en el marco del RLSP, el SAPP y el PRIDE²⁸. También se hará hincapié en la producción comunitaria de semillas y la iniciativa radiofónica sobre agricultura puesta en marcha por el RLEEP. En el marco del objetivo estratégico 2,

²⁷ Algunos ejemplos son los sistemas de riego en pequeña escala, la captación del agua de lluvia, el uso de cultivos y variedades de agrosilvicultura y forraje tolerantes a las sequías y de maduración temprana, la difusión de información meteorológica y la gestión del riesgo de desastres.

²⁸ El éxito de estas prácticas ha quedado constatado en la evaluación del impacto de este proyecto, realizada por la RIA.

se prestará atención a mejorar el acceso a los mercados y servicios remunerados y a las oportunidades, tanto agrícolas como no agrícolas, que permitirán comercializar los excedentes.

D. Gama de intervenciones del FIDA

37. **Programa de préstamos y donaciones.** La cartera de préstamos incluirá cuatro programas (SAPP²⁹, PRIDE³⁰, FARMSE³¹ y el Programa de Transformación de la Agricultura mediante la Diversificación y la Capacidad Empresarial (TRADE)³²) diseñados en el marco del COSOP (2016-2022) (véanse el cuadro 1 y el gráfico 1). El SAPP se puso en marcha en enero de 2012 y, tras una prórroga de dos años, está previsto que finalice en marzo de 2023. El PRIDE comenzó su labor en diciembre de 2016 y está previsto que concluya en junio de 2025. El FARMSE comenzó en junio de 2018 y está previsto que concluya en junio de 2025. El TRADE inició sus operaciones en julio de 2020 y está previsto que concluya en septiembre de 2026.
38. En consonancia con la recomendación formulada en la EEPP de diseñar un enfoque estratégico para aumentar el impacto y la escala de las iniciativas exitosas, y ampliar la escala de los proyectos existentes, se ha previsto aportar financiación adicional al FARMSE (USD 30 millones con cargo al FIDA); el PRIDE (USD 27,8 millones con cargo al FIDA y USD 7 millones con cargo a la ampliación del ASAP+), y el TRADE (USD 17,8 millones con cargo al FIDA). Esto permitirá seguir implantando y ampliando la escala de las intervenciones que obtengan buenos resultados. Esta ampliación adicional de la cartera existente también facilitará la creación de capacidad para resolver los problemas que surjan en la ejecución.
39. El FIDA, junto con la FAO, movilizará recursos del Fondo Verde para el Clima a fin de promover la resiliencia y la adaptación al cambio climático a través del FARMSE. Asimismo, se buscarán oportunidades para conseguir financiación del sector privado en pro de la adaptación al cambio climático a través del Fondo Verde para el Clima. El FIDA y el Gobierno se asociarán con el Instituto para la Gestión de las Aguas Subterráneas de la Comunidad de África Meridional para el Desarrollo con miras a elaborar una propuesta regional, financiada con cargo al Fondo de Adaptación, que mejore la seguridad hídrica y alimentaria a través del desarrollo sostenible de las aguas subterráneas. También se estudiarán otras oportunidades con el FMAM y el Banco Africano de Desarrollo (BAfD).
40. En 2027, se llevará a cabo un examen de los resultados del COSOP a fin de determinar la asignación de recursos del Fondo para la FIDA13 y la FIDA14.

Gráfico 1

Fases de la cartera de préstamos del FIDA en el marco del COSOP (2023-2030)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Ciclo de financiación del FIDA	FIDA11			FIDA12			FIDA13			FIDA14		
COSOP	2016-2023					2023-2030						
SAPP												
PRIDE												
FARMSE												
TRADE												
Posible nuevo proyecto												

Nota: El color verde oscuro representa la financiación adicional o nueva.

²⁹ EB 2011/104/R.19, noviembre de 2011.

³⁰ EB 2015/116/R.16/Rev.1, diciembre de 2015.

³¹ EB 2017/122/R.12/Rev.1, diciembre de 2017.

³² EB 2019/128/R.25/Rev.1, diciembre de 2019.

41. **Cartera de donaciones.** El FIDA seguirá movilizando donaciones con el objetivo de incorporar sistemáticamente las innovaciones, y dará prioridad a las esferas de la nutrición, la igualdad de género, la gobernanza de la tierra y el paisaje, las TIC para el desarrollo y la creación de la capacidad institucional para mantener los resultados conseguidos. Las principales donaciones en el país efectuadas en 2022 son: el Mecanismo de Estímulo para la Población Rural Pobre, implantado por el SAPP; una donación del NORAD, gestionada por el FARMSE, para incorporar la nutrición y las cuestiones de género en la cartera, y una donación para el ERASP, en el marco del PRIDE, dirigida a contribuir a la conservación de las zonas de captación. También está previsto recibir una donación de la Iniciativa de Transformación Agrícola en África³³ para desarrollar la capacidad gubernamental.
42. El programa en el país también se beneficia de donaciones de ámbito regional, como el Programa Conjunto sobre Enfoques de Género Transformadores, financiado por la Unión Europea; la donación financiada por el FIDA para el programa SPARK, y una donación denominada Servicios Digitales de Asesoramiento para Acelerar la Transformación Rural.
43. La **colaboración con el Gobierno en materia de políticas a nivel nacional** reviste especial importancia en el programa del FIDA, que se ajusta a las tres prioridades de la EEPP que también impulsan la transformación de los sistemas alimentarios en Malawi, a saber: i) el crecimiento basado en los mercados; ii) la tenencia de la tierra combinada con la promoción del acceso de las mujeres a las tierras, y iii) la consolidación de los mercados financieros que lleguen a las zonas rurales. La actuación en materia de política basada en datos empíricos complementará, apoyará y aprovechará la experiencia y lecciones aprendidas de los proyectos y las donaciones estratégicas. En concreto, la EEPP se sustentará en los logros obtenidos por el FARMSE en el sector financiero rural en asociación con el Ministerio de Finanzas, entre los que se encuentra la creación del portal sobre inclusión financiera de Malawi.
44. Las iniciativas dirigidas a **la creación de capacidad y el empoderamiento** abordarán de manera holística la necesidad de ejecutar los programas de manera eficaz y eficiente a tres niveles diferentes, y garantizarán la sostenibilidad de los productos y resultados. A nivel nacional, todo el personal de las unidades de gestión de los proyectos (UGP) recibirá capacitación a corto plazo en materia de género y el GALS, focalización e inclusividad, gestión fiduciaria, seguimiento y evaluación (SyE) y adquisiciones y contrataciones en el marco del programa BUILDPROC de creación de la capacidad³⁴. Esas actividades formativas se impartirán al mismo tiempo en todas las UGP a fin de reforzar el aprendizaje y los intercambios entre pares en lo que respecta a las prácticas, con el objetivo de crear nuevas comunidades de práctica temáticas a nivel regional, además de la dedicada a la gestión de los conocimientos y el SyE, que actualmente contribuye a la armonización de las normas y prácticas en todas las UGP y que está sentando las bases para la puesta en marcha a título experimental de una unidad de coordinación central durante la FIDA13 y la FIDA14.
45. La participación en la Iniciativa de Transformación Agrícola en África servirá para desarrollar la capacidad institucional de ejecución de los ministerios asociados. A nivel de distritos, se reforzará la capacidad del personal a través de enfoques para la ejecución de los programas, la incorporación sistemática de las cuestiones de género y el SyE. En el plano local, se fortalecerá la capacidad de los grupos de mujeres y jóvenes, sus dirigentes y sus organizaciones en las esferas de las buenas prácticas agrícolas, la agricultura climáticamente inteligente, las escuelas de campo para agricultores, la gestión de los sistemas de riego (SAPP, PRIDE), la extensión electrónica y las plataformas relacionadas con las cadenas de valor (TRADE, FARMSE, PRIDE) y los servicios financieros y no financieros (PRIDE, TRADE).

³³ EB 2021/VBC/7, agosto de 2021, FIDA.

³⁴ <https://ifad-buildproc.org/?lang=es>.

46. La **gestión de los conocimientos y la comunicación** seguirán siendo un componente esencial de la actuación del FIDA. Tomando como ejemplo los sólidos planes de gestión de los conocimientos y comunicación elaborados por el SAPP e incorporados en las carteras de Malawi y Zambia, todos los programas gozan de estrategias, planes de acción y sistemas coherentes sobre la materia (radios comunitarias, teléfonos, SMS, TIC) con el objetivo de dirigirse a la audiencia en los idiomas locales y llegar a las comunidades utilizando un enfoque adaptado al contexto. En 2020 se puso en marcha la comunidad de práctica regional dedicada a la gestión de los conocimientos y la comunicación y al SyE, que seguirá reforzándose como un foro donde los programas financiados por el FIDA en Malawi y Zambia puedan examinar las cuestiones relativas a la ejecución junto con sus homólogos. La participación en la Estrategia de TIC para el Desarrollo del FIDA (2020-2030) aportará vías para difundir los servicios digitales, así como nuevas formas de llegar a los clientes.
47. **Cooperación Sur-Sur y triangular.** La cercanía de la oficina multipaís del FIDA para África Meridional facilita la cooperación Sur-Sur y triangular entre los programas subregionales del FIDA en los países, así como la movilización de conocimientos especializados, sobre todo en lo que respecta a la agricultura digital y las TIC para el desarrollo. También se ha creado una fructífera asociación con el equipo del FIDA en el Brasil y el Instituto Interamericano de Cooperación para la Agricultura con miras a reproducir el sistema brasileño de SyE basado en el país (DATA.FIDA)³⁵ en la cartera de Malawi a un menor costo, tanto en términos de financiación como de tiempo. Se han diseñado varias iniciativas conjuntas con el programa del FIDA en Zambia y la Agencia de Desarrollo de la Unión Africana/Nueva Alianza para el Desarrollo de África, como la comunidad de práctica, los proyectos piloto en materia de TIC para el desarrollo y las actividades e intercambios para el aprendizaje conjunto. Estas iniciativas se ampliarán de escala a nivel subregional. Se están examinando nuevas oportunidades de colaboración con el Foro de Servicios de Asesoramiento Agrícola de Malawi a fin de impulsar los vínculos en materia de gestión de los conocimientos a nivel regional y mundial, y estimular las redes de aprendizaje relativas a la cooperación Sur-Sur y triangular centradas en los servicios de asesoramiento rural y las redes digitales para los jóvenes.

V. Innovaciones y ampliación de escala para el logro de resultados sostenibles

48. El COSOP invertirá en innovaciones que mejoren la eficacia y la eficiencia de la cartera del FIDA y, para ello, tendrá en cuenta las recomendaciones de la EEPP de adoptar un enfoque más centrado en la promoción de las innovaciones. Entre las esferas prioritarias se encuentran la gestión de los conocimientos y la comunicación (plataformas digitales, servicios de extensión electrónica y servicios financieros, SyE de la información biofísica y climática), las instituciones (gestión de las zonas de captación de agua, el Modelo de Dominio de la Tenencia Social para la ordenación territorial, la capacidad a nivel de distrito), la agricultura climáticamente inteligente y las tecnologías relativas a la nutrición.
49. El conjunto de innovaciones que está previsto ampliar de escala se llevarán a cabo a través de procesos participativos. Las vías para garantizar la sostenibilidad institucional del programa en el país y facilitar su ampliación de escala velarán por que: i) las instituciones comunitarias respaldadas sean económicamente viables antes de que finalice el proyecto; ii) los vínculos comerciales estén garantizados y autofinanciados antes de que finalice el proyecto; iii) los costos de funcionamiento y mantenimiento se incluyan en los presupuestos nacionales, y iv) existan canales de comunicación efectivos en relación con los mecanismos de eficacia demostrada

³⁵ Este sistema permite cargar datos a tiempo real para programas específicos, empleando las plantillas del FIDA para los programas de trabajo anuales y los presupuestos y los marcos lógicos.

(como el Fondo de Comercialización Agrícola en el marco del TRADE; el enfoque de extensión entre agricultores, el modelo de transferencia y el Fondo de Incentivos de las Aldeas en el marco del SAPP; el Mecanismo de Innovación y Divulgación y la atención prestada a las plataformas e instituciones superiores promovidas por el FARMSE, y el Fondo para la Promoción de Innovaciones de Malawi, administrado por el PRIDE).

50. En concreto, en el caso del FARMSE, la donación Servicios Digitales de Asesoramiento para Acelerar la Transformación Rural brindará servicios de asesoramiento técnico específicos para ampliar la plataforma móvil ya existente relativa a los ahorros comunitarios a través del uso de carteras digitales vinculadas a un proveedor de servicios financieros. La donación permitirá forjar asociaciones con empresas e instituciones financieras del sector privado, así como con operadores de redes de telefonía móvil como Airtel y Telekom Networks Malawi.

VI. Ejecución del COSOP

A. Recursos financieros y metas de cofinanciación

51. El COSOP abarcará tres ciclos del Sistema de Asignación de Recursos basado en los Resultados (PBAS) (FIDA12, FIDA13 y FIDA14). La asignación para la FIDA12 asciende a USD 75,78 millones. En este momento, Malawi no cumple los requisitos para acceder al Mecanismo de Acceso a Recursos Ajenos debido a su endeudamiento. Sin embargo, esto podría revisarse a lo largo del ciclo en caso de que cambie la situación económica del país. Aún no se han determinado las asignaciones para la FIDA13 y la FIDA14. Se seleccionará a una serie de cofinanciadores para que complementen los recursos del FIDA. Los actuales cofinanciadores son el Fondo de la OPEP para el Desarrollo Internacional, el ASAP, el Fondo Fiduciario del FMAM y el Ministerio de Relaciones Exteriores, del Commonwealth y de Desarrollo del Reino Unido. Entre los posibles nuevos asociados se encuentran el ASAP+, el Fondo Verde para el Clima y el BAFD.

Cuadro 1

Financiación del FIDA y cofinanciación para los proyectos en curso y previstos (en millones de USD)

Programas	Financiación del FIDA	Cofinanciación		Coeficiente de cofinanciación
		Nacional	Internacional	
En curso				
SAPP	60,03	11,8	1,4	
PRIDE	60,09	23	0,50	
ERASP	0,00	1,6	7,20	
FARMSE	42,00	15,7	0,4	
TRADE	70,01	35,34	20,00	
Previstos				
Financiación adicional - FARMSE	30	10	-	
Financiación adicional - PRIDE	28	9	7	
Financiación adicional - TRADE	17,8	-	-	
Total	308,13	106,4	36,5	1:0,46

52. En 2022, el 80 % de la asignación para Malawi con arreglo al PBAS se proporcionará en condiciones ultrafavorables y el 20 %, en condiciones muy favorables. Habida cuenta de las previsiones económicas para Malawi y de su dependencia de la financiación externa, se espera que su margen de maniobra fiscal se reduzca y que aumente su nivel de sobreendeudamiento. Si esto ocurre, es probable que, en 2023, el 100 % de las condiciones del préstamo del país pasen a ser una donación con arreglo al Marco de Sostenibilidad de la Deuda.

B. Recursos destinados a actividades no crediticias

53. En el marco del programa en el país, se seguirán desplegando actividades no crediticias como, por ejemplo: i) los conocimientos técnicos especializados del FIDA, la FAO y el Mecanismo de Cooperación Sur-Sur y triangular; ii) la participación en la cartera de donaciones del FIDA a nivel nacional y regional; iii) la participación del personal nacional en las actividades de aprendizaje y capacitación del FIDA, las plataformas internacionales y las reuniones pertinentes, y iv) la prestación de apoyo a la ejecución para la cartera del FIDA.

C. Principales asociaciones estratégicas y coordinación del desarrollo

54. El programa en el país consolidará las asociaciones del FIDA a nivel nacional con el Ministerio de Agricultura, el Ministerio de Finanzas, el Ministerio de Planificación Económica y Desarrollo y el Ministerio de Gobierno Local y Desarrollo Rural. En el plano local, los consejos de distrito seguirán actuando como asociados fundamentales para la ejecución.
55. La creación de una nueva oficina del FIDA en Malawi mejorará la participación del Fondo en el Comité de Donantes sobre Seguridad Alimentaria y Desarrollo Agrícola y sentará las bases para una colaboración más estructurada con los asociados³⁶.
56. Se han ampliado las asociaciones estratégicas, que han contribuido de manera fundamental a la obtención de resultados. El FARMSE seguirá colaborando estrechamente con las partes interesadas del sector financiero rural a fin de aumentar el alcance de los servicios financieros. Además, contará con la ayuda de las instituciones de microfinanciación para ampliar de escala el alcance de sus servicios empresariales, y de las organizaciones no gubernamentales (ONG) para ampliar de escala los grupos de ahorros y crédito de las aldeas. El TRADE también se basará en el enfoque del FARMSE para ampliar las asociaciones entre los sectores público y privado. Asimismo, se mantendrán las asociaciones con el Departamento de Asuntos Ambientales y Total LandCare en la esfera del cambio climático y la gestión ambiental, pues han resultado eficaces.
57. El FIDA seguirá colaborando estrechamente con otros organismos de las Naciones Unidas y participará en los dos próximos MCNUDS (2019-2023) y (2024-2029). Asimismo, seguirá coordinando la respuesta a la COVID-19 con el Coordinador Residente de las Naciones Unidas, y mantendrá su colaboración con el Programa de las Naciones Unidas para el Desarrollo (PNUD) en el marco del Fondo para la Promoción de Innovaciones. Se prestará especial atención a la colaboración con los demás organismos con sede en Roma (OSR) a fin de establecer sinergias y garantizar la inclusión de la iniciativa mundial sobre enfoques de género transformadores. La colaboración con la FAO incluirá la prestación de apoyo a los esfuerzos del Gobierno para combatir el gusano cogollero del maíz; la movilización de los conocimientos especializados adquiridos en el programa de cooperación entre el Centro de Inversiones de la FAO y el FIDA, y el programa transformador de la Cumbre sobre los Sistemas Alimentarios. En cuanto a esta última iniciativa, el FIDA seguirá las orientaciones brindadas por el Diálogo de Malawi sobre la Cumbre de los Sistemas Alimentarios, tal y como se recomienda en la EEPP. Se examinará la posibilidad de crear asociaciones con el BAfD y el Fondo de la OPEP para el Desarrollo Internacional a fin de promover las inversiones en infraestructura.

D. Participación de los beneficiarios y transparencia

58. **Participación de los beneficiarios.** Se celebrarán procesos participativos para consultar a las organizaciones de la sociedad civil, las organizaciones de agricultores y sus principales instituciones, así como a las asociaciones de jóvenes y mujeres de las zonas rurales, en todas las fases del COSOP, incluidos el diseño,

³⁶ El Programa para la Adaptación al Clima de los Medios de Vida Rurales y la Agricultura, aprobado en 2021 y financiado por el BAfD y el Fondo para la Promoción de Innovaciones de Malawi del PNUD, reforzará las asociaciones ligadas a la cartera del FIDA.

la ejecución, el seguimiento, la evaluación del impacto y la evaluación del proyecto. Se analizarán los patrones de exclusión y las dinámicas de poder con miras a recabar las opiniones de los segmentos vulnerables y marginados de la sociedad rural. El ejercicio de diseño del presente COSOP se basó en ese enfoque y todos los interesados fundamentales participaron en el proceso de consultas. Todos los programas de inversión buscarán la opinión de los beneficiarios a través de grupos de discusión, encuestas de satisfacción y estudios del impacto. En el Marco de Gestión de los Resultados (MGR) del COSOP se ha incluido un indicador para evaluar la satisfacción de los beneficiarios.

59. Se diseñará **un marco a favor de la transparencia y la buena gobernanza** con miras a proteger la cartera frente a los riesgos, y aumentar su visibilidad. Para ello, se publicarán los documentos de los proyectos, las inversiones realizadas y los resultados alcanzados; se facilitará el acceso a los informes de auditoría y licitaciones, y se evaluarán periódicamente los resultados. Las partes interesadas en los proyectos, en especial los agricultores y sus organizaciones, participarán directamente en la planificación, la ejecución y el SyE de las actividades de los proyectos. El sistema de información de gestión Data.IFAD-ESA garantizará que todas las partes interesadas puedan acceder de manera puntual y oportuna a la información pertinente.

E. Disposiciones de gestión del programa.

60. En el marco del ejercicio de descentralización en curso, se establecerá una oficina del FIDA en Malawi en agosto de 2022, que estará liderada por un Director en el País. Esto permitirá una coordinación y un seguimiento más estrechos del programa del FIDA en el país y facilitará las iniciativas para resolver los problemas en la ejecución, a fin de mejorar la sostenibilidad y el impacto y reforzar las asociaciones con el Gobierno, los organismos de las Naciones Unidas y los demás asociados. La oficina regional del FIDA en Nairobi prestará apoyo al equipo en el país, en especial en las esferas de la gestión financiera, el SyE, la gestión de los conocimientos y la comunicación y la actuación en materia de políticas.

F. Seguimiento y evaluación

61. El FIDA se esforzará por reforzar la capacidad del Gobierno para hacer un seguimiento del desempeño de sus inversiones. En colaboración con los demás OSR, el FIDA respaldará la digitalización de los procedimientos empleados por los agentes de extensión agrícola para recopilar la información. Se hará un seguimiento de los resultados a nivel de los proyectos y, cada año, estos se agregarán y utilizarán para brindar información sobre los progresos logrados con respecto a las metas en el MGR del COSOP. Esta labor contará con el apoyo del sistema integrado de SyE Data.IFAD-Malawi. Si bien el MGR del COSOP toma como punto de partida el anterior COSOP, también incluye metas nuevas y más ambiciosas. Los indicadores están en consonancia con los indicadores básicos del FIDA y se desglosan por género, edad y discapacidad. La RIA ayudará a preparar las evaluaciones del impacto y a hacer un seguimiento de los progresos respecto de los resultados deseados y la sostenibilidad.
62. El Ministerio de Agricultura dirigirá un examen anual de los resultados del COSOP, para lo que contará con el apoyo del grupo de examen de los resultados de la cartera en el país y las UGP. En 2025 el Gobierno y el FIDA organizarán un examen de mitad de período del COSOP a fin de evaluar los avances alcanzados e introducir los ajustes oportunos. El MGR del COSOP se examinará cada año, junto con los programas ejecutados en el país, con el objetivo de identificar lo antes posible los retrasos potenciales en la ejecución.

VII. Gestión de riesgos

63. En el cuadro 2 se resumen los principales riesgos detectados y las medidas de mitigación conexas.

Cuadro 2

Riesgos y medidas de mitigación

<i>Riesgos</i>	<i>Calificación del riesgo</i>	<i>Medidas de mitigación</i>
Políticos/de gobernanza	Medio	Armonización de la cartera del FIDA con los programas nacionales y desarrollo de la capacidad institucional necesaria de las partes interesadas en el programa a todos los niveles (ministerios, distritos, organizaciones de agricultores, etc.)
Macroeconómicos	Medio	Ejecución de programas de inversión que ayuden a suplir el déficit de la cuenta corriente y a reducir la pobreza rural. Respaldo de las oportunidades de financiación o programación relativas a la crisis en Ucrania.
Políticas y estrategias sectoriales	Medio	Armonización del programa en el país con las políticas y estrategias nacionales. Coordinación con otros donantes.
Capacidad institucional	Elevado	Capacitación institucional de los proveedores de servicios financieros y no financieros rurales y de los asociados en la ejecución. Capacitación de los ministerios y distritos competentes.
Cartera	Medio	Provisión de asistencia técnica y talleres de formación para desarrollar la capacidad en el ámbito de la gestión de los proyectos, la gestión fiduciaria y de las salvaguardias y el SyE.
Fiduciarios: gestión financiera	Medio	Preparación oportuna de informes financieros provisionales, que deberán presentarse antes del desembolso de fondos a fin de evitar los problemas recurrentes de liquidez. Publicación oportuna de los fondos de contrapartida (devolución del IVA). Estudio de la posibilidad de garantizar exenciones fiscales iniciales para las operaciones de adquisiciones y contrataciones de gran tamaño.
Fiduciarios: adquisiciones y contrataciones	Medio	Adopción de medidas para garantizar que los proyectos hagan referencia a los documentos de licitación normalizados del FIDA cuando no se disponga de documentos de licitación a nivel nacional o estos no cumplan los requisitos del FIDA. Restricción de las licitaciones solo con una causa justificada y siempre y cuando el FIDA haya dado su visto bueno.
Medio ambiente y clima	Elevado	Promoción de la agricultura climáticamente inteligente, las estrategias para la diversificación de los medios de vida, los sistemas de información climática y meteorológica, el riego, la captación de agua y la reforestación.
Sociales	Medio	Mejora de la focalización dirigida a la población vulnerable, incluidas las personas con discapacidad. Creación de un mecanismo de resolución de reclamaciones para recabar las opiniones de los beneficiarios y las partes interesadas.
General	Medio	

Results management framework

Country strategy alignment <i>What is the country seeking to achieve?</i>	Related SDG UNDAF outcome	Key results for RB-COSOP 2023-203037 <i>How is IFAD going to contribute?</i>			
		Goal		Outreach indicators	Milestone indicators
		Contribute to rural poverty reduction, through the empowered participation of poor rural women, men and youth in the sustainable transformation of agriculture		<ul style="list-style-type: none"> • 753.189 persons receiving services promoted or supported by the project, with 50% women and 30% youth 	<ul style="list-style-type: none"> • 80% households satisfied with project-supported services • 80% Households reporting they can influence decision-making of local authorities and project-supported service providers • Percentage of food insecure households in targeted communities (disaggregated by women headed and child headed households) decreased by 9%. • 300,000 smallholder households reporting decreased incidence of hunger, measured by the Percentage of Women reporting Minimum Dietary Diversity (MDDW)

³⁷ The results outlined in the RMF are an aggregation of: i) results that the ongoing projects in the Malawi portfolio are expected to produce from 2023 to completion with the original funding as approved at design (or revised at MTR); ii) additional results that PRIDE, FARMSE and TRADE are expected to produce with additional funding; iii) results of other interventions that might be introduced in 2025 at the COSOP MTR. The COSOP MTR will assess the need for eventual adjustments to the RMF according to performance and to new interventions planned.

