
Republic of Malawi
Country strategic opportunities programme
2023–2030
Addendum
Management’s response to Member States’
comments

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Comments from Ireland	Management response
<p>Ireland welcomes this new COSOP for Malawi. It is good to see that the COSOP has included the aspirations articulated in the MW2063 and MIP I. We strongly welcome the focus on improved access to land as an essential move towards sustainable land management practices, irrigation to drive increased productivity, and the focus of SO2 around agricultural commercialisation.</p>	<p>The country delivery team (CDT) acknowledges this positive feedback with appreciation and thanks.</p>
<p>While the identified areas are responsive to MW2063 and identified priorities, there are operational aspects of the strategy that would benefit from further clarity. This is particularly the case with the indication of new or additional programming. For example, the Goal of “sustainable transformation of agriculture”, refers to a focus on (i) food security and (ii) small holder farmers. This latter small holder model has been the preferred Malawian approach over previous decades, but challenges associated with long-term sustainability owing to population pressures and shrinking farm sizes. The Government has recently placed emphasis on (i) increase agricultural productivity through anchor farm models, and (ii) strengthen exports through improving the investment climate and ensuring private sector growth can drive agricultural commercialisation and agri-business.</p>	<p>The COSOP’s intention is to support the Government in increasing agricultural productivity, as reflected in the first strategic objective (SO1). The anchor farm model could easily be tested under the Transforming Agriculture through Diversification and Entrepreneurship Programme and the Sustainable Agricultural Production Programme.</p> <p>With regard to the Government’s attention to strengthening exports and commercialization through improving the investment climate and ensuring private sector growth, paragraph 39 states that IFAD, together with FAO, will mobilize Green Climate Fund (GCF) resources to promote resilience and climate change adaptation through the Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE).¹</p> <p>Opportunities will also be sought for securing private sector financing for climate adaptation through the GCF.</p> <p>The adoption of relevant technologies and agricultural practices that promote carbon sequestration, biodiversity, soil fertility improvement and efficient water use will also be promoted. This will support farmers’ adaptation to climate change and boost their resilience. Partnerships with private sector entities will strengthen the marketing function and the development of innovative rainfed and irrigation farming technologies, seed services and other practices that increase agricultural productivity (appendix VIII).</p>

¹ <https://www.ifad.org/en/web/operations/-/project/2000001501>.

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	<p>Strengthening producers' organizations and cooperatives will facilitate access of farmers' groups to inputs, information and finance, as well as access to markets and their participation in policy-setting. Finally, the Malawi portfolio will adopt a market-led approach in this phase of the COSOP. This will ensure the establishment of sustainable market linkages for small-scale farmers and small and medium-sized enterprises (SMEs) and financial services enabled through smart partnerships with a range of digital service providers.</p> <p>Moreover, in line with the Government's policy shift, recent projects support the transition to commercial agriculture based on value chain approaches, infrastructure development, partnerships with farmers' organizations and access to financial services (para. 18).</p>
<p>Such transformation of the agriculture space in Malawi will require shifts in national policy to promote the involvement of growth of commercial and private sector led agricultural transformation, in particular:</p> <ol style="list-style-type: none"> 1. Ensuring a more level playing field for crop diversification (as the document identifies), by reducing the proportion of national budget allocation for maize / monocrop subsidy, and a more efficient targeting of the subsidy programmes; and 2. Addressing concerning recent legislative developments– specifically around the Land and Crop Bills – which appear to disincentive foreign investment, and increase Ministerial powers on distribution of land. 	<p>The Donor Committee on Agriculture and Food Security in Malawi, which benefits from IFAD's active engagement and regular participation, will look at broad agricultural policy issues at national level, including the overall policy related to the allocation of subsidies for maize, as well as policies related to land tenure.</p> <p>IFAD's country-level policy engagement will focus on more specific aspects directly related to IFAD interventions that are important for smallholder farmers. Three priority areas are identified in IOE's country strategy and programme evaluation (CSPE) as drivers for food system transformation in Malawi: (i) market-led growth; (ii) land tenure with access to environmental services; and (iii) deepening financial markets. Evidence-based policy engagement by the IFAD country programme will complement, support and draw on the experience and lessons of projects and strategic grants.</p>

Comments from Switzerland	Management response
Switzerland considers the project as relevant to the Malawi context characterized by high poverty, high food insecurity, malnutrition, mono-cropping, and susceptible to external shocks, including high import prices (e.g. for fuel and food) and weather extremes.	The CDT acknowledges this positive feedback with appreciation and thanks.
Empowerment of women and youth as a cross-cutting thematic area is noted as this is relevant in addressing the chronic challenges of high poverty, high food insecurity, malnutrition. More emphasis should be given to this as the review noted that changes in gender division of labour and women's workloads were not yet visible. It also recommended that the approach still needs to be rolled out throughout the ongoing projects.	This is a pertinent comment to be addressed during the design of new operations. Indeed, all ongoing projects and programmes will be leveraged to achieve the strategic objectives set by the Malawi COSOP 2023-2030. With respect to the need to put more emphasis and efforts in stimulating changes in the gender division of labour and women's workload, the COSOP mainstreams investment in labour-saving technologies across the country portfolio. In fact, beyond having income-generating potential, labour-saving technologies can also promote more equitable gender roles and responsibilities by encouraging men to undertake domestic tasks that can become profitable. In Malawi, water investment and time saved on domestic water collection are gradually supporting a more balanced distribution of water collection responsibility among household members. Men, as well as young men, have started to help the women and girls to collect water after the borehole investment, which significantly decreased collection times because of the closer water source and shorter waiting time. Unfortunately, these changes in household dynamics do not hold true for all targeted households. This is the reason why investment in labour-saving technologies will continue to be mainstreamed across the country portfolio, along with measures such as firmly integrating the Gender Action Learning System (GALS) into the targeting approaches of all ongoing programmes to address intra-household dynamics; further strengthen equal access for women to economic opportunities and decision-making processes; and boost linkages between socio-economic empowerment and nutrition. All project management unit staff will receive adequate training on GALS.
The increased emphasis placed on coordination / strategic partnerships is welcome.	The CDT acknowledges this positive feedback with appreciation and thanks.