<p>Malawi 2063 Vision for the agricultural sector is to foster productivity and commercialization and supply raw materials for industrial processing, in view of a shift from social consumption to economic growth and infrastructure development</p> <p>Malawi Growth and Development Strategy 2017-2022 (MGDS III): Agriculture and climate change, education and skills development, transport and ICT, health and population Management</p> <p>Agriculture Sector Food and Nutrition Strategy (ASFNS) (2020-2024). Its goal is for productivity and commercialization to produce and supply raw materials for industrial processing and healthy and nutritious food.</p> <p>National Multi-Sector Nutrition Policy 2018-2022</p> <p>National Resilience Strategy 2018-2030</p>	<p>SDG1 (end extreme poverty) SDG2 (zero hunger; improved nutrition, sustainable agriculture) SDG5 (gender equality) SDG8 (decent work, economic growth) SDG 13 (climate action) SDG 15 (terrestrial ecosystems and land).</p>	<p>Strategic objectives</p> <p>SO1: Improved food and nutrition security, through increased agricultural productivity and climate-resilience of smallholder farmers</p>	<p>Lending and non-lending activities for the COSOP period</p> <p>Lending/investment activities</p> <ul style="list-style-type: none"> • SAPP (Jan 2012–Mar 2023) • PRIDE (Jul 2016 – 2023) • ERASP (2016 – 2023) • FARMSE (2019– 2025) • TRADE (2020-2026) <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • Policy dialogue • Knowledge management • Partnership building • SSTC, grants and reimbursable technical assistance 	<p>Outcome indicators</p> <p>Percentage of food insecure households in targeted communities (disaggregated by women headed and child headed households) decreased by 9%. (UNSCDF indicator)</p> <ul style="list-style-type: none"> • Proportion of smallholder women and men farmers adopting climate smart technologies in targeted areas increased by 15% (UNSCDF indicator) • 12,000 smallholder households with long-term tenure security for at least 0.1 ha of newly irrigated land; • 13,500 hectares of agricultural land improved through soil and water conservation measures (excluding irrigation); • 130,000 smallholder households reporting adoption of one or more good agricultural practices • 100,000 smallholder farmers (at least 40% women and 30% youth) reporting an increase in production • 3,115 incremental hectares of crops 	<p>Output indicators</p> <p><i>How will progress be tracked during COSOP implementation?</i></p> <ul style="list-style-type: none"> • 3,115 ha of farmland under water-related infrastructure constructed/rehabilitated • 16,660 households reporting improved access to land, forests, water or water bodies for production purposes • 60 newly formed and trained groups for managing infrastructure established • 5,000 groups in NRM formed and strengthened • 160,000 smallholder farmers (at least 50% women and 30% youth) trained in good agricultural practices • 120,000 households provided with targeted support to improve their nutrition • 10,000 households reached with graduation activities • 3,115 hectares of newly irrigated land with tenure arrangements completed

				cultivated in irrigated land throughout seasons	
		<p>SO2: Improved access to remunerative agricultural markets and services, notably for rural women and youth</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> • SAPP (Jan 2012–Mar 2023) • PRIDE (Jul 2016 – 2023) • ERASP (2016 – 2023) • FARMSE (2019– 2025) • TRADE (2020-2026) <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • Policy dialogue • Knowledge management • Partnership building • SSTC, grants and reimbursable technical assistance 	<ul style="list-style-type: none"> • 300,000 individuals demonstrating an improvement in empowerment • 11 functioning multi-stakeholder platforms supported • 360,000 smallholder farmers (at least 40% women and 30% youth) reporting using financial services • 9,450 new jobs created (for at least 50% women and 30% youth) • 5 existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment 	<ul style="list-style-type: none"> • 2,600 smallholder farmers (at least 50% women and 30% youth) trained in post-production, processing and marketing • 68 market, processing or storage facilities constructed or rehabilitated • 600 rural producers organizations supported • 137,000 persons (at least 50% women and 30% youth) trained in income-generating activities or business management • 8 financial service providers supported in delivering outreach strategies, financial products and services to rural areas • 440 newly formed and trained saving and credit groups • 10 Policy relevant knowledge products completed

Transition scenarios

A. Transition Scenarios

The purpose of this Appendix is to offer an understanding of likely and possible country trajectories and to identify the possible implications of these for IFAD's country program, over the COSOP period.

Table 1: Projections for key macro-economic and demographic variables³⁸

Case	Baseline [i.e. assuming that the external financing gap would be closed by additional borrowing from Regional Development Banks (RDBs)]	Reform Scenario [i.e. with adjustment in current policies]
Avg. GDP growth (%) (2022-2024)	4.0	4.2
Public debt (as % of GDP) (2022-2024)	69.2	69.3
Debt service ratio (2022)	60.2	60.2
Inflation rate (%) (2022)	10.6	8.1
Rural population ³⁹	17,590,000 (2022)	
	20,168,000 (2028)	
	Annual growth rate: 4.41% (2020-2025)	
Investment Climate for rural business ⁴⁰	3/6 <ul style="list-style-type: none"> IFAD12 Rural Sector Performance Assessment: ranked 26 out of 71 countries (RSPA Score: 3.7/6) The country will continue to implement the current Malawi Growth and Development Strategy (MGDS) III, Building a Productive, Competitive and Resilient Nation, which will run through 2022 and focuses on education, energy, agriculture, health and tourism. In January 2021, the Government launched the Malawi 2063 Vision that aims at transforming Malawi into a wealthy and self-reliant industrialized 'upper middle-income country. Malawi's main challenge is the insufficiency of infrastructures to support economic activity, especially in electricity, with the country being faced with frequent and lengthy electricity shortages; irrigation; and transport. Poor coverage of irrigation systems to support the agriculture sector and inadequate water sources create shortages for households. In addition, limited transport infrastructure and trade logistics induce high transport costs weighing on farmers and businesses. Maintenance of poorly constructed and heavily used roads further hinders government spending on other infrastructures. Finally, there is a need to reform tax policies and administration and business regulations to increase transparency and support value addition. 	
Vulnerability to shocks	3/6 <ul style="list-style-type: none"> Malawi remains vulnerable to significant endogenous and exogenous shocks. Specifically, the country is highly exposed to trade shocks, including higher maize or wheat import bill, the latter being exacerbated by the ongoing Ukraine crisis. Moreover, Malawi remains exposed to natural disasters, such as floods, heavy rainfalls, droughts, or cyclones. Finally, Malawi's households are vulnerable to malaria's high prevalence in the country, as well as the ongoing COVID-19 outbreak. 	

There are two foreseen scenarios for the medium-term economic outlook:

→ **Baseline Scenario**

- Conditional on satisfactory implementation of current policies and the continuation of external financing from RDBs, growth is projected to recover to

³⁸ [Malawi: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Malawi](#)

³⁹ [UN DESA, World Urbanization Prospects 2018](#)

⁴⁰ [World Bank Doing Business Report 2020; Malawi: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Malawi](#)

3.5% in 2022 and pick up to about 4.0-4.5% in the medium-term. However, this outlook depends critically on: (i) a sustained increase in public investment to levels experienced since 2010; (ii) the maintenance of a fiscal deficit of about 10% of GDP over the medium-term; and (iii) continued access to external financing, as well as domestic borrowing to cover large financing gaps. Nevertheless, the debt burden will continue to grow under this scenario, hindering PS investment and medium-term economic prospects.

- In addition, under this scenario, inflation is projected to reach 10.6% in 2022, before stabilizing around 6.8% in the medium-term, provided that the monetary policy stance is well-anchored.
- In terms of the debt situation, the joint IMF-World Bank Debt Sustainability Analysis (DSA) indicates that Malawi's risk of external debt distress has increased to high; and both external and public debt are assessed as unsustainable under current policies. There are sustained threshold breaches on several debt stocks and debt service indicators, including the existence of external arrears from end-2020, which had been rescheduled for 2021.
- Under the baseline scenario, public debt would increase further from 54.8% of GDP in 2020 to 85.7% of GDP in 2026 as the authorities rollover existing domestic and external debt. Covering these financing gaps would be achieved through (i) disbursement of ratified but undisbursed concessional loans in the medium-term; (ii) additional non-concessional external borrowing; and (iii) net domestic financing for the remaining financing gap. The large financing needs over the coming years and low level of international reserves suggest the risk of debt distress will remain high in the medium term.

→ **Reform Scenario** (adjustment in current policies)

- Under this scenario, GDP growth is projected at 5%-6% in the medium-and-long-term, which would be slightly above the baseline levels. Indeed, the sound implementation of new measures by the government and new loans from RDBs would trigger a positive development of the country; in particular in sectors such as agriculture, energy, or transport, which suggests a slightly higher growth rate. In addition, inflation is projected at 8.1% in 2022 and is expected to decrease at around 5-5.5% over the medium-term, faster than in the baseline.
- Malawi's macroeconomic conditions have been significantly impacted by COVID-19, inducing a change in the debt distress rating from moderate to high in 2020. Moreover, substantial development and social spending needs, a high debt burden from the past, and much lower budget support and grants financing are contributing to sustained fiscal and current account deficits in the near to medium term. Thus, total public debt is projected to increase over the near to medium term, but at the same time, Malawi's exposure to financing risks is significant.
- However, this scenario is expected to stabilize the public debt so that Malawi can return to moderate risk of debt distress within the medium term. It envisages rebuilding gross official reserves to return to an adequate level over the medium term. The corresponding size of external sector adjustment is 1.5% of GDP each year, which would be supported by greater exchange rate flexibility and stronger monetary and fiscal policy. The reform scenario still has a financing gap of about 4% of GDP each year in the medium term. If the gap is financed by non-concessional borrowing, the risk of debt distress will remain high. Moreover, shall the financing gap not be filled, it could lead to an abrupt adjustment with significant impacts on growth and financial stability and an adverse effect on the most vulnerable. However, if non-debt-creating flows fill the gap (e.g., debt relief and budget support grants), Malawi could return to moderate risk of debt distress.

Risks to the medium-term outlook. Malawi has been severely affected by COVID-19. Although there are signs of gradual recovery, uncertainty is high, and risks are strongly tilted to the downside for Malawi, making the macroeconomic outlook quite unstable under current policies. The authorities' current policies focus on a gradual and back-loaded pace of fiscal and external adjustment and heavy reliance on non-concessional borrowing from RDBs to address the large financing needs. This policy mix further elevates risks to the outlook. Hence, the main risk under both the baseline and reform scenarios is a sudden stop of available financing, especially from RDBs. Shall this risk materialize, an abruptly forced adjustment with a significant impact on growth, financial stability, and the most vulnerable population would become inevitable.

The risk associated with growing RDB financing, followed by a sudden stop is a high probability and high-impact risk. The attractiveness of on-lending operations by RDBs could be affected by the normalization of monetary policy in advanced economies, which could exacerbate a further worsening of Malawi's outlook. A sudden stop could lead to an abrupt exchange rate adjustment, import compression, significant impacts on growth and financial stability, and an adverse effect on the most vulnerable.

Other risks include uncertainty to the recovery due to the threat of another COVID-19 wave and weather-related events, but also the spillover effects of the Ukraine crisis (i.e. wheat import bill volatility). Finally, domestic risks include governance issues affecting the efficient use of public resources and delays in public financial management reforms and domestic revenue mobilization that can lead to a further widening of macroeconomic imbalances.

Given the considerable uncertainties, the most likely scenario would be the Baseline.

B. Projected Implications for IFAD's country program

(a) Lending terms and conditions

- IFAD 12 Lending Terms for Malawi are as follows:
 - 80% Super Highly Concessional (SHC); and
 - 20% Highly Concessional (HC).

These lending terms are subject to change depending on IMF/World Bank DSA classification.

- In line with projected implications for the lending terms and conditions, if the country remains in the baseline, it is likely that the country would opt for a full utilization of its IFAD12 PBAS allocations. It is, nonetheless, foreseen that it may be challenging for the Government to meet domestic counterpart funding commitments, under such a scenario, given that government spending rely a lot on external financing, and that domestic resources could be channelled to other priority sectors such as health.

(b) COSOP priorities and products

- Although it is foreseen that Malawi would remain within the "Baseline Scenario" for part of the COSOP period, which could make the authorities focus on other priority areas (e.g. health) than agriculture, it is not foreseen that the country would not request another investment project from IFAD, under IFAD12, or a top-up of an already existing project.

(c) Co-financing opportunities and partnerships

- The World Bank decreased its lending commitments to Malawi two years in a row from US\$469 million in 2020 to US\$221 million in 2021, and US\$138 million in

2022.⁴¹ However, the World Bank Group approved, in June 2021, a project to support increased access, particularly for female students, to skills development programs in priority areas of the economy (including agriculture) that are most relevant to the labour market. This could represent strong co-financing opportunities with the World Bank, but also the IDA, the IFC, as well as the IBRD.

- IFAD could also explore the possibility to engage with the OPEC Fund for International Development, which recently (January 2021) signed a US\$20 million loan with Malawi to improve the livelihoods of around 1.3 million people living in rural areas. The objective is to strengthen value chains and improve the resilience and capacity of Malawi's smallholder farmers and rural organizations. The project will provide better infrastructure (including new roads) and access to rural financial schemes, as well as enhanced partnerships with the PS and inclusive business development services. Climate smart interventions will help combat land degradation and improve agricultural productivity.
- In addition, the African Development Fund and Malawi have signed a grant agreement (February 2022) for US\$14.2 million to undertake infrastructure upgrades and create a more efficient and transparent digital payment system. The project will widen financial inclusion in the country, in particular to women, youth and rural dwellers. It will also allow for efficient business transactions, offering small businesses the opportunity to gain access to new national and international markets. This could offer another co-financing opportunity with the AfDB.
- Other opportunities for co-financing exist with AfDB on irrigation infrastructures (e.g. through PRIDE), and with NORFUND in supporting rural MSMEs (e.g. in dairy sector, potentially under TRADE).

⁴¹ [World Bank Overview for Malawi, Nov. 2021](#)

Agricultural and rural sector issues

Agriculture overview

Malawi is a land-locked country bordered by Tanzania, Mozambique and Zambia. The 2020 population was estimated as 19.1 million people and is expected to double by 2038. The national poverty rate showed remains high at 51.5 percent in 2015/16 and 50.7 percent in 2019/20. Poverty in Malawi is driven by low productivity in the agriculture sector, limited opportunities in non-farm activities, volatile economic growth, rapid population growth, and limited coverage of safety net programs and targeting challenges.⁴² Eighty one percent of the population live in rural areas, the remaining 19 percent in urban centres. Malawi's has a sub-tropical climate, with two main seasons. The warm, wet season from October to April and the cooler, dry season from May until August. Average temperatures for the hottest months, October to December are 27-28.4°C and the coolest month, July 19.2°C. Malawi has a uni-modal rainfall pattern, with rains occurring from October to March, with an average annual rainfall of 725-2,500mm depending on location. The country covers a total area of about 118,484 km², of which about a 21 percent is Lake Malawi. It is one of the most densely populated countries in Africa, with 103 people km⁻². The total land area is 94,100 km² (9.4 million ha) of which 60 percent is agricultural land. Agricultural land is therefore very scarce in Malawi. With 206 people km⁻² of agricultural land, there are 2.7 rural people ha⁻² of agricultural land, compared to 0.4 people ha⁻¹ for all of Sub-Saharan Africa. Due to this land scarcity, expansion is unlikely, particularly in the central and south regions. Therefore, government policies focus on increasing productivity per unit land area through expanded use of modern farm inputs, as well as improving market infrastructure.⁴³

Agricultural production

Malawi's agricultural sector relies on numerous cash crops such as tobacco, macadamia, beans, tea, rice, sorghum, maize, and cassava, in addition to subsistence, small-scale crop and livestock production. Small-scale farmers play a vital role in Malawi's agricultural sector and produce 80 percent of food consumed in the country, which contributes to 70 percent of the agricultural GDP. Maize is grown by 95 percent of farmers and is produced on 28 percent of the total harvested area of land. Agriculture, mainly tobacco, tea, and sugar contribute 40 percent of GDP and 80 percent of export earnings. Fisheries plays an equally important role in food security, with fish contributing 40 percent of total protein consumption in Malawi. Numerous freshwater sources are fished - Lake Malawi, Chilwa, Malombe, Chiuta and the Shire River. Most fisheries are small-scale and contribute 80 percent to Malawi's total fish production. Most fishers use small boats, canoes and traditional nets or other open-water fish traps and gillnets. Small and large cichlids, as well as catfish are the primary freshwater fish species caught. Fishing contributes 4 percent to the country's GDP. Malawi has approximately 3.98 million households, 45 percent of which keep at least one type of livestock. 33 percent of all household keep chickens, while 18 percent keep goats. Except for poultry (30 percent), more than 95 percent of beef, dairy and pig are raised in low-input systems, with little or no feed supplementation. There are several feed manufacturers making feed for their own farms and for other farmers, but smallholder farmers tend to find these feeds too expensive. With increasing population, increased use of land for crop production and climate change, livestock access to water is becoming a problem.⁴⁴ Livestock's share in agriculture expenditure was about 1.2 percent in 2019.

⁴² <https://www.worldbank.org/en/country/malawi/overview#1>

⁴³ <https://www.ifpri.org/publication/determinants-food-insecurity-rural-malawi>

⁴⁴ <https://livestockinmalawi.page.tl/Overview.htm>

Agriculture and food security

Climatic and world price fluctuations of Malawi's few cash crops for export (tobacco, tea, cotton) expose families and the economy to external shocks which can undermine economic growth. Partly as a result of these challenges, 70 percent of the population of Malawi lives below the poverty line. Malawi's food security is defined by adequate production of and access to maize, the country's staple food. Maize is grown by over 90 percent of households but due to dependence on rainfed agriculture, small farm size, limited use of inputs and poor access to markets, most households cannot meet their subsistence requirements and remain net buyers of maize. Despite recent bumper crops of maize, acute and chronic food insecurity are major challenges. Malawi's annual maize requirement is approximately 3.1 million tons. In recent years this has been exceeded (2018, 3.4 million tons; 2019, 3.3 million tons; 2020 over 3.8 million tons estimated). Unfortunately this has not translated into food security, in fact the opposite has occurred, with high levels of food insecurity reported (2018, 3.3 million people; 2019 1.8 million; 2020 an estimated 2.6 million).⁴⁵ This has occurred due to several factors, e.g. bumper harvests leading to low maize market prices, low purchases by the national grain buyer and large post-harvest losses at household level as farmers can't/don't want to sell their maize. This period of excess is soon replaced with low maize supply, with an associated higher maize price, making it unaffordable for most households.

Constraints to agriculture production

Malawi has an irrigation potential of at least 162,000 ha but currently only two percent of Malawi's cropland is irrigated. The remaining rainfed and low-input smallholder agricultural system is, highly vulnerable to climate change and in particular frequent droughts and floods, which destroy livelihoods and reduce the asset base of rural households. Most natural resources, including arable land, have been degraded by years of un-sustainable use and poor management caused by persistent rural poverty. A changing climate is only one factor influencing household vulnerability, which is also limited by low levels of adoption of productivity-enhancing technologies, over-reliance on rainfall, unsustainable exploitation of fisheries resources, insufficient storage and value-addition facilities, poor infrastructure, limited access to rural finance and markets and poor entrepreneurial skills.

Climate change and impacts on the agricultural sector

For a detailed review and analysis of the current and future impacts of a changing climate on Malawian agriculture, see the COSOP SECAP document.

Government policy and institutional framework

The Malawi Growth and Development Strategy (MGDS), a series of five-year plans, guides the country's development. The current MGDS III, Building a Productive, Competitive and Resilient Nation, will run through 2022 and focuses on education, energy, agriculture, health and tourism. In January 2021, the government launched the Malawi Vision 2063 that aims at transforming Malawi into a wealthy and self-reliant industrialized upper middle-income country. The Malawi Vision 2063 is Malawi's development framework for aligning the country's development to the AU Agenda 2063. Since the mid 2000's the government of Malawi has invested heavily in input subsidies to achieve food self-sufficiency and to improve food availability. Initially focusing on maize seed and fertilisers, the current Affordable Inputs Programme (2021 season) covered maize, sorghum, rice and beans, as well as fertilisers. These changes have taken the

⁴⁵ <https://blogs.worldbank.org/africacan/amid-maize-bumper-harvests-malawi-food-insecurity-reigns>

donor group many years of discussion and there is an opportunity for IFAD to join the donor group and to support evolution of the subsidy program. Many studies have indicated inefficiencies in beneficiary targeting, elite capture, high fiscal burden on the national budget and its promotion of monoculture crop production. Despite this, large maize purchases are needed every year. Approximately 75 percent of the agriculture budget is devoted to subsidies and maize purchases in Malawi.⁴

The MoA recognizes the growing importance of developing policies that move away from a dependence on subsidised maize production and that contribute to farm diversification, increased income levels and food and nutrition security and potential contributions to the country's economy. Development of the Agriculture Sector Food and Nutrition Strategy (ASFNS, 2020-2024) and National Agriculture Investment Program (NAIP, 2018-2023) were key steps in this process.

Public sector institutions supporting smallholder agricultural development

Amongst the key public institutions in the agricultural sector are the Department of Agricultural Research Services (DARS), Department of Fisheries (DoF), Department of Animal Health and livestock Development (DAHLD) and the Department of Agriculture Extension Services (DAES). Their mandate is to develop and disseminate climate resilient and productivity enhancing technologies for across the different farming systems of the country. The National Bank of Malawi recently launched a Development Bank to provide debt and equity capital to SMEs. The Development Bank will assist enterprises with business support services. Applicants need to demonstrate development impact in terms of promoting environmental and social-economic sustainability. Areas to be financed that are of interest to IFAD are: (i) agribusiness: processing of grain, fruits and cotton and value addition to primary agricultural produce, (ii) energy: production and provision of small scale energy from biogas or using renewable resources and (iii) ICT: development of software and applications; provision of services that enhance consumer access to internet; data processing and activities related to mobile telephony and mobile internet usage.

Role of the PS in market and service provision

The Government of Malawi has set a very ambitious goal of PS co-financing 46 percent of the NAIP budget. To support this and to engage with the PS the GoM launched in 2019 the Country Agribusiness Partnerships Framework (CAP-F) and the Investment Facilitation Platform (IFP). The CAP-F is the government tool to foster PS investment in the Malawian agricultural sector. A thriving PS in agriculture requires efficient supply chains where smallholder, processors and traders/exporters meet existing internal and export market demand with the right quality and quantity of products. Unfortunately, as a result of weak market linkages, limited access to market information and inadequate aggregation and storage opportunities, most smallholders sell their produce to local traders when the market value is lowest. Currently the smallholder sector is constrained from linking to the PS as they have small land sizes, are unable to invest to increase land area productivity, contract farming is not widely practiced, with end buyers buying from aggregators/traders rather than directly from smallholders. Some PS actors provide inputs and other extension services on credit but it is very limited, with most smallholders unable to afford rural finance loans.

Key policy areas

Critical policy areas that can contribute to reduce food insecurity are: (i) increasing the appropriate use of inputs to increase agricultural productivity; (ii) increasing investment

in rural feeder road infrastructure to improve market access; (iii) expanding irrigation, (iv) agricultural extension activities, and (v) investing in skills training and education for farmers.

It is important to ensure that these policies target the poorest farmers, are cost effective and fiscally sustainable, and avoid negative impacts on private sector participation.

SECAP background study

Introduction

1. The Social Environment Climate Assessment Procedures (SECAP) study supports the development and decision-making process for IFAD's new Results-Based Country Strategic Opportunities Programme (RB-COSOP) for Malawi, 2023 – 2030. The study guides climate change (CC) mitigation, aligning with the Government's existing sustainable national development policies, environmental action plans, and climate change strategies. Most importantly, the SECAP also guides the establishment of outcome-driven national development strategies and systems that address sustainable environmental and natural resources management (ENRM), promote more significant social equity in rural communities, and encourage appropriate measures for adaptation.

The main **objectives** of the background study are:

- a) To conduct a strategic evaluation of the current and future environmental and social impact on Malawi's performance of the poverty reduction and community resilience activities in the COSOP;
 - b) To propose climate change adaptation and mitigation measures and strategic opportunities for the COSOP and national/rural sector development plans and the country's contribution to achieving the Sustainable Development Goals (SDGs) and nationally determined contributions (NDCs).
2. This SECAP is based on documents and statistical data reviews from various secondary sources, including the Government of Malawi's country reports, legal, institutional, policy, and programme documents. Furthermore, the study includes a review of IFAD strategy papers and action plans and reports from other multilateral agencies and development partners, together with findings from consultations of key stakeholders in-country and virtually.

Part 1 - Situational analysis and main challenges

Socio-economic situation and underlying causes

3. Malawi, with a total area of 118,484 square kilometres and five inland lakes accounting for 24,208 sq km, is a small landlocked country located in Southern Africa. The country shares borders with the United Republic of Tanzania to the north, the Republic of Zambia to the west, and the Republic of Mozambique to the east and south. The capital of the country is Lilongwe, with a population of about 2,626,000 people.
4. The average household size in Malawi is 4.5 members with 3 out of the 10 households that are headed by women. 84.4 per cent of the population reside in the rural area and the remaining 15.6 per cent in the urban area.
5. It ranks 174 out of 189 in the global Human Development Index (HDI)⁴⁶. Malawi is one of the poorest and most densely populated countries in Sub-Saharan Africa with a gross domestic product (GDP) per capita (PPP) of USD 636.8 in 2020⁴⁷. Malawi has a long history of food insecurity - productivity for the staple crop of maize has stagnated over the last decade - and it is vulnerable to external shocks, particularly climatic shocks. However, the country has made progress in reducing

⁴⁶ UNDP (2020), [Human development report](#).

⁴⁷ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=MW>

poverty and increasing agriculture yield. In 2021, favourable weather and agricultural input subsidies have contributed to a strong agriculture season - particularly in the maize harvest - and robust food supplies with high returns in terms of employment rates in rural areas. Moderate and severe food insecurity has also reduced by June 2021, although poorest households continue to be the most insecure. Poverty and inequality remain stubbornly high.

6. The national poverty rate has slightly declined from 52.4 per cent in 2015 to 50.7 per cent in 2019/2020, while the incidence of ultra-poor increased from 22.4 to 25 per cent in the same period. Huge gaps remain between urban and rural areas: ultra-poverty is predominantly rural, affecting 23.6 per cent of the population compared to only 3.3 per cent in urban areas in 2019/2020. Analysis by sex of household head shows that female-headed households tend to be poorer with 56.8 percent of them who were poor in 2019/2020 compared to 48.5 percent in male-headed households. Poverty dynamics are also significantly influenced by household size with 60.6 percent of the people in households that had five or more members who were poor in 2019/2020 compared to 44.2 percent in households with four members⁴⁸. At regional level, the central region had the highest ultra-poverty rate (25.4 per cent) followed by the Southern (19.1 per cent) and Northern region (8.6 per cent)⁴⁹. Poverty in Malawi is driven by low productivity in the agriculture sector, limited opportunities in non-farm activities, rapid population growth, and limited coverage of safety net programs.
7. The indicators that contribute most to multidimensional poverty in Malawi are literacy and schooling (14.9 per cent), electricity (11.4 per cent), and job diversity (11.3 per cent), with 61.7 per cent of Malawi's population are multidimensional poor in 2016/2017. Multidimensional Poverty is particularly found in rural areas (70 per cent) and in female-headed households at 72.3 per cent⁵⁰.
8. Malawi's economy is among the top 15 economies most dependent on agriculture, employing nearly 88 per cent of the employed working-age population⁵¹. Malawi continues to rely on subsistence, rainfed and limited diversified agriculture, which limits its growth potential. Maize is the main food crop, which is often grown continuously, without crop rotations, and using a low-input rainfed system, which are among the main causes leading to the depletion of soil fertility and crop yields reductions. Other important food crops are rice, cassava, sweet potato, Irish potato, sorghum, and millet. Smallholder farmers in Malawi - who contribute more than 70 per cent to agricultural GDP - focus on food crops for domestic consumption and are faced with the challenge of adapting to volatile agroecological conditions. Agricultural productivity is far below its potential, with prioritisation of resource-use over technological changes. The current yield gaps (the difference between the actual and potential yields) in most smallholder crops could be reduced with investment in technology advances and adaptation. Erratic electricity and inadequate water supply further limit value addition efforts and slows agricultural diversification. Extension services remain weak owing to low staffing levels and poorly trained personnel, with limited use of ICT based methods to disseminate good agricultural practices.

⁴⁸ Malawi Poverty Report, 2020.

⁴⁹ Malawi Poverty Report, 2020.

⁵⁰ Malawi Multidimensional Poverty Report, 2021.

⁵¹ Ministry of Agriculture Irrigation and Water Development, 2017.

Table 1 - Averages: Area Planted, Production, and Yield, Selected Crops, 2006–2016

Crop	Area Planted, '000s ha	Total Production, '000s Mt	Yield, kg/ha	Potential Maximum yield Smallholder Yield, kg/ha
Maize (all)	1,647	3,147	1,910	6,500 (hybrid)
Rice	61	111	1,820	5,000 (lowland)
Sorghum	84	68	810	1,700
Millet	46	31	674	2,300 (pearl); 2,000 (finger)
Groundnut	310	293	945	2,800
Soya bean	97	91	938	2,000
Common bean	288	159	552	1,200
Pigeon pea	195	233	1,195	1,500
Cowpea	68	30	441	1,200

Source: Benson and Edelman 2016 and calculations using MoAIWD crop estimates data (2006–2016).

9. **Land.** In relation to the Sustainable Development Goal, land ownership has been defined as having either documented ownership, right to bequest, or right to sell⁵². In Malawi, these rights tend to not overlap: 52 per cent of landowners do not have the right to use their land as collateral, with women being less likely to have these rights⁵³. With few resources that can be used as collateral, this has tremendous consequences on the ability of smallholders to access loans and invest in commercial farming. Although microfinance institutions are available in rural areas, access to credit is limited due to stringent requirements regarding assets and income and high-interest rates (25–40 per cent for both commercial banks and microfinance institutions).
10. In Malawi, tensions exist between statutory and customary law. More than half of landowners do not have all land rights. Due to high rural population densities, more fragile upper catchment areas have been opened for cultivation, accelerated soil erosion and rapid loss of soil fertility. A recent soil-mapping exercise revealed that almost 40 per cent of agricultural land in Malawi has become highly acidic⁵⁴. Degradation of agricultural land and forests also poses a major threat to productivity and economic development: its annual cost is estimated as equivalent to 5.3 per cent of GDP⁵⁵, with soil degradation identified as one of the main factors pushing down agricultural yields.
11. **Digital economy** has been identified as a central pillar for reducing poverty and accelerating growth. Malawi has recently made improvements in the digital infrastructure. Nearly all of the population live within 50km of fiber nodes⁵⁶ and around 78 per cent of Malawi's population has 3G coverage⁵⁷. However, despite these advances, the country is at a nascent stage of its digital transformation journey and its digital skills ecosystem is currently characterized by low illiteracy and digital skills rates, with a significant gender gap as further detailed in paragraphs below, inadequate ICT infrastructure, high investment cost for ICT infrastructure, lack of awareness of ICT and e-services. These challenges, coupled with low electricity coverage, have contributed to inequitable access to and use of internet services and ICT devices across social and economic groups. Currently, only 11 per cent of the population has access to electricity at home and for many,

⁵² https://unstats.un.org/edge/publications/docs/Guidelines_final.pdf

⁵³ World Bank (2022), Multidimensionality of Land Ownership among Men and Women in Sub-Saharan Africa.

⁵⁴ Ministry of Agriculture Irrigation and Water Development (2017).

⁵⁵ World Bank (2021), Malawi Economic Monitor.

⁵⁶ CTO (2019) ICT Market Access Gap Report for MACRA. London, UK: Commonwealth Telecommunications Organisation.

⁵⁷ Research ICT Solutions. 2021. ICT Evidence Portal – Malawi Country Data. Available at: https://researchictsolutions.com/ict-evidence-portal-africa/ict_evidence_portal_africa.php.

electricity is unaffordable⁵⁸. High Internet prices, high cost of smart devices, and lack of digital skills have also prevented Malawi from realizing the full potential of its digital infrastructure. Ownership and use of ICT devices varies by geographic factors. Only 37.3 per cent of the rural population own a mobile phone and 60.5 per cent of the ones who use a mobile device indicate that this happens through friends, family, or work (MACRA survey, 2020). However, 40.7 per cent of individuals in urban areas use the Internet, this number falls to 9.3 percent for individuals in rural areas. According to the 2019 National Survey on ICT Access and Usage, over 90 per cent of households reported being unable to afford to own a mobile phone, with the percentage reaching 96.6 per cent for computer, laptop, or tablet.

12. Malawi is lagging across several indicators related to women's economic opportunities. However, the country has one of the highest labor force participation rates (WB, 2021). The country ranks 111 out of 151 countries in the Economic Participation and Opportunity index, lagging many other countries in Sub-Saharan Africa. It remains a challenge for development partners investing in digital skills training schemes without reliable and affordable underlying infrastructure.
13. **Agriculture** - being it the backbone of the Malawian economy - employs around 59 per cent of women and 44 per cent of men. However, significant gender productivity gaps remain and are mainly linked to unequal use of land inputs, lower access to farm labor, inferior access to improved agricultural inputs and technology, and lower participation in the cash crop/export crop value chains. Gender gaps also exist in the education sector. Nearly half of the girls in Malawi are married and drop out of school by eighteen. Low levels of education and high levels of child marriage in Malawi are associated with decreased levels of human capital accumulation, affecting women's school-to-work transition, and hampers their capacity to participate in the workforce, which is key to breaking the cycle of poverty among many families. In relation to improving digital skills of women and girls, several programmes support their path in digital employment and entrepreneurship (Dzuka Africa StartUp Hub, Digital Malawi project).
14. The struggle for women does not end after completing their education. Women continue to struggle with lower earnings, limited voice and agency.
15. In addition to the socio-economic constraints, there are also traditional-cultural views that withhold women from their development. Women lose much time carrying out domestic duties, like collecting water, cooking, and child rearing. Due to these traditional gender roles, most of them depend entirely on men. This makes vulnerable women in Malawi an easy target for gender discrimination and violence. Malawi has a high Gender-Based Violence (GBV) and Intimate Partner Violence (IPV) and the proportion of women experiencing physical violence was 34 per cent in 2015-2016. These are associated with uneven intra-household gendered dynamics - only 47 per cent of women participate in family decision-making - which further constrains their ability to exert agency and hampers their capacity to seek out economic opportunities. The costs of tackling GBV also exert a heavy financial drain on the economy⁵⁹.
16. In Malawi, youth is defined as all persons from age 10 to 35. Malawi's population is very youthful, with the population's median age being 17 years and 56.2 percent of people younger than 19 years⁶⁰. Malawi's population is expected to double in 23 years from 17.2 million in 2015 to 34.4 million in 2038⁶¹. This represents an important opportunity to reap the potential growth that could come with a demographic dividend if investment will strengthen human capital and economic

⁵⁸ Government of Malawi (2021), Malawi's Digital Economy Strategy 2021-2026: Supporting Inclusive Wealth Creation.

⁵⁹ Spence, (2020) and Mozambique (Tchamo et al. 2020).

⁶⁰ World Bank (2016) Poverty Assessment Report.

⁶¹ United Nations (2015) World Population Prospects.

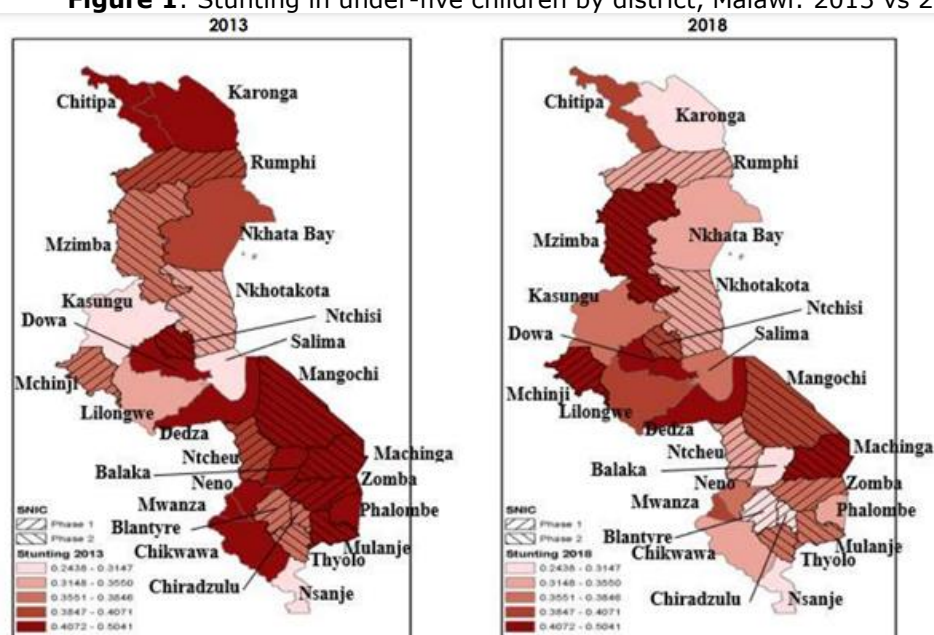
- empowerment by, for example, supporting business enterprise development, employment, and earnings.
17. However, young people, especially those living in rural areas, continue to experience multiple challenges. Given that youth constitute half of the population, poverty remains a major developmental challenge facing most youth. An application of a youth-focused multi-dimensional deprivation index (Y-MDI) by the Organization for Economic Cooperation and Development (OECD)⁶² revealed that more than 20 per cent of Malawi's youth experience multiple deprivations in health, education and employment. The deprivations are higher among young Malawian adults aged 18-29 (28.6 per cent) than adolescents aged 15-17 (5.0 per cent), among young women (27 per cent) rather than men (18 per cent) and among rural (23 per cent) rather than urban youth (18 per cent), mainly explained by employment and education factors. Young women continue to disproportionately experience discriminatory norms, legal loopholes and limited autonomy, despite the existence of a protective legal framework. In Malawi 50 out of 10,000 children between the ages of 10 to 17 years are heads of households¹⁶. HIV/AIDS and maternal mortality remain the two major causes of death among the youth, and access to Sexual Reproductive Health (SRH) remains insufficient.
 18. Women continue to face a series of issues across several economic dimensions. The youth unemployment rate is estimated at 15.2 per cent and young women face the highest probability of being unemployed due mainly to inequality of opportunities. Although Malawi has elevated levels of FLFP among the youth aged between 25 and 34 (83 per cent of female youth and 94 per cent of male youth), there is still a sharp gender divide. 82 per cent of the youth between 15-29 are neither employed nor are they actively seeking work. The share of young women neither in employment nor in education or training (NEET) declined from 25.5 per cent in 2012 to 20.0 per cent in 2014. A School-to-Work Transition Survey carried out by the International Labour Organization in 2014 revealed that while around 22 per cent of the young workers were wage-employed, 60 per cent were self-employed and 17 per cent were unpaid family workers. Over the last year, there has also been an increase in school enrolment. However, the dropout rate remains an issue to be addressed in the country, resulting in young people not acquiring basic skills.
 19. The socio-economic background is a strong driver of educational attainment among young people. In 2014, 49 per cent of young people living in rural areas did not complete primary education. In this regard, the ILO survey⁶³ emerged the pervasive skills mismatch amongst most young workers to the detriment of job quality and which has lowered their job satisfaction levels resulting in low productivity. Therefore, among the youth in the country's formal and informal employment sectors, a large proportion is trapped in low quality and low skilled employment, resulting in being underpaid. The youth's full economic participation is constrained by lack of land for farming, inappropriate technologies to address production challenges, lack of electricity in rural areas, high illiteracy levels, and limited technical skills. Youth with disabilities face numerous forms of discrimination, violence and sexual exclusion despite the various legal instruments Malawi has adopted to protect the rights of persons with disabilities), which affect their full integration in the society. Among the youth with disabilities who have largely been subject to violence are the youth with albinism.
 20. Child labour is widespread in Malawi with the most recent National Child Labour Survey (NCLS 2015) showing that 38 per cent of children aged 5 – 17 are involved in child labour, the majority of whom are working in the agriculture sector, and approximately half of whom are engaged in hazardous child labour.

⁶² <https://www.oecd.org/countries/malawi/Youth-well-being-policyreview-Malawi.pdf>

⁶³ ILO (2014) School-to-Work Transition Survey, Malawi.

21. Children in Malawi also engage in the worst forms of child labor, including in commercial sexual exploitation and the harvesting of tobacco.
22. Childhood stunting is the most significant nutritional challenge facing the country. Substantial progress has been made in reducing childhood stunting in the last decade thanks in part to significant improvements in Water, Sanitation, and Hygiene (WASH) practices and behaviors. However, 37 per cent of children under the age of five continue to suffer from stunting, with significant disparities between geographical areas and wealth brackets. The districts of Mzimba in the northern region; Mchinji, Dowa, and Dedza in the central region; and Machinga in the southern region recorded the highest rates, with a stunting prevalence in excess of 40 per cent in all these districts in 2018 (Figure 1). The prevalence rate is higher among the poor: an estimated 46 per cent of children from poor households are stunted, compared to 24 per cent from well-off households⁶⁴. Diets remain of poor quality dominated mainly by maize and other staples, with insufficient variety and nutrient-dense foods, micronutrient deficiencies persist⁶⁵.

Figure 1: Stunting in under-five children by district, Malawi: 2013 vs 2018



Source: Osendarp, S., Shilpi, F., Gondwe, T., et al (2019)

23. Factors associated with stunting include high fertility, particularly among adolescent girls aged 15-19, low levels of maternal education, and inadequate access to safe drinking water and good sanitation. 29 per cent of adolescent girls aged 15-19 years old have already commenced childbearing, putting them and their children at high risk for poor nutrition outcomes, which exacerbates the intergenerational transmission of stunting and undernutrition, which have negative implications for human and economic development. The combined impact of these factors can contribute to economic losses from foregone income equal to up to 3 per cent of GDP at the country level.
24. The main causes of stunting at the household level in under-five children in Malawi are often interrelated and primarily driven by poverty and vary by age. Poor feeding practices during pregnancy and the low consumption of animal-source foods by pregnant and lactating mothers are other key underlying problems.

⁶⁴ ILO C. 138, Minimum Age, ILO C. 182, Worst Forms of Child Labor, UN Convention on the Rights of the Child (CRC), UN CRC Optional Protocol on Armed Conflict, UN CRC Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography, Palermo Protocol on Trafficking in Persons.

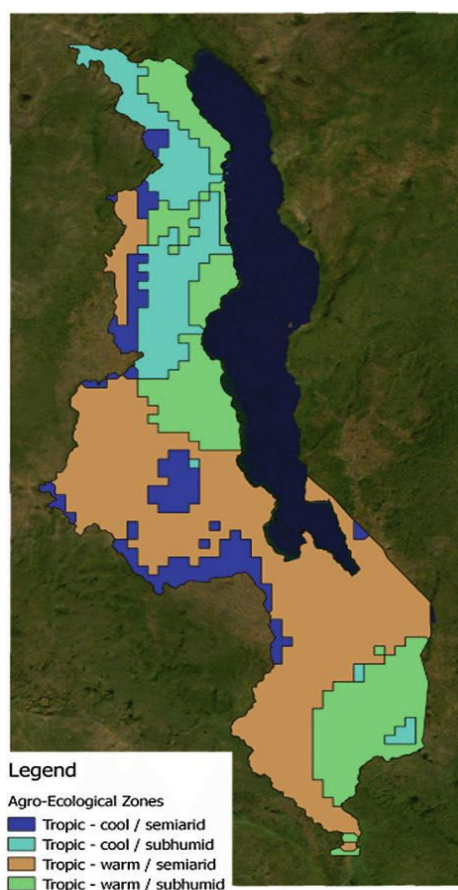
⁶⁵ National Statistical Office (2017) - Malawi.

25. Malawi is a multi-cultural country with the following ethnic composition: Chewa 34.3 per cent, Lomwe 18.9 per cent, Yao 13.2 per cent, Ngoni 10.4 per cent, Tumbuka 9.2 per cent, Sena 3.8 per cent, Mang'anja 3.2 per cent, Tonga 1.8 per cent, Nyanja 1.8 per cent, Nkhonde 1 per cent). The 1994 democratic constitution provides various forms of rights and freedoms for individual citizens and various cultural groups.

Environment and climate context, trends, and implications

26. **Location:** Malawi is a landlocked country in Southeastern Africa bordered by Zambia to the west, Tanzania to the north and northeast, and Mozambique to the east, south, and southwest. The country is located between latitudes 9° 22' S and 17° 03' S and longitude 33° 41' E and 35° 51' E. It covers over 118,484 km² (45,747 sq. mi)⁶⁶ of which 20% is water. The country is divided into three regions with 28 districts⁶⁷.
27. **Ecology:** The general ecological regions include the: Central Zambebian Miombo woodlands classified under tropical and subtropical grasslands, savannas, and shrublands biome, Lake Malawi (great lakes freshwater), Southern-Rift Montane Forest-Grassland Mosaic (montane grasslands and shrublands biome), Eastern Miombo Woodlands (tropical and subtropical grasslands, savannas, and shrublands biome). Other ecoregions are South Malawi montane forest-grassland mosaic; Southern Miombo woodlands; Zanzibar-Inhambane coastal forest mosaic; Zambebian flooded grasslands, and Zambebian and Mopane woodlands.

Figure 2: Malawi agroecological zones



⁶⁶ Malawi Maps & Facts - World Atlas

⁶⁷ https://en.wikipedia.org/wiki/Regions_of_Malawi

28. **Agroecological zones:** Malawi is classified into three agro-ecological zones (AEZs) based on soil factors, altitude, the amount, duration, and variability of rainfall, and temperature regimes: i) the Lower Shire valley; ii) the lakeshore plains and iii) Upper Shire valley; and the iv) mid-altitude plateau, with the highlands sometimes counted as a fourth (Figure 2). Agricultural potential is much higher in the northern and central parts of the country (Figure 2). Areas including Kasungu, Lilongwe Plain in the central region, and Chitipa in the north enjoy a more suitable agroecology and as well as higher precipitation levels (Maruyama et al., 2018). Other high agricultural potential districts include Dowa, Ntchisi, and Karonga, also located in the Northern and Central Regions. The potential is lower predominantly in the Southern Region including Balaka, Machinga, Zomba, Phalombe, Chiradzulu, and Mulanje districts. The major contributing factor for the low agricultural potential is lower levels of rainfall and generally poor weather conditions that characterize most of the Southern Region.
29. The difference in potential is driving a slow but steady shift in cropland distribution. There has been a notable reduction in the proportion of cropland area between 2010 and 2019 in Southern areas located in Zomba, Phalombe, Chiradzulu, and Mulanje districts. On the other hand, the Northern and Central regions with medium to high agrarian potential have witnessed a notable expansion in cropland areas (Figure 2). The unrealized agricultural potential in the countries lies in the same North and Central Regions. Future strategies to foster agricultural growth, reduce poverty and improve food security in Malawi will need to focus on mobilizing that potential.