Comments from the United Kingdom (UK)	Management response
<p>The COSOP text is very high level and, in order to understand the level of ambition, and what IFAD is proposing to do differently, the text would benefit from <u>further explanation of what size firms, or what wealth profile of households IFAD proposes to work with, and to what end.</u></p>	<p>Paragraphs 25-27 provide information on IFAD’s target group. This is further complemented by the strategic actions and targeting in the SECAP (appendix IV, paras. 101 and 102). This notwithstanding, the CDT confirms that the country programme will target the poor and ultra-poor populations through graduation programming and pro-poor value chain development interventions sensitive to gender and youth. At project level, specific wealth profiles will be developed using targeting strategies that will rely on socio-economic analyses of available data (poverty line data, mapping of production, market demand, and social and demographic trends) to identify areas with high concentrations of poor and ultra-poor households.</p>
<p>On this, <u>the COSOP could be clearer on the importance of agriculture exports to the macro-balance, the need to replace falling tobacco exports, and therefore potentially underplays the role IFAD support should have in supporting higher standards and growth for export markets, in an inclusive manner.</u></p>	<p>In the analysis in paragraphs 8 and 9, and in appendix III (agricultural and rural sector issues), IFAD recognizes the importance of agriculture to the macroeconomic and fiscal stability of Malawi. Agriculture accounts for 40 per cent of GDP and 80 per cent of the country’s export earnings. While the CDT acknowledges that the COSOP’s main text could have made a more explicit reference to the need to replace declining tobacco exports, the COSOP does strategically strive to affirm the importance of agricultural exports (in paras. 2 and 13; p. 10 of appendix III; pp. 15 and 26 of appendix IV; and p. 55 of appendix IX).</p> <p>When looking at food imports and regional exports, there is the opportunity to diversify the range of commodities that Malawi exports and also reduce imports (legumes, soybean, soybean oil and cake, fruits, vegetables). Competitiveness in regional markets will be accomplished through a combination of improved access of SMEs to financial, energy and land services, which, coupled with regulatory reforms (agriculture subsidies, extension and markets), will catalyse transformation. Together with the Bill & Melinda Gates Foundation, Alliance for a Green Revolution in Africa, and McKinsey & Company, IFAD is part of the African Agricultural Transformation Initiative that has selected Malawi as a partner and supports the Government in bridging the existing gap between agricultural strategy formulation and ensuring execution through informed/tailored support models for delivery.</p>

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	<p>The new COSOP adopts a market-led approach in the design of all future operations. Food and input markets will be an important element in sustainability of investments at the farm, producer organization and market levels at project design. A foodscape/landscape approach will be adopted to identify key productive assets for protection, rehabilitation and restoration. Innovative solutions under FARMSE will be scaled up, along with successful digital solutions. Rural youth entrepreneurship programmes will be prioritized.</p>
<p>On SO2 target indicators, most seem appropriate in terms of gender and youth breakdown, but these seem not to vary across different indicators. <u>Could not the jobs indicator be more ambitious for youth percentage (given youth's proportion of the working age population)?</u> Similarly, we suggest that <u>the percentage of farmers accessing financial services includes more than 40% women, given the relatively high percentage of women who do access financial services</u> (e.g. VSLAs).</p>	<p>IFAD is gradually stepping up its efforts with regard to age-disaggregated data, starting with IFAD11, which made it mandatory for youth-sensitive programming to have relevant logical framework indicators disaggregated by age, and IFAD12, which introduced a new outcome indicator on job creation. For the latter, IFAD has developed specific measurement methodology that foresees the collection of data at the project baseline, midterm and completion stages. Based on this definition, temporary jobs are excluded and, in the case of Malawi, only young people aged between 18 and 35 will be targeted.</p> <p>The core indicators framework defines the job indicator as follows:</p> <p>"Number of new full-time or recurrent seasonal on-farm and off-farm jobs created since project start-up, either as independent individuals (self-employed) or as employees of micro, small and medium-sized enterprises. Jobs created within farmers' organizations that received project support are also included, but temporary jobs created for a limited period (e.g. for road construction) shall be excluded."</p> <p>In this context, it was deemed important to be somewhat conservative on the basis of an assessment of the indicators of the ongoing programmes. Additional efforts could be made, but this will need to be reflected in the programme logframes. The same is true for gender-related indicators.</p> <p>Biannual COSOP reviews will provide the possibility of updating the results management framework to include more ambitious, but realistic indicators. The formal COSOP results review will be held at the start of the new cycle of the performance-based allocation system to ensure that the expected results</p>

Comments from the United Kingdom (UK)	Management response
	of the programmes to be designed are added to the results management framework.
On economic scenarios, both the reform and baseline scenarios appear to be optimistic in terms of growth and inflation scenarios. Does this affect the expected outcomes that the COSOP aims for?	The COSOP was designed in January/February 2022, and much has changed since then. It will be key for the COSOP to be updated on a biannual basis to ensure that the solutions offered are relevant and aligned with the programme's progress. COSOP review cycle and CSPE processes will allow for revision of the economic transition scenarios. This notwithstanding, the CDT does not deem that the current optimism in terms of the transition scenarios will affect the expected outcomes of the COSOP, which remain fully in line with government priorities.