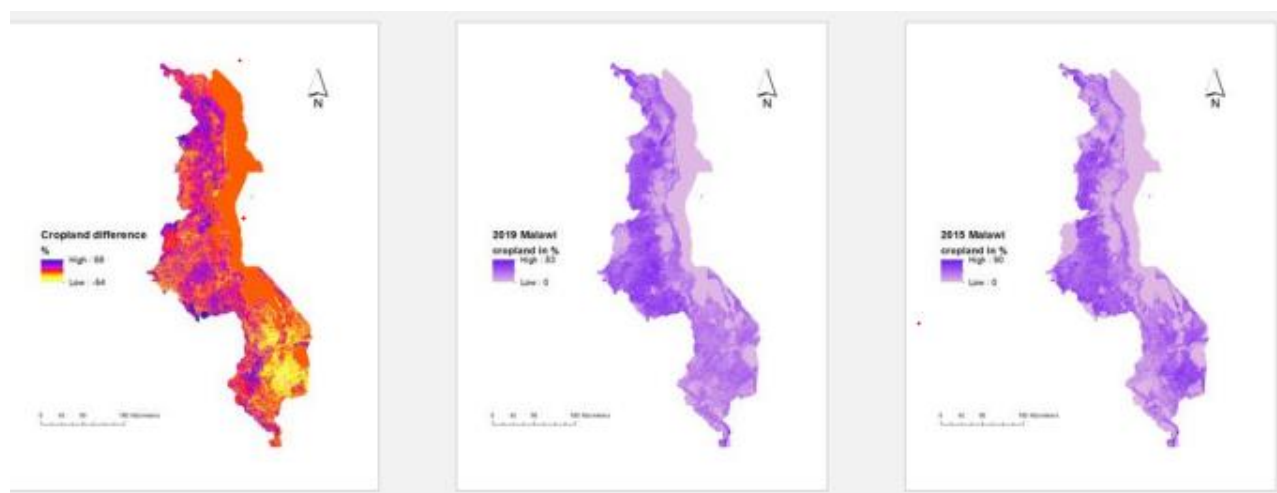


Figure 3: Agricultural potential areas in Malawi

30. **Biodiversity and protected areas:** Malawi has unique and diverse flora, fauna, and ecosystems attributed to its varied climate, soils, and topography. Human society depends on biodiversity as a food, medicine, and fodder source. Despite this importance, biodiversity is threatened by the dramatic loss of habitats, habitat fragmentation, and isolation of the remaining communities. High population density is the most significant cause of biodiversity degradation since more land is cleared for agriculture and settlement in Malawi.⁶⁸ Other threats to biodiversity include invasive species, genetically modified organisms, inadequate policies, and market failures. Climate variability and change and environmental degradation result in significant ecosystem changes, affecting biodiversity through the spread of invasive species and bush encroachment. Recurrent droughts and flash floods are likely to significantly affect the diversity of floral and faunal species. IFAD's investments in

⁶⁸ <https://www.cbd.int/doc/world/mw/mw-nbsap-01-en.pdf>

agroforestry, reforestation and afforestation, wetlands reclamation, and a landscape approach will contribute to biodiversity conservation.

31. Nine percent of the 458 fish species assessed in Lake Malawi are at high risk of extinction, causing concern for regional food security. Three out of the four species of Chambo (*Oreochromis karongae*, *Oreochromis squamipinnis*, *Oreochromis lidole*) – Malawi’s most economically valuable fish – are ‘Critically Endangered’⁶⁹. Focus on conservation, including the protection of fish breeding areas, prohibiting the introduction of exotic species in water bodies, a closed season programme, restrictions on the size of fish caught, the gauge of fishing mesh and gear type, and the prohibition of poisoning and blasting is recommended.
32. The country has several protected areas (national parks, forest reserves and wildlife reserves). The national parks and protected areas, which are spread across the country, include Nyika National Park and Vwaza Marsh Wildlife Reserve in the north of Malawi; Kasungu National Park and Nkhotakota Wildlife Reserve in central Malawi; Liwonde and Lengwe National Parks and Majete and Mwabvi Wildlife Reserves in the southern region of Malawi; and the Lake Malawi National Park.

Environmental and climate challenges

33. Based on the available documentation and discussions with key stakeholders, the team identified the following as the main environmental, and climate changes challenges in Malawi:
34. **Land degradation.** Stakeholders consistently identified the increasing degradation of land resources, particularly forested and arable lands in the critical catchments and watersheds across the country, resulting from continuous cultivation on the same land, encroachment into marginal land and protected areas, deforestation, soil erosion and loss of soil fertility, as a priority concern. In the last decade, chemical land degradation has led to a 15 per cent loss in arable land. In 2014, the average annual national soil loss rates were 29 tons per hectare. The Shire River Basin is a hotspot for land degradation. Sediment in riverbeds and reservoirs impedes irrigation canals and hydropower generation. As fallen sediment mixes into the water at a higher rate, it is more expensive for the country to filter the water to keep it safe.
35. **Pressure on its land resources.** The high population density, poverty and increasing need for infrastructure development have led to significant pressure on the environment and degradation of Malawi’s natural resource base. Pressure on natural resources such as land for cultivation and grazing, timber, and fuelwood is continually increasing. With agriculture remaining as the mainstay of the economy, pressure on land and overexploitation of forests and lakes are a concern. There is an increasing energy demand in Malawi with about 88.5 per cent of total energy consumption met through biomass (firewood and charcoal), which escalates deforestation⁷⁰.
36. **Deforestation.** Closely linked to land degradation, the increasing loss and degradation of forest resources, particularly around rural villages and in upper catchments and watersheds, was also identified as a priority concern. Malawi relies heavily on wood fuel as a significant energy source for cooking and heating. An estimated 96 per cent of the entire population uses fuelwood for cooking in the form of firewood and charcoal⁷¹. Deforestation is recognized as a significant driver of the loss of biodiversity and ecosystem services. It also disturbs natural biogeochemical, hydrological, and ecological cycles. In Malawi, deforestation is estimated to be responsible for the loss of 33,000 ha per year. It is mainly

⁶⁹ [More fish in Lake Malawi at risk of extinction | WWF \(panda.org\)](#)

⁷⁰ [An Overview of the Energy Sector in Malawi \(scirp.org\)](#)

⁷¹ [\(Microsoft Word - \304\243\260\345\JPID.docx\) \(iiste.org\)](#)

attributed to agriculture expansion, tobacco growing, and excessive use of biomass.

37. **Loss of forest and fisheries biodiversity.** Invasive fish species, overfishing lake fisheries, coupled with the loss of fisheries habitat, and the overcutting of forest resources, threatening the rich biodiversity of these resources, were also recognized as a priority concern. Firewood, in particular, is the primary source of thermal energy, with an 87 per cent share, followed by charcoal at 8%⁷²). Such a heavy reliance on fuelwood with a rapidly growing population puts significant pressure on the country's forest resources. As shown in Figure 29, there has been a notable loss of tree cover over the short period between 2010 and 2018, particularly in the highlands of the Northern region. The pace of deforestation and forest degradation exacerbates the risk of desertification, soil erosion, and other deterioration of environmental resources that would further undermine the production potential in the agriculture sector. This, in turn, would reduce the portfolio of available options to successfully transform food systems, boost productivity, reduce vulnerability and improve livelihoods.
38. **Impacts of climate change and variability.** The perceived impacts on rural food security and livelihoods dependent on natural resources of climate change (increasing occurrence of extreme weather events) and variability National Action Programme for the United Nations Convention to Combat Desertification (2001), Malawi State of Environment and Outlook Report (2010), Second National Communication (2011), Climate Change Vulnerability Assessment (2013). (Unpredictability of temperature and precipitation), particularly in fragile catchments and watersheds, were often raised as a priority concern
39. **Water scarcity/stress.** The increasing reduction in surface water resources (perennial rivers becoming seasonal) in catchments and watersheds across the country and resulting threats to groundwater resources were consistently a priority concern. The water crisis in Malawi affects over 11.7 million people, with 1.7 lacking access to safe water and 10 million without adequate sanitation. This causes tragic death from waterborne illness in Malawi to over 3,000 children under 5 annually⁷³.

Impact of climate change on agriculture

40. Malawi has a subtropical climate, which is relatively dry and seasonal. Although Malawi has agro-climatic zones and abundant freshwater resources, its natural ecosystem is highly exposed to natural disasters, climatic variability and climate change. Over the past two decades, drought and flood events have increased in frequency and intensity with severe consequences for food and water security and the well-being and livelihoods of rural people. Changes in seasonality, climate extremes and climate-driven pest and disease outbreaks negatively affect agricultural production and rural livelihoods in Malawi. The direct effects on the agriculture sector include significant declines in output, and concomitant price spikes for most food commodities⁷⁴. In December 2021 and January 2022, temporary spikes of prices of maize occurred in February in the Southern region where moderate tropical storm Ana caused damage to crops and disrupted supply chains. Droughts are estimated to increase poverty levels by 1.3 percentage points (pp), and generate losses of on average 4.6 per cent for maize, the primary food crop⁷⁵. Losses for agricultural GDP due to droughts are estimated to range from 1.1 to 21.5 per cent for return periods of 5 and 25 years, respectively⁷⁶.

⁷² Energypedia, 2021

⁷³ Malawi - Water4

⁷⁴ [EoD_Final_Topic_Guide_CSA_Malawi_Case_Study_April2015-2.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101234/EoD_Final_Topic_Guide_CSA_Malawi_Case_Study_April2015-2.pdf)

⁷⁵ Available from: https://reliefweb.int/sites/reliefweb.int/files/resources/NIP_Final_Signed.pdf

⁷⁶ [CSA_Profile_Malawi.pdf \(worldbank.org\)](https://www.worldbank.org/publications/csa-profiles/malawi)

41. The agricultural sector is the most at risk from direct climate change stressors¹⁹ because it is highly sensitive to changes in temperature and precipitation. This high climate vulnerability is aggravated by limited alternative livelihood options and low governmental budgetary allocations for climate resilience and adaptation. Vulnerability is not uniform as some areas in the Southern region experience floods, while other areas along the Lakeshore Plain (e.g. Karonga) experience droughts. As a predominantly agrarian country where agriculture accounts for a third of the GDP and nearly 80 per cent of employment, it is crucial that the potential impacts of climate change on the agriculture sector are well understood and a range of adaptive measures are taken to increase the economic performance of the country^{77,78}. Infrastructure is also affected substantially. For the roads sector, median climate scenarios for temperature and precipitation changes through to 2050 suggest that, without adaptation measures, Malawi is facing a potential total annual average cost of USD 165 million⁷⁹ for maintenance and repair⁸⁰

Present climate trends

42. Malawi is characterized by a tropical climate with variable temperature and relative humidity. Its high elevation means the temperatures are relatively cool. Malawi has two main seasons: the cool dry season between May and October with mean temperatures of around 13°C in June and July and the hot wet season between November and April with temperatures between 30°- 35°C. The general trend shows a continual increase in mean air temperatures. Rainfall depends on altitude and ranges from 600 mm for the rift valley floors to 1,600 mm per annum for the mountainous areas. Due to complex topography, local differences in rainfall are caused by complex topography causing deflections of moisture-bearing winds responsible for precipitation and rain-shadow effects in various terrains.
43. Observations indicate that average annual temperatures have risen 0.9°C since 1960, an average rate of 0.21°C per decade. Changes in patterns of El Niño and La Niña, have increased climate variability and unpredictability. Since 1961, Malawi has experienced considerable inter-annual climatic variations. These variations have resulted in the occurrence of extreme weather and related events.

Future climate projections

44. Climate change projections indicate that temperatures are likely to increase by 1.5 °C, 2 °C and 2.3 °C by 2030, 2050, and 2070, respectively (Figure 4) The warming trend is likely to continue in the central and southern regions. Projections for annual rainfall have varying results differing with models. Some models predict a decrease by 2070, while others show an increase. On average rainfall is predicted to decrease by 2.2 per cent, 3.0 per cent and 3.2 per cent in 2030, 2050, and 2070 respectively^{81, 82}. The reduction in rainfall is likely to be more pronounced (-5.1 per cent) in the southern region than in the north (-1.8 per cent)⁸³. Despite the inconsistency in future trends in rainfall patterns, rainfall is likely to become increasingly variable, with an increased risk of above-normal rainfall resulting in

⁷⁷ Available from: <https://> and other actors beyond CA to include indigenous and farmer knowledge, and CSA practices optimized for different regions of the country. There are plans underway for CSA capacity building in the national extension system via the KULIMA project and the Strengthening Agricultural and Nutrition Extension in Malawi (SANE) project. These projects also aim to strengthen the extension system for more efficient and timely diffusion of accurate and useful agricultural knowledge, products, and services to farmers. Malawi 29 cepa.rmportal.net/Library/government-publications/ National Energy Policy for Malawi 2003.pdf

Robinson S, Mason-D'Croz D, Sulser T, Islam S, Robertson R, Zhu T, et al. The International Model for Policy Analysis of Agricultural Commodities and Trade (IMPACT): Model Description for Version 3. Ssrn. 2016;(November)

⁷⁹ [Malawi 2020/2021 budget at 2.9 billion USD | CGTN Africa](https://www.malawi.gov.mw/portal/net/Library/government-publications/Malawi%202020/2021%20budget%20at%202.9%20billion%20USD%20CGTN%20Africa)

⁸⁰ World Bank Document

⁸¹ Climate Risk and Adaptation Country Profile: Malawi (2011) . World Bank Group. Online Available:

<https://climateknowledgeportal.worldbank.org/country/malawi/climate-data-historical>

⁸² https://climateknowledgeportal.worldbank.org/sites/default/files/2019-06/CSA%20_Profile_Malawi.pdf

⁸³ Available from: www.futureclimateafrica.org

floods and more dry days per year. Such changes are likely to affect the agricultural sector, including reducing the area suitable for agricultural production. More pronounced warming and reduction in rainfall in the southern region make it particularly vulnerable.

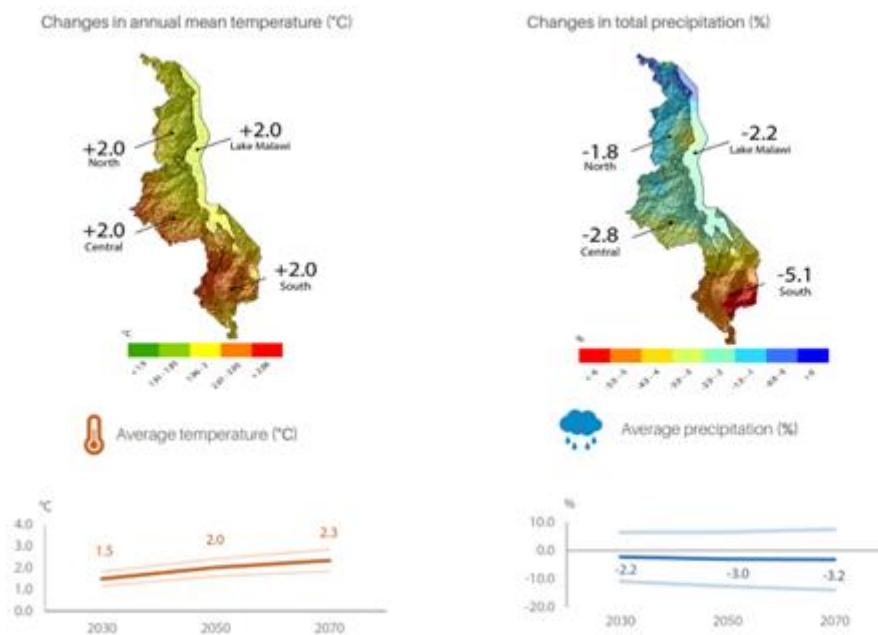


Figure 4. Temperature and climate projections⁸⁴

Impact of climate change on crop yields

45. According to the simulations of the ISIMIP model, the yields of crops will significantly decrease under the high-warming climate projection scenario (RCP8.5). The rainfed crops that will be most affected are maize, rice, groundnuts and soy, whose yields could fall by 7 to 9 per cent by 2040. The yields of irrigated crops (rice, maize and sugarcane) are projected to fall by 6 to 7 per cent by 2040. These projections should be taken into account when choosing the value chains to target with IFAD interventions in Malawi to ensure the resilience of these crops to the multiple impacts of climate change.

Impact of climate change on rainfed crop yields

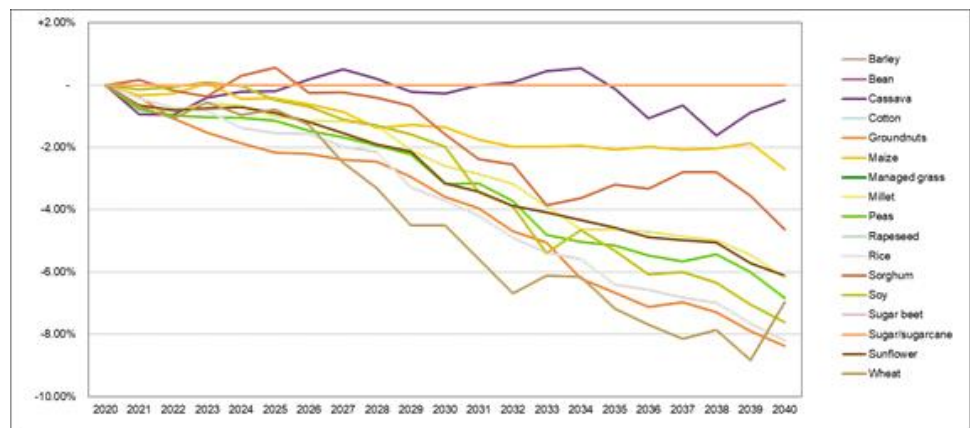


Figure 5 Impact of climate change on rainfed crop yields

⁸⁴ Available from: <https://cepa.rportal.net/Library/inbox/climate-smart-agriculturescoping-study/view>

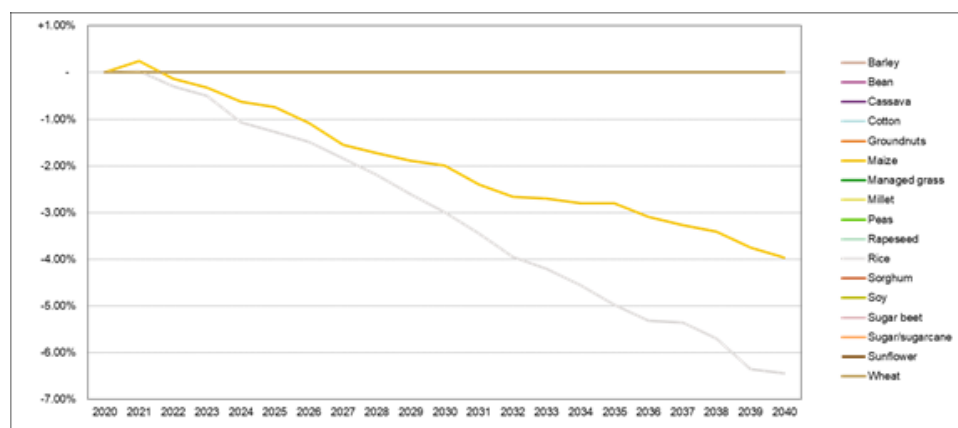


Figure 6. Impact of climate change on irrigated crop yields

Part 2 -Institutions and legal framework

46. **Ministry of Agriculture (MOA)** - The Ministry is organized into six technical Departments (Agriculture Extension Services, Crops Development, Animal Health and Livestock Development, Agriculture Research, Agriculture Planning Services, and Land Resource Conservation). The Ministry also includes Irrigation as the government institution responsible for the irrigation sector and has the Principal Secretary solely designated to oversee irrigation matters
47. **Ministry of Economic Planning, Development and Public Sector Reforms (MOEPD&PSR)** - Total amount of finance mobilized for climate mitigation and adaptation investments (measured type and sector; conditional and unconditional flows). Capacity building, technical support and technology transfer.
48. The **Ministry of Gender, Children, Disability and Social Welfare** has a network of offices in all districts and extension staff down to the community level in many areas. Its mandate is to provide policy direction and lead the formulation, implementation, coordination, monitoring and evaluation of the national *Gender Policy*, which is the Government's gender equality programmes, projects, and activities on all levels. In the 2015/16 fiscal year, the budgetary allocation for the Ministry of Gender was the lowest of all ministries, with less than 0.36 per cent of the national budget. The underfunding is such that the Ministry has a problem in delivering on its mandate⁸⁵.
49. The **Ministry of Youth Development and Sports** is the lead government agency responsible for youth. Its mandate includes providing direction to all stakeholders on mainstreaming youth in national development and capacity-building of youth workers. It maintains the Youth and Sports Management Information System (YOSMIS), a repository of youth-related information in the country. It delivers youth development services through the District Youth Offices across the country. Operationally, the department has 32 District Youth Offices. At community level the Department's services are delivered through the district youth structures such as the Youth Technical Subcommittees (YTSCs), Youth Networks (both at District and Traditional Authority level), Youth Action Committees (YACs), Youth Clubs, Youth Organisations and Youth Associations.
50. **Environment and climate change.** Environmental Affairs Department (EAD) of the Ministry of Forestry and Natural Resources (MOFNR) - formulates and oversees climate policy development in Malawi, including the day-to-day coordination of the NDC development process. EAD is the UNFCCC focal point and serves as the

⁸⁵ Michael Chasukwa (2016), "The Gender Machinery Women in Malawi's Central Government Administration".

secretariat of both the NSCCC and TCCC&DRM. The EAD has the overall responsibility for, chairs the thematic EWGs, and has overall responsibility for preparing and maintaining the national GHG inventory and submitting Malawi's National Communications, BURs, BTRs and NDCs to the UNFCCC.

51. **Ministry of Homeland Security** - holds a vital key to contributing to national socio-economic development by providing a safe and secure environment by providing civilian oversight and advisory services to the security institutions. Disaster risk management-related indicators include flood proofing, drought management, early warning systems, hazard monitoring, and flood management.
52. **Multistakeholder Coordination Committees** are responsible for the implementation of the National Multisector Nutrition Policy and Strategic Plan (NMNPSP) at the district and village levels. They include with these committees nutrition focal points from health, agriculture, education, and civil society organizations, to guide the implementation of activities down to the beneficiaries at the household level. Existing government platforms such as Community-Based Childcare Centers and Care Groups should be enhanced to integrate and deliver a number of nutrition interventions that promote access to nutritious foods and contribute to the implementation of the Nutrition Education and Communication Strategy (NECS) - to address the root causes of stunting and undernutrition in Malawi.
53. **National Smallholder Farmers Association of Malawi (NASFAM)** is the largest smallholder owned membership organisation in Malawi whose priority tasks is to organise smallholders for improving their access to output markets through bulking their produce and enabling them to bargain for better prices. Although the organisation has grown rapidly, it only has about 100,000 members. It was initially primarily an organisation for smallholder tobacco growers, but has evolved in encouraging diversity away from the dominant crops, covering paprika, chillies, cotton, groundnut, rice, soya, beans and sunflower⁸⁶. It has also assumed the role of trade union for smallholders, lobbying for reduced overheads to various intermediaries in the marketing chain and has recently achieved an important success in removing withholding tax on smallholder tobacco sales. The organisation has gained a positive reputation linked to some of the implemented programmes. This includes initiatives in developing new markets information system for collecting and making public information about prices and quantities of inputs and produce at various locations in the country, as well as training members in various organisational skills, literacy and numeracy.
54. **Civil Society Agriculture Network (CISANET)** is a is a locally registered lead policy advocacy network of civil society organizations established in 2001 working in the agriculture and food security sector affecting not only the smallholder farmers but generally the poor people and their livelihoods. Policy advocacy is the central part of CISANET work, which works with its members at both national and district level. The relevance of the experience and structure of CISANET having member organizations working with women in agriculture covering a wide geographic areas of Malawi make it a reliable implementing partner.
55. The **Malawi Forum for Agricultural Advisory Services (MaFAAS)** provides a network and platform for EAS providers from different sectors to share information, collaborate and advocate for EAS nationally. It links to the African Forum for Agricultural Advisory Services and the **Global Forum for Rural Advisory Services (GFRAS)**⁸⁷, thus providing a channel of information between the

⁸⁶ Natural Resources Institute, University of Greenwich (2010), "Longitudinal Impact Assessment Study of Groundnut Producers In Malawi".

⁸⁷ GFRAS developed a [learning kit](#) to improve extension workers' skillsets in the provision of extension services to diverse clientele. This kit includes 13 modules offering knowledge on different dimensions of functional skills that extension workers can use in their work with farmers. MaFAAS, the Malawi chapter of GFRAS, is currently promoting the kit nationally.

different geographic levels. MaFAAS has organized annual events and professional workshops including the consolidation of inputs to reform the 2000 national extension strategy in March 2017. Currently, MaFAAS is heavily involved in the revision of the national agricultural extension policy. Among key results achieved, MaFAAS enabled recruitment and training of 427 trained extensionists who are able to reach over 500,000 farmers. MaFAAS has also initiated the mainstreaming of ICT in extension to provide over 100,000 farmers with accurate and applicable real time advisory services⁸⁸.

56. All IFAD projects will further assess the implementation capacities of selected partner institutions, with particular focus on their capacity to manage environmental and social risks, during supervision missions and identify areas to increase capacity.

Policy and regulatory frameworks

Social policies and regulations

57. Over the medium-term, the Government's Malawi Growth and Development Strategy (MGDS) will mainly guide economic policy. The focus of the plan will be to build basic infrastructure (including roads and a power grid) and connect small farmers to markets. Policy will also focus on boosting agricultural production by means of effective water management and irrigation methods, given climate change and recurring drought.
58. Malawi has a supportive policy and legal framework for the youth; with the National Youth Policy (2013), providing the overarching policy guidance and the Ministry of Youth and Sports is the lead Government agency handling matters related to the youth. Some of the guiding principles have been infused and implicitly expressed in the youth development policies and programmes including (among others): promotion of youth meaningful participation; capacity building; conducive political, social, cultural and economic environment; coordination and collaboration among stakeholders; inclusion of youth in leadership roles; creating a conducive platform for youth voices. The MGDS III considers youth development a crosscutting area, streamlined its key priorities across various sectors (agriculture, water development and climate change, etc.), and identifies skills development as a fundamental requirement for business to realise the country's growth and export potential. In fact, the bulk (95 per cent) of youth-focused budgets are for education and skills development, with youth economic empowerment and leadership and participation programmes receiving an average of less than a tenth of the total youth-focused budgets.
59. The 2016 National Land Policy introduced the concept of equal rights to inheritance for men and women⁸⁹ while the status quo relies on the co-existence of matrilineal and patrilineal inheritance systems. At the local level, whether norms are matrilineal (more common in Central and Southern Malawi) or patrilineal (more common in Northern Malawi) have a bearing on individuals' land rights and land is often not sold outside the family lineage⁹⁰. Within matrilineal marriages, rural women are more likely to own land (50 per cent more likely). However, even among owners in matrilineal marriages, men have a higher share of rights and decision-making — although the gender disparities are smaller than in patrilineal marriages.

⁸⁸ IFAD, *"Delivering Extension Services to the Last-Mile: Improving smallholders' access to innovation and pluralistic, demand-driven extension services"*

⁸⁹ The law aims to demarcate territories controlled by individual traditional leaders as a precondition for documented rights to individuals and establishes customary land committees (CLCs) with at least 50% female participation, normally at Group Village Headman level.

⁹⁰ World Bank (2022) Multidimensionality of Land Ownership among Men and Women in Sub-Saharan Africa.

60. Malawi has ratified all fundamental international conventions concerning child labor⁹¹. In 2019, the Government ratified ILO C.029 Protocol of 2014 to the Forced Labor Convention 1930 and ILO C.184 Safety and Health in Agriculture Convention of 2001. The Government established laws and regulations related to child labor. However, gaps exist in Malawi's legal framework to adequately protect children from the worst forms of child labor, including the minimum age for work and military recruitment by non-state actors. The Employers Consultative Association of Malawi (ECAM) promotes, guides, and protects the interests of employers in Malawi in the areas of labour, employment, and related socio-economic issues and is a member of the International Organization of Employers.
61. In 2018, the Government reviewed and developed the National Multisector Nutrition Policy and Strategic Plan (NMNPSP) to orient nutrition investments and programming in the period from 2018 to 2022. Among the most relevant outcomes for IFAD are: (i) improved maternal nutrition and care; (ii) improved intake of essential micronutrients; and (iii) improved management of acute malnutrition.
62. In seeking to enhance the protection and promotion of local customs and culture, by revising the Arts and Crafts, Act of 1990 and the Copyright Act of 1989, the Malawi government recognized the right of the ethnic communities to participate in and benefit from the safeguarding of their intangible heritage⁹². However, this was not materialized until 2006, when the Chewa people set up their association. To monitor all Integrated Cultural Heritage (ICH) in Malawi, the Government established a National Intangible Cultural Heritage Committee (NICHC). Members comprise of representatives of the media, academic and research institutions, Museums of Malawi, National Commission for UNESCO, Division of Arts and Crafts and non-governmental organizations working in the cultural sector as well as the heritage associations namely: Mulhako wa Alhomwe, Chewa Heritage Foundation, Mzimba Heritage Foundation and Ndamo sya Ayao.
63. Over the past decade, Malawi has emphasized the need to digitize its economy and launched a five-year Digital Economy Strategy⁹³ to improve connectivity by 2026 and create a strong digital ecosystem that can enable critical sectors, such as agriculture and health, with the objective of igniting rapid economic growth and spurring employment opportunities.
64. The Government of Malawi has ratified the Convention on the Rights of Persons with Disabilities to protect the rights and dignity of persons with disabilities. Parties to the Convention are required to promote, protect, and ensure the full enjoyment of human rights by persons with disabilities and ensure that persons with disabilities enjoy full equality under law
65. Within the African region, Malawi has signed The African Charter on Human and Peoples' Rights which is intended to promote and protect human rights and basic freedoms in the African continent.

Climate and environmental policies and regulations.

Malawi International engagement

66. Malawi is a party to various international social and environmental treaties aimed to contribute to sustainable development. These initiatives contribute to Malawi Growth and Development Strategy (MGDS III). To mention but a few Malawi is party to the following environmental treaties:

⁹¹ ILO C. 138, Minimum Age, ILO C. 182, Worst Forms of Child Labor, UN Convention on the Rights of the Child (CRC), UN CRC Optional Protocol on Armed Conflict, UN CRC Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography, Palermo Protocol on Trafficking in Persons

⁹² Ninth session of the Convention for the Safeguarding of the intangible Cultural Heritage Paris, France November 2014.

⁹³ The 2021-2026 strategy sets new targets for different aspects of the digital economy: Network Access, Decide Access, Skills, E-trade, Digital Financial Services and Government, Agriculture, Health, and Digitally Traded Services

- **The United Nations Convention to Combat Desertification** - Focused mainly in Countries Experiencing Serious Drought and/or Desertification, and mitigating the effects of drought through national action programmes that incorporate long-term strategies supported by international cooperation and partnership arrangements.
- **The Kyoto Protocol** - implemented the objective of the United Nations Framework Convention on Climate Change (UNFCCC) to reduce the onset of global warming by reducing greenhouse gas concentrations in the atmosphere to "a level that would prevent dangerous anthropogenic interference with the climate system"
- **The Nagoya Protocol** on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity, also known as the Nagoya Protocol on Access and Benefit Sharing (ABS), is a 2010 supplementary agreement to the 1992 Convention on Biological Diversity (CBD)
- **The Paris Agreement** is an international treaty on climate change, adopted in 2015. It covers climate change mitigation, adaptation, and finance
- **The International Plant Protection Convention (IPPC)** aims to secure coordinated, effective action to prevent and control the introduction and spread of pests of plants and plant products.
- **The Cartagena Protocol on Biosafety to the Convention on Biological Diversity** seeks to protect biological diversity from the potential risks posed by genetically modified organisms resulting from modern biotechnology.

National Strategic plans

67. GoM has committed to addressing climate change and promoting resilience. It, therefore, has a range of strategies and policies that seek to tackle the challenges of current climate variability, shocks, and future climate change. These include high-level strategies, such as Malawi's Vision 2020 and the MGDS.
68. Five policy instruments provide the introductory guide to the reduction of climate change risks and disasters:
 - **The Nationally Determined Contribution (NDC)** - The NDC affirms the government "s commitment to fully addressing climate change issues and responding to the adverse effects and impacts in line with provisions established under the Paris Agreement.
 - **The National Climate Change Management Policy (NCCMP)** - The NCCMP aims to promote climate change adaptation and mitigation for sustainable livelihoods through measures that increase levels of knowledge and understanding and improve human well-being and social equity while pursuing economic development that significantly reduces environmental risks and ecological scarcities.
 - **The National Climate Change Investment Plan (NCCIP)** - The Plan identifies four key priority areas to promote climate change management in Malawi adaptation; mitigation; climate change research, technology development and transfer; and capacity building. It details a regulatory framework, financing opportunities and eleven programmes needed for its implementation: 1) **Adaptation Investments**: a. Integrated Watershed Management Programme; b. Improving Climate Change Community Resilience through Agriculture Production; c. Climate Change Proofing of Infrastructure Development; d. Enhancing Disaster Risk Management; 2) **Mitigation Investments**: a. Enhance Reduction of Emissions from Deforestation and Forest Degradation (REDD+); b. Waste Management and Pollution Control

Programme; c. Enhancing Energy-Saving Technology Programme; 3) Research, Technology Development and Transfer Investments: a. Climate Change Adaptation Technology Development; b. mitigation technology, c. Adaptation and Mitigation Technology Transfer; and 4) capacity development.

- **The National Adaptation Programme of Action (NAPA)** - The NAPA has top 4 priority areas: (1) Sustaining life and livelihoods for the most vulnerable communities, (2) Enhancing food security and developing community-based storage systems for seed and food, (3) Improving crop production through the use of appropriate technologies, (4) Increasing the resilience of food production systems to erratic rains by promoting sustainable production of maize and vegetables. The NAP has four pillars on institutional development, resilient smallholder farmers, production and productivity (focused on infrastructure development), and market access.
- **The National Disaster Risk Management (NDRM) Policy** - overall goal to sustainably reduce disaster losses in lives and in the social, economic and environmental assets of communities and of the nation. The policy covers Disaster Risk Reduction (DRR), preparedness, mitigation, response and recovery.

69. Three main environmental-based policies support these main instruments:

- **Environmental Management Act (EMA) (2017).** EMA aligns Malawi's environmental and natural resources management with modern global standards. It also allows for creating a semiautonomous EPA with broad and substantial powers. The EMA, along with the forthcoming establishment of the EPA, provides for a more localized distribution of funding and decision-making and an opportunity to speed up the decentralization process and improve coordination between officers and institutions at district levels and below. The EMA Makes Environmental Impact Assessments (EIAs) a statutory requirement and outlines the EIA process found in Sections 24, 25, 26, 27, 29 and 63, 69 and 76.
- **National Environmental Policy (NEP) 2014** - The NEP aims at the promotion of sustainable development through an efficient and sound management of the country's Environment; (iii) Environment Management Act (1996) outlines the specific legislation providing guidelines and procedures for the EIA legislation. EIA is a statutory requirement, and listed projects cannot be licensed and implemented until a satisfactory EIA study has been completed and approved; (iv) Guidelines for Environmental Impact Assessment (1997) in line with the EMA, were established for all programmes and projects to be followed. The Guidelines outline specific roles for institutions in managing environmental impact assessment and the mechanisms for integrating into project planning, including standards for formatting and structuring the EIA reports. Malawi's National Guidelines on Integrated Catchment Management and Rural Infrastructure (2016) introduces catchment management principles, the institutions involved, and the planning process in Vol I. Vol II contains the technical activity guidelines targeted at village-level communities.
- **The National Environment Action Plan (NEAP)** - The NEAP is the Malawi framework mainstreaming environmental planning and management into the country's socio-economic development, including stakeholders' participation. NEAP focuses on deforestation, natural resources, including biodiversity loss and habitat degradation, soil depletion and erosion, deforestation combined with social issues such as demographic growth, poverty and general lack of human-environment conditions; (ii) National Environmental Policy (1996 & 2004) providing a comprehensive policy framework on environmental planning for development programmes introducing environmental impact assessment for projects.

70. Other climate change-focused policies include the National Agricultural Policy and the National Resilience Strategy (2018–2030).
- The Ministry of Finance, Economic Planning, and Development (MoFEPD) coordinates climate change activities under the National Climate Change Programme (NCCP). The activities of the NCCP are primarily supported and directed by the National Climate Change Technical and Steering Committees.
 - The MoNREM leads on climate change policy development in Malawi. This is exercised through the EAD, responsible for coordinating national and international climate-change-related issues.
 - The DoCCMS collaborates with the EAD to coordinate national and international climate change issues. The EAD, in turn, corresponds closely to climate change with the MoAIWD, MoLGRD, and MoFEPD.
 - The Department of Disaster Management Affairs (DoDMA) coordinates the implementation of disaster risk management at the national level. It is responsible for preparedness and response to weather and climate-related disasters such as droughts and floods. DoDMA is also drafting a National Resilience Strategy that will include climate resilience.
71. The MGDS establishes working groups to coordinate climate change and other sectoral priority areas. Under the MGDS II 2011–2016, the Working Group on Natural Resource, Land, and Environment was established. It was later renamed 'Climate Change, Environment, Natural Resources, Mining, and Energy' (CC and ENRM). GoM approved MGDS III 2017–2022 in September 2017. It makes the need to respond to the challenge of climate change one of the highest priorities for the country and confirms the continuation of special working groups to coordinate policy. It also aims to build a productive, competitive and resilient nation
72. Malawi Growth and Development Strategy (MGDS III) aims at MGDS has five priority areas, including agriculture and climate change management. The National Resilience Strategy (NRS) emphasizes the importance of well-targeted investments that recognize that adaptation to a changing climate must be tackled at multiple scales to strengthen people's capacity for resisting, coping, recovering, and bouncing back from shocks and extreme events.
73. The National Agriculture Policy (NAP) and its National Agricultural Investment Plan (NAIP) are also important. The NAIP, anchored and guided by 19 Specific protocols relevant to TRADE, are the Environmental Quality Standards and the Environmental Management protocols.
74. Malawi has identified a range of climate-change-related projects, but they are not prioritized. The NCCIP identifies 11 major programmatic initiatives, with a notional total budget requirement of just under USD 1 -13824. A significant challenge in the NCCIP is the inclusion of climate change initiatives that are neither prioritized nor linked to sources of finance. GoM's Strategic Programme for Climate Resilience (SPCR) attempts to address this by prioritizing a set of investments to build resilience. There is also a need for better coordination in identifying and selecting climate change adaptation initiatives, to avoid fragmenting efforts and increasing transaction costs. There is a similar need for focused analysis of successful approaches to tackle climate-change-related challenges, to share the lessons learned more effectively, and then scale up successful approaches.
75. **Priority investments**
- **Climate-resilient integrated watershed management:** Scaling up integrated catchment management to the national level as a crosscutting approach to managing several sectors and environmental resources at risk of climate uncertainty—food productivity, forestry, flooding, drought, rural energy access, and the management of waterways, siltation, and ecosystem services.

- **Building climate change resilience in selected agricultural value chains in Malawi:** Improving agricultural production and productivity in the value chains of high-value and drought-tolerant crops through incorporating climate-smart agricultural production systems and managing key agricultural risks, including weather and climate change through scaling up climate-resilient technologies.
 - **Sustainable fisheries sector and fisheries value chain in Malawi** through improved climate-resilient lake ecosystem conservation and management: Ensuring sustainable management of fisheries resources and communities against the impacts of climate change through conserving and sustainably managing immediate lake catchments and shoreline ecosystems.
 - **Strengthening climate resilience of smallholder farmers in Malawi:** Increasing the resilience of smallholder farmers and related livelihoods to the effects of climate change, thereby enhancing food and nutrition security and contributing to poverty reduction in rural areas of Malawi under a changing climate.
 - **Operationalizing Malawi's climate services center:** Establishing and operationalizing a climate services center for Malawi and improving climate data management at the national level.
76. In addition, several subnational strategies and district development strategies will inform the design and implementation of the proposed Programme interventions. These include: (i) District Development Plans (DDP) which are the overarching development strategy frameworks at district level; (ii) Socio-Economic Profiles (SEP), which are a snapshot of the overall physical, social and economic situation of the districts that paves way for a better appreciation of the socio-economic situation. Other sub-national development strategies that feed into DDP, include: i) Decentralized Environment Management Guidelines; ii) District State of the Environment Reporting (DSOER); iii) District Contingency Plans; iv) District Environmental Action Plans; v) District Development Investment Plan.

Programmes and partnerships

Current programmes

77. The COSOP's implementation is being carried out primarily through the programme of loans and grants. Indeed, the active portfolio in Malawi currently includes four programmes (ERASP, FARMS, PRIDE, SAPP and TRADE). The total cost for all programmes is USD 356.2 million.
78. Sustainable Agricultural Production Programme's (SAPP) mainly focuses on enhancing agricultural productivity based on promoting affordable and straightforward good agricultural practices (GAPs), which will help bridge the large gap between actual and potential crop yields.
79. Programme for Rural Irrigation Development (PRIDE) PRIDE's focus is on: (i) operate climate-smart land and water management systems; and (ii) adopt environmentally and economically sustainable agricultural production systems on both rainfed and irrigated land.
80. The Enhancing the Resilience of Agro-Ecological Systems (ERASP) grant, financed by GEF and implemented by PRIDE, complements PRIDE by improving the provision of ecosystem services
81. Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE) supports access to a range of sustainable financial services by rural households and small and medium enterprises. This objective is to be achieved through the implementation of three components: (i) Ultra-poor graduation model development and testing at scale, (ii) Support to Financial Innovation and Outreach, and (iii) Strategic Partnerships, Knowledge Generation, and Policy.

82. Transforming Agriculture through Diversification and Entrepreneurship Programme (TRADE) focuses on value chain development for seven commodities – groundnuts, soybean, sunflower, Irish potato, dairy, beef, and honey. The programme will strengthen the capacity of smallholder farmers, organize them into producers' organizations and promote partnerships with small and medium enterprises.

Part 3 - Strategic recommendations

83. Agricultural performance has more significant implications for the economic growth and poverty reduction in Malawi, especially in rural areas, than any other sector. However, most of the increase in Malawi's agricultural development in recent years has come from factor accumulation - opening uncultivated land to production⁹⁴ - rather than productivity gains.
84. This development model is not sustainable in the long-term spectrum owing to population pressure and shrinking farm sizes.
85. The Government of Malawi has been increasing efforts to enhance agricultural productivity with continuing public investment - through, for instance, the Farm Input Subsidy Programme (FISP). Notwithstanding these efforts, there is little evidence to show that there has been any growth in employment in higher productivity jobs. Boosting agricultural productivity will require more comprehensive and targeted support to the rural poor, focusing on climate-smart agriculture, irrigation, and water management. More in particular, transitioning subsistence agriculture to more diversified, commercial agriculture will be critical to support increased incomes.
86. Investments in nutrition must involve a multisectoral approach, leveraging activities and efforts in other sectors. Diversification of crops could more efficiently address nutrition insecurity that, combined with investment in digital infrastructure and expansion of reliable electricity supply, will help provide a more resilient path for economic development. Key intervention areas include homestead food production systems, home vegetable gardens, bio-fortified crops, small animal husbandry, livestock, fisheries, and dairy production, and improved access to markets, prioritizing women's and adolescents' health and nutrition to interrupt intergenerational transmission. Agriculture programmes that improve livelihoods and resilience to weather-related shocks and enable households to minimize post-harvest losses through improved storage facilities could also play an essential role in promoting increased food and nutrition security.
87. Reducing gender gaps in women's participation in economic development and promoting gender equality will be central to unlocking Malawi's full inclusive growth potential. To this end, a holistic approach is required, by focusing, among others, on: (i) apprenticeship programmes, which have shown positive effects on increasing employment and delaying child-marriage, as well as socio-emotional and life skills; (ii) bridging the gap in agricultural productivity by ensuring women have equal access to key productive agricultural inputs, farm labor, and expanding access to digital technology. These should be incorporated into agriculture programming, particularly given women's vital role in child feeding and care in Malawi; (iii) a multi-pronged approach to increase women's security and decrease GBV and IPV, is needed⁹⁵. One strategy is to engage men regarding gender roles and acceptability of IPV directly.
88. Given the high public expenditures on education and skills development (95 per cent of government youth-focused budgets), investment should ensure appropriate

⁹⁴ World Bank (2021), Malawi Economic Monitor.

⁹⁵ As documented in a recent qualitative study on GBV conducted by the World Bank in Malawi, one strategy to achieve this objective is to increase investments in the development or capacity strengthening of systems, structures, and mechanisms for GBV response/service delivery (World Bank, Forthcoming).

and balanced targeting of all three key priority areas of MGDS, namely education and skills development, youth economic empowerment through job creation and youth leadership and participation. As already mentioned throughout the analysis, youth face challenges in accessing land for farming, appropriate technologies, and technical skills. Therefore, interventions should include action toward improving access to land by the youth and integration of literacy programmes. Further studies on the most promising youth employment opportunities that have remained under/untapped in the rural areas of Malawi should be carried out.

89. Youth participation in the wider agri-food system is substantial and increased from 73 to 80 per cent and 15 per cent of them as self or wage-employed in agri-food enterprises. Investments in the agri-food system offer a unique opportunity to reap the potential growth with a demographic dividend. IFAD's experience on the topic revealed that projects that deliver the best results on youth employment adopt tailored rural enterprise and finance development support. More specifically, incubation approaches that offer comprehensive support packages to emerging micro-entrepreneurs have been paramount in creating new jobs and achieving positive spillover employment outcomes. For instance, in Kenya, the SDCP project developed the Youth Mentorship Model by contracting learning centers managed by successful youth-led enterprises to nurture and wean youth to becoming independent entrepreneurs through training, mentoring and coaching period, and capacity building. The objective was also to promote networking and peer-to-peer learning. The model entails a one-week mentorship programme that includes a wide range of capacity-building support, from technical training to motivational and mentorship. The mentees are then charged with mentoring at least 5 other youths in the Programme area and model best practices in dairying. All mentees are still benefiting from follow-up mentoring through a WhatsApp platform with the facilitators. Learning at those centres is at a cost; hence, it represents a source of income and employment creation. Other organisations like Kenya Commercial Bank, Equity, GIZ and Ustadi have emulated the practice and supported their young farmers to be trained at SDCP learning centres. The training, coaching, mentoring and networking resulted in 19,382 youth being employed (4,113 women and 15,269 men) within various nodes of the dairy value chain. Around 15,000 young entrepreneurs set up their own enterprises and have contributed to create wage employment for other 4,475 youths. Building on the evidence from youth-sensitive projects, future investment projects should enhance the incubation experience and test innovative approaches to youth employment.
90. To grow an inclusive digital entrepreneurship ecosystem, key areas of interventions include working with service providers to subsidize smartphone costs, provide discounted data packages, and offer basic Internet services at community centers to help address barriers to access. Communications campaigns coordinated with mobile operators and other stakeholders can help to address restrictive social norms around the usage of mobile phones for girls and women. ICT should be leveraged to improve extension systems, ensuring that farmers are using the most recent technologies to increase productivity and reduce post-harvest waste.

Lessons learned

91. The COSOP is built on lessons and best practices from previous IFAD financed programmes in the country. Lessons are also drawn from the CSPE 2021; other countries in the region and development partners in Malawi. Some of these lessons are highlighted below, and have been incorporated in the design of the COSOPE under the respective components.

Lessons from IFAD investments

92. Loan resources allocated for Environment and Natural Resources Management (ENRM) and CC were inadequate. In order to enhance long-term resilience on CC

and ENRM additional climate finance should be mobilised and focus more on sustainable practices such as agricultural diversification, climate smart agriculture and ecosystem management. Good agricultural practices should be complemented by a comprehensive catchment management approach. Land tenure insecurity which may undermine the durability of the environmental benefits must be secured before implementing any agricultural activities particularly irrigation works.

93. Climate change continues to expose smallholder agriculture to climate risks as rainfall variability and extreme weather events (floods, storms, and drought). The extreme weather events lead to loss of investments as experienced during 2019 (cyclone Idai and recently cyclone Ana). IFAD programmes should improve risk management and preparedness. Specific mechanisms include early warning systems, drought contingency plans, response to flooding, climate proof infrastructure, irrigation, awareness-raising and water management. Also important is inclusion of crop/livestock insurance guarantee schemes that have great potential to allow farmers to recover from their losses and stabilize their income.
94. Targeting in terms of gender was strong. However, youth were targeted less effectively: More focus should be given to youth considering the national youth unemployment rate is double that of adults. IFAD focus on value chains and cash crops has not yet been able to reach out to the rural poor an enhanced focus on poverty targeting was identified as a gap in CSPE analysis and needs to be improved. In addition, stronger reference to intentionally address gender disparities which continue to plague the programmes and a comprehensive approach to avail economic opportunities (on/off farm) to marginalized groups.
95. PRIDE and SAPP have learned the lessons and directly support CCA. SAPP has promoted climate resilient practices including sustainable land management (minimum tillage, crop rotation, and agroforestry), livelihood diversification and improved cooking stoves. However, some practices, such as permanent soil cover and mulching are not well adopted. Promotion of rocket stoves reduces wood harvesting and saves CO² emission. Supervision missions of PRIDE and ERASP saw noticeable improvements in land, forestry and water resource management, with a reduction in sediment yield being observed, although not quantitatively measured. The combined efforts may ultimately reduce pressure on the resource base if the practices are fully rolled out and adopted.
96. Cropping intensity increased yields in new irrigation schemes, especially in small ones, from 80 per cent (baseline) to 160 per cent. Water users' associations ensure long-term management, secure smallholder access to land and enable contract farming. New irrigation projects include PRIDE need to build on IRLADP's approach to securing land access. Catchment soil and water management are important in sustaining the irrigation infrastructure and ecosystem.
97. Nutrition and food security. The outcome of IFAD's Food Knowledge Attitude and Practices survey provided a baseline for the COSOP in mainstreaming nutrition. The need for a more rigorous nutrition intervention was confirmed, and districts with high rates of stunting should be targeted. Project interventions should lead to improved feeding practices for infants and young children and should ensure regular growth monitoring and promotion to identify risks for remedial intervention at an early stage. All projects should be nutrition-sensitive, which could entail promotion of: (i) nutritious plant products for subsistence and in value chains; (ii) good post-harvest and food processing technologies; and (iii) awareness through large-scale campaigns and household-level training.

Strategic orientation

98. The Nationally Determined Contribution (NDC). The revised NDC in 2021 outlines Malawi's climate change priorities for the period from 2020 - 2040 prioritises.

Prioritised need for agriculture includes (i) land restoration for improved land productivity, (ii) integrated crop-livestock –aquaculture production, (iii) community based agricultural extension.

NDC PRIORITY	IFAD contributions to the national agriculture related NDC targets
Land restoration for improved land productivity	SAPP, PRIDE/ERASP and TRADE focuses enhancement of agricultural productivity based on simple/affordable GAPs which will help to bridge the large gap between actual and potential crop yield Adoption of Sustainable Land Management practices and climate resilient practices using catchment management approach Reforestation and natural regeneration of vegetation cover
Integrated crop-livestock – aquaculture production	FARMSE/ ERASP promotes integrated agroforestry and livestock systems production on small scale
Community based agricultural extension.	SAPP, PRIDE/ERASP focuses on improved agricultural extension services accessible to women, men and youth groups (raising awareness and sensitizing about use of GAPs)

Mitigation

99. An indicative emissions reduction contribution has been estimated at 59.8 million tCO₂e of reductions through a range of FOLU interventions covering an area of up to 2 million hectares (Ha), of which 22 per cent is unconditional and 78 per cent conditional on international support. has provided concrete strategies for addressing the causes of climate change to reduce the vulnerability of its people and ecosystems while contributing to socio-economic development
100. The NDC identified and prioritised activities for urgent and immediate adaptation. Five critical activities were identified and developed into project concepts or actions. These are given in order of priority as follows:
- a) Improving community resilience to climate change through the development of sustainable rural livelihoods:
 - b) Improving access to water, including water treatment works,
 - c) Improving water management to withstand erratic rains through water harvesting, water conservation, and small-scale irrigation,
 - d) Improving community storage systems for seed and food reserves,
 - e) Promoting sustainable utilization of dambos, wetlands and river valleys under sustainable dimba cultivation,
 - f) Diversifying crops and livestock to improve nutrition and food security,
 - g) Promoting low-cost nutrition supplements, and
 - h) Raising and enhancing awareness.

Strategic actions and targeting

101. Targeting strategies will rely on socio-economic analysis of available data (poverty line data, mapping of production, market demand, social and demographic trends) to identify areas with high concentrations of poor and ultra-poor household. A self-targeting approach based on tailored financial schemes and the selection of commodities with credible potential for the inclusion of vulnerable groups will be used.

102. Pro-poor gender and youth-sensitive targeting strategies will be further enhanced and harmonised throughout the IFAD Country Programme. More in particular, IFAD will sharpen its methods to target ultra-poor populations through graduation programming and supporting smallholders through pro-poor value chain development interventions sensitive to gender and youth-specific challenges and opportunities. Key empowering features based on the adoption of household methodologies and capacity-building measures will promote gender equality and increase participation and voice of youth in household and community affairs. Targeting effectiveness will be monitored using gender, youth, persons with disabilities-disaggregated indicators, and participatory monitoring and evaluation measures. By leveraging on NORAD grant resources, the linkage between social and economic empowerment and nutrition will be strengthened, particularly in the frame of GALS, addressing those intra-household dynamics that may compromise improvements in diets. Interventions will also promote access to and consumption of nutritious food through the integration in value-chains of commodities directly linked to food and nutrition security.

Opportunities to access environment and climate financing

103. There is an opportunity for mobilising supplementary resources from climate and environment funds, especially the Green Climate Fund (GCF), the Adaptation Fund (AF), the Global Environment Facility (GEF) and the Adaptation Smallholder Agricultural Programme (ASAP)+. The GCF remains the main window for mobilising additional resources for the next three years and implementing adaptation and mitigation measures. Within the framework of this COSOP, Malawi could mobilise funds from ASAP+, GCF with FAO and GCF private sector facility, Adaptation Fund for a regional programme in collaboration with SADC-GMI, in addition to the GEF-8 STAR allocation. Climate finance will enhance climate change adaptation initiatives to increase resilience to climatic shocks in Malawi.

SECAP Strategic Actions for Supplemental Financing for relevant SECAP activities from ASAP, GEF, and Green Climate Fund (GCF) sources.

104. Both the National Climate Change Policy (2015) and the National Climate Change Investment Plan (2013 – 2018) target promotion of alternative (renewable) energy sources for fuelwood for cooking to (i) relieve the pressure on forests from fuelwood production and (ii) reduce exposure to indoor air pollution. A range of alternatives, including solar and micro-hydroelectric power and fuelwood saving cooking stoves, need to be evaluated for feasibility in rural areas. GEF financing under its climate change mitigation focal area may present opportunities to demonstrate the feasibility of alternative energy sources in the Malawian context. An example of such a GEF project is UNDP's "Increasing Access to Clean and Affordable Decentralized Energy Services in Selected Vulnerable Areas of Malawi," approved in 2014. Identify appropriate activities for GEF, ASAP+ and GCF financing.
105. ASAP and GEF funding could help strengthen Catchment committees through appropriate training and have them as focal points for IFAD's work at catchment level. Resources, Department of Land Resources, and Conservation, reinforcing efforts to coordinate at the national level. Identify appropriate activities for GEF, ASAP+ and GCF financing. Work with the GEF focal point in the Environmental Affairs Department and GEF counterparts to evaluate opportunities for GEF financing for demonstrating alternative energy sources in rural Malawi.
106. Aquaculture has significant potential in Malawi for providing smallholder farmers with alternative income generation and supplying them with a source of protein to meet their food security and nutritional needs. For this reason, the Fisheries Master Plan (2012) identifies increased aquaculture production and productivity as a strategic priority for Malawi. The Master Plan includes a Fish Farming Community Livelihood Programme, whose objective is "to develop a self-supporting rural fish

farming development model that improves integrated livelihoods of rural smallholder farmers." IFAD has extensive experience in sub-Saharan Africa with inland fisheries and aquaculture programmes benefiting the rural poor. The RB-COSOP team should investigate opportunities for benefiting smallholder farmers by developing an aquaculture project with ASAP+ financing. Collaboration with the Department of Fisheries is recommended.

107. Maize is the staple crop for smallholders and continues to be the principal crop promoted by IFAD interventions in Malawi (e.g. PRIDE). Climate change projections for Malawi indicate a future decline in maize yields. Yet, smallholder farmers prefer to use the non-hybrid varieties, which are less resilient to CC impacts. Because climate change impacts will increasingly threaten the sustainability of maize harvests in the future, IFAD will need to promote crop diversification and raise farming community awareness through training on this issue. The RB-COSOP team should consider ASAP+ financing for this sort of climate adaptation and awareness raising, perhaps in the context of the additional finance for PRIDE. Deforestation for charcoal production is one of the main drivers of catchment degradation. Urban demand for charcoal, increasing population pressures and lack of lucrative alternative livelihoods exacerbate the problem. Because IFAD's mandate will not allow it to directly address the urban demand for charcoal, IFAD should consider mechanisms for collaboration with another development partner, an international NGO or a UN organization, to address this issue. The RB-COSOP team should consider a partnership where IFAD would address forest protection issues in rural areas. In contrast, the partner would address alternative energy sources to suppress urban demand for charcoal. IFAD's role would involve promoting alternative livelihoods, like beekeeping for honey production or small poultry through the involvement of the private sector (e.g. National Smallholder Farmers' Association of Malawi) or PPPS for creation of cooperatives, improved access to markets and training on business practices. Identify appropriate activities for GEF, ASAP+ and GCF financing. Work with the GEF focal point in the Environmental Affairs Department and GEF counterparts to evaluate opportunities for GEF financing for demonstrating alternative energy sources in rural Malawi.
108. Other activities aimed at addressing deforestation and catchment degradation to ensure adequate water flows and soil fertility include reforestation, promotion of natural regeneration of forests, forest conservation through beekeeping, environmental committees and community trainings, training on sustainable agricultural practices (agroforestry, conservation agriculture, riverbank buffer zones, among others). It is essential to link these activities to appropriate incentives (see point above on alternative livelihoods) for smallholder farmers to ensure adoption, ownership and sustainability over time.
109. This activity can be achieved by working with catchment committees and identifying appropriate GoM departments at the national level, e.g., Land Resources and Conservation or Water Resources (which created the catchment committees) in MoAIWD. Work with the private sector and extension workers to sustain farmers in their new alternative livelihoods activities.
110. Malawi has ratified the Paris Agreement on climate change and has submitted its Nationally Determined Contribution (NDC). The NDC outlines Malawi's climate change priorities for the period from 2020 - 2040 prioritises. Prioritised need for agriculture includes (i) land restoration for improved land productivity, (ii) integrated crop-livestock –aquaculture production, (iii) community-based agricultural extensions. An indicative emissions reduction contribution has been estimated at 59.8 million tCO₂e of reductions through a range of FOLU interventions covering an area of up to 2 million ha, of which 22 per cent is unconditional and 78 per cent conditional on international support.

111. Concrete strategies for addressing the causes of climate change to reduce the vulnerability of its people and ecosystems, while contributing to socio-economic development are pertinent.

Recommendations

112. IFAD proposed investments would likely have a **moderate** social and environmental impact, considering the challenges identified during the review. The impact of the climate on the targeted populations is considered as high, especially in the zones considered most vulnerable. Programmes under this COSOP should systematically include mitigation and adaptation measures in their design to reduce vulnerability and manage the various climate related risks. All mitigation and adaptation should be aligned to the country's priorities in the national strategies and the NDC.
113. There is a need to explore opportunities to access environment and climate financing (e.g., from the Global Environmental Facility, Green Climate Fund, Adaptation Fund, ASAP+) to provide additional resources to help the country build resilience in the agricultural sector.

Beneficiary engagement and transparency

114. IFAD projects will consult and engage with relevant stakeholders in all stages of the project cycle. IFAD projects will create governance structures such as the project steering committee, which includes public and private sector players. The projects will also work closely with community forest associations and water resource user associations, including local communities to ensure they are well engaged and represented in the project cycle. The projects will also conduct an inventory of other development partners working in the country to enhance cooperation, synergy and close working relationships. Through the ESCMP's developed for each project stakeholder consultations will be done to discuss the reports, obtain feedback and validation of reports. A stakeholder engagement plan in Table 2 gives a general overview of the types of information needs and communication techniques for various stakeholder groups. This will be reinforced for IFAD lending Portfolio under 2023 -2030. Comprehensive strategic stakeholder framework that supports stakeholder engagement is included in Appendix VIII Strategic partnership.

Table 2: Stakeholder engagement Plan

Stakeholders	Information to be disclosed	Consultation means
Communities, associations, general public	Current and new activities and how these relate to them in terms of opportunities and threats	Local leaders i.e., Chief's or district offices, Churches, national media, social media, Forestry website etc.
	Forum to express community / health fears and get feedback e.g., accidental release/escape; contamination; emergencies (fire)	Public consultations, focal group discussions, social media. Training specific members of the communities, awareness, education
Staff / workers at target Districts	How project work will affect their work environments including Occupational Health & Safety rules	Staff newsletters, bulletin boards, email, website, meetings with management, staff sensitization & inhouse training programmes.
Farmers Groups, Agricultural NGOs Farmer Union Agrochemical companies, community	Consultation on agricultural needs / food security issues. Climate, Social, Environmental issues, sustainable management of water	District Extension services, Baseline surveys/subsequent surveys to monitor impacts, emails, bulletins

Stakeholders	Information to be disclosed	Consultation means
forest associations, water resource user associations		
Intergovernmental Institutions	Setting project activities and agenda for participating Districts	Intergovernmental meetings and consultations
	Capacity building for participating Districts.	Build partnerships through meetings, seminars, workshops
Youths	Opportunities for employment during project implementation	District Agricultural Offices, public consultations

Grievance Redress Mechanism

115. Malawi has outlined referral services and pathways to sustain community-based complaint mechanisms (CBCMs), blending both formal and informal structures and actors, including the communities, acting at different levels (traditional leadership, community -based actors/extension workers, State and Non-State Actors, etc.)⁹⁶.
116. The government has pointed out how the success of the CBCM heavily relies on all the members of the mechanisms being clear on their roles and responsibilities. This usually requires a mapping of the responsible actors and available services at the most relevant level together with an assessment of the effectiveness of such services with the objective of identifying gaps and preventing bottlenecks through existing or additional partners or resources (see Figure 7 below).

Figure 7. Members of the Community-Based Complaints Mechanisms⁹⁷



117. Some of the structures that operate at the district level include, for instance, the Committees in the District Councils that are responsible for managing development programmes in a district or the District management programmes at the district level. Other community structures include the District Child Protection Committee, the Community Victim Support Unit committee and community mentors who conduct regular monitoring of the referral pathways and the provision and quality of assistance provided.

⁹⁶ The Government of Malawi (2019), "Community-Based Complaints Mechanisms in Malawi".

⁹⁷ Ibid.

118. IFAD-funded projects in Malawi have successfully established Grievance Redress Mechanisms (GRMs) with the objective of providing an enabling environment for communities and/or individuals to channel and resolve their grievances and related platforms where to voice their complaints and express concerns. These GRMs leverage (PRIDE⁹⁸) and sometime directly use (TRADE) existing traditional structures and social regulatory systems - such as the Village Development Committees, community policing, Religious Groups, CBOs, Tribunals, Faith Based Leaders, etc. - that are more relevant at the different levels (community, district, and national level).
119. In fact, communities tend to rely substantially on their own internal arrangements including mechanisms to deal with grievances, which work in parallel - and in a complementary and mutually reinforcing way - with more formal systems established by the projects. **Good practices** at design have shown the importance of allocating appropriate resources to ensure easy access to project-level structures and mechanisms through culturally appropriate means and language of communication, which need to be in line with the norms of the communities as well as laws of the country (TRADE⁹⁹). **Recurrent issues and recommendations** have also pointed to the need to raise awareness and orient beneficiaries on the complaint handling and feedback mechanism and to promote synergies with partners and service providers to ensure that all beneficiary groups and individuals are aware of the avenues (formal and informal) available to them for feedback and complaints (FARMSE¹⁰⁰). This will also require appropriate capacity development investment to ensure all stakeholders are trained in managing grievances appropriately.

Monitoring

120. Monitoring systems with specific indicators for social and environmental conditions will need to be set up at programme level under the COSOP. To enable monitoring an M&E budget will need to be set up for each programme. A participatory monitoring process is recommended, including representatives of leadership structures and other influential people at the local level and representatives of all significant target groups. Issues that pertain to targeting, environmental and climate, social issues, gender inequality, people with disabilities, youth and poor people, and nutrition should be discussed. The inputs from the discussions can be integrated into project management documents to enhance projects performance.
121. A Geographic Information System (GIS) database to integrate social, environmental and climate themes and data layers. The database can form the basis of assessment and evaluations of the baseline environmental conditions of projects and subprojects to which subsequent project-specific impacts will be compared for monitoring. The SECAP will guide qualitative studies to improve the understanding of the effectiveness of the activities and constraints encountered around social and environmental issues.

⁹⁸ Programme for Rural Irrigation Development, "Grievance Redress Mechanism (GRM)".

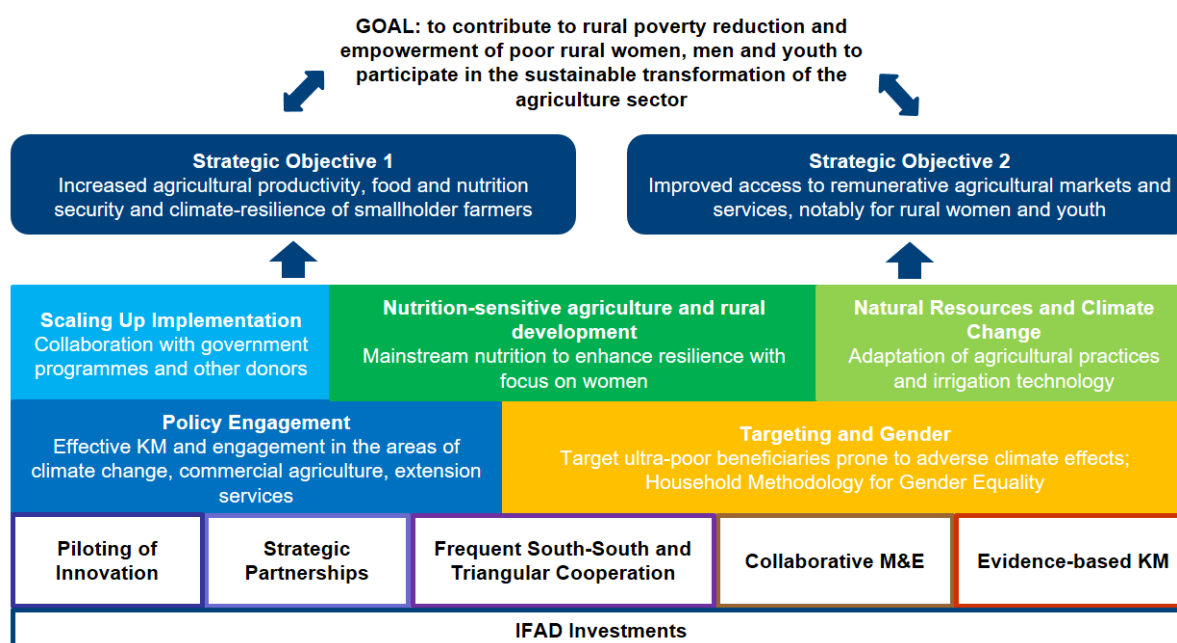
⁹⁹ Transforming Agriculture through Diversification and Entrepreneurship programme, "Project Design Report".

¹⁰⁰ Financial Access for Rural Markets, Smallholders and Enterprise Programme, "Supervision Report, 2022".

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Theory of Change



Main causes of rural poverty and food and nutrition insecurity

The main underlying causes of rural poverty and food and nutrition insecurity to be addressed lie in low agricultural productivity and insufficient access to remunerative markets, combined with high vulnerability to external shocks, in particular climate change. In addition, the predominantly rainfed agriculture is prone to drought and flooding, which destroy livelihoods, keeping or pushing back people into poverty and hunger. Natural resources, including arable land and forests, have degraded due to overuse and poor management. Smallholders are price-takers and face difficulties in adjusting to changing market demands.

Programme Goal

The COSOP's overarching goal is to contribute to rural poverty reduction and empowerment of poor rural women, men and youth to participate in the sustainable transformation of the agriculture sector.

Drivers of scaling-up to enhance the outreach

Building on the achievements of the IFAD Country Programme, the COSOP 2023-2029 will scale up its interventions to tackle these challenges in a cost effective way, based on three drivers, namely:

- using a broad range of tested innovative tools and approaches developed under the ongoing and past Programmes that are available at the level of the implementing partners (supply side);
- strong demand for these innovative tools from the grassroots level as demonstrated by ongoing programmes;
- mobilization of additional financing for scaling-up under the current PBAS; additional financing is foreseen for FARMSE (IFAD US\$30 million), PRIDE (IFAD US\$27.8 million and US\$7 million from the Adaptation Smallholder Agricultural Programme ASAP+) and TRADE (IFAD US\$17.8 million); and

Reaching out to beneficiaries

This approach will allow further rolling-out and deepening of good practices and successful initiatives and linking them into coherent approaches. This approach should allow reaching out to new beneficiaries while continuing to support the current portfolio of beneficiaries. The interventions under the COSOP aim to benefit 700,000 rural households or 3.50 million people, of which 50 percent women and 30 percent youth and young adults (between 18 and 35 years).

Strategic objectives and scaling-up of underlying investments

Under SO1, the focus will continue to be on agriculture productivity improvements and promotion of irrigation, resilience to natural shocks, as well as enhanced food and nutrition security, using successful practices including GAPs promoted under RLSP, SAPP and PRIDE; and community seed production and farm radio under RLEEP. The RIA impact assessment of SAPP, for instance, confirmed GAPs were able to considerably increase the productivity of several crops among beneficiaries. Aligned to the NRS, SO1 also aims to reduce the vulnerability of smallholders to weather extremes and natural disasters. Underlying investments include amongst others: (i) climate-smart agriculture (CSA), soil and water conservation technologies, GAPs, improved on-farm post-harvest storage; (ii) climate-proof infrastructure, disaster risk management, irrigation schemes and management; (iii) nutrition-sensitive agriculture; and (iv) improving access to land, especially for women and youth. SO1 will support Malawi's NDC through investments in climate adaptation actions with mitigation co-benefits e.g. renewable energy, climate smart agricultural, irrigation, water harvesting and climate and weather information systems. IFAD will also mobilize climate and environment resources from the GEF and GCF to co-finance SO1.

SO2 would focus on improved access to remunerative markets and services, as well as on and off-farm opportunities, which will allow enhanced productivity and surpluses to be marketed. This is aligned with the conclusion of the recent RIA impact assessment of SAPP that the project needed to improve how it linked beneficiaries to markets in order to maximise economic benefits. SO2 aims to enable smallholder farmers to benefit from remunerative agricultural value chains and provide off-farm employment opportunities for the youth and women. Producer groups will be assisted to address national and regional market opportunities with goods of the required quantity and quality standards. Underlying investments include amongst others: (i) marketing and value-addition facilities; (ii) financial and non-financial business services, as well as insurance; (iii) capacity building of professional organisations and their apex structures; (iv) innovative value chain platforms and digital information systems. Particular attention will be given to the tools developed under FARMSE and TRADE.

Innovations and scaling up for sustainable results

The COSOP will invest in innovations with a focus on integrating in and contributing to the effectiveness and efficiency of the IFAD Portfolio. Innovations will be promoted in KM&C (digital platforms, E-extension and financial services, M&E on biophysical and climate data), institutions (water catchment management, the Social Tenure Domain Model for land administration), CSA and nutrition technologies. With only 37.3 percent of the rural population owning a mobile phone and 9.3 percent of individuals in rural areas using the internet, all approaches to promote connectivity and digitalization will be supported.

Innovations for scaling-up will be selected using participatory processes. Avenues for ensuring the institutional sustainability of the programme and facilitate its scaling up will ensuring that: (i) the supported community-based institutions are financially viable before projects complete; (ii) market linkages are secured and self-financing before projects complete; (iii) operation and maintenance costs are budgeted in national budgets so that when large infrastructure is completed, the Government has set aside

the necessary funds for O&M, communication approaches, public-private-partnerships and tested mechanism, e.g. the Agricultural Commercialization Fund by TRADE, Farmer-to-Farmer Extension and the Pass-On Model by SAPP, the Village Challenge Fund by SAPP, the Innovation Outreach Facility, platforms and apex institutions by FARMSE, and the Malawi Innovation Challenge Fund by PRIDE.

Accompanying measures

The COSOP will support non-lending instruments (innovation grants, policy dialogue, capacity building, knowledge management and SSTC) to ensure optimal implementation and scaling-up of the lending programme. Details are presented in the main text of the COSOP.

Efficiency of coordination capacity for implementation

To ensure efficient and effective implementation, the Country Programme will use as much as possible the existing implementation and coordination capacity of the ongoing Programmes to fast track interventions. Further expanding on the existing programmes will allow addressing implementation bottlenecks through strengthening of capacity at various levels.

The CSPE highlighted: (i) the persistent capacity gaps of project management, despite the high investment in capacity building undertaken by IFAD and (ii) high staff turnover, particularly at district level.

The Country Programme would lever Malawi's possible participation in the African Agricultural Transformation Initiative, which is expected to support country programmes through the strengthening of partner ministries' institutional delivery capacities.

Sustainability of scaled-up initiatives

A strategy for the achievement of sustainable benefits by COSOP-end will be implemented. This strategy should focus on institutions, be it farmer organizations, community-based organizations, water users associations, etc. Through the building of value chains and involvement of private sector, many investments will ensure market access and should be commercially viable after project phase. It will sharpen the institutional space to allow for strengthening the activities that are working well, increasing the capacity of the delivery agents, better understanding the maturity of the farmer organizations, etc. Supporting the GoM's decentralization endeavours, building the capacities of local government and strengthening the linkages between local government services and IFAD's target group will contribute.

Monitoring and impact assessment

IFAD's Research and Impact Assessment (RIA) division will support impact assessments (IAs) in the portfolio, as already planned for the SAPP additional financing.

Agreement at completion point

Republic of Malawi Country Strategy and Programme Evaluation Agreement at Completion Point (ACP)

A. Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in Malawi in 2021. This CSPE was the first country-level evaluation conducted in Malawi; it covered the period from 2011 to 2021.
2. The **main objectives of the CSPE** were: (i) to assess the results and performance of the ongoing COSOP 2016-2022; and (ii) to generate findings, conclusions and recommendations for the next COSOP in 2022. The evaluation assessed the overall strategy pursued, implicit and explicit, and explored the synergies and interlinkages between different elements of the country strategy and programme, the extent to which the lending and non-lending portfolio (including grants) contributed to the achievement of the strategy, and the role played by the Government and IFAD.
3. This **Agreement at Completion Point (ACP)** contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunities programme for Malawi. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

B. Recommendations and proposed follow-up actions

4. **Recommendation 1: Adopt an explicit approach to addressing chronic food insecurity and malnutrition through diversified and sustainable production system as COSOP objective.**
5. The programme would need to pursue this objective through a multi-pronged approach: policy engagement, partnerships and practices on the ground. Malawi's Food Systems Dialogue outlines priorities and pathways for partners to align their support.¹ IFAD should work with the RBAs identifying bottlenecks that prevent wider adoption of diversified production systems. The programme would need to develop methodologies to understand the reasons behind the partial adoption or discontinuation of sustainable agricultural practices and address them effectively to ensure the long-term positive impacts. At implementation level, the programme should apply a two-track approach, supporting cash crops and market access for small-scale commercial farmers and diversified nutritious food production for subsistence-oriented farmers. This would require a differentiated targeting approach, similar to the one developed for SAPP. The role of community-level organisations and farmers networks should be further strengthened, to support them in their key role as multipliers and social safety mechanisms. Digital technologies (mobile networks and apps) may enable farmers to connect with information and institutions that can decrease uncertainty and mitigate risk for food insecure farmers.

¹ <https://sum.mitdialogues.org/wp-content/uploads/2021/09/National-Pathway-Report-Malawi.pdf>

Proposed Follow-up: Agreed. IFAD and the Government of Malawi to collaborate on addressing the bottlenecks prevalent in the food production system in Malawi. It is imperative that local and community level structures (which have been strengthened through deliberate interventions) be integral to both the designing as well as implementation of the approaches that will be developed. Eradicating food insecurity is at the centre of Malawi 2063.

Responsible partners: The Ministry of Finance and Economic Affairs; Ministry of Agriculture; Ministry of Local Government; The Ministry of Foreign Affairs; other relevant line ministries; international cooperating partners (including UN organizations and IFAD).

Timeline: 2022 onward. Government to intensify its interventions in addressing food insecurity in Malawi. This key as outlined in the First 10-Year Implementation Plan (MIP-1) of Malawi 2063.

6. **Recommendation 2: Develop a strategic approach for enhancing the impact and scale of successful practices and initiatives.**
7. The new COSOP should include a clear strategy on how it will enhance the impact of successful practices, support coherent roll out across districts and use the lessons learned to enhance the effectiveness and impact of upcoming initiatives and operations. The individual projects should provide fewer mechanisms of support, but implement them well, supported by strong monitoring. The CSPE provides the following sub-recommendations that should guide the strategy:
 - (a) **Continue rolling out good practices and successful initiatives, but enhance support of institutional mechanisms for sustainability and scaling up.** Partnerships with national structures such as the value chain platforms (RLEEP/TRADE), the national extension services (SAPP) and platforms and apex institutions (FARMSE) could provide avenues for scaling up. Districts will require direct support in scaling up practices. At district level, the programme should focus on fewer support mechanisms, which are coordinated with other development partners, to promote synergism among their interventions and ensure financial sustainability.
 - (b) **Deepen promising approaches and practices that are not yet consistently implemented and link them into coherent approaches.** This includes themes such as household methodologies and nutrition. The COSOP should include an approach to monitor implementation by different service partners, draw lessons from strengths and weaknesses and support (and monitor) a more consistent rollout of the approaches. The programme should also include measures to reduce the drudgery and demand on women's labour, and more youth specific activities that address youth interests and needs.
 - (c) **Review performance of new initiatives on an ongoing base and identify solutions to address bottlenecks swiftly.** This includes, for example, resolving the issue of MFI liquidity, which is holding up access to finance in FARMSE. Solutions might include more complex and time-consuming instruments, such as a guarantee fund or refinancing facility could address the issue. Other options for consideration could include an apex fund; and/or innovation fund supporting partnering of banks, MFIs and CBFOs.
 - (d) **Step up efforts to monitor adoption and scale of practices from loans and grants, and track results as part of a comprehensive approach to knowledge management at country programme level.** IFAD would need to step up its technical assistance, to enhance the performance of the M&E systems (including data quality) and lessons learning from success and failure. In addition, the programme might consider external studies to provide more

sophisticated and unbiased methods for monitoring impact and sustainability of IFAD's interventions. External expertise would be required for climate-related interventions reporting and impact measurement, which should follow international standards (e.g. from IPCC), to enable a more accurate interpretation of the results in projects such as SAPP and PRIDE.

Proposed Follow-up: Agreed. The end of a partner financed project should not mean the end of the intervention(s). Government will explore the feasibility of scaling up the tried and tested good practices to maximise impact. For instance, the livestock pass-on has shown huge impact on rural farmers' livelihoods.

It is also imperative that capacity is built in monitoring and evaluation so that project interventions are thoroughly assessed at both impact and outcome levels. This will help generate findings that are crucial for both sustainability and scale-up purposes.

Responsible partners: The Ministry of Finance and Economic Affairs; Ministry of Agriculture; Ministry of Local Government; all projects/programmes; international cooperating partners

Timeline: 2022 onward. SAPP is ending in March 2023. It is imperative to start exploring ways of scaling up some of the high-impact Good Agricultural Practices that were implemented under the project; as well as the livestock pass-on.

8. **Recommendation 3: Address implementation bottlenecks through targeting specific capacity constraints at various levels.**

The COSOP should include concrete solutions to address capacity gaps within specific institutional set ups. Specific strategies to address recurrent delays in implementation would include, but not be limited to the following:

- (a) **Project coordination units (PCUs)** will require a preparatory phase for the recruitment of external project staff. The PCU should provide the required management skills, but also specialised staff with the technical skills to support implementation, such as M&E, gender and specialism in relevant areas such as agricultural production systems, value chains, financial services and others. Further expertise would also be needed to link the data provided by financial service providers into a comprehensive reporting system in FARMSE. PCUs also need to be provided with tools for assessing implementation capacities and monitoring their performance of service providers.
- (b) **Project offices in government** will need to develop incentives to attract and retain project management staff. Project offices should include dedicated staff to ensure implementation of cross-cutting issues such as gender, nutrition and climate change.
- (c) **District-level coordination** will require a donor-harmonised approach. In addition the COSOP should identify mechanisms to support the government in the implementation of decentralization, for example through the National Local Government Finance Committee, which has a mandate to coordinate donor-support to decentralisation.
- (d) **Infrastructure investments** will require a preparatory phase, to allow time for government approval and technical design. Furthermore, government and IFAD will need to mobilise the technical expertise required for quality assurance and supervision.

Proposed Follow-up: Agreed. Government of Malawi recognises that successful implementation of projects/programmes largely depends on the project coordination units/project offices. As such, the need to recruit qualified staff cannot be over-

emphasised. Drawing from the experience of PRIDE and TRADE projects, it is therefore important that programming of future interventions should indeed have a preparatory phase for recruitment of external staff. The Government of Malawi commits to offer competitive remuneration packages to project staff to curb turnover. The current harmonized remuneration is being reviewed to align with recent development.

Responsible partners: The Office of the President and Cabinet; the Ministry of Finance and Economic Affairs; the Department of Human Resource Management and Development; all projects/programmes; IFAD.

Timeline: 2022 onward. Government is already looking at remuneration package(s) for project staff in public projects. The current packages became effective in 2018 and therefore it is only right to review the same in light of macro-economic as well as market development.

Signed by:



Nations Msowoya

Acting Director of Debt and Aid

For: SECRETARY TO THE TREASURY
Ministry of Finance and Economic Affairs,
Government of Malawi

Date: 09/05/2022




Mr Donal Brown

Associate Vice-President, Programme Management Department
International Fund for Agricultural Development

Date: 16.05.2022

COSOP preparation process

Changes in the programming context

The Malawi Country Strategic Opportunities Programme (COSOP) 2023-2030 consultation process was shaped by two key contextual factors, pertaining both to Government and IFAD:

- Change in lending terms: IFAD12 PBAS resources will be provided as 80 percent on Super Highly Concessional terms and 20 percent on Highly Concessional terms in 2022. Given the economic projections and the dependence of Malawi on external financing, this would become in 2023 a 100 percent DSF grant instead of a loan.
- CSPE process: The design of the COSOP benefited from recommendations by the Independent Office of Evaluation Malawi Country Strategy Programme Evaluation (CSPE) 2011-2020, in particular in the field of innovation, targeting rural poor and vulnerable people, and monitoring and evaluation.

Main steps in the preparation process

The IFAD country team adopted an intensive and gradual consultation process that offered repeated opportunities to engage with a wide range of stakeholders and decision makers at each stage of the process, and gathered a high powered design team composed of senior national and international consultants under the leadership of the Country Director.

A team of consultants conducted a mid-term assessment of the 2016-22 COSOP in September 2019 (CRR) and presented its conclusion to PMUs and stakeholders' through a series of in-person consultations held in September 2019 with selected development partners, private partners, NGOs and government agencies including the three PMUs active at that time. The main output of the CRR was a **revised and remarkably more ambitious results framework for the COSOP**, with the majority of targets being increased by minimum 50%, on the basis of the level of performance of the different programmes of the portfolio.

Subsequently, the CCR exercise was carried out following a similar format in September/October 2021. Consultations were held remotely due to COVID-19 travel restrictions. The CCR was held at the same time of CSPE consultations, thus providing the country team and PMU with a venue to review implementation performance in depth and through a country programme lens, i.e. also identifying venues for the different programmes to cooperate towards the COSOP objectives. The CCR process aimed also at understanding the relevance of the SOs vis-à-vis the Government strategy and plan for the use of IFAD12 resources to optimise the scale up the most performing activities of the current portfolio.

The CCR consultations involved a wide range of stakeholder, including representatives of the Ministries of Agriculture and Finance, beneficiaries of the Country Programme, as well as several implementing entities and partners, including the two RBAs, namely FAO and the World Food Program (WFP), World Bank (WB), GIZ, the European Union (EU) delegation, Oxfam, Nyama World, Heifer International, FIN COOP, all organised in close consultation with the DCAFS secretariat. The outcome of these discussions paved the way towards the formulation of the new COSOP in 2022, as they allowed for a vast brainstorming on the new COSOP goal and strategic objectives.

A COSOP design mission was carried out from 14 to 18 February 2022 to engage in follow up consultations with various stakeholders and to develop a first draft COSOP, in alignment with the proposals for investment projects top ups previously discussed with Government.

The team was predominantly composed of staff and consultants that have been involved in the in the previous COSOP reviews, as well as in other implementation support activities.

During the course of the mission, a series of thematic workshops and target audience specific consultations were held with:

- Government representatives: including representatives from the Ministry of Finance and Economic Planning; Ministry of Local Government and Rural Development (MLGRD); Ministry of Agriculture; Ministry of Finance and Economic Affairs; Ministry of Trade and Ministries of Gender, Environment and Climate, Youth, and Health; and the Economic planning department;
- PMU directors;
- PMU M&E and Knowledge Management experts;
- RBAs representatives;
- World Banks, UNDP, GIZ, the EC and other and DCAF members;
- selected current and prospective NGO service providers including OXFAM, AGRA, World Relief, Total Land Care (TLC), Rumark, Heifer;
- selected prospective private sector players, including Nyama World, Yara, Malawi Milk Producers Association, FinCoop, FHD Bank, New Building Society NBS; Malawi Standard Bank, Malawi Seed Company (MUSCO).

A first draft of the COSOP report was prepared in the 2 weeks that followed the mission. Upon receipt of the country team's feed-back, the mission team leader prepared a revised draft in early March 2022 which was subsequently reviewed presented to the DCAFS members in a dedicated virtual meeting held on 21 March 2022, and subsequently shared with Government and IFAD, to be then followed by an OSC meeting in June 2022.

The COSOP submission to the Executive Board of IFAD is scheduled in September 2022.

Key strategic partnership

Introduction

A range of partnerships have been built under the IFAD financed programmes over the years and there is there need for greater focus on the synergies, combined strengths and complementarities by different partners for the various programmes so that IFAD shows greater presence in the sectors that it is working with—agriculture, nutrition, climate change adaptation, irrigation and rural financial services. Both existing and potential emerging collaboration should be harnessed.

Partnership with Government

IFAD has continued to work closely with lead implementing agencies of the Government of Malawi (GoM) at national level mostly with Ministry of Finance and Economic Affairs (MoF), Ministry of Agriculture (MoA) and Ministry of Local Government (MoLG). These government ministries and the directorates under them, using independent programme implementation Units have successfully led programme implementation and supported the realisation of COSOP outcomes. These partnerships will continue to be strengthened during the period 2023-2030 to ensure further success of the programmes.

Partnership with District Councils

The key entry points for the implementation of IFAD financed programmes have been the district councils, which directly fall under the Ministry of Local Government (MoLG). IFAD-supported programmes will continue to be implemented through the structures of the District Councils through the District Planning and Implementation Support teams (DPISTs). This pivotal partnership will facilitate close collaboration as IFAD Programmes will continue to provide financial, material and technical support to facilitate provision of effective programme coordination, implementation, monitoring and providing technical support to a wide range implementation partners under FARMSE, PRIDE, SAPP and TRADE. There is need to ensure that the involvement of the District councils is consistently similar among the different districts in Malawi. There is also need to ensure effective linkages at the district council among the IFAD supported programmes and with other programmes supported by other development partners.

Implementing partners

Implementing partners for FARMSE, SAPP and PRIDE have been crucial in realising the COSOP outcomes.

Potential implementing partners for **TRADE** under its value chains interventions will also support achievement of expected programme outcomes. The various NGOs and Civil Society Organisations, which are active in both rainfed and irrigation agriculture, rural finance and nutrition have been crucial in scaling up results through close collaboration. The partnerships in climate change and environmental management, including catchment conservation with Environmental Affairs Department (EAD), Total Land Care (TLC) have been effective but need to be further strengthened and provided with appropriate capacity building. This should include developing systems and structures for effective programme implementation. There is a potential partnership development with CGIAR. Areas of collaboration are: i) improved sunflower seed breeding and creation of a sustainable seed system; ii) improved and affordable potato seed storage system for smallholder farmers; iii) improved and affordable post-harvest management technologies for groundnuts for smallholder farmers beyond the Mandela cock.

FARMSE will continue to work closely with many stakeholders in the rural financial sector, including (i) commercial banks to increase outreach of financial access

innovations, (ii) microfinance institutions to scale up outreach of entrepreneurship training, loans and savings products, (iii) with NGOs to further scale up and strengthen village SLGs.

PRIDE will continue to collaborate closely with key stakeholders in the irrigation sector a) Department of Irrigation (DoI) and development partners for mobilisation of additional resources towards construction of irrigation schemes not yet targeted for the irrigation infrastructure, b) Department of Agricultural Research Services for adaptive research trials to generate good agricultural practices specific to irrigation farming, c) stakeholders in the environmental sector including EAD and VNRMCS for conserving micro catchments adjacent to the targeted irrigation schemes to put the catchments under soil and water conservation measures for effective management of various physical and biological interventions, d) rolling out formation, registration and capacity building of Water Users Associations (WUAs), e) collaborate with 12 countries in the West, East and Southern Africa that are part of the Resilient Food Systems Programme on green Value Chains

Another area of partnership with implementing partners is nutrition. Scaling up collaboration with institutions that drive nutritional interventions, including MoA, development partners such as FAO, WFP and UNICEF and exploring synergies with IFAD programmes need to be appropriately strengthened.

Community level partnerships

This is a crucial partnership level at which COSOP interventions are implemented and results experienced by the beneficiaries and, therefore, require on-going strengthening, scaling up, closer collaboration and capacity building for sustaining results. Partnerships by the programmes with community based institutions, including Village Development Committees (VDCs), Village Natural Resources Committees (VNRMCS) and Catchment Management Committee (CAC) are an important component for the success of COSOP interventions. However, most of these community based institutions have inadequate capacity to deliver on their mandates. This needs to be strengthened to enhance their performance.

Partnership with the private sector

This is another partnership area of great importance for agricultural development, especially as it relates to the marketing function and the development of innovative rain-fed and irrigation farming technologies, seed services and other practices that increase agricultural productivity. Regarding marketing, smallholder farmers in Malawi continue to experience unfavourable markets, they are on the whole **price takers**. Therefore, it is very important to collaborate with private sector partners and to link smallholder farmers to stable, functional and profitable markets. The collaboration with MUSECO through its provision of high quality seed (maize, soybeans, common beans and groundnuts), seed multiplication and marketing should be strengthened. The partnership between SAPP and RUMARK, an agro-dealer needs to be further scaled up and the collaboration strengthened. The partnerships with private sector players should provide relevant incentives to the private sector to participate in various government-owned programmes supported by IFAD and other development partners.

Partnerships with YARA for fertilizer distribution to smallholder farmers as a response to COVID-19 was timely for improving food security and should be strengthened to allow for a potential support on a response to cyclone ANA.

Partnership with Development Partners

IFAD will actively participate in the Donor Committee on Agriculture and Food Security (DCAFS) in Malawi. Partnerships with the development partners and IFAD is an on-going arrangement through the DCAFS, coordinating donor efforts around agriculture, food security and policy relevant to agriculture transformation and productivity. This coordination requires further and much closer collaboration to allow for finding space for synergies among DP's specific programmes. IFAD's participation in the DCAFS will be enhanced and a more structural collaboration with other development partners will take place thanks to the new Country Office.

Partnerships with UN Agencies

IFAD will continue its close collaboration with other UN agencies, including its participation in the second United Nations Development Assistance Plan for Malawi (UNDAF 2019-2023), and its successor (UNDAF 2024-2029), the COVID-19 coordination with UNRC, and the Innovation Challenge Fund with UNDP. The collaboration with Rome-based UN agencies (IFAD, FAO, WFP) will continue to receive particular attention to ensure complementarities and synergies between projects, including the Gender Transformative Approaches (GTA) initiative. In addition to the areas mentioned above, collaboration with FAO will include (i) support to Government efforts to combat the fall armyworm; (ii) technical support from the FAO Investment Centre through the FAO/IFAD cooperation programme. Potential partnerships with AfDB and OFID for investments in infrastructure may be explored.

Strategic partnerships framework

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>
Engaging in policy and influencing development agendas	Ministry of Finance and Economic Affairs	Development of Financial inclusion instruments strengthened	Key partner for providing overall programme implementation oversight and direction for all IFAD financed programmes. IFAD will also collaborate with MoA as the lead implementing agency for FARMSE.
	Reserve Bank of Malawi	Improving legal and regulatory environment for rural finance and enhancing access to financial services	Key strategic partner for FARMSE and crucial for close collaboration on financial inclusion and access to create a conducive environment to improve access to financial services
	Ministry of Agriculture	Strengthened programme coordination and implementation	Lead agency for implementation of PRIDE and SAPP. IFAD will continue to work closely with MoA.
	Ministry of Local government	Strengthened coordination and implementation of TRADE	Lead agency in the implementation of TRADE. IFAD will collaborate with the Ministry
Leveraging Co-financing	FAO/GCF	Climate finance realised under partnership with FARMSE	IFAD participants in environmental friendly interventions
	NORAD	Collaborative initiative on nutrition with FARMSE.	IFAD mainstreaming agenda
	AFDB		Possible investments in infrastructure
	OFID		Possible investments in infrastructure
Enabling coordinated country-led processes	DCAFS	Better coordination on agricultural and food security programmes and policies	Many partners participating in policy making and implementation and, a platform for coordinating activities and engaging government
	UNCT	Joint implementation in UNDAF 2019-2024 and Development of UNDAF 2024-2029 and improved monitoring and reporting	IFAD contribution to UNDAF tracked and documented

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>
	RBA	Collaborative initiative on nutrition and gender and, exploring synergies with IFAD financed programmes	RBAs have agreed to collaborate closely in areas in a number of areas where synergies are identified
Developing and brokering knowledge and innovation (including SSTC)	JICA/SHEP	Strengthened marketing of smallholder produce by producing for sale	Many smallholder farmers need a stable market for their agricultural output
	UNDP	Collaboration with PRIDE using challenge fund for irrigation innovation systems	Innovative irrigation systems for smallholder farmers to increase their resilience.
Strengthening private sector engagement	MUSECO	Better access to seed and seed multiplication	High quality seeds are crucial for improved agricultural productivity
	RUMARK	Strengthened partnership and improved access to agricultural inputs	RUAMRK is an important agro-dealer for reaching out to smallholder farmers
	YARA	Strengthened partnership and potential support of effects of cyclone Ana	To explore further areas of collaboration and support to smallholder farmers
Enhancing visibility	District Councils	Improved coordination and implementation as IFAD programme interventions reach out to the beneficiaries	Close collaboration between the district council and community based organisations improves implementation
	VDCs/VNRMCs/CACs	Improved participation of beneficiaries in IFAD supported programmes	Close interface and capacity building of beneficiaries is critical so sustainability of interventions.

South-South and Triangular Cooperation strategy

I. Introduction

For IFAD12, SSTC represents a key instrument for promoting sustainable and inclusive food systems transformation and the recovery, rebuilding and resilience of rural livelihoods and support Member States in their development pathway.

The IFAD South-South and Triangular Cooperation Strategy 2022-2027 considers it an integral part of a comprehensive country-level approach promoting the four mainstreaming themes, through strengthened partnerships, policy engagement and generated innovation and knowledge. Its two objectives are (SO1) to systematically identify and disseminate knowledge and innovations at the country programme and project level; and (SO2) support enhanced policy engagement to build rural poor people's productive capacity, market access and resilience.

The SSTC strategy of the Malawi COSOP is aligned to both SOs with particular emphasis on SO1. Extensive efforts were made by the country programme over the past COSOP (2016-2022) towards the identification and dissemination of knowledge and ICT4D solutions at the country and project level and the creation of learning opportunities across projects. The outputs of these efforts include:

- A. The creation of a Malawi/Zambia Community of Practice (CoP), i.e. a forum for IFAD PMU members in Malawi and Zambia to discuss programme implementation issues with their peers from other programmes, with the overall objective to create venues for peer to peer exchanges of programme management lessons and best practices, with a particular focus on the areas of Knowledge Management and M&E.
- B. The DATA.IFAD ESA results management dashboard, another initiative covering the whole IFAD portfolio in Malawi and resulting from a transfer of knowledge and tools with the IFAD Brazil country team. The system, which has been integrated in the first half of 2021, offers a space for the provision of live data that can be automatically uploaded by programmes through standardized formats that follow the IFAD templates for annual work plans and budgets (AWPBs) and logframes. Programmes are enabled to provide impact and financial data more frequently, thus enabling the prompt identification of implementation bottlenecks that can then be jointly addressed by the IFAD country team and programmes, thus improving programme management and performance. The partnership with LAC allowed the IFAD Malawi country team to build on existing in-house experience in establishing such systems, thereby reducing the implementation time and resources needed for the initial investment for this pilot.
- C. The testing of several ICT4D solutions in the context of the COVID-19 pandemic, to support the dissemination of learnings and knowledge within and across programmes. Some of them have the potential to be expanded to other portfolios in the sub-region, as outlined below.

II. SSTC engagement rationale

SSTC is playing a greater role than ever before in the development cooperation landscape and innovation in Southern Africa and is generating new tools and partnerships for tackling a series of complex rural development issues.

Of particular interest to Malawi is the area of **ICT for Development (ICT4D)**. Among the core objectives set out in the "Malawi National ICT4D Policy" is to facilitate the deployment, utilisation and exploitation of ICT in order to improve access, quality, relevance and delivery at all levels. Of particular interest is the development and

provision of ICT services in software development, financial services and other ICT services targeted at the export market.

III. Opportunities for rural development investment promotion and technical exchanges

In IFAD11, **ICT4D** has been gaining relevance in the country programming of IFAD operations in Malawi, and the COSOP 2023-2030 will undertake a range of SSTC activities that build on the success of activities already tested by single programmes with a view to expand their scope and disseminate their learnings to neighbouring countries.

The ICT4D tools to be considered for this purpose are the e-extension platforms for the delivery and exchange of information to and between programme beneficiaries through basic mobile phones, promoted by FARMSE; the digital learning tool for household training and GAPs dissemination promoted by SAPP.

Some of these solutions have proved to be fast-to-implement and cost effective solutions to address challenges related to the scarcity of extension staff, Agricultural Extension Development Officers (AEDOs) and Agricultural Extension Development Coordinators (AEDCs), in addition to being crucial mechanisms for business continuity during the COVID-19 crisis.

The above good practices were systematised in a series of KM notes and disseminated internally through a tracking system led by PMI, and a learning and sharing event involving PMU staff and other IFAD country teams within PMD, thus allowing for inter/intra-regional share of best practices¹⁰¹.

In addition, under the **Rural Poor Stimulus Facility (RPSF)**, multiple projects have integrated an ICT4D dimension to address the physical restrictions imposed during the pandemic.

- a. In Burkina Faso: the Agricultural Value Chains Promotion Project which added a digital marketing platform and market information call centre and promote partnerships along vegetable value chains.
- b. In Madagascar: support was provided to the Ministry of Agriculture, Livestock and Fisheries to set up a digital platform for information on prices and market opportunities.
- c. In Sierra Leone through the Agricultural Value Chain Development Project, a digital platform was established to serve as a repository for extension and market information.

Other relevant ICT4D solutions reported in the **IFAD's Rural Solutions Portal** are:

- a. The [Smart Nkunganire System \(SNS\)](#) in Rwanda which offers interactive features to monitor all operations of the national subsidy programme and provides instant advisory content for upcoming events and markets.
- b. [AgriPredict](#) in Zambia which uses a cell phone app to offer advice to smallholder farmers on challenges that hinder their activities.
- c. [The Amplio Talking Book audio device](#) in WCA which provides access to information that enables low-literate populations to gain new skills and knowledge to improve their lives.
- d. [Access Agriculture](#) A wealth of freely downloadable, quality training videos on ecological farming and food processing in international and local languages

In collaboration with the Global Engagement, Partnership and Resource Mobilization (GPR) division, opportunities to link with some of these initiatives will be sought for the

¹⁰¹ <https://drive.google.com/file/d/1GBY3SB85DmfLEd7bKy74yxUI3LN6G3CG/view?usp=sharing>

Malawi portfolio to both contribute to and learn from their best-practices and replicate their success as part of the SSTC activities.

Other partnership venues to be expanded during the 2023-2030 COSOP in an effort to boost SSTC include: the collaboration with UNDP established by PRIDE in the use of the Malawi challenge fund for the development of innovative irrigation systems; and the partnership with commercial banks (FHD being one promising perspective) for the dissemination and expansion to neighbouring countries of good financial practices, such as the FDH Ufulu digital account, an easy-to-open account offering absolute convenience to the rural community promoted by FARMSE.

IV. Conclusions

Through SSTC, IFAD is well positioned to advance the global ICT4D agenda in Malawi and other neighbouring countries. Digital and financial literacy have the potential to help move the digital agenda forward among rural communities and make it easier to develop sustainable digital offerings. IFAD will continue to invest in areas that can help move these efforts forward, such as public-private partnerships and capacity development initiatives.

Procurement risk matrix – Part A: Country Level

Division		ESA - East and Southern Africa				
Country		Republic of Malawi				
Project		Country Strategic Opportunities Programme (COSOP)				
Date		16-Feb-22			NET RISK RATING	
INHERENT RISK RATING		2.00				
#	Description of Risk Feature	Rating	Assessment Basis	Remarks	Recommendation /Mitigation	Rating
A	COUNTRY RISK ASSESSMENT	2.00				2.20
1	Legal and Regulatory Framework	1.60				2.00
a	Country procurement law, regulations and manual exist	3	3 they all exist, 2 only two exist, 1 only one exist or none	They all exist. The 2017 Public Procurement Act is in force and is a revision of the 2003 act. Procurement Regulations were approved in 2020 and were updated to be consistent with PPDA Act 2017, while desk instructions are still based on the PPA 2003 and are being updated.		3

b	Existence of Standard Bidding Documents for Goods, Works and Services	2	3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists	The desk instructions on public procurements make reference to Standard Bidding Document but no templates are contained in the instructions. Some templates are available on the PPDA website, while most of them are obtained from the PPDA Authority upon request. The SBDs are still based on the PPA 2003 and need to be updated to be consistent with the 2017 Act and 2020 Regulations.	IFAD should engage in policy dialogue so as to explore the possibility for the PPDA to publish all SBDs templates on the website, for easy access and transparency. IFAD SBDs should be used when national SBDs are not available or not compliant with IFAD requirements	2
c	Procurement Monitoring	1	Use PEFA Framework, see worksheet for details	According to the PEFA assessment carried out in 2018, there are no comprehensive databases available in procuring entities at the level of Public Procurement and Disposal Authority (formerly known as Office of the Director of Public Procurement - ODPP). Specifically, records are not accurately maintained for contracts in procuring entities, including data on what has been procured, the value of the procurement and to whom the contract was awarded	According to the PEFA report, National Audit Office (which is responsible for procurement audit) has no resources and capacity to properly exercise its functions, IFAD should liaise with GoM to find a better solution	1

d	Procurement Methods	1	Use PEFA Framework, see worksheet for details	According to PEFA assessment, no data is available on which to judge the extent to which various procurement methods are used for the award of contracts. The assessment found that at least 80% of contracts awarded in the period under review followed the 'restricted tender' procedure, even though open tender is the default method of procurement. However, the PEFA assessment also highlights that adequate data for other methods was not available at the time of assessment.	Based on the IFAD project procurement guidelines, projects should limit the use of restricted tendering to only those cases where it is absolutely justifiable and only after receiving IFAD's No Objection	2
e	Public access to procurement information	1	Use PEFA Framework, see worksheet for details	The latest PEFA assessment states that key procurement information is not made available to the public, beyond legislation in the Government Gazette and bidding opportunities in newspapers. The government does not have a functional system to generate substantial and reliable coverage of key procurement information. In addition, websites of PPDA and procuring entities are non-functional and most procurement entities do not have resources to place advertisements relating to publically awarded contracts.	Projects should ensure to publish advertisements related to contracts awarded in the most widely circulated newspapers in country. Furthermore, as part of their institutional support, projects should enhance the Internal Procurement Committee's website, to ensure that when needed,	2

					procurement notices can also be published on the website.	
2	Accountability and Transparency	2.40				2.40

a	Procurement Complaints Management	3	Use PEFA Framework, see worksheet for details	<p>Malawi scored B on the 2018 PEFA framework which states that there are complaint mechanisms in place. There is a well-structured legislation with a three-tier process through Procuring and Disposing Entity, then ODPP and finally High Court. Section 38 (4) of the Public Procurement Act 2003 provides that appeals against the decision of the head of procuring entity shall be made to the concerned Minister or, in the case of procurement whose value exceeds the threshold prescribed in the Regulations, to the Director of the Office of Public Procurement. Section 38 (6) of the Act provides for the establishment of a Review Committee by the Director of Public Procurement. The Review Committee is formed by the Director to whom it reports its findings. Section 38 (13) of the Act empowers the High Court to have jurisdiction over actions of both the procuring entity and Review Committee, and over petitions for judicial review of decisions made by review bodies (the procuring entity and Review Committee) or of the failure of those bodies to make a decision within the prescribed time-limit.</p>		3
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b	Country Corruption Perception Index score	2	The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3	Malawi has a score of 35/100 in the 2021 CPI and ranked 110th out of 180 countries. Over the past few years some of the corruption measurement metrics indicate that Malawi has been making progress on the anti-corruption front.	Lead Project Agency to ensure that any individuals, firms and Government stakeholders involved in the implementation of projects in Malawi are well informed of IFAD's policy on preventing fraude and anti-corruption in its activities and operations.	2
c	2-tiered system to handle complaints	3	3 as stated, 2 only a single level system, 1 no system	The Malawian Procurement Act establishes a 3-tiered complaint management system: through the Procuring and Disposing Entity (PDE), then the PPDA and finally the High Court. Based on the threshold of the procurement process the complaint is presented either to the Minister of the concerned PDE or to the Director, PPDA. Furthermore, the Act also prescribes the creation of an ad-hoc Review Committee to decide on the outcome of the complaint. The Act also gives ample jurisdiction to the High Court on jurisdiction on the actions of both PDE and Review Committee. However, the PEFA review shows that Complaints Reviews are not effectively handled by either the procuring entity or ODPP, thereby leading to lack of trust in the system by the private sector.		3

d	Existence of a debarment system	2	3 full existence, 2 existence of complaints body that is the authority, 1 does not exist	The PPDA is mandated under s. 56 (1) of the Public Procurement Act, 2017, to debar or exclude from public procurement a bidder or supplier who has committed a misconduct prescribed in the regulations. Compared to the Procurement Act of 2013, the 2017 Act establishes penalties for misconduct on the part of officials of Procuring Entities.	Programme and the Lead Implementing Agency to ensure IFAD has access to the list of debarred suppliers/bidders.	2
e	Existence of an independent and competent local authority responsible for investigating corruption allegations	2	3 existence of independent Anti-Corruption agency, 2 existence of an office within a government ministry/agency that carries out some/all of these functions, 1 does not exist	The 1995 Anti-Corrupt Practices Act established the creation of the Anti-Corruption Bureau. The Anti-Corruption Bureau responds directly to the Minister of Justice, and reports yearly to Parliament. Furthermore, the Procurement Act establishes that Single Source method of procurement or any high value procurement shall be subject to vetting by the Anti-Corruption Bureau, pursuant to the powers conferred on the Bureau under section 10 of the Corrupt Practices Act.	Project to ensure that all project stakeholders, including service providers and other parties providing services to the project, are aware of IFAD's hotline to report misconduct of any kind and corruption.	2

Risk Rating System

3	L: Low Risk
2	M: Medium Risk
1	H: High Risk

Country at a glance

Country Portfolio Summary

Region	East & Southern Africa	Member of Country Groups :	
Country	Malawi	Least Developed country	Yes
Current Financing Terms	SHC/HC	Low-income, food deficit	Yes
Ranking all Countries	30	HIPC DI Eligible	Yes
Ranking within region	8		

Country Indicator	Value	Year	Source
Agriculture, value added (% of GDP)	26.10	2017	World Bank
GNI per capita, Atlas method (current US\$)	320.00	2017	World Bank
Human development index (HDI) value	0.48	2017	UNDP
Population, total	18,622,104.00	2017	World Bank
Rural population	15,509,606.00	2017	World Bank

Key Dates

Last RB-COSOP Approved AVP/PMD	04 Nov 2016
First Project Approved	08 Sep 1981
Last Project Approved	11 Dec 2019

IFAD Interventions

	Number of Projects	IFAD Approved USD ('000)
Available for Disbursement	4	232,128
Financial Closure	10	118,509
Total IFAD commitment	14	350,637

IFAD Interventions Summary

Project Number	Financing Instrument ID	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
110000070	1000002620	XDR	9,600,000	80%	Closed	Closed	08 Sep 1981	WB
110000120	1000001977	XDR	8,500,000	100%	Closed	Closed	21 Apr 1983	WB
110000120	1000000468	XDR	1,000,000	82%	Closed	Closed	21 Apr 1983	WB
110000158	1000002018	XDR	13,650,000	90%	Closed	Closed	12 Dec 1984	WB
1100000212	1000002079	XDR	4,950,000	97%	Closed	Closed	02 Dec 1987	WB
1100000212	1000000473	XDR	400,000	100%	Closed	Closed	02 Dec 1987	WB
1100000338	1000002218	XDR	8,650,000	71%	Closed	Closed	02 Dec 1993	UNOPS
1100000464	1000002683	XDR	9,350,000	62%	Closed	Closed	15 Sep 1993	UNOPS
1100001047	1000002366	XDR	9,250,000	94%	Closed	Closed	23 Apr 1998	UNOPS
1100001164	1000002470	XDR	10,700,000	99%	Closed	Closed	12 Sep 2001	IFAD_NB
1100001334	1000002596	XDR	5,500,000	95%	Closed	Closed	13 Dec 2005	WB
1100001365	1000002989	XDR	4,950,000	100%	Closed	Closed	13 Dec 2007	IFAD_NB
1100001365	1000002988	XDR	5,350,000	100%	Closed	Closed	13 Dec 2007	IFAD_NB
1100001534	1000004178	XDR	14,650,000	99%	Disbursable	Disbursable	13 Dec 2011	IFAD
1100001534	1000004179	XDR	14,250,000	98%	Disbursable	Disbursable	13 Dec 2011	IFAD
1100001534	2000003500	XDR	2,700,000	65%	Disbursable	Disbursable	05 Aug 2020	IFAD
1100001534	2000003499	XDR	7,300,000	71%	Disbursable	Disbursable	05 Aug 2020	IFAD
1100001670	2000001448	XDR	5,150,000	66%	Disbursable	Disbursable	17 Dec 2015	IFAD
1100001670	2000001450	XDR	19,300,000	29%	Disbursable	Disbursable	17 Dec 2015	IFAD
1100001670	2000001449	XDR	19,350,000	52%	Disbursable	Disbursable	17 Dec 2015	IFAD
2000001501	2000002130	USD	21,000,000	62%	Disbursable	Disbursable	11 Dec 2017	IFAD
2000001501	2000002129	USD	21,000,000	62%	Disbursable	Disbursable	11 Dec 2017	IFAD
2000001600	2000003234	XDR	13,700,000	3%	Disbursable	Disbursable	11 Dec 2019	IFAD
2000001600	2000003233	XDR	37,050,000	3%	Disbursable	Disbursable	11 Dec 2019	IFAD

Projects In Pipeline

Current Phase	Number of Projects	IFAD Proposed Financing USD ('000)
Total	0	0

Financial Management Issues Summary



COUNTRY	Malawi	Programme: COSOP	
A. COUNTRY PORTFOLIO PERFORMANCE			
Country – FM KPIs:			
<i>FM Inherent Risk:</i>	Substantial	<p>TI 2021: Malawi scores 35/100, which places the country at the 110th place (out of 180) in the 2021 Corruption Perception Index. The 2021 report reveals a marginal improvement of the CPI index (5 positions) as compared to the year 2020.</p> <p>PEFA (2019): The latest Public Expenditure and Financial Accountability (PEFA) report is dated 2018; it highlights important improvements in the overall management of the annual budget. According to the PEFA, Malawi scores poorly (D score) on 13 indicators, including procurement, financial report, internal and external audit, public asset management, fiscal strategy and multi-year perspective in fiscal planning, expenditure policy and budgeting.</p> <p>In the 2019 World Bank's Ease of Doing Business Report, Malawi is ranked 111 out of 190 countries (110 position in the previous survey).</p> <p>WBG-IMF Debt Sustainability Overview: Malawi is at moderate risk of external debt distress with limited space to absorb shocks and high risk of overall debt distress. A moderate rating is maintained for external debt distress, in spite of the negative macroeconomic impact and rise in fiscal borrowing in 2020 related to the COVID-19 pandemic and a gradual increase in project loans over the medium term; while debt remains sustainable, Malawi is at high overall risk of debt distress. The present value of total public debt-to-GDP is projected to peak at 71.3% in 2024 and remain above the benchmark over the projected period, thus reflecting in a larger domestic primary deficits financed through domestic debt contracted at high interest rates, especially during FY 2020-2021-FY 2021-FY2022. The Debt Sustainability Analysis (DSA) incorporates current projections of the impact from the COVID-19 pandemic.</p>	
¹ Country Disbursement Ratio (rolling-year)	12.70%		
Outstanding Ineligible Expenditure	Nil		
Outstanding Advances (Projects in Expired Status)	Nil		
Applicable PBAS cycle:	IFAD12		
PBAS Available allocation:	75,783,874		
<p>¹Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.</p>			

CURRENT LENDING TERMS

SHC/HC

B. PORTFOLIO, FM RISK & PERFORMANCE**Existing Portfolio:**

Project	Financing instrument	FLX Status ⁽²⁾	Lending Terms	Currency	Amount (million)	%Disbursed	Completion date
SAPP	200000349900	DSBL	Highly Concessional by currency	XDR	7.3	48.68	30/03/2023
SAPP	200000350000	DSBL	DSF HC grants	XDR	2.7	38.7	30/03/2023
SAPP	200000353000	DSBL	Supplementary Funds Grants	USD	0.62	100	31/12/2021
SAPP	200000392300	DSBL	Supplementary Funds Grants	USD	0.75	100	29/06/2022
SAPP	G-I-DSF-8092-	DSBL	DSF HC grants	XDR	14.25	98.36	30/03/2023
SAPP	L-I--854-	DSBL	Highly Concessional Terms 0.75 pc	XDR	14.65	99.43	30/03/2023
PRIDE	200000144800	DSBL	ASAP Grants	XDR	5.15	51.21	31/12/2023
PRIDE	200000144900	DSBL	DSF HC Grants	XDR	19.35	41.49	31/12/2023
PRIDE	200000145000	DSBL	Highly Concessional Terms 0.75 pc	XDR	19.3	21.31	31/12/2023
ERASP	200000134600	DSBL	ECD Grants	USD	7.16	43.87	31/12/2022
FARMSE	200000212900	DSBL	DSF HC Grants	USD	21	55.12	29/06/2025
FARMSE	200000213000	DSBL	Highly Concessional Terms 0.75 pc	USD	21	55.1	29/06/2025
FARMSE	200000383800	DSBL	Supplementary Funds Grants	USD	0.44	0	30/03/2023
TRADE	14404P	APPR	Loan Administration only	USD	20	0	30/03/2026
TRADE	200000323300	DSBL	Highly Concessional by currency	XDR	37.05	1.74	29/09/2026
TRADE	200000323400	DSBL	DSF HC Grants	XDR	13.7	1.79	29/09/2026

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
SAPP	Moderate	Satisfactory	Satisfactory	Satisfactory	Satisfactory
PRIDE	Moderate	Satisfactory	Satisfactory	Unsatisfactory	Moderately Unsatisfactory
ERASP	Moderate	Satisfactory	Satisfactory	Unsatisfactory	Moderately Unsatisfactory
FARMSE	Moderate	Moderately Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Satisfactory

TRADE	Moderate	Not Specified	Not Specified	Not Specified	Not Specified
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The portfolio has four ongoing projects, including TRADE that has recently started its implementation. Quality of FM is satisfactory across the portfolio. Overall, the portfolio presents a moderate risk; the major weaknesses are:

- The timely release of GOM counterpart funding for VAT refunds. On average VAT refunds are processed at six months intervals, thus generating high outstanding balances to be refunded to projects. Projects discussed the possibility of getting VAT upfront tax exemption certificates but this option does not seem to be viable as MoF wants a direct control on the process to avoid possible abuses;
- The 2019 Government circular, introducing salary caps to staff of donors' funded project, has hampered the timely set-up of PMU in TRADE and could potential pose a risk to the projects' capacity to recruit and retain qualified staff; in TRADE, this problem has been addressed by introducing performance-based incentives for project staff;
- The system for capturing, recording and reporting the various forms of in kind contribution from the Government and beneficiaries is not well established and needs to be improved;
- The Government of Malawi has resolved to change the Fiscal Year (FY) to be 1st April to 31st March, in lieu of the current FY running from 1st July to 30th June; the change will be effective from 1st April 2022. A GoM task force has been deployed to ensure a seamless transition to the new FY; nonetheless, there will be a need to closely follow-up with projects and ensure the process does not hamper the preparation of Financial Statements and audit reports.

SAPP. The project has had a marked improvement in the risk rating and quality of FM over the last few years, as a consequence of a better accounting, financial reporting and oversight of implementing partner. The project received and timely spent USD 616,365 from RPSF I; however, the project has to speed-up the implementation of RPSF II (USD 752,874) to ensure that the full grant is utilized by 30/06/2022. SAPP experienced cash flow challenges in second half 2020 due to the delayed approval of the additional financing. Considering that SAPP has 12 months of remaining project implementation, it is utmost important that uses of funds are planned in line with the agricultural seasons.

PRIDE. The project's risk environment as well as the quality of the FM has been constantly moderate and satisfactory over the years. Budgeting has been considered as an area of concern in the last SM, due to a low implementation rate. The project improved the quality of internal controls which was identified as an area of risk in the past; this is also a result of the on-the job capacity building programs offered to district accounting personnel and the rolling out of bi-annual internal audit reviews.

FARMSE. The risk rating has been constantly moderate, while the quality of FM moderately satisfactory over the past few years. Counterpart financing in form of VAT reimbursement is an area of concern, as the current outstanding VAT refunds amount to USD 101,765. The Internal Audit department and the last SM raised observations in respect of the grant management and oversight of implementing partners (IPs), as disbursements to IPs are not in line with the grant manual.

TRADE. The project is still in its start-up phase. The PMU will have a mixed structure with part of the officers been recruited externally, while FMS, PCS and M&E Specialists will be seconded by GoM, after failing to recruit externally. The late recruitment of staff hampered the timely start-up of the project, with the first disbursement executed 16 months after the entry into force.

Comments to COSOP

The COSOP 2022-2025 allocates additional resources to two ongoing projects, FARMSE and PRIDE, with a well-established PMUs and satisfactory quality of financial management. The design of AFs will assess the incremental fiduciary risks and define specific mitigating actions, taking into consideration the country inherent risk. FARMSE shall address the internal control issues related to oversight of IPs, as highlighted in the last internal audit review and SM. Building on the recent successful experience of FARMSE, the quality of FM can be further strengthened by providing on-the job capacity building programs

to district accounting personnel.

IFAD will use the available country systems to the extent possible that ensures FM risks are minimized. Specifically, country systems are being used in;

- a) **Budgeting:** The project's total annual budget is captured in the government systems and used for comparison with actuals; project financial assets and liabilities, as well as revenues and expenditure are captured in the national system.
- b) **Internal audit:** Ministries' internal audit units conduct internal audits of the portfolio twice a year. This is a marked improvement as compared to the previous COSOP when internal audit functions were not well defined.
- c) **External audit:** Starting with the audit of the financial year 2015/2016, projects are audited by the Supreme Audit Institution of Malawi. The audit performance in Malawi is rated as satisfactory; it is to be mentioned that the Government benefited from the IFAD-financed INTOSAI Development Initiative (IDI) Grant on capacity-building of SAI.

The Government Integrated Financial Management Information System (IFMIS) is presently not configured to perform project/fund accounting and financial reporting. The projects deploy stand-alone accounting software for accounting and financial reporting; the software produce manual cash control reports based on GoM's chart of accounts that are captured by government officials into the IFMIS. The project's financial information reported in the current IFMIS, however, would not disclose expenditures by component, category, and financier.

Under flow of funds, it is important to highlight that Designated Accounts are currently opened at commercial banks as opposed to the system in use at the time of the previous COSOP preparation, when funds would flow through the Reserve Bank of Malawi (RBM). The use of DAs at commercial banks has satisfactorily addressed the problem related to the delay in RBM release of funds and the difficult monitoring of operations.

IFAD will continue to assess the progress with the implementation of IFMIS and explore the possibility of using IFMIS to support project/fund accounting and financial reporting.

Prepared by: Fabrizio Vivarini

